technologyone

Transforming business, making life simple

Technology One Limited

ABN 84 010 487 180

Appendix 4E and Annual Financial Report for the year ended 30 September 2019

Technology One Limited ABN 84 010 487 180
Annual Financial Report - 30 September 2019

Contents

Results for announcement to the market

				2019 $'000	Restated 2018 $'000
Revenue from ordinary activities	Up	13%	to	**286,440**	254,491
Profit from ordinary activities after tax attributable to members	Up	170%	to	**58,459**	21,691
Net profit for the period attributable to members	Up	170%	to	**58,459**	21,691

Dividends

	Amounts per security Cents	Franked amount per security Cents
Current period		
Interim dividend	3.15	2.36
Final dividend	8.78	5.27
Special dividend	-	-
Prior period		
Interim dividend	2.86	2.60
Final dividend	6.16	4.62
Special dividend	2.00	1.50

The record date for determining entitlements to the final dividend for the year ended 30 September 2019 is 29 November 2019. There will be no conduit foreign income paid on the final dividend. The payment date for the final dividend is 13 December 2019.

Profit for ordinary activities after tax attributable to members	2019 Cents	Restated 2018 Cents
Basic EPS	18.43	6.87
Diluted EPS	18.30	6.85
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	317,215,635	315,802,661

NTA backing	2019 Cents	Restated 2018 Cents
Net tangible asset backing per ordinary share	21.86	10.26

Compliance statement

The report is based on the consolidated financial report which has been audited.

Refer to the attached full financial report for all other disclosures in respect of the appendix 4E.

Signed:

A Di Marco

Brisbane
19 November 2019

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Company) consisting of Technology One Limited and the entities it controlled at the end of, or during, the year ended 30 September 2019.

Directors

The following persons were Directors of Technology One Limited during the financial year and up to the date of this report:

Adrian Di Marco
B Sc, MAICD, FACS
Appointed 8 December 1999.

Experience and expertise
Mr Di Marco founded TechnologyOne in 1987, after extensive experience in the software industry in the area of large-scale fixed time and fixed price software development. Mr Di Marco has over 35 years' experience in the software industry. He has been responsible for all operational aspects of TechnologyOne, as well as the strategic direction of the company.

Mr Di Marco has played a major role in promoting the Australian IT industry and is a past director of the Australian Information Industry Association, the industry's peak body. He has been a director of a number of IT companies. He has also been actively involved in charitable organisations and is a past director of the Royal Children's Hospital Foundation Board. He is a member of the Australian Institute of Company Directors and a Fellow of the Australian Computer Society. Mr Di Marco has received extensive recognition for his contribution and pioneering work for the IT industry. He remains a major shareholder of TechnologyOne.

Mr Di Marco is the Executive Chairman of TechnologyOne, and Chief Strategy and Innovation Officer for the company. He continues to work with the Executive team and Board. He continues to focus on strategy, innovation and creativity to ensure the company continues to build future platforms for strong growth.

Special responsibilities
Chairman of the Board, Chief Strategy and Innovation Officer.

Interests in shares and options
27,372,500 ordinary shares in Technology One Limited held beneficially through Masterbah Pty Ltd. 6,000 ordinary shares in Technology One Limited held via family trust.

Ron McLean
Appointed 8 December 1999.

Experience and expertise
Mr McLean has more than 40 years' experience in the enterprise software industry including holding Senior Executive and Managing Director roles in several international and Australian software companies.

His involvement in the enterprise software industry has included leading and managing software development, consulting and sales and marketing teams.

Mr McLean joined the Board as a Non-executive director in 1992 was appointed as the General Manager in 1994, Chief Operating Officer in 1999 and was the promoted to Chief Executive Officer of Operations in 2003.

Mr McLean retired from this role at TechnologyOne on the 15th July 2004 and remains a Non-Executive Director.

Interests in shares and options
69,737 ordinary shares in Technology One Limited held beneficially through RONMAC Investments Pty Ltd. 41,263 ordinary shares in Technology One held via a Pension fund.

John Mactaggart FAICD
Appointed 8 December 1999.

Experience and expertise
Mr Mactaggart's experience spans industries such as agriculture, agri-tech, manufacturing and software. He is a co- founder of Brisbane Angels, and an active investor and mentor in a large number of entrepreneurial ventures. Mr Mactaggart played an integral role in the creation, funding, and development of TechnologyOne and remains a major shareholder. Mr Mactaggart has been a Fellow of the Australian Institute of Company Directors since 1991.

Directors' (continued)
Interests in shares and options
38,872,500 ordinary shares in Technology One Limited held beneficially through JL Mactaggart Holdings Pty Ltd. 30,000 ordinary shares in Technology One Limited held via family trust.

Kevin Blinco
B Bus, FCA
Appointed 1 April 2004.

Experience and expertise
Mr Blinco is a former Director and chairman of Business Advisory accounting firm Moore Stephens Brisbane Ltd. He has over 30 years' experience in the areas of business services and planning, investment strategies, management and financial advice. Mr Blinco is a Director of a number of unlisted companies. His expertise is broadly respected and acknowledged throughout the business community. He is a Fellow of the Institute of Chartered Accountants and a Member of the Australian Institute of Company Directors.

Special responsibilities
Chairman of the Audit & Risk Committee and Remuneration Committee.

Interests in shares and options
200,000 ordinary shares in Technology One Limited held beneficially through Autun Pty Ltd ATF Blinco Accumulation Superannuation Fund.

Richard Anstey
FAICD, FAIM
Appointed 2 December 2005.

Experience and expertise
Mr Anstey has more than 35 years' experience in I.T. & telecommunications industries and in associated investment banking and funds management roles. Most of his career he has been building and managing his own companies. The first being Tangent Group Pty Ltd which established a strong reputation for software and strategic advice for the banking and finance sector. After the sale of Tangent, he co-founded inQbator which became iQfunds as an early stage investment group focused upon the technology, telecommunications and life sciences sector. iQFunds has managed 3 federal government backed seed funds, the last being iQFund 3 and has invested in over 30 companies over the past 15 years.

Mr Anstey now continues his career in venture capital and corporate advisory roles through iQFunds.

Special responsibilities
Chairman of the Nomination and Governance Committee.

Interests in shares and options
25,500 ordinary shares in Technology One Limited.

Jane Andrews
PhD GAICD
Appointed 22 February 2016.

Experience and expertise
Dr Jane Andrews joined the Board in 2016, bringing more than 15 years' leadership experience in research and innovation-based organisations.

As a founder and investor in numerous innovative companies, Dr Andrews has extensive experience in corporate strategy, entrepreneurship, commercialisation, innovation, research and development.

Dr Andrews is a Graduate of the Australian Institute of Company Directors, holds a PhD in Life Sciences, a Bachelor of Science (First Class Honours) and a Graduate Diploma in Applied Finance and Investment.

Interests in shares and options
30,600 ordinary shares held in Technology One Limited held beneficially through the Sarabande Zenith Jewel Trust.

Directors' (continued)
Sharon Doyle
B Laws (Hons), B IT (Dist), G Dip Bus Admin, GAICD
Appointed 28 February 2018.

Experience and expertise
Ms Doyle is the Managing Director and majority owner of corporate advisory firm, InterFinancial Corporate Finance Limited. She has successfully navigated technology companies through the challenges of steep global growth curves, with a strong understanding of the dynamics in Software as a Service (SaaS).

Ms Doyle's leadership of InterFinancial has seen her develop a core practice providing strategic advice for technology and other IP-rich, high-growth companies. She also has extensive international experience managing merger, acquisition and private equity processes across the technology industry.

Ms Doyle was previously Vice President at Mincom, one of Australia's most successful enterprise software companies.
Ms Doyle is a Non-executive Director at UnityWater. She holds a Bachelor of Laws (Hons) and Bachelor of Information Technology (Dist.) from the Queensland University of Technology, as well as a Graduate Diploma of Business Administration from the University of Queensland. She is a member of Australian Investment Council and a Graduate of the Australian Institute of Company Directors.

Interests in shares and options
At 30 September 2019, Ms Doyle held 12,375 ordinary shares in Technology One Limited.

Clifford Rosenberg
B.Bus Sc (Hons), M.Sc (Hons)
Appointed 27 February 2019

Experience and expertise
Mr Rosenberg has more than 20 years' experience leading change and innovation in technology and media companies. As the former Managing Director of LinkedIn for Australia, NZ and South-East Asia, Mr. Rosenberg started the Australian office in 2009 and oversaw the expansion of LinkedIn in Australia from 1 million members in 2009 to more than 8 million members in 2017. Previously, he was Managing Director at Yahoo! Australia and New Zealand, and prior to that role he was the founder and Managing Director of iTouch Australia NZ where he grew the Australian office to one of the largest mobile content and application providers in Australia.

Mr Rosenberg has more than seven years' experience on the boards of publicly listed companies. His directorships include Afterpay Touch Group (ASX: APT), Nearmap (ASX: NEA), and A2B Australia Limited (ASX:A2B). Mr Rosenberg was also a Non-Executive Director with Dimmi (online reservations company bought by Tripadvisor.com in May 2015). He holds a Bachelor of Business Science (Hons) from the University of Cape Town and a Masters of Science (Hons) from the Universitat Ben Gurion Ba-Negev.

Interests in shares and options
27,533 ordinary shares held in Technology One Limited held beneficially through Clifro Pty Ltd ATF Clifro Trust.

Company Secretary Stephen Kennedy
BBus, FGIA
Appointed 13 April 2017.

Mr Kennedy was appointed Company Secretary on 13 April 2017 and has been employed with TechnologyOne since January 2017.

Meetings of Directors
The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 September 2019, and the numbers of meetings attended by each Director were:

	Full meetings of directors (Board)	**Audit**	**Nomination**	**Remuneration**
A Di Marco	8	-	-	-
R McLean	7(8)	-	-	-
J Mactaggart	8	-	3(3)	3(3)
K Blinco	8	4	4	4
R Anstey	8	2(3)	4	2(3)
J Andrews	8	4	4	4
S Doyle	8	4	-	-
C Rosenberg	4(4)	-	-	1(1)

Where a Director did not attend all meetings of the Board or relevant committee, the number of meetings for which the Director was eligible to attend is shown in brackets. In sections where there is a dash, the Director was not a member of that committee.

Principal activities

The principal activity of Technology One Limited (the Company) during the financial year was the development, marketing, sales, implementation and support of fully integrated enterprise business software solutions, including:

- TechnologyOne Enterprise Asset Management
- TechnologyOne Financials
- TechnologyOne Human Resource & Payroll
- TechnologyOne Enterprise Budgeting
- TechnologyOne Supply Chain
- TechnologyOne Property & Rating
- TechnologyOne Student Management
- TechnologyOne Business Intelligence
- TechnologyOne Enterprise Content Management
- TechnologyOne Performance Planning
- TechnologyOne Spatial
- TechnologyOne Enterprise Cash Receipting
- TechnologyOne Stakeholder Management
- TechnologyOne Business Process Management

Dividends

Dividends paid to members during the financial year were as follows:

	2019	2018
	$'000	$'000
Final dividend for the year ended 30 September 2018 of 6.16 Cents (2017 - 5.6 Cents) per fully paid share paid in December 2018 (2017- December 2017)		
75% franked (2017- 100%) based on tax paid at 30%	19,527	17,664
Special dividend for the year ended 30 September 2018 of 2.0 Cents (2017 - 2.00 Cents) per fully paid share paid in December 2018 (2017- December 2017)		
75% franked (2017- 100%) based on tax paid at 30%	6,334	6,309
Interim dividend for the year ended 30 September 2019 of 3.15 Cents (2018 - 2.86 Cents) per fully paid share paid in June 2019 (2018 - June 2018)		
75% franked (2018 - 75%) based on tax paid at 30%	9,989	9,029
Total dividends provided for or paid	**35,850**	**33,002**

Review of operations

Technology One Limited (TechnologyOne) we are pleased to announce our 10th consecutive year of record profits and annual recurring revenue (ARR)[1].

Our global SaaS ERP solution is transforming our customers' business and makes life simple for them. This is resonating strongly with the market, driving our continuing strong results.

This has been a challenging year, as we transition our business to both a new accounting standard (AASB15)[2] and to SaaS accounting. We have now successfully achieved this without impacting our profit growth. Our Profit Before Tax of $76.4m was at the top end of guidance previously provided.

Our Profit Before Tax was up 208% on the prior year statutory profit restated for AASB15, and up 50% on the prior year comparable profit (refer below), underpinned by the continuing fast growth of the TechnologyOne SaaS ERP solution.
The successful transition to SaaS accounting now positions us well to continue our strong growth for many years to come. Key to our ongoing success is the high quality, annual recurring SaaS revenue, which is growing by 40+% per annum. This growth is all organic and includes no acquisitions.

TechnologyOne is today a very successful SaaS company, with 435 major enterprise customers including Universities, Local Government, Government departments, Hospitals, and other large corporations using our global SaaS ERP solution to transform their business and make their life simple.

We are on track for Total Annual Recurring Revenue to increase to $500+m in FY24.

Given the momentum in our SaaS business, the outlook for the new financial year will see continuing strong growth.

Clarity and Continuity of Vision

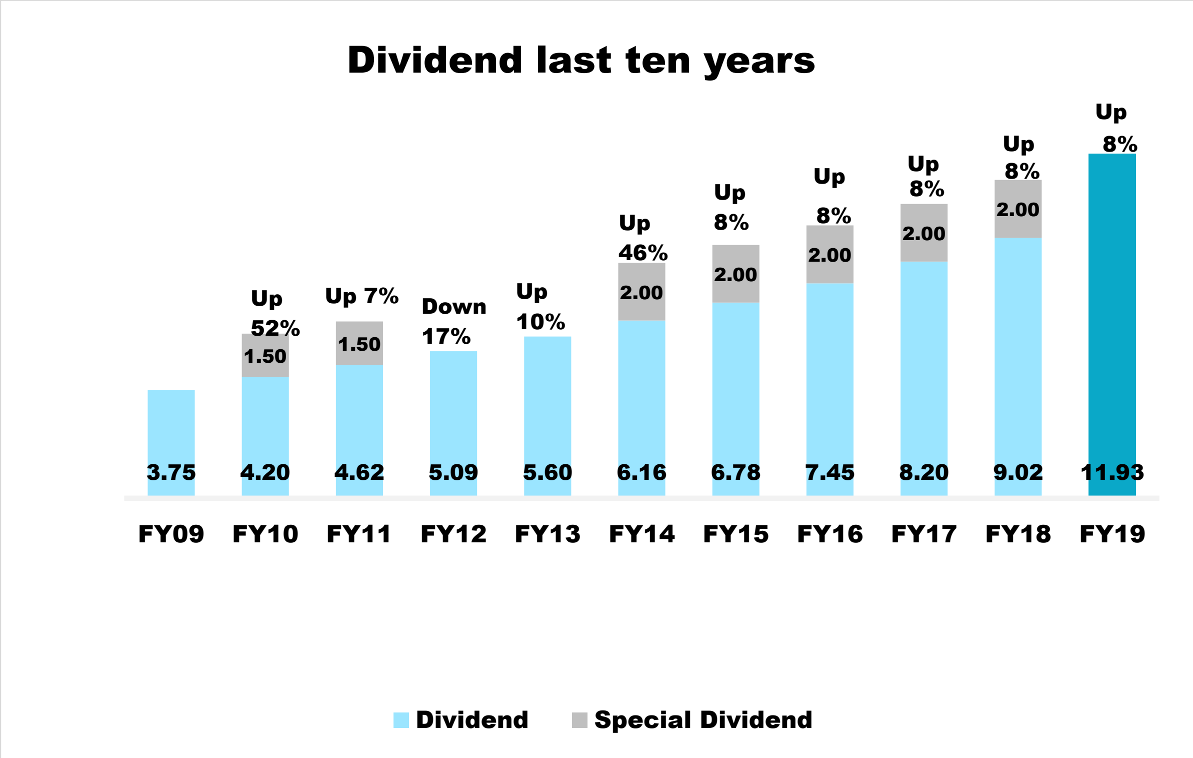
Our clarity and continuity of vision is the key to our ongoing long-term success. Our vision is based on our unique 'Power of One' business model that sees TechnologyOne as the only enterprise vendor providing a totally integrated experience to customers, in which we build, market, sell, implement, support and run our world-class enterprise software.

The strength of our product offerings, our enterprise vision, vertical market focus and the resilient nature of the enterprise software market are the foundation for our continuing success. When coupled with our innovation, creativity and substantial ongoing investment into new and emerging technologies, we are well positioned for strong growth in the coming years.

[1] ARR is not an IFRS measure and is unaudited, it represents future contracted annual revenue at year end

[2] AASB15 Revenue from contracts with customers

Dividend up 8%



Compound Growth 12%

In light of our strong results and our confidence in the coming year, the dividend for the second half has been increased to 8.78 cents per share, up 43% on the prior year. The previous years' special dividend of 2.00 cents per share has now been included in the Final Dividend. This takes the total dividend for the year to 11.93 cents per share, an increase of 8% on the prior year. This represents a payout ratio of 65% for the full year.

Results summary

Key results are as follows:

Key results on AASB15 statutory basis[1] were as follows:

- Profit Before Tax of $76.4m, up 208%
- SaaS Annual Recurring Revenue[i] of $102m, up 44%
- Revenue of $286m[2], up 13%
- Expenses of $210m, down 9%
- Cashflow Generation[3] of $45m, down 14%
- Cash and Cash Equivalents of $105m, up 1%
- Total Dividend of 11.93cps, up 8%
- R&D investment of $60m before capitalisation, up 11%, which is 21% of revenue

[1] AASB15 statutory basis restates FY18 results applying the AASB15 standard.
R&D costs were not capitalised in FY18. As a SaaS company, R&D costs are capitalised from FY19 onwards, which is the common practice of our SaaS peers. AASB15 statutory basis sets a lower bar for the prior comparable period (FY18) and as such is not how we measure the performance of the business. Please refer to the table below called 'Key results on a Comparable basis' which sets a higher bar for the prior comparable period (FY18) to measure the performance of our business.

[2] Includes other income of $1.4m.

[3] Cashflow Generation is Cashflow from operating activities less capitalised development costs. This is a non IFRS financial measure.

The profit before tax of $76.4m was up 15% on the prior year reported result before the introduction of AASB15 of $66.5m.

Key results on a comparable basis[1] were as follows:

- Profit Before Tax of $76.4m, up 50% on a comparable basis[1]
- SaaS Annual Recurring Revenue[i] of $102m, up 44%
- Revenue of $286m[2], up 13%
- Expenses of $210m, up 3%
- Cashflow Generation[3] of $45m, down 14%
- Cash and Cash Equivalents of $105m, up 1%
- Total Dividend of 11.93cps, up 8%
- R&D investment of $60m before capitalisation, up 11%, which is 21% of revenue

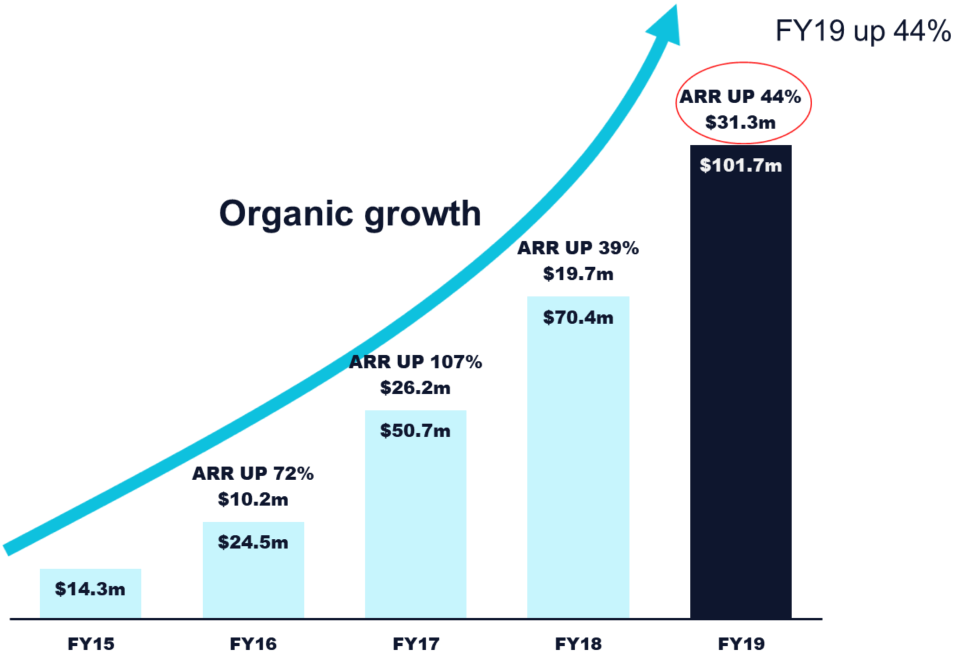
[1] Comparable method restates FY18 results applying AASB15. It also assumes non-IFRS proforma capitalisation of R&D costs (50%, $26m) for the FY18 year and is unaudited. As a SaaS company, R&D costs are capitalised from FY19 onwards, which is the common practice of our SaaS peers. We measure our performance using the comparable method because it is a better reflection of the performance of our business, setting a higher bar for the prior comparable period (FY18) than the AASB15 statutory reporting. It allows for a 'like for like' comparison of the performance of the business, assuming R&D costs (50%, $26m) were capitalised in FY18. The AASB15 statutory profit for FY18 is $24.8m versus the comparable profit for FY18 of $50.8m.

[2] Includes other income of $1.4m.

[3] Cashflow Generation is Cashflow from operating activities less capitalised development costs. This is a non IFRS financial measure.

The profit before tax of $76.4m was up 15% on the prior year reported result before the introduction of AASB15 of $66.5m.

TechnologyOne SaaS ARR[i] grows 44%



TechnologyOne global SaaS ERP solution continues to grow strongly with Annual Recurring Revenue (ARR) now $102m million, up 44%. This growth was all organic growth and included no acquisitions. We added 88 enterprise customers this year to our global SaaS platform, taking the total number of enterprise customers to 435.

Our Total Annual Recurring Revenue[i] has now hit $202m, and is set to exceed $500m in FY24.

This year we continued to acquire new large enterprise customers from our competitors. 18 organisations replaced our competitors' systems including systems from Oracle, SAP, Microsoft, Infor, etc.

TechnologyOne continued to dominate in the Local Government sector, where we closed 14 new major deals totalling $63 million in total contract value. We have more than 300 council customers and are continuing to grow fast. In Education, we acquired 5 new SaaS customers totalling $50m in total contract value, cementing our position as the dominant SaaS provider to the APAC education sector.

Our global SaaS ERP solution is driving our business growth. We expect this strong growth to continue in the years to come.

TechnologyOne is a very successful SaaS company

TechnologyOne is a very successful SaaS company. We have created a mass production platform to deliver our enterprise software to hundreds of thousands of customers, providing huge economies of scale which up until now was not possible. We have created one single global code line, that delivers our enterprise functionality to 435 customers 24 x 7. Our SaaS customers are always on the latest release, with 2 releases every year at no additional cost, providing new technologies, new features, new functionality and new capabilities, with the latest 'defence in depth' security protocols. It is a compelling value proposition for our customers. Today, we have the market leading enterprise SaaS solution.

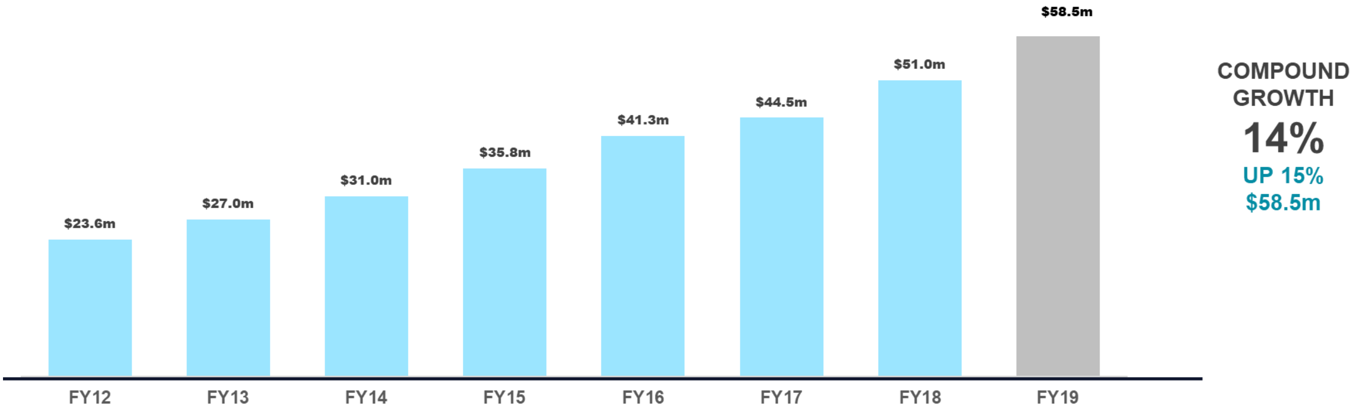
In the SaaS world we have seen the proliferation of 'best of breed' products. We are confident, just as we have seen in the past for 'on premise customers', that we will see a move from 'best of breed' products to enterprise software solutions in the cloud given the significant benefits it will provide: one vendor, one user interface, one common technology architecture, and integration across all products 'out of the box'. As TechnologyOne is one of only a few enterprise SaaS vendors globally, this positions us for continuing strong growth.

Deepest functionality for the markets we serve
Our focus on specific industries once again underpinned our success. We continue to be very strong in Local Government, Higher Education, Health & Community Services and Federal Government. We see opportunities for substantial growth in the coming years in State Government, Asset & Project Intensive Industries and Financial Services. We see that we have substantial room to continue to grow in our chosen markets.

We continue to invest heavily in our global enterprise SaaS solution, to build in-depth market leading functionality for these markets. Our goal is to provide as standard, the deepest possible functionality out of the box for each of our target markets.

We continue to double in size every 4 to 5 years

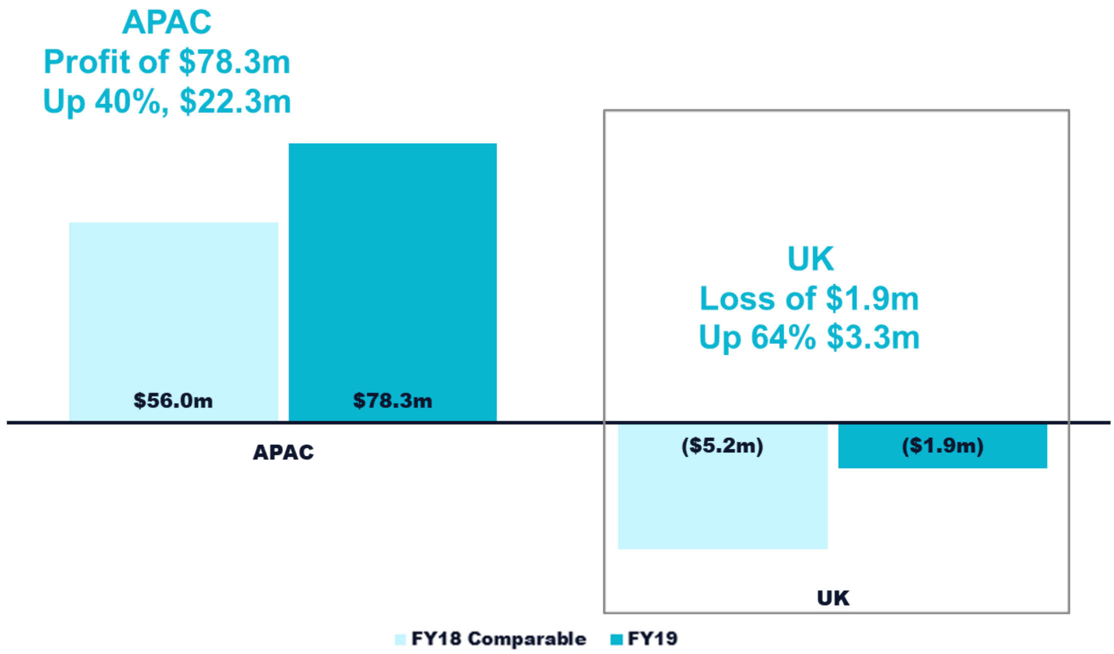
Reported Profit After Tax up 15%



Note: This table shows previously reported NPAT and has not been restated for AASB15.

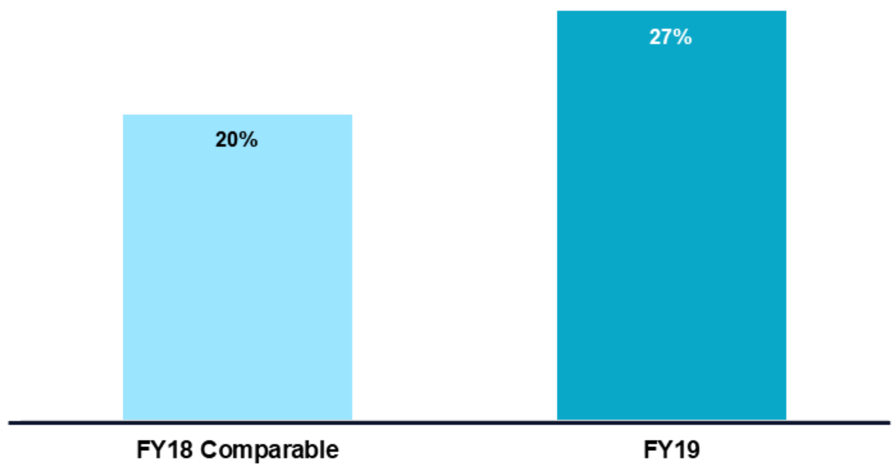
We have seen continuing strong growth in profit over the last year, with reported Net Profit After Tax up 15%. We are on track to double the size of our business once again in the next four to five years.

APAC profit before tax grows by 40% and UK loss improves by 64%



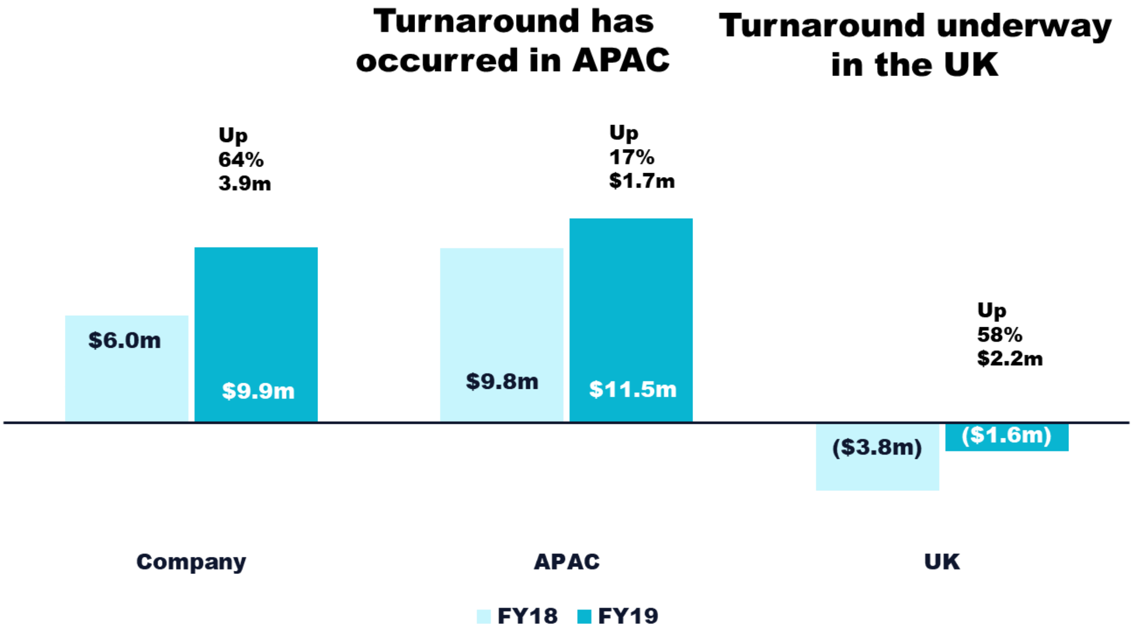
The APAC region performed strongly with profit before tax up 40%, underpinned by strong SaaS ARR[i] growth, and the significant turnaround in our consulting business. The UK has improved considerably with the loss reducing from $5.2m to $1.9m, UK is discussed in greater detail below. We continued to remain excited about the significant opportunities in the UK.

Total Expenses up 3%, margins improve to 27%



Total Expenses were once again carefully managed, up 3%, below our revenue growth of 13%. This has led to an improvement in Net Profit Before Tax margin to 27%, compared to 20% pcp. We see margins continuing to improve to 35%+ in the coming years.

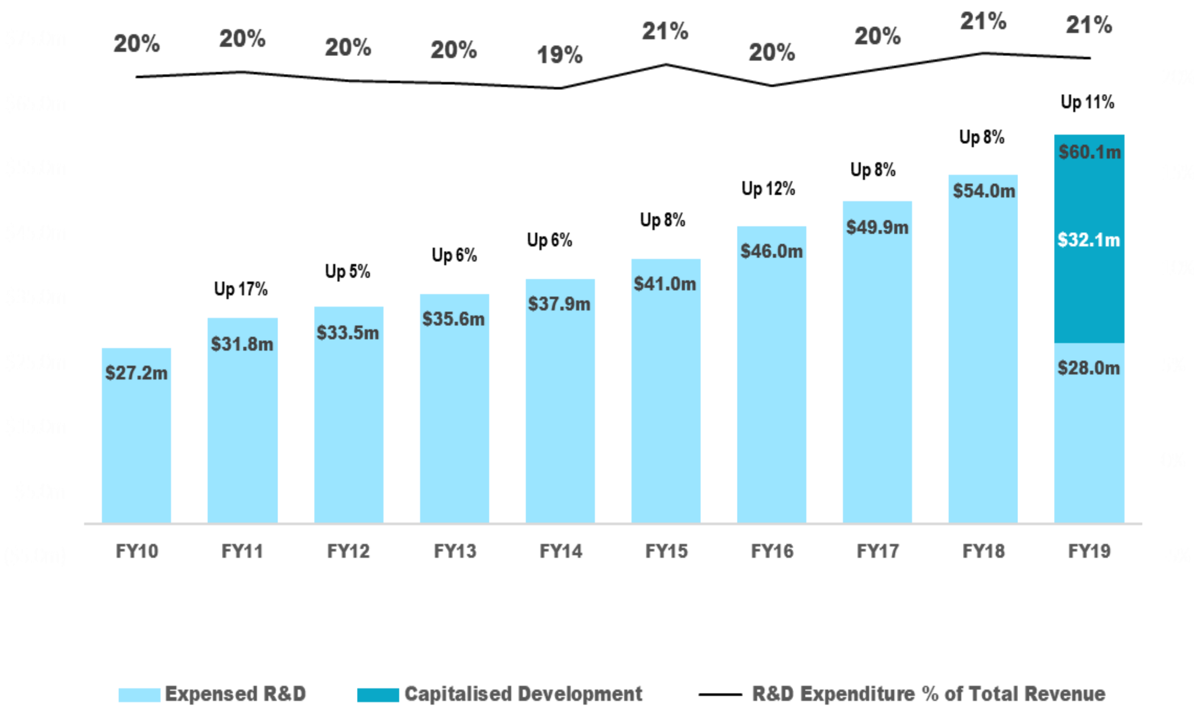
Consulting Services profit growth of 64%



Total Consulting Group profit before tax of $9.9 million, up 64% pcp.

We see upside in future years for our Consulting business as it improves its profit margin from the current 16% to a target of approximately 20%. In the APAC Consulting business, the turnaround has occurred and it delivered $11.5 million profit (up 17% pcp); and the turnaround in the UK is underway in FY19. The UK delivered a loss of $1.6 million, an improvement of $2.2m (up 58% pcp).

Research & Development (R&D)



R&D continues to be a significant investment for TechnologyOne at $60 million for the year, up 11% and representing 21% of revenue, which still exceeds the average of our competitors of approximately 12%. R&D expenditure growth will return to 8% going forward.

Our R&D focused on extending the functionality and capabilities of our global SaaS ERP solution. We also invested in AI, Machine Learning and our new Digital Experience Platform (DXP). We expect significant revenue streams to emerge from these investments in future years.

Our R&D program in the coming years continues to be at the leading edge of our industry as we embrace new technologies, new concepts and new paradigms.

TechnologyOne Global SaaS ERP Solution

One global code line delivering massive economies of Scale

The TechnologyOne global SaaS ERP solution delivers the TechnologyOne enterprise suite as a service through the cloud to our customers. TechnologyOne takes complete responsibility for providing the processing power, software and services, including backup, recovery, upgrade and support services for our SaaS customers.

TechnologyOne is one of only a few companies globally delivering true enterprise Software as a Service (SaaS) We offer, a fully configurable solution, based on a mass production line of servers that run our software for all of our customers in a single instance of software, one global code line.

TechnologyOne makes a substantial investment each year in ongoing R&D, to continue to improve our software to capitalise on new technologies, concepts and ideas. Because we run our software for thousands of customers simultaneously, we have optimised our software and built the TechnologyOne SaaS Platform specifically to do this, achieving enormous economies of scale. The TechnologyOne SaaS Platform delivers a level of service, security, reliability, scalability and future proofing that would not be otherwise possible.

As part of our SaaS offering we make new releases of our software, with new features, functionality and concepts, available to our customers. Our customers do not need to do anything to seamlessly get these new releases into production.
TechnologyOne is at the very forefront of delivering the benefits of mass production to the enterprise software industry. As we have seen in other industries, the economies of scale of mass production will change the face of the software industry.
The TechnologyOne SaaS provides a compelling value proposition to our customers, giving them what is essentially a very simple, cost-effective and highly scalable model of computing.

We have continued to build on our mass production SaaS Platform with the release of TechnologyOne SaaS 2019B, which continues to deliver further economies of scale and enhanced security. We are now working on the next generation of our SaaS solution, 2020A. The pace at which we are innovating is accelerating, and we are seeing many opportunities to continue to improve the features, speed, security, availability and scalability of our SaaS solution for our customers.

We are excited by the opportunities the TechnologyOne SaaS offers not only to our customers, but to us as well. It will allow us to streamline our operations, reduce our costs, improve our customers' experience, as well as reduce the time to market for new features and functions. It will allow us to become more creative, more innovative and work in real time with our customers.

Any device, Anywhere, Anytime

Our global SaaS ERP solution allows organisations to embrace smart mobile devices including iPad, iPhone and Android devices, as part of our enterprise solution. We are the only major enterprise software vendor committed to delivering our entire enterprise SaaS solution and all our functionality on these mobile devices, as we envision a world where all work will be done on these devices in the near future. We see our customers flowing across smart mobile devices throughout the course of their day and so our software has been designed to be incredibly simple to use, and to adapt to the device, allowing customers to continue their work seamlessly.

This opens up a new world of possibilities for our customers, allowing them to access their data from any device, anywhere in the world, at any time. It is a new and exciting generation of enterprise software that is incredibly simple to use. This will enable our customers to embrace the digital revolution.

DXP (Digital Experience Platform)

TechnologyOne has released to early adopters the next stage of our Digital Experience Platform (DXP). This will enable our customers to simply and easily embrace the digital revolution that is now gaining momentum. It will digitally enable each and every stakeholder throughout their organisation - be it an employee, customer, supplier, student or, rate payer - substantially streamlining their business and improving their experience. Artificial Intelligence (AI) and Machine Learning (ML) is an integral part of our DXP.

United Kingdom

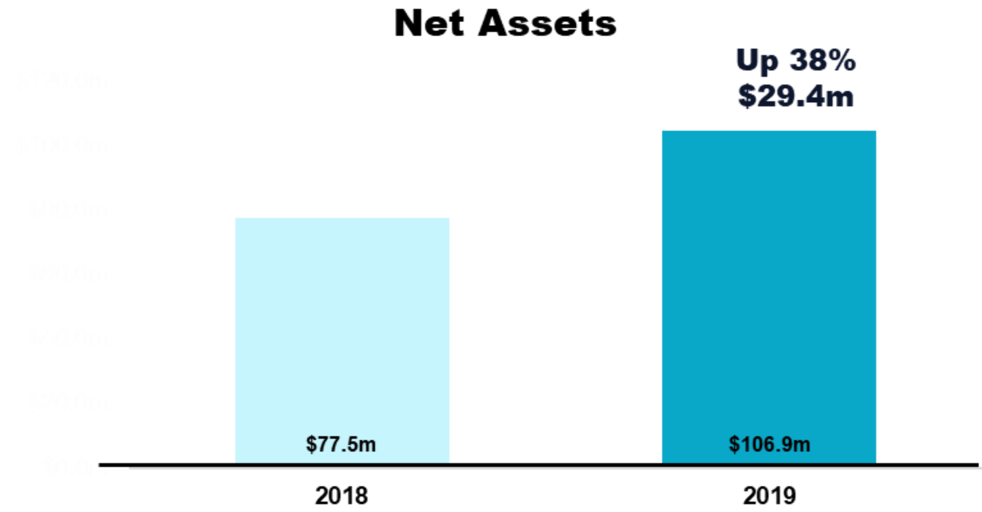
We see the UK as a platform for significant growth for TechnologyOne in the coming years. Our 'blue ocean' strategy is gaining traction, which is to provide a total ERP solution for the higher education and local government sectors. Important to the success of this strategy was the introduction of our Human Resources & Payroll (HRP) and Student Management products to this market. The regionalisation of these products for the UK market is nearing completion, and we will work with early adopters in the UK to establish these products.

As we bring more products into the UK market, this increases our product offering, and also allows us to move into the less crowded 'blue ocean' space, as we will be one of only a few enterprise vendors in the UK market.

As previously foreshadowed, the challenge for us has been to build a successful and profitable consulting practice in the UK. This was not an insignificant undertaking.

We expect to deliver significant growth in the UK in the coming years.

Balance sheet strength



TechnologyOne continues to have a strong balance sheet with net assets of $106.9m up 38% and cash and cash equivalents of $105 million. Our debt/equity ratio remains conservative at less than 1%.

Cashflow Generation was once again strong at $44.7 million for the full year, versus a Net Profit After Tax of $58.5 million. A further $12 million was collected post year end above our standard October collections. Cashflow Generation will grow in line with Net Profit After Tax in FY20.

Significant changes in the state of affairs

There were no significant changes in the Company's state of affairs during the financial year.

Matters subsequent to the end of the financial year

On 19 November, the Directors of Technology One Limited declared a final dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend is $27,905,262 and is 60% franked.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Likely developments

Refer to the Review of Operations section above.

Indemnification and insurance of officers

Insurance and indemnity arrangements established in the previous year concerning officers of the Company were renewed or continued during the year ended 30 September 2019.

An indemnity agreement has been entered into between TechnologyOne and each of the Directors of the Company named earlier in this report and with each full-time Executive officer and secretary of the Company. Under the agreement, the Company has indemnified those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities.

TechnologyOne paid an insurance premium in respect of a contract insuring each of the Directors of the Company named earlier in this report and each full-time Executive officer and secretary of the Company, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

Non-audit services

Non-audit services provided by the Company's auditor, Ernst & Young, in the current financial period and prior financial year included taxation advice and other advisory services. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the Company and its related practices:

	2019 $	2018 $
Ernst & Young:		
Taxation advice and other advisory services	**131,672**	107,515
Total remuneration	**131,672**	**107,515**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Environmental regulation

The Company has determined that no particular or significant environmental regulations apply to it.

Share options

Unissued shares
As at the date of this report, there were 5,679,385 unissued ordinary shares under options (5,679,385 at the reporting date). Refer to note 34 for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company.

Shares issued on the exercise of options
During the year, employees and Executives have exercised options to acquire 1,006,279 fully paid ordinary shares in Technology One Limited at a weighted average exercise price of $1.58. Refer to note 34 for further details of the options exercised during the year.

This report is made in accordance with a resolution of Directors.

Adrian Di Marco
Executive Chairman

Brisbane
19 November 2019

i ARR is not an IFRS measure and is unaudited, it represents future contracted annual revenue at year end

Building a better working world

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Auditor's Independence Declaration to the Directors of Technology One Limited

As lead auditor for the audit of the financial report of Technology One Limited for the financial year ended 30 September 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Technology One Limited and the entities it controlled during the financial year.

Ernst & Young

Alison de Groot
Partner
19 November 2019

Remuneration report (audited)

Introduction from the Chair of the Remuneration Committee

Dear Shareholders,

On behalf of TechnologyOne's Remuneration Committee (the Committee), I am pleased to present to you our Remuneration Report for the year ended 30 September 2019. The intention of this report is to provide you with information around the linkage between our strategic initiatives, remuneration principles and remuneration framework to give transparency over how they drive shareholder returns.

The primary objective of the Committee is to ensure that we align Key Management Personnel (KMP) financial rewards with shareholder interests and our business strategy, whilst ensuring that we attract and retain exceptional Executives, Directors and employees who are collectively responsible for delivering long-term profitable growth and substantial shareholder returns. Below provides a summary of:

- Incentive outcomes and alignment to Company performance
- Remuneration framework changes during FY19
- Proposed changes to the remuneration framework in FY20

Summary of incentive outcomes and alignment to Company performance

This report shares with you the remuneration outcomes for the year, which the Committee and Board believes is commensurate with Company performance. In summary:

- Total Executive KMP remuneration for executives employed across both periods grew by 14%. This is below the Company's 15% growth in reported profit before tax.
- STI outcomes across our Executive KMP were in line with target. This is consistent with our growth in NPBT of 15%.
- Our LTI plan resulted in 72% of 'at risk' Share Purchase Options vesting for our Executive KMP. The relatively low vesting percentage is the result of our challenging LTI targets which we believe assist in incentivising our KMP to drive superior performance and long-term shareholder wealth creation.

Remuneration framework changes in FY19

A review of our remuneration framework has resulted in the following changes in FY19:

- LTI plan – Awards from FY19 onwards are measured against Relative Total Shareholder Return (TSR) and Earnings Per Share (EPS) growth. This will ensure that our Executive KMP remuneration is determined based on the Company's performance relative to our peers. Existing contracts will continue to be honoured under the proposed plan.
- Deferred retention bonus – The Executive KMP LTI plan now includes a deferred retention bonus element. The deferred component is calculated at 25% of the STI earned in the year under review and will only be released at the conclusion of a two-year period, on the condition that the Executive KMP remains employed with the Company for the entire deferral period. This ensures the company retains high performing Executives under an incentive scheme which drives long-term shareholder wealth and allows the company further opportunity to claw back amounts previously awarded to Executives in the unlikely event that business outcomes differ materially from expected.
- Directors fee pool – Following shareholder approval on 21 February 2019, the fee pool for Non-executive Directors was increased from $1,000,000 to $1,500,000 per annum (including applicable statutory superannuation guarantee contributions and committee fees). Prior to this, the Non-executive Director fee pool remained unchanged for three years and the increase recognises that three additional Independent Directors have been appointed to the Board in the past three years, with a further director expected to be added in the short to medium term. It is important to note that the increase is purely to acknowledge the intended increase in Board size and will not result in a significant increase in Non-executive Director fees, which are only set to increase by CPI in FY20.
- The transition to a SaaS company coincides with the implementation of AASB 15 *Revenue from contracts with customers* in FY19. As a result, the Committee has reviewed its remuneration policies, including performance measures, to ensure that the change in accounting standard neither advantages nor disadvantages Executive remuneration.

Proposed changes to the remuneration framework in FY20

No significant changes to the remuneration framework have been proposed in FY20.

TechnologyOne remains focused on delivering its growth promises and we believe that our current remuneration structure positions us well to continue providing our shareholders with strong returns, both in the short and long-term, as well as ensuring alignment across our Executive KMP. We are committed to ongoing dialogue with our shareholders and we will always listen actively to their thoughts and share any feedback where appropriate.

We thank you for loyalty and look forward to your continued support.

Kevin Blinco
Chairman, Remuneration Committee

Brisbane
19 November 2019

Remuneration Report (Audited)

The remuneration report contains the following sections.

1. About this report
2. Key questions
3. Relationship between remuneration and Company performance
4. Executive remuneration at TechnologyOne
5. How remuneration is structured
6. Remuneration governance
7. Non-executive director fees
8. Service agreements for the Executive KMP
9. Statutory remuneration table
10. Additional statutory disclosures

1. About this report

1.1 Basis for preparation of FY19 Remuneration Report

The information in this report has been prepared based on the requirements of the *Corporations Act 2001* and applicable accounting standards.

The Remuneration Report is designed to provide shareholders with a clear and detailed understanding of TechnologyOne's remuneration framework, and the link between our remuneration policies and Company performance.

The Remuneration Report details the remuneration framework for TechnologyOne's Key Management Personnel (KMP). For the purpose of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of TechnologyOne, directly or indirectly, including any Director (whether Executive or otherwise).

This report has been audited.

1.2 People covered by the Remuneration Report

The Remuneration Report discloses the remuneration arrangements and outcomes for those individuals who we have determined to meet the definition of KMP under AASB 124 *Related Party Disclosures*. The below table summarises each KMP, their position and term as KMP.

The table below shows all the personnel covered by the Remuneration Report.

Non-executive Directors

Name	Position	Status
Ron McLean	Deputy Board Chair Independent Director	Full year
John Mactaggart	Non-independent Director Nomination & Governance Committee; Remuneration Committee	Full year
Kevin Blinco	Independent Director Audit and Risk Committee Chair; Remuneration Committee Chair; Nomination Committee	Full year
Richard Anstey	Independent Director Nomination & Governance Committee Chair; Audit and Risk Committee; Remuneration Committee	Full year
Dr Jane Andrews	Independent Director Audit and Risk Committee; Remuneration Committee; Nomination & Governance Committee	Full year
Sharon Doyle	Independent Director Audit and Risk Committee	Full year
Clifford Rosenberg	Independent Director Remuneration Committee	Part year – Appointed 27 February 2019

Executive Director

Name	Position	Status
Adrian Di Marco	Board Chair Chief Strategy and Innovation Officer	Full year

Executive KMP

Name	Position	Status
Edward Chung	Chief Executive Officer	Full year
Stuart MacDonald	Chief Operating Officer	Full year
Paul Jobbins	Operating Officer - Corporate Services and Chief Financial Officer	Part year – Appointed 30 October 2018

2. Key questions

Key questions	TechnologyOne approach
Why does our remuneration framework have such a high weighting towards variable remuneration?	Our Executive remuneration framework complies with common practice for ASX200 companies but has been adapted to meet the demands of the enterprise software market. Relative to our ASX-listed peers, our Executives receive: • Relatively low fixed remuneration to enable a greater emphasis on performance • Relatively large at risk short-term incentive (STI) portion aligning Executives to current year performance • Long-term incentives (LTI) linked to long-term strategy, targets, and shareholder wealth creation

	The winning of new business, driving continued profit growth in the current year is the key to our long-term success, and it is for this reason our STI as a percentage of the total remuneration is significantly higher than our ASX-listed peers. At the same time, the fixed remuneration for our Executives is comparatively low compared to our ASX-listed peers. The significant weighting towards the STI encourages our Executives to drive new business and financial performance in the current year, which creates Annual Recurring Revenue (ARR)[1] for future years, and therefore long-term success and shareholder wealth. TechnologyOne Executives are already exposed to the long-term outcomes of the business through a larger long-term incentive (LTI) component than our ASX-listed peers. The talent pool in Australia for Executives with large scale enterprise software companies is highly competitive. Therefore, it is important to ensure that our remuneration framework is appropriately structured for the enterprise software market. We believe that our remuneration structure offers the necessary flexibility and incentive to ensure that we attract and retain talented Executives who understand the industry and, in turn, drive shareholder value.
Why have we replaced our LTI measures for KMP with EPS growth and Relative TSR?	In FY19, EPS growth and Relative TSR were introduced to replace historical LTI measures, which included NPAT growth. The rationale for the selection of these two measures is as follows: • EPS growth: Ensures that our Executives are remunerated in line with growth in shareholder wealth over the long term. • Relative TSR: Ensures that our Executives are remunerated in line with the Company's performance relative to our peers over the long term. The introduction of these two new measures ensures we have LTI targets which are better aligned with our peers and are more directly aligned with increase in shareholder wealth.
Is our STI plan sufficiently challenging with only one performance measure?	The winning of new business, driving continued profit growth is the key to our long-term success. Having Executives focus solely on NPBT ensures there is clear line of sight for Executives and transparency for shareholders as to how STI awards are determined. The simplification of our software also reduces the cost of implementations which in turn increases our consulting margins, thereby increasing our NPBT and enhancing our competitive advantage. Therefore, we consider the use of NPBT as the sole measure within our STI to be appropriate.
Why did we introduce a deferred retention bonus in FY19	In FY19, a deferred retention bonus was introduced. This means that an amount equal to 25% of the STI earned in the year under review is retained for a period of two years and only paid out to the Executive if they remain in employment with the Company for the entire deferral period. This ensures that we retain high performing Executive KMP and is intended to help further drive long-term shareholder wealth. The introduction of the deferral component also allows the company further opportunity to claw back amounts previously awarded to Executives, in the unlikely event that business outcomes differ materially from expected.
What impact has the adoption of AASB 15 *Revenue from contracts with customers* had on our remuneration policies and measures?	As part of our transition to a SaaS company and the adoption of AASB 15, the committee has reviewed its remuneration policies to ensure that the change in the accounting standard neither advantages nor disadvantages Executive remuneration.

Overall, the above changes in FY19 are not considered to have a significant impact on our KMP's remuneration.

[1] ARR is not an IFRS measure and is unaudited, it represents future contracted annual revenue at year end

3. Relationship between remuneration and Company performance

3.1 TechnologyOne's five-year performance

The below table sets out information showing the creation of shareholder wealth for the years ended 30 September 2015 to 30 September 2019.

	2015	**2016**	**2017**	**2018[1]**	**2019**
Actual profit before tax reported ($'000)	46,494	53,240	58,019	66,528	76,389
Total dividend including special (cps)	8.78	9.45	10.18	11.02	11.93
Earnings per share (basic)	11.58	13.26	14.20	16.14	18.43
Share price at start of period	3.18	3.84	5.94	5.02	5.58
Share price at end of period	3.84	5.94	5.02	5.58	7.18
Total Shareholder Return	24%	57%	(14%)	13%	31%

Reported profit after tax growth %	16%	16%	8%	15%	15%
Average executive remuneration growth % for continuing Executives[2]	15%	15%	(6%)	8%	14%

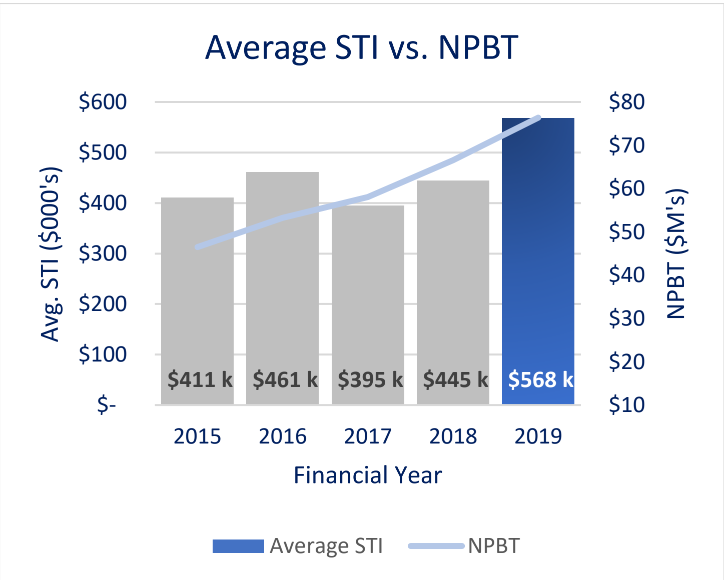
[1] Figures are as reported in previous financial years (i.e. not restated for AASB 15).
[2] This is the average annual full time package excluding any termination payments or partial periods for Executives employed across both 2018 and 2019. This allows for comparison on a like for like basis.

As can be seen from this information, the Executives' remuneration framework has successfully driven performance and the creation of shareholder wealth over the longer term, while at the same time Executives' remuneration has been clearly in alignment with overall company performance.

As can be seen from the table above, the Executives' remuneration framework has successfully driven performance and the creation of shareholder wealth over the longer term. In addition, it is evident that the Executives' remuneration has been in alignment with overall Company performance.

The graphs below set out information regarding TechnologyOne's performance, earnings and movement in shareholder wealth over the past five financial years up to and including FY19. Note, 2018 and prior years represent reported figures which have not been restated for changes in accounting policy or accounting standard.

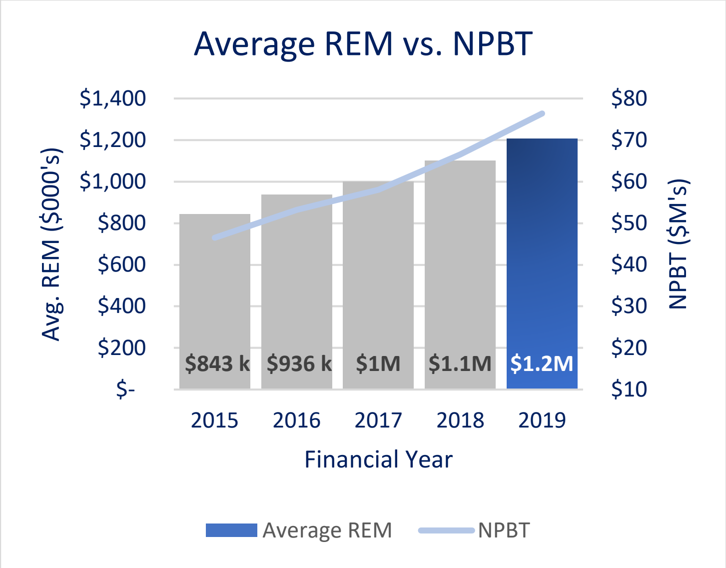
The first graph below shows our average Executives' STI has grown by 10% below the Company's NPBT profit growth of 13% over the last 5 years.



Average STI has grown by 10% which is at a much slower rate than the 13% growth in reported NPBT over the last 5 years

Our STI structure is working as it drives short-term performance, which in turn creates a strong long-term recurring revenue base. In the long-term, this creates continuing financial success and substantial shareholder wealth for TechnologyOne.

The second graph shows that the average Executives' remuneration has been growing at less than the Company's NPBT profit growth over the last 5 years.



Average total Executive remuneration has grown by 9% which is at a much slower rate than 13% growth in reported NPBT over the last 5 years.

In summary, profit has grown faster than our Executives' remuneration which demonstrates how effective our remuneration structure is at driving long-term shareholder wealth.

3.2 Outcome of equity plans

2019								
Name	Number of options granted during the period[1]	Value of options issued during the period	Number of options exercised during the period	Number of options yet to vest	Number of options vested during the period	Number of options forfeited during the period	Value of options forfeited	Expiry date
Edward Chung	175,064	1.490	-	582,599	155,482	(2,188)	3,261	1/10/2026
Stuart MacDonald	-	1.490	(241,700)	580,554	237,051	-	-	1/10/2026
Paul Jobbins	215,456	1.490	-	212,763	-	(2,693)	4,013	1/10/2026

2019							
Name	Number of EPRs granted during the period[1]	Value of EPRs granted during the period	Number of EPRs yet to vest	Number of EPRs vested during the period	Number of EPRs forfeited during the period	Value of EPRs forfeited	Expiry date
Stuart MacDonald	46,885	5.131	46,885	-	(586)	3,007	1/10/2026

[1] LTIs are offered to Executive KMP as either options (with an exercise price) or EPRs (executive performance rights – shares issued at market price). Both have conditions/hurdles tied to them. The Executive is free to choose either EPRs or options.

Refer to section 10.1 for additional information on the outcome of equity plans.

During the year, Edward Chung and Stuart MacDonald completed a three-year performance period, becoming eligible to exercise options which have vested over that period:

A summary of the targets set, performance against each target and options which have vested and are available to be exercised has been set out below:

Edward Chung:

Performance measure	Target[1]	Testing	Target met	Number of LTIs available for target	Percentage earned	Individual performance factor	LTI's vested and available for exercise
NPAT growth	>15%[2]	Annual	Partial	96,373	67%	1.00	64,249
NPBT margin growth	100bp[3]	3 year	Full	32,767	100%	1.00	32,767
Operating cash flow / NPAT ratio	>100%[4]	Annual	Partial	30,839	83%	1.00	25,699
Customer retention	>99%[5]	Annual	Full	32,767	100%	1.00	32,767

[1]Represents target measures for FY17 grant. The target measures disclosed in section 5.3 of this report reflect measures applicable to the FY19 grants.
[2]Represents stretch target at which 100% of options vest. Mid hurdle target, at which 50% of options vest linearly up to the stretch target, was between 10% and 15% growth.
[3]Represents stretch target at which 100% of options vest. Mid hurdle target, at which 50% of options vest linearly up to the stretch target, was between 50 basis points and 100 bases points growth.
[4]Represents stretch target at which 100% of options vest. Mid hurdle target, at which 50% of options vest linearly up to the stretch target, was between 95% and 100% growth.
[5]Represents target at which 100% of options vest.

Stuart MacDonald:

Performance measure	Target[1]	Testing	Target met	Number of LTIs available for target	Percentage earned	Individual performance factor	LTI's vested and available for exercise
License fee growth	>15%[2]	Annual	Partial	97,609	76%	1.00	74,369
NPAT growth	>15%[3]	Annual	Partial	162,682	67%	1.00	108,455
Sales operating expense growth	<8%[4]	3 year	Full	32,536	67%	1.00	21,691
Customer retention (APAC)	>99%[5]	Annual	Full	32,536	100%	1.00	32,536

[1]Represents target measures for FY17 grant. The target measures disclosed in section 5.3 of this report reflect measures applicable to the FY19 grants.

[2]Represents stretch target at which 100% of options vest. Mid hurdle target, at which 50% of options vest linearly up to the stretch target, was between 8% and 15% growth.

[3]Represents stretch target at which 100% of options vest. Mid hurdle target, at which 50% of options vest linearly up to the stretch target, was between 10% and 15% growth.

[4]Represents stretch target at which 100% of options vest. Mid hurdle target, at which 50% of options vest linearly up to the stretch target, was between 8% and 9% growth.

[5]Represents target at which 100% of options vest.

4. Executive remuneration at TechnologyOne

4.1 Our remuneration strategy and principles

At TechnologyOne, our remuneration strategy is aligned with our vision of "transforming business, making life simple". The Board believes that in order to deliver on our vision and build long-term shareholder growth, TechnologyOne must have a remuneration framework that allows it to compete for talent both locally and globally in a highly competitive and fast-moving environment and against companies such as Oracle and SAP, as well as other Australian software companies.

The remuneration principles that underpin our remuneration strategy and framework are:

- Attract, retain and motivate skilled Directors and Executives in leadership positions
- Provide remuneration which is appropriate and competitive both internally and against comparable companies (our peers)
- Align Executives' financial rewards with shareholder interests and our business strategy
- Achieve outstanding shareholder wealth creation
- Articulate clearly to Executives the direct link between individual and group performance, and individual financial reward
- Reward superior performance, while managing risks
- Provide flexibility to meet changing needs and emerging competitive market practices
- Commitment to diversity, reflecting a fair and equitable remuneration framework

4.2 Overview of remuneration framework

The remuneration arrangements of our Executives are made up of both fixed and at-risk remuneration (STI and LTI), as follows:

	Fixed remuneration	Short-term incentive (STI)	Long-term incentive (LTI)
Nature	Base salary plus superannuation.	Paid in cash monthly with 20% retention until accounts are audited and finalised. Retention amount paid in cash 3 months after year end.	Options and performance rights are subject to meeting performance targets tested over three years. A deferred retention bonus equal to 25% of the annual STI earned in the year under review is retained and paid at the conclusion of the two-year period following the end of the financial year, only if the Executive remains in employment with the Company.
Purpose	To provide a competitive salary based on market benchmarking from the Remuneration Committee.	Drives outstanding performance in the short-term which in turn translates to long-term shareholder wealth.	Creates a strong focus on long-term performance, with a strong alignment to long-term shareholder wealth creation.
Performance targets	N/A.	Percentage of agreed Net Profit Before Tax (NPBT) for the Group; or percentage of NPBT for the relevant business segment for the Executive.	Blended approach of performance targets, including: - Net Profit After Tax (NPAT) growth (for grants prior to FY19) - Licence fee growth (for grants prior to FY19) - Sales operating expense growth (for grants prior to FY19) - R&D expense growth (for grants prior to FY19) - Relative TSR (for grants FY19 onwards) - EPS growth (for grants FY19 onwards).

Performance period	N/A.	Annual.	Three years for options. Deferred retention bonus is calculated on the annual performance period and deferred for two years of service. The employee must remain employed with the company for the entire two-year deferral period.

Target remuneration mix

Target remuneration mix at the beginning of the contract for the CEO (Table 1), and other Executive KMP (Table 3) is represented below. Over time, the remuneration mix is expected to change due to a larger increase in STI relative to other remuneration components. The below represents the contracted remuneration mix for the CEO (Table 2) and demonstrates how remuneration mix has changed over time to FY19.

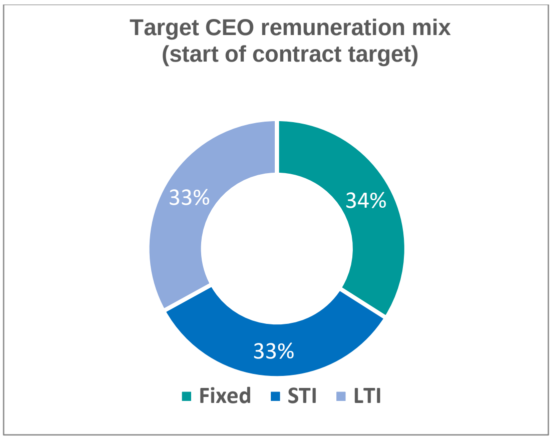


Table 1

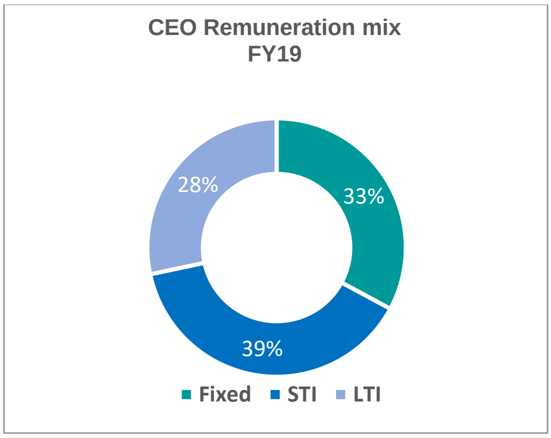


Table 2

The below represents the target contracted remuneration mix for other Executive KMP in FY19 and demonstrates how remuneration mix changes over time (Table 4).

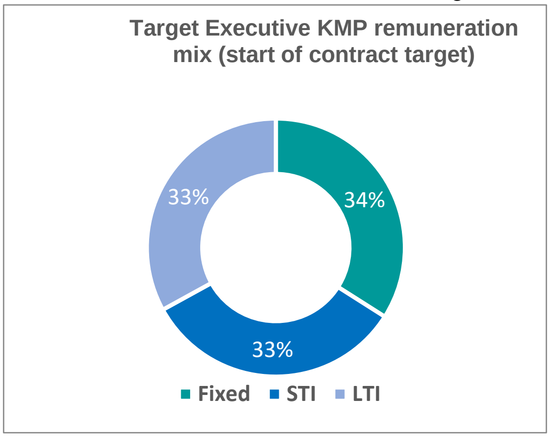


Table 3

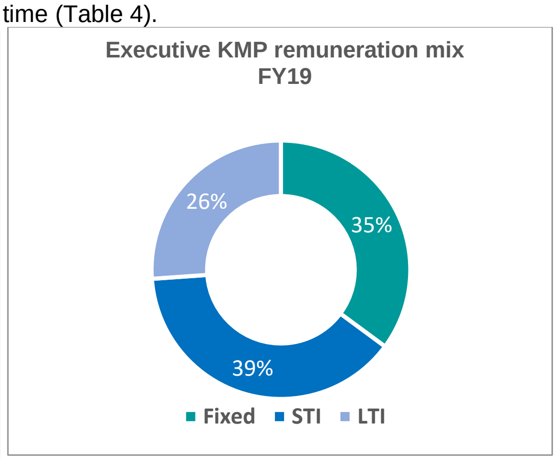


Table 4

We have reported separately the remuneration mix for our Executive Chairman (Table 5). The Chairman was offered an LTI of $400,000 which he declined as he has in previous years. The Remuneration Committee recognises that Mr DiMarco's total remuneration is substantially below that of comparable companies. The Remuneration Committee acknowledges that Mr Di Marco's significant shareholding in TechnologyOne provides the benefits that the LTI aims to achieve.

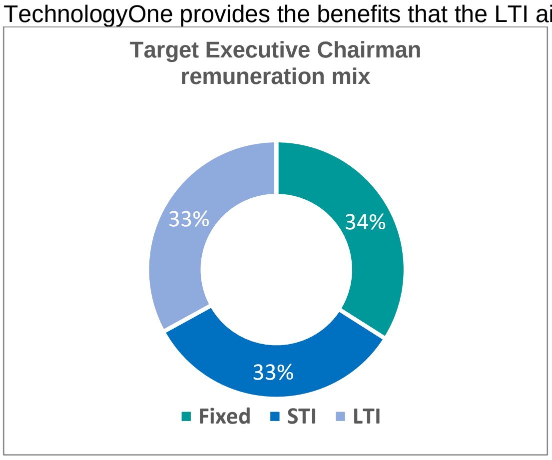


Table 5

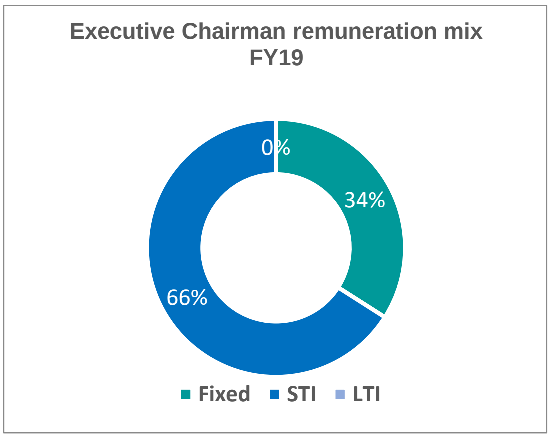


Table 6

5. How Executive remuneration is structured

5.1 Fixed remuneration

Fixed remuneration comprises base salary and superannuation. Following the end of the financial year, to ensure our fixed remuneration remains competitive, we undertake benchmarking relative to our peers.

Our peer group comprises companies within similar industries which are ASX listed and are used as a basis for benchmarking ourselves against internally. Based on the findings from the benchmarking, fixed remuneration was increased by 1% for FY19.

5.2 Short-term incentive

Executives participate in a STI plan which is based on NPBT. Key features of the STI plan are detailed in the table below:

Feature	Description
Opportunity	The value of the STI is based on a percentage of Net Profit Before Tax (NPBT) for the Group or percentage of NPBT for the relevant business segment for the Executive. The percentage of target NPBT is determined at the outset of the contract and remains fixed for the contract period for each Executive KMP. As the STI awarded is a percentage of NPBT, it is uncapped to encourage over-achievement and drive performance in the current year and the creation of long-term shareholder wealth. Given the expected growth in NPBT over time, the STI component of total remuneration typically grows in greater proportion to the fixed and LTI components which typically only increase by CPI on an annual basis. An illustrative example of how this works over time in practice has been presented below this table. The STI is uncapped and has no floor applied, aligning Executives with shareholder expectations. As part of our transition to a SaaS company and the adoption of AASB15, the committee has reviewed its remuneration policy to ensure that the change in accounting standard neither advantages nor disadvantages Executive remuneration.
Award vehicle	Cash
Performance measures	The STI target is based on NPBT for the Group or NPBT for the relevant business segment for the Executive. This effectively aligns the target incentive with shareholder return. TechnologyOne's use of STIs differs from most other organisations in that it utilises only one performance measure (percentage of NPBT) in determining STI awards. This is to create focus and clarity for Executives whilst also providing transparency for shareholders as to how STI awards are determined. The Board and Remuneration Committee continue to monitor STI performance measures so as to ensure that they best align with the Company's commitment to providing shareholder wealth.
Timing	Because the fixed remuneration of an Executive is very low compared to our ASX-listed peers (35% vs 65%), to assist the Executives in meeting their short-term financial obligations, the STI is calculated and paid monthly with 20% retention. 20% retention of their STI is paid three months after TechnologyOne's year end to ensure that the STI paid are based on audited and finalised accounts. In the unlikely event that business outcomes differ materially to what was expected, the Company can claw back any STI.
STI cap	An important element of the success of our STI has been that it is uncapped so the greater the results in the current financial year, the greater the STI. This not only encourages over performance in the current financial year for the company, it has a dramatic flow on effect in future years through the greater recurring revenues for the Company. The uncapped STI also helps retain Executives over the long-term because the more they succeed, the more financial incentive there is to stay with us and continue to work hard to achieve it each year, and the greater benefit to our shareholders through an ever-increasing recurring revenue base. Likewise, if an Executive under-performs in a year, there is a significant financial impact to them as their STI forms a significant portion of their total remuneration. Just as the STI is uncapped on the upside, it is also uncapped on the downside. Given that the Executive's fixed remuneration % is significantly lower than our ASX-listed peers, under-performance has a significant, negative impact on their total remuneration. The STI framework aligns performance with remuneration outcomes encouraging over performance and penalising under performance.
Clawback	The ability to clawback STIs exists in the unlikely event that business outcomes differ materially from expected.
Termination	On termination, the Executive foregoes any further STI payments which would have otherwise been available for the remainder of the financial year under their STI plan.

TechnologyOne Executives have an STI set at the start of their contract which is typically approximately 33% of their total targeted remuneration.

The best way to consider the mechanics of the TechnologyOne STI is by way of the following example.

Worked example

Consider a candidate who can command a remuneration package of $900,000 in the open market. The TechnologyOne method is as follows:

Fixed remuneration	$300,000 (or 33% of the package with adjustments in future years)
STI target	Commences at 75% to 100% of fixed remuneration (as established during contract negotiations). $300,000 is used as the initial STI target. If we assume that NPBT of the Group is to be used and the forecast NPBT is $40m (a 15% increase on the prior year) then contract STI will be $300,000/$40m (or 0.75% of profit)
Increase in profit	12% per annum
CPI	1%
STI target as a % of NPAT	15%

Year	Fixed	Profit target ($m)	Actual profit ($m)	STI %	STI target (STI % x profit target ($))	Actual STI (STI % x actual profit ($))
1	300,000	40.00	38.96	0.75%	300,000	292,200
2	303,000	44.80	43.63	0.75%	336,000	327,225
3	306,030	50.18	48.87	0.75%	376,320	366,525
	909,030					**985,950**
	48%					52%

[1] LTI is explained further in section 5.3. This number is provided for illustrative purposes only.

5.3 Long-term incentives (LTI)

LTI remuneration for TechnologyOne Executives is made up of a share-based remuneration element (5.3.1) and a deferred retention bonus (5.3.2).

5.3.1 Share based remuneration

TechnologyOne Executives are eligible to participate in an LTI plan. The LTI plan is designed to provide participants with the incentive to deliver substantial consistent growth in shareholder value:

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Opportunity</td><td>The value of the total number of LTIs issued each year (called a grant) to an Executive is typically set at 75% to 100% of fixed remuneration and is determined during contract negotiation when an Executive is hired but will ultimately depend on negotiations and the overall package components negotiated.</td></tr>
<tr><td>Award vehicle</td><td>Each LTI entitles the Executive the right to purchase one TechnologyOne share in the future at an agreed strike price, subject to meeting specified performance targets.</td></tr>
<tr><td>Performance period</td><td>Performance is measured over a three-year performance period with individual and Company targets assessed annually or at the conclusion of the three-year performance period. The performance period commences at grant date and extends for three years to give a vesting date.

The number of options in the grant are split into tranches based on the weighting of each performance measure. For performance measures with a three-year target, the relevant tranche vests at the end of the three-year period in accordance with the vesting schedule provided below. For performance measures met with an annual target, 1/3 of the relevant tranche is assessed in accordance with below vesting schedule, however, will not vest until the end of the overall three-year performance period.</td></tr>
<tr><td>Performance measures</td><td>The performance measures for LTI grants made in FY19 are presented below. Note that specific performance targets are not disclosed as they are commercially sensitive and provide our competitors with insights into the key areas of focus for our business. However, the performance targets set are such that they are all considered to be ‘hard targets’ that, if met, will drive significant shareholder wealth creation.

<table>
<tr><th>Performance targets[1]</th><th>Performance period</th><th>Testing</th><th>Weighting (all KMP)</th></tr>
<tr><td>EPS growth</td><td>3 years</td><td>Annual[2]</td><td>75%</td></tr>
<tr><td>Relative TSR[4]</td><td>3 years</td><td>3 years[3]</td><td>25%</td></tr>
</table>

1 The performance target has to be achieved for the Executive to meet their LTI target.
2 The Company has chosen annual testing in circumstances, where long-term consistent year-on-year growth will drive greater shareholder returns. The performance targets are assessed on an annual basis with no LTIs vesting until the end of the three-year performance period. This ensures that the annually tested KPIs generate value for shareholders over time.
3 The Company has chosen a three-year testing period where the average over a three-year performance period is used
4 Relative TSR targets are determined with reference to our peer group.

It is noted that grants made prior to FY19 will continue to be honoured under the old LTI measures. These measures are outlined below:

<table>
<tr><th colspan="3"><u>LTI feature</u></th><th colspan="2">Executive KMP and LTI weighting</th></tr>
<tr><th>Performance targets[1,2]</th><th>Performance period</th><th>Testing</th><th>Edward Chung</th><th>Stuart MacDonald</th></tr>
<tr><td>NPAT growth</td><td>3 years</td><td>Annual[3]</td><td>50%</td><td>50%</td></tr>
<tr><td>Licence fee growth – APAC</td><td>3 years</td><td>Annual[3]</td><td>-</td><td>30%</td></tr>
<tr><td>Sales operating expense growth - APAC</td><td>3 years</td><td>Annual[3]</td><td>-</td><td>10%</td></tr>
<tr><td>Customer Retention by ASM Value - APAC</td><td>3 years</td><td>Annual[3]</td><td>-</td><td>10%</td></tr>
<tr><td>Customer Retention by ASM Value</td><td>3 years</td><td>Annual[3]</td><td>17%</td><td>-</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><td></td><td>
<table>
<tr><td>Operating Cash Flow / NPAT</td><td>3 years</td><td>Annual[3]</td><td>16%</td><td>-</td></tr>
<tr><td>Company profit before tax margin growth</td><td>3 years</td><td>3 years[4]</td><td>17%</td><td>-</td></tr>
</table>
1 Performance targets exclude acquisitions.
2 The performance target has to be achieved for the Executive to meet their LTI target.
3 The Company has chosen annual testing in circumstances, where long-term consistent year-on-year growth will drive greater shareholder returns. The performance targets are assessed on an annual basis with no LTIs vesting until the end of the three-year performance period. This ensures that the annually tested KPIs generate value for shareholders over time.
4 The Company has chosen a three-year testing period where the average over a three-year performance period is used
Under the prior LTI plan, it is acknowledged that the profit growth target, which made up 50% of each Executive’s LTI measure, was also the primary target for STI. The rationale for including the measure for both STI and LTI assessment is that the growth of licence fee in the short-term translates into long-term ARR growth. We further note that even though this LTI performance measure is tested annually over a three-year period, if targets are achieved the options will only vest and become available for exercise at the conclusion of that three-year performance period (subject to any Board discretion which may be applied, as noted below).
</td></tr>
<tr><td>Vesting schedule</td><td>
For each performance target there will be a mid and stretch hurdle (for the performance period) based on the Executive’s area of responsibility: Mid hurdles have been calculated so that if they are achieved, this will create substantial shareholder wealth.
<table>
<tr><th>Performance achieved</th><th>Level of vesting</th></tr>
<tr><td>Meets the stretch hurdle</td><td>100% vesting</td></tr>
<tr><td>Between stretch and mid hurdle</td><td>vest linearly</td></tr>
<tr><td>Meets mid hurdle</td><td>50%</td></tr>
<tr><td>Less than the mid hurdle</td><td>0%</td></tr>
</table>
The number of options that vest at the end of the relevant performance period is determined as follows:

Number of LTIs earned per three-year performance target = Number of LTIs available for that target x percentage earned x individual performance factor[1]
Number of LTIs earned per yearly performance target = 1/3 x number of LTIs available for that target x percentage earned x individual performance factor[1]

1 The individual performance factor is typically 100%. The Board however has the discretion in exceptional circumstances to increase the individual performance factor above 100% to a maximum of 200% to take into consideration exceptional performance or contribution by an Executive.
</td></tr>
<tr><td>Allocation methodology</td><td>The LTI is allocated based on the cost of the option which is accounted under AASB 2 Share Based Payments using the Black-Scholes model with a strike price being the volume weighted average price (VWAP) over the 10 days prior to the grant date with no discount.</td></tr>
<tr><td>Board discretion</td><td>The Board also retains sole discretion to determine the amount and form of any award that may vest (if any) to prevent any unintended outcomes, or in the event of a corporate restructuring or capital event. Board discretion has not been applied to any Executive KMP threshold performance targets.</td></tr>
<tr><td>Change of control</td><td>The Board has discretion to determine the extent to which LTIs vest based on the period elapsed and performance at the time of any change of control event.</td></tr>
<tr><td>Cessation of employment</td><td>Awards lapse unless the Board determines otherwise, in which case it considers performance of the individual over the relevant period up to the date of cessation of employment.</td></tr>
<tr><td>Expiry</td><td>At the end of the applicable performance period, any LTIs that have vested will expire 5 years after vesting.</td></tr>
<tr><td>Re-testing</td><td>We do not revise or re-test our LTIs over the relevant performance period.</td></tr>
<tr><td>Clawback</td><td>Yes, available</td></tr>
<tr><td>Margin loans</td><td>Directors and Executives are not permitted to use TechnologyOne securities as security for margin loans.</td></tr>
</table>

5.3.2 Deferred retention bonus

Feature	Description
Opportunity	As disclosed in our Chair's letter, we have introduced a new deferred retention bonus in the FY19 year. An amount equal to 25% of the annual STI earned in the year under review is retained and will only be released at the conclusion of the two year period following the end of financial year, on the condition that the Executive KMP remains employed with the Company for the entire deferral period.
Award vehicle	Cash
Cap	For the same reasons outlined in section 5.2 for the STI, this deferred retention bonus is also uncapped.
Allocation methodology	The allocation of this LTI is based on linear recognition of the value over the performance period and service period.

Worked example 1

To further explain the rationale for a number of our LTI measures being tested annually (as opposed to over three years), we have provided the below illustrative example which uses the below illustrative information:

LTI measure for EPS growth	Average annualised EPS growth stretch target of 15% over three years and average EPS growth mid hurdle of 10% over three years
LTI opportunity	$300,000 (based on 10 working day Volume Weighted Average Price (VWAP) of $5 per option). Under the Black Scholes model, the value of each option is $1.00. Individual performance factor of 100%
Number of options allocated	300,000
Vesting period	3 years (annual testing in scenario 1) 3 years (three-yearly testing in scenario 2)

Note, in the example below, the EPS growth achieved, is the same under each scenario.

Annual Testing					Three year testing		
Year	**EPS growth**	**Options available**	**Options earned**	**Commentary**	**Options available**	**Options earned**	**Commentary**
1	12%	100,000	70,000	(50,000) + (2/5 X 50,000)	-	-	
2	9%	100,000	-	Below the mid target	-	-	
3	20%	100,000	100,000	Exceeds the stretch target	-	-	
		300,000	**170,000**	Achieved 57% of 3 year stretch target	**300,000**	**267,796**	Achieved 89% of 3 year stretch target

The above illustrates how evaluating our Executive KMP each year of a three year performance period (as opposed to assessing only at the conclusion of the period) helps ensure they are incentivised to drive consistent year-on-year performance and growth, therefore driving stronger shareholder returns over the long-term. It demonstrates how under performance in one year is reflected in an Executive's overall LTI award with annual testing. As is evident from the above, this may not be the case under a plan which has a three year testing period. It is also noted that as the LTIs which vest are in the form of options, share price has to appreciate over the three year period for vesting options to be of any benefit to our Executive KMP. This further aligns our current plan with long-term shareholder wealth.

Given the introduction of relative TSR as a performance measure with a three-yearly annual testing, we have provided an additional example of how this would work in practice:

Worked example 2

LTI measure for Relative TSR	Average Relative TSR stretch target of 75% over three years and average Relative TSR mid hurdle of 50% over three years
LTI opportunity	$300,000 (based on 10 working day Volume Weighted Average Price (VWAP) of $5 per option). Under the Black Scholes model, the value of each option is $1.00. Individual performance factor of 100%
Number of options allocated	300,000
Vesting period	3 years (three-yearly testing)

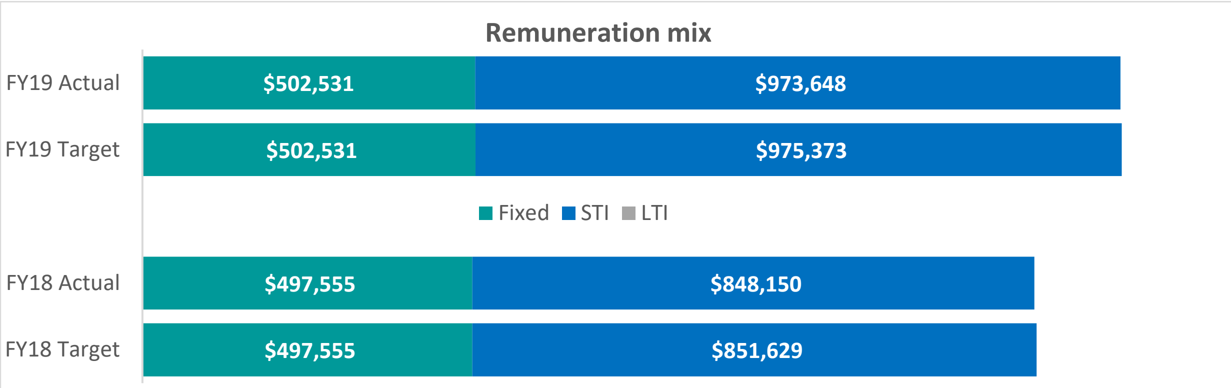
Year	Relative TSR	Options available	Options earned	Note
1	54%	-	-	
2	46%	-	-	
3	75%	300,000	198,000	**1**
	58%	**300,000**	**170,000**	

[1] Average of 58% Relative TSR achieved over 3 years - 50% vests at achievement of mid-hurdle with linear vesting between 50% and 75% gives 198,000 options vesting

A three-year testing period for Relative TSR is considered most appropriate (as opposed to annual testing over three years) as the performance measure is relative to how our peers are performing over that same period. This aligns with our strategy to create long-term shareholder wealth.

5.4 Detail of Executive remuneration and performance

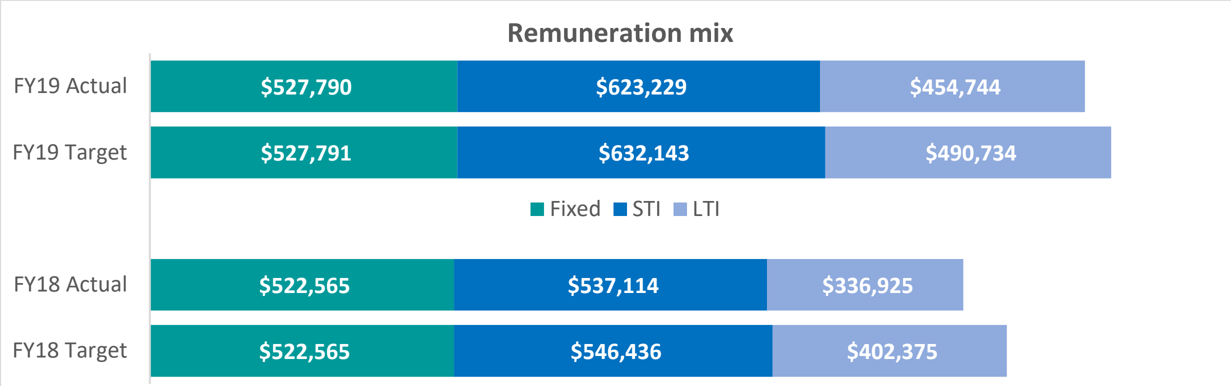
Name **Adrian Di Marco**
Position **Executive Chairman and Chief Strategy and Innovation Officer**



Fixed remuneration	2019 $	2018 $	Notes
Base salary	172,171	360,797	The base salary represents the amount earned for the role of Chief Strategy and Innovation Officer
Chairman's fees	310,548	117,142	The Chairman's fees for the current year has been benchmarked in line with the Group's peers
Superannuation	19,812	19,616	
Total fixed remuneration	**502,531**	**497,555**	
STI	973,648	848,150	The STI relates to the role of Chief Strategy and Innovation Officer
LTI new scheme			
Value of share options offered	-	-	
Value of share options forfeited	-	-	
Value of EPRs options offered	-	-	
Value of EPRs forfeited	-	-	
Deferred retention bonus	-	-	
Value of LTI earned	**-**	**-**	
LTI old scheme			
Value of share options offered	-	-	
Total remuneration	**1,476,179**	**1,345,705**	
% growth on prior year excluding LTI and termination benefits	10%	9%	
% growth on prior year including LTI and termination benefits	10%	9%	
Post-employment			
Post-employment benefits	-	-	
Termination benefits	-	-	

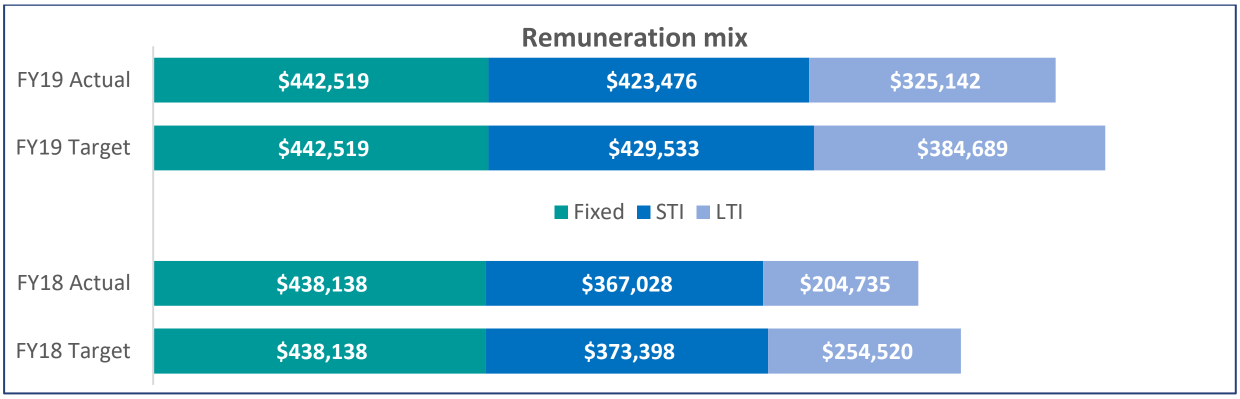
Overall, the Executive Chairman's fixed remuneration has increased by only 1%. The components making up the fixed remuneration were re-aligned so that the Chairman's fees are in line with peers. The base salary was reduced accordingly.

Name **Edward Chung**
Position **Chief Executive Officer**



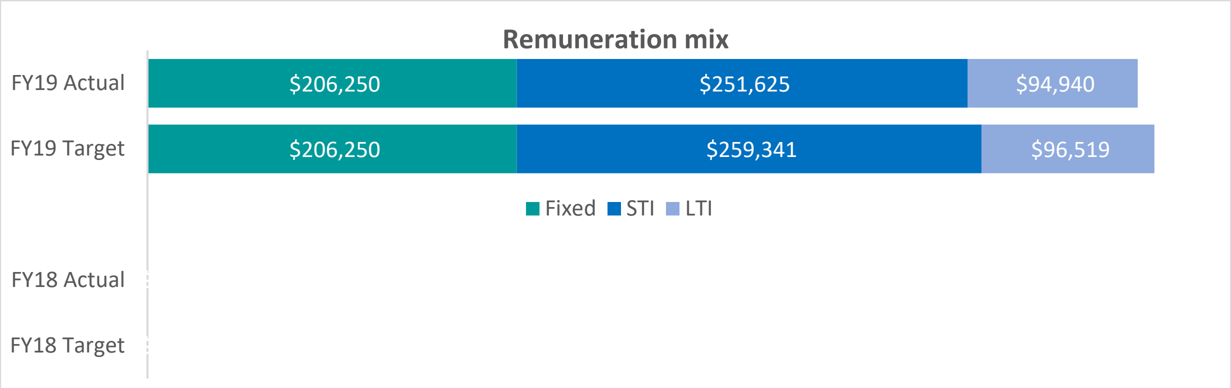
Fixed remuneration	**2019 $**	**2018 $**	**Notes**
Base salary	507,978	502,949	
Directors' fees	-	-	
Superannuation	19,812	19,616	
Total fixed remuneration	**527,790**	**522,565**	
STI	623,229	537,114	
LTI new scheme			
Value of share options offered	229,828	115,329	
Value of share options forfeited	(3,261)	(11,316)	
Value of EPRs options offered	-	-	
Value of EPRs forfeited	-	-	
Deferred retention bonus	51,936	-	Deferred retention bonus introduced in the current year. This amount will only be released at the conclusion of the two year period following the end of financial year, on the condition that the Executive KMP remains employed with the Company for the entire deferral period.
Value of LTI earned	**278,503**	**104,013**	
LTI old scheme			
Value of share options offered	176,241	232,911	
Total remuneration	**1,605,763**	**1,396,603**	
% growth on prior year excluding LTI and termination benefits	9%	24%	
% growth on prior year including LTI and termination benefits	15%	22%	
Post-employment			
Post-employment benefits	-	-	

Name **Stuart MacDonald**
Position **Chief Operating Officer**



Fixed remuneration	**2019 $**	**2018 $**	**Notes**
Base salary	422,707	418,522	
Directors' fees	-	-	
Superannuation	19,812	19,616	
Total fixed remuneration	**442,519**	**438,138**	
STI	423,476	367,028	
LTI new scheme			
Value of shares options offered	234,421	234,718	
Value of share options forfeited	-	(29,983)	
Value of EPRs options offered	58,438	-	
Value of EPRs forfeited	(3,007)	-	
Deferred retention bonus	35,290	-	Deferred retention bonus introduced in the current year. This amount will only be released at the conclusion of the two year period following the end of financial year, on the condition that the Executive KMP remains employed with the Company for the entire deferral period.
Value of LTI earned	**325,142**	**204,735**	
LTI old scheme			
Value of share options offered	-	-	
Total remuneration	**1,191,137**	**1,009,901**	
% growth on prior year excluding LTI and termination benefits	8%	12%	
% growth on prior year including LTI and termination benefits	18%	33%	
Post-employment			
Post-employment benefits	-	-	

Name **Paul Jobbins**
Position **Chief Financial Officer**



Fixed remuneration	**2019 $**	**2018 $**	**Notes**
Base salary	186,438	-	
Directors' fees	-	-	
Superannuation	19,812	-	
Total fixed remuneration	**206,250**	**-**	
STI	251,625	-	
LTI new scheme			
Value of share options offered	77,984	-	
Value of share options forfeited	(4,013)	-	
Value of EPRs options offered	-	-	
Value of EPRs forfeited	-	-	
Deferred retention bonus	20,969	-	Deferred retention bonus introduced in the current year. This amount will only be released at the conclusion of the two year period following the end of financial year, on the condition that the Executive KMP remains employed with the Company for the entire deferral period.
Value of LTI earned	**94,940**	**-**	
LTI old scheme			
Value of share options offered	-	-	
Total remuneration	**552,815**	**-**	
% growth on prior year excluding LTI and termination benefits	n/a	n/a	
% growth on prior year including LTI and termination benefits	n/a	n/a	
Post-employment			
Post-employment benefits	-	-	

6. Remuneration governance

The Remuneration Committee is responsible for developing the remuneration framework for TechnologyOne Executives and making recommendations related to remuneration to the Board. The Committee develops the remuneration philosophy and policies for Board approval.

The responsibilities of the Committee are outlined in their Charter, which is reviewed annually by the Board.

The key responsibilities of the Committee include:

- Advising the Board on TechnologyOne's policy for Executive and Director remuneration
- Making recommendations to the Board on the remuneration arrangements for Executives and Directors to ensure they are aligned with TechnologyOne's vision and are set competitively to the market
- Approving KMP terms of employment

In making recommendations to the Board, the Committee reviews the appropriateness of the nature and amount of remuneration to Executives and NEDs on an annual basis.

In carrying out its duties, the Committee can engage external advisors who are independent of management. During the year the committee engaged an external auditor in relation to the drafting of this remuneration report.

7. Non-executive Director fees

Determination of Non-executive Director fees

In FY19, Board fees were set at $129,533 per Director, including statutory superannuation contributions. This represents a 1% increase on prior year and aligns with Board policy. No additional fees are paid in respect of committee attendance.

Directors' Fees are normally reviewed every three years by an independent consultant and the setting of fees is to be consistent with comparable companies by market capitalisation. Given the last independent review was done for the financial year starting 1 October 2016, independent research of comparative companies' Directors' Fees for the 2019 Financial year has indicated that the proposed increase in Directors' Fees is in line with the median rate for ASX 200 companies.

Aggregate fee pool

The total amount of Directors' fees is capped at a maximum pool that is approved by shareholders. The current fee pool is capped at $1,500,000, which was approved by shareholders at the Annual General Meeting on 21 February 2019. The increase in fee pool from FY18 ($1,000,000) acknowledges the additional three Directors added to the Board since the last review, and our intention to add a further Director over the short to medium term.

Non-executive Directors receive fees to recognise their contribution to the work of the Board and the associated committees that they serve. Non-executive Directors do not receive any performance-related remuneration.

FY20 aggregate fee pool and Non-Executive Director fees

It is proposed that the current fee pool remain unchanged for FY20, capped at $1,500,000. Non-executive Director fees are set to increase in line with CPI, as per Board policy.

8. Service agreements for the Executive KMP

Remuneration and other terms and conditions of employment for Executive KMP are formalised in service agreements which are reviewed each year. All Executive KMP service agreements are rolling contracts which cease following notice of termination by either employee or employer.

The following table presents some of the key contractual arrangements for the Executive KMP:

KMP	Contract term	Termination notice by either party	Post-employment restraint
Executive Chairman	Ongoing	3 months	12 months
CEO	Ongoing	6 months	12 months
Other Executive KMP	Ongoing	12 weeks	12 months

If an Executive KMP resigns, payment in lieu of notice that is not worked is provided, in addition to any statutory entitlements. No other additional termination or post employment benefits are provided on termination of employment. Refer to sections 5.2 and 5.3 respectively for treatment of STIs and LTIs on termination of Executive KMP.

The Executive Chairman's fixed remuneration package is established to compensate him for executing the role of Chairman and also for that of Chief Strategy & Innovation Officer (as tabled below).

In FY19, the Chairman's fixed remuneration consists of:

Role	**Fixed remuneration**
Chairman	310,245
Chief Strategy and Innovation Officer	192,286
Total fixed remuneration	502,531

The Executive Chairman also receives an STI component for his role as Chief Strategy and Innovation Officer.

As the Chairman is also an Executive, the remuneration for performing the Chairman role (exclusive of Directors' fees) is not included in the Non-Executive Director Fee Pool.

9. Statutory Remuneration

Total remuneration for Executives increased by 21% from FY18 below our company profit after tax growth of 208%. Directors' fees increased by 1% per Director on an annualised basis, in line with the agreed board policy.

		Short-term employee benefits					Post employment benefits	Long-term incentives					
Name		**Fixed remuneration**	**Directors' fees**	**Superannuation**	**Total fixed remuneration**	**Short-term Incentive**	**Termination benefits**	**Deferred retention bonus**	**Value of share options**	**Value of performance rights**	**Total**	**% growth on prior year excl LTI**	**% growth on prior year incl LTI**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**		
Non-Executive Directors													
R McLean (Non-executive Director	**2019**	**-**	**118,313**	**11,240**	**129,553**	**-**	**-**	**-**	**-**	**-**	**129,553**	**1%**	**1%**
	2018	-	117,142	11,128	128,270	-	-	-	-	-	128,270		
J Mactaggart (Non-executive Director)	**2019**	**-**	**118,313**	**11,240**	**129,553**	**-**	**-**	**-**	**-**	**-**	**129,553**	**1%**	**1%**
	2018	-	117,142	11,128	128,270	-	-	-	-	-	128,270		
K Blinco (Non-executive Director)	**2019**	**-**	**118,313**	**11,240**	**129,553**	**-**	**-**	**-**	**-**	**-**	**129,553**	**1%**	**1%**
	2018	-	117,142	11,128	128,270	-	-	-	-	-	128,270		
R Anstey (Non-executive Director)	**2019**	**-**	**118,313**	**11,240**	**129,553**	**-**	**-**	**-**	**-**	**-**	**129,553**	**1%**	**1%**
	2018	-	117,142	11,128	128,270	-	-	-	-	-	128,270		
Dr J Andrews (Non-executive Director	**2019**	**-**	**118,313**	**11,240**	**129,553**	**-**	**-**	**-**	**-**	**-**	**129,553**	**1%**	**1%**
	2018	-	117,142	11,128	128,270	-	-	-	-	-	128,270		
S Doyle (Non-Executive Director)1	**2019**	**-**	**118,313**	**11,240**	**129,553**	**-**	**-**	**-**	**-**	**-**	**129,553**	**73%**	**73%**
	2018	-	68,333	6,492	74,825	-	-	-	-	-	74,825		
C Rosenberg (Non-Executive Director)2	**2019**	-	**69,016**	**6,557**	**75,573**	**-**	**-**	**-**	**-**	**-**	**75,573**	**0%**	**0%**
	2018	-	-	-	-	-	-	-	-	-	-		
Executives													
A Di Marco (Executive Chairman)3	**2019**	**172,171**	**310,548**	**19,812**	**502,531**	**973,648**	**-**	**-**	**-**	**-**	**1,476,179**	**10%**	**10%**
	2018	360,797	117,142	19,616	497,555	848,150	-	-	-	-	1,345,705		
E Chung (Chief Executive Officer)	**2019**	**507,978**	**-**	**19,812**	**527,790**	**623,229**	**-**	**51,936**	**402,808**	**-**	**1,605,763**	**9%**	**15%**
	2018	502,949	-	19,616	522,565	537,114	-	-	336,925	-	1,396,604		
S MacDonald (Chief Operating Officer)	**2019**	**422,707**	**-**	**19,812**	**442,519**	**423,476**	**-**	**35,290**	**234,421**	**55,431**	**1,191,137**	**8%**	**18%**
	2018	418,522	-	19,616	438,138	367,028	-	-	204,735	-	1,009,901		
P Jobbins(Chief Financial Officer)4	**2019**	**186,438**	**-**	**19,812**	**206,250**	**251,625**	**-**	**20,969**	**73,971**	**-**	**552,815**	**n/a**	**n/a**
	2018	-	-	-	-	-	-	-	-	-	-		
T Ristevski (Operating Officer - Corporate Services)5	**2019**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**n/a**	**n/a**
	2018	199,849	-	19,616	219,465	25,797	-	-	(15,478)	-	229,784		
Total Senior Executives	**2019**	**1,289,294**	**310,548**	**79,248**	**1,679,090**	**2,271,978**	**-**	**108,195**	**711,200**	**55,431**	**4,825,894**	**14%**	**21%**
	2018	1,482,117	117,142	78,464	1,677,723	1,778,089	-	-	526,182	-	3,981,994		
Total KMP	**2019**	**1,289,294**	**1,089,442**	**153,245**	**2,531,981**	**2,271,978**	**-**	**108,195**	**711,200**	**55,431**	**5,678,785**	**15%**	**21%**
	2018	1,482,117	771,185	140,596	2,393,898	1,778,089	-	-	526,182	-	4,698,169		

[1]Ms Doyle was appointed on 28 February 2018
[2]Mr Rosenberg was appointed Company on 27 February 2019.
[3]Mr Di Marco was offered an LTI of $400K which he declined in the 2018/2019 year, as he has in previous years. The Remuneration Committee acknowledges that Mr Di Marco's existing significant shareholding in TechnologyOne provides the benefits that the LTI aims to achieve. Mr Di Marco's STI is calculated as 1.26% of Group NPBT. Mr Di Marco's remuneration grew by 10% on the prior year, due to his fixed remuneration being up 1% and his STI up 15% in line with company profit.
[4]Paul Jobbins commenced employment with the Company on 30 October 2018.
[5]Tony Ristevski resigned, effective 4 May 2018.

10. Additional statutory disclosures

10.1 Long-term incentive scheme

In 2016, TechnologyOne replaced its previous Executive Option Plan (EOP) with an LTI plan aligned to market, shareholder and Executive requirements.

Options

2019										
Name	**Number of options granted during the period**	**Grant date**	**Exercise price**	**Value per option**	**Value of options at grant date**	**Number of options yet to vest**	**Number of options vested during the period**	**Number of options forfeited during the period**	**Value of options forfeited**	**Expiry date**
Edward Chung	175,064	1/10/2018	5.4829	1.490	260,845	582,599	155,482	(2,188)	3,261	1/10/2026
Stuart MacDonald	-		-	1.490	-	580,554	237,051	-	-	1/10/2026
Paul Jobbins	215,456	30/10/2018	5.4829	1.490	321,029	212,763	-	(2,693)	4,013	1/10/2026

Executive Performance Rights

2019										
Name	**Number of ERPs granted during the period**	**Grant date**	**Exercise price**	**Value per ERP**	**Value of ERPs at grant date**	**Number of ERPs yet to vest**	**Number of ERPs vested during the period**	**Number of ERPs forfeited during the period**	**Value of EPRs forfeited**	**Expiry date**
Stuart MacDonald	46,885	1/10/2018	-	5.131	240,567	46,885	-	(586)	3,007	1/10/2026

For details of grants under the previous EOP plan, please refer to sections 10.2 and 10.3.

* The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date. The amount is included in the remuneration tables above. As outlined in greater detail in note 1 (q) (iii) fair values at grant date are determined using a Black-Scholes pricing model.

Options forfeited during the period, are due to non-achievement of performance targets set by the Board for 2019. The Board is focused on ensuring that management remuneration and shareholder value are aligned by setting performance targets that create long-term shareholder wealth.

The model inputs for options granted to Executives are as follows:

(a) Options are granted for no consideration. Each tranche vests at the end of the three-year period, subject to meeting performance hurdles.
(b) Dividend yield – 2.1%
(c) Expected volatility – 30%
(d) Risk-free interest rate – 1.98%
(e) Price of shares on grant date – $6.13
(f) Fair value of options – $1.49

The model inputs for EPRs granted to Executives are as follows:

(a) EPRs are granted for no consideration. Each tranche vests at the end of the three-year period, subject to meeting performance hurdles.
(b) Dividend yield – 2.1%
(d) Risk-free interest rate – 1.98%
(e) Price of shares on grant date – $6.13
(f) Fair value of options – $1.49

10.2 Quarantined Executive Option Plan (EOP) (now superseded)

These options were issued to existing Executives and TechnologyOne is required to honour these pre-existing contracts. The variation to the 2016 LTI plan allows for options with the condition that there is no discount to the strike price at grant date. The performance criteria still apply as per the 2015 LTI plan. These pre-existing contracts have been quarantined and as existing Executive Contracts come to an end, they will be renegotiated so that the LTI is based on the 2016 LTI plan going forward. All new appointments of Executives to the Company will be under the 2016 LTI plan. For the sake of disclosure, details of the now obsolete and quarantined EOP are provided below.

Under the EOP, options were issued with typically between 0% and 50% discount on the volume weighted average price for the 10 days prior to the grant date. The discount could be forfeited prior to vesting at the Board's discretion based on the performance of the Executive. The option could also be withheld by the Executive Chairman for unsatisfactory performance.

Share options were granted to Executives by the Board based on the option plan approved by the Board.

The options vest if and when the Executive satisfies the period of service contained in each option grant.

The contractual life of each option varies between two and five years. There are no cash settlement alternatives.

Options granted under this plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary TechnologyOne share. Further information is set out in note 34 to the financial statements.

10.3 Historical incentive outcomes under the previous options plan

TechnologyOne previously issued options under a now obsolete Executive Option Plan (EOP). The EOP has now been quarantined and all new Executives to the Company, as well as existing Executives when their existing contracts come to an end, are under the new LTI plan.

For those Executives that are under the older quarantined Option Plan:

- The numbers of options over ordinary shares in the Group held during the financial year by each Executive of the Group, including their personally related parties, are set out below

- The KMP have historically received the following share options, Edward Chung is the only Executive KMP who participated in options granted 14 July 2014

2019							
Name	**Balance at start of the year**	**Granted as compensation**	**Exercised**	**Forfeited**	**Balance at the end of the year**	**Vested and exercisable**	**Unvested**
Edward Chung	501,000	-	(167,000)	-	334,000	-	334,000

10.4 Director shareholdings

Directors are required to hold a minimum shareholding of one year's (pre-tax) Directors' fees in TechnologyOne shares. Directors are required to rectify any short fall within a 12 month period. New Directors are allowed 36 months to meet this requirement.

The Board in total holds 66,688,008 shares representing 21% of the total shareholding of the Company.

10.5 Equity instruments held by Key Management Personnel

The number of shares in the Group held during the financial year by each Director and Senior Executive of Technology One Limited, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2019				
Name	**Balance at the start of year**	**Purchased during the year**	**Sale during the year**	**Balance at the end of the year**
Directors of Technology One Limited				
A Di Marco	31,378,500	-	(4,000,000)	27,378,500
R McLean	141,000	-	(30,000)	111,000
J Mactaggart	42,902,500	-	(4,000,000)	38,902,500
K Blinco	260,000	-	(60,000)	200,000
R Anstey	25,500	-	-	25,500
Dr J Andrews	30,600	-	-	30,600
S Doyle	-	12,375	-	12,375
C Rosenberg	-	27,533	-	27,533

2019				
Name	**Balance at the start of year**	**Received during the year on the exercise of options**	**Sale during the year**	**Balance at the end of the year**
Senior Executives of the Group				
E Chung	399,000	167,000	-	566,000
S MacDonald	-	241,700	(241,700)	-
P Jobbins	-	-	-	-

2018				
Name	**Balance at the start of year**	**Purchased during the year**	**Sale during the year**	**Balance at the end of the year**
Directors of Technology One Limited				
A Di Marco	31,378,500	-	-	31,378,500
R McLean	141,000	-	-	141,000
J Mactaggart	42,902,500	-	-	42,902,500
K Blinco	260,000	-	-	260,000
R Anstey	19,000	6,500	-	25,500
Dr J Andrews	24,300	6,300	-	30,600
S Doyle	-	-	-	-
C Rosenberg	-	-	-	-

2018				
Name	**Balance at the start of year**	**Received during the year on the exercise of options**	**Sale during the year**	**Balance at the end of the year**
Senior Executives of the Group				
E Chung	432,000	167,000	(200,000)	399,000
S MacDonald	-	-	-	-

10.6 Loans to Key Management Personnel

There have been no loans to Directors or Executives during the financial year (2018 - nil).

10.7 Other transactions with Key Management Personnel

During the year there were no transactions with the Key Management Personnel. This report is made in accordance with a resolution of Directors.

Corporate Governance Statement

The Board of Directors of the Company is responsible for its corporate governance. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.
The Directors have established guidelines for the operation of the Board and its Committees. Set out below are the Company's main corporate governance practices.

The TechnologyOne Board routinely consider industry governance initiatives in consideration of their benefit to the Company and its many stakeholders. An example of this is the recent publication of the ASX Corporate Governance Principles & Recommendations (Principles) 4th Edition. The Board has considered the benefits of the amended Principles and is proud to say that Technology One Limited is an early adopter of the 4th Edition of the Principles.

The Corporate Governance Statement, as well as supporting documents are available on the Company's internet site: www.TechnologyOneCorp.com under the Shareholders area.

Board of Directors
The Board of the Company currently comprises seven Directors and includes

Adrian Di Marco	Executive Chairman	- major shareholder (appointed 08/12/1999)
Ronald McLean	Non-Executive Director	- independent (appointed 08/12/1999)
John Mactaggart	Non-Executive Director	- major shareholder (appointed 08/12/1999)
Kevin Blinco	Non-Executive Director	- independent (appointed 01/04/2004)
Richard Anstey	Non-Executive Director	- independent (appointed 02/12/2005)
Jane Andrews	Non-Executive Director	- independent (appointed 22/02/2016)
Sharon Doyle	Non-Executive Director	- Independent (appointed 28/02/2018)
Cliff Rosenberg	Non-Executive Director	- Independent (appointed 27/02/2019)

The following information is provided in the Corporate Governance section of the Company's Annual Report:
- Details of names, qualifications, skills, experience and dates of appointment of each Board member.
- The number of meetings of the Board and the names of attendees.
- Explanation of any departures from the ASX Corporate Governance Principles and Recommendations.

The role of the Board is as follows:
- Setting objectives, goals and strategic direction for management, with a view to maximising shareholder value.
- Input into and ratifying any significant changes to the Company.
- Adopting an annual budget and monitoring financial performance.
- Ensuring adequate internal controls exist and are appropriately monitored for compliance.
- Ensuring significant business risks are identified and appropriately managed.
- Selecting, appointing and reviewing the performance of the Managing Director and Chief Executive Officer.
- Setting the highest business standards and code of ethical behaviour.
- Overseeing the establishment and implementation of the risk management system, and annually reviewing its effectiveness.
- Decisions relating to the appointment or removal of the Company Secretary.
- To review and evaluate the performance of the Board as a whole, each Committee, key Executives and each Director on an annual basis.

The Board has the authority to delegate any of their powers to committees consisting of such Directors and external consultants, as the Directors think fit. The Board has established a number of committees as follows:
- Nomination & Governance Committee
- Audit & Risk Committee
- Remuneration Committee

Board papers are prepared for the Directors, containing detailed operational reports from each region and department in the Company, highlighting:
- Operational performance.
- Initiatives undertaken/completed.
- Identified problems/risks and proposed solutions.

The Managing Director and Chief Executive Officer also prepare a summary report that highlights:
- Financial performance year to date and forecast for the full year.
- Significant issues.
- Significant changes proposed.
- Proposed strategic initiatives.

On a regular basis, members of the Executive/Management Team are invited to present to the Board directly and to answer questions the Board may have.

The strategy of the Company, as well as matters reserved to the Board, are reviewed annually by the Board.

Matters Reserved to the Board

Matters that are reserved to the Board are as follows:
- Communications with shareholders and the market in general, including ASX announcements, through the Chairman of the Board.
- Input into and subsequent approval of corporate strategy and performance objectives.
- Reviewing and ratifying systems of risk management, internal compliance and control, codes of conduct and legal compliance (ASX, ASIC, and ATO).
- Input into and subsequent approval of significant organisational structure/restructure.
- Review of the Managing Director, Chief Executive Officer and Company Secretary to the relevant Code of Conduct established by the Board.
- Appointing and removing the Managing Director and Chief Executive Officer and monitoring their performance respectively.
- Input into and subsequent approval of the budget including Operating Expenditure and Capital Expenditure, and any significant variations.
- Oversight of the Company, including its control and accountability systems.
- Input into and subsequent approval of changes to internal systems and controls.
- Review, and accept/reject recommendations from sub-committees such as Audit & Risk, Remuneration and Nomination & Governance committees.
- Input into and ratifying any acquisitions and divestitures.
- Oversee the establishment and implementation of a risk management system, and review regularly the effectiveness of the Company's implementation of that system.

All other matters are referred to management.

Board Skills

As a collective, the Board has extensive commercial skills and experience which provide a solid base for the governance of the Company. The Board has a combination of experience in the following core areas:
- IT and Communications Industry
- Corporate Finance and Accounting
- Software and Product Development
- Executive Management and Leadership
- Early Stage Investments and Start-ups
- Listed Entities
- Strategic & Commercial Acumen

The Board as a whole benefits from the combination of the Director's individual skills, experience and expertise in particular areas, as well as the varying perspectives that arise from the interaction arising from the Board's diverse backgrounds.

The Board believes that its current membership provides a suitable level of skills to properly guide the Company and deliver the Company's strategic objectives and provide a solid base for governance.

The Board assesses its level of skills annually and will address any requirements for additional skills that it feels would be in the best interest of the Company in response to wider market factors and the growth of the Company.
The Board has determined the core skills for its governance of the Company.

Director Principles

The Directors operate in accordance with the following broad principles:
- The Board should comprise of at least three members, but no more than 10. The current Board membership is eight. The Board may increase the number of Directors where it is felt that additional expertise in specific areas is required. The Company believes for its current size, a smaller Board allows it to be more effective and to react quickly to opportunities and threats.
- The Board should be comprised of Directors with an appropriate mix of skills, qualifications, expertise, experience and diversity. The skills, experience and expertise which the Board considers to be particularly relevant include those in the area of finance, information technology, and Australian and International Business. In respect of diversity, the Board recognises

that diversity relates to, but is not limited to gender, age, ethnicity and cultural background. The Board values diversity and recognises the individual contribution that people can make and the opportunity for innovation that diversity brings.
- The Board shall meet on both a planned basis and an unplanned basis when required and have available all necessary information to participate in an informed discussion of agenda items.
- The Directors are entitled to be paid expenses incurred in connection with the execution of their duties as Directors. Each Director is therefore able to seek independent professional advice at the Company's expense, where it is in connection with their duties and responsibilities as Director. The Company policy is that a Director wishing to seek independent legal advice should advise the Chairman at least 48 hours before doing so.
- The Directors and Officers will not engage in short term trading of the Company's shares. Furthermore, the Directors and Officers will not buy or sell shares at a time when they possess information which, if disclosed publicly, would be likely to materially affect the market price of the Company's shares. Information is not considered to be generally available until a reasonable time has elapsed to allow the market to absorb these announcements. A detailed policy exists on this matter – refer below, section: Trading in Company Securities.
- Directors have a clear understanding of the corporate and regulatory expectations of them. To this end formal letters of appointment are made for each Director setting out the key terms and conditions, any special duties or arrangements, remunerations and expenses, their rights and entitlements, confidentiality and rights of access to corporate information, as well as Indemnity and Insurance cover provided.
- Newly appointed Directors undertake an induction course covering the Company's strategy, products and operations. They are also provided a copy of the Company's constitution, charters and key policies.
- Directors are required to disclose Directors' interests and any matters that affect the Director's independence. This includes disclosure of conflicts of interest, which may include transactions with family members or related entities.
- If there is a potential conflict of interest, conflicted Directors must immediately inform the Board and abstain from deliberations on such matters. Such Directors are not permitted to exercise any influence over other Board members. If the Board believes the conflict of interest is material or significant the Directors concerned will not be allowed to attend the meeting or receive the relevant Board papers.

Director Independence

The Board comprises a majority of independent Non-Executive Directors who have broad commercial experience and bring independence, accountability and judgement in discharging the Board's responsibilities to ensure optimal returns to shareholders and the ongoing provision of benefits to the Company's employees.

The Board is required to disclose any new information that could, or would be reasonably perceived, to influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on the issues before the Board and to act in the best interests of the Company and its shareholders.

The independence of the Directors is assessed annually in accordance with the ASX Corporate Governance Principles and Recommendations.

While the ASX Corporate Governance Principles and Recommendations and proxy advisors consider the tenure of a Director as affecting independence, the Board believes that this is not a material consideration due to the way TechnologyOne facilitates interactions between Directors and Senior Executives and the benefits that tenure brings with established, deeper levels of company specific knowledge. TechnologyOne does not have casual, ad-hoc informal relationships between the Directors and Senior Executives and provides only formal interaction between the Board and Senior Executives in order to maintain the independence of each Director. All interactions are formal in nature and documented. TechnologyOne believes that by doing this, it maintains the independence of the Directors and nullifies the impact on tenure on independence. These formal interactions include presentations to the Board throughout the year on their business unit strategies and outcomes. Any other interaction by a Board Member and a Senior Executive is only under prior approval by the Chairman.

TechnologyOne will only enter into an agreement for the provision of consultancy or similar services by a Director or senior executive or by a related party of theirs if: TechnologyOne has independent advice that the services being provided are outside the ordinary scope of their duties as a Director or senior executive; the agreement is on arm's length terms; and, the remuneration payable under it is reasonable and with full disclosure of the material terms to securityholders.

Lead Independent Director

The Company will appoint a Lead Independent Director in the near future once further independent non-executive Directors have been appointed. The Lead Independent Director will represent the interests of shareholders where the Executive Chairman is unable to do so due to a conflict of interest.

The role of Lead Independent Director will include:
- Representing the independent Directors as the most senior independent Director;

- Acting as principle liaison between the independent Directors and the Chairman; and

- Advising the Board with reference to the other independent Directors on the matters where there is a conflict of interest.

The roles of Deputy Chairman and Lead Independent Director will be separated to further strengthen the overall independence of the Board and to allow greater flexibility in responding to governance issues and in supporting the interests of the shareholders.

Director Appointments

All Directors, both Executive and Non-Executive, receive written notifications of their appointment and a new Director induction pack which details the terms and conditions of their appointment, remuneration (including superannuation contributions), continuous disclosure requirements (including interests in the Company), ongoing confidentiality obligations, Company policies on when to seek independent professional advice, the Company's indemnity and insurance measures.

Prior to appointment, appropriate checks are undertaken on the candidates and relevant information provided to shareholders to consider when voting on the election of the Director. Relevant information is also provided for shareholders to consider when voting to re-elect existing Directors upon rotation. Executive Directors and senior management of the Company also have formal written employment agreements which set out the terms of their employment, roles and responsibilities, reporting lines, remuneration, confidentiality and termination provisions.

All Directors and senior management are required to comply with key corporate policies of the Company which include, but are not limited to, share trading policy, insider trading policy, privacy policy, anti-discrimination and workplace gender equality policies. All new Directors and senior management participate in the Company's formal on-boarding program which includes an induction program which incorporates meetings with key senior executives.

Company Secretary

The Company has a Company Secretary that is appointed by the board by resolution and is accountable directly to the Board, through the Chairman.

The role of the Company Secretary is as follows:
- Advising the Board and Committees on governance matters.
- Monitoring adherence of Board and Committees to policies and procedures.
- Coordinating timely completion and despatch of Board and Committee papers.
- Ensuring business at Board and Committee meeting is accurately captured in the minutes.
- Helping to organise and facilitate induction and professional development of Directors.

Audit & Risk Committee

The Board has established an Audit & Risk Committee. The committee is comprised of:

Kevin Blinco (Chairman)	Independent Non-Executive Director
Jane Andrews	Independent Non-Executive Director
Sharon Doyle	Independent Non-Executive Director

The role of the committee is to:
- Ensure the integrity in financial reporting (refer section below – Safeguard Integrity in Financial Reporting).
- Receive and review reports from the external Auditor.
- Review for accuracy financial statements for each reporting period prior to approval by the Board, and publishing.
- Ensure that systems of internal control are functioning effectively and economically and that these systems and practices contribute to their achievement of the Company's corporate objectives.
- Ensure required declarations from the Company's CFO and Chief Executive are received for each reporting period.
- Monitor compliance with the requirements of the Corporations Act, Listing Rules, Australian and Foreign Taxation Offices and other related legal obligations.
- Ensure that the financial statements for each reporting period comply with appropriate accounting standards.
- Regularly review Accounting Standards and Company Policies in conjunction with the Auditors and recommend adoption/changes to the Board.
- Direct follow-up action where considered necessary.
- Relate any matters of concern to the Board.

- Ensure the Internal Audit Function maintains a high standard of performance
- Oversight of the process to ensure the independence and competence of the Company's external auditors.
- Review the performance of the external auditor on an annual basis.
- Recommend the selection and the appointment of the external Auditors, based on specified criteria.
- Monitor compliance with the requirements of the Corporations Act, Listing Rules, Australian & foreign taxation offices and other related legal obligations.
- Oversee the ongoing development by management of an enterprise-wide risk management framework for management of material risks.
- Periodically review the adequacy and effectiveness of the Company's policies and procedures relating to risk management and compliance.
- Make recommendations to the Board on key risk management performance indicators and levels of risk appetite.

The number of meetings held during the years and the attendance of the members is provided in the Annual Report.
The Audit & Risk Committee Charter is available on the Company's website.

Principles of the Audit & Risk Committee

The committee operates in accordance with the following broad principles:

- Advise and assist the Board in fulfilling its responsibilities relating to financial management, risk oversight and reporting functions and in safeguarding the Company's assets;
- Provide a means of easy access to the Board for the external auditors in order to assist them in performing their functions;
- Assign the Secretary of the Committee such duties and responsibilities as the Committee may deem appropriate.
- Do other things and take other actions as are necessary or prudent to fulfil the responsibilities of the Committee, provided that no action will be taken without prior approval of the Board.
- TechnologyOne requires the rotation of the external audit partner every five years. The Audit & Risk Committee includes members who are financially literate; and at least one member who has financial expertise, preferably a qualified accountant.

Remuneration Committee

The Board has established a Remuneration Committee.
The committee is comprised of:

Kevin Blinco (Chair)	Independent Non-Executive Director
Cliff Rosenberg	Independent Non-Executive Director
Jane Andrews	Independent Non-Executive Director

The role of the committee is:

- To advise the Board with regard to the Company's broad policy for Executive and Director remuneration.
- To determine, on behalf of the Board, the individual remuneration packages for Executives and Directors.
- To give the Company's Executives encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contribution.

The number of meetings held during the years and the attendance of the members is provided in the Annual Report.

The Remuneration Committee Charter is available on the Company's website.

Non-Executive Directors' remuneration is determined by the Board within the aggregate amount per annum which may be paid in Directors' fees.

Principles of the Remuneration Committee

The committee operates in accordance with the following broad principles:

- The committee should provide the packages needed to attract, retain and motivate Executives, but avoid paying more than is necessary.
- The committee should judge where to position the Company relative to other companies. Be aware of comparable companies' pay, but exercise caution.
- The committee should be sensitive to the wider scene, especially with regard to salary increases.
- Performance related elements should form a significant proportion of the package; should align interests with those of shareholders; and should provide keen incentives.

Nomination & Governance Committee

The Board has established a Nomination & Governance Committee. The Committee is comprised of:

Richard Anstey (Chairman)	Independent Non-Executive Director
Kevin Blinco	Independent Non-Executive Director
Jane Andrews	Independent Non-Executive Director

The role of the Committee is as follows:

- Assessment of the necessary and desirable competencies and experience for Board membership.
- Evaluation of the membership of the Board, Audit & Risk and Remuneration committees, and their membership.
- Evaluation initially and on an on-going basis of Non-Executive Director's professional development, commitments, and their ability to commit the necessary time required to fulfil their duties to a high standard.
- Adherence by Directors to the Director's Code of Conduct and to good corporate governance.
- Review of Board succession plans.
- Recommendation for changes to committees.
- Recommendation of, and undertaking the appropriate checks, before for the appointment of new Directors.
- Recommendation of, and undertaking the appropriate checks, for the endorsement or non-endorsement of existing Directors.
- Ensuring that an effective induction process is in place for new Board members.
- Review and oversight of the Company's Corporate Governance Statement and governance related policies.

The number of meetings held during the years and the attendance of the members is provided in the Annual Report.
The Nomination & Governance Committee Charter is available on the Company's website.

Principles of the Nomination & Governance Committee

The committee operates in accordance with the following broad principles:

- The Nomination & Governance Committee is entitled to seek the advice of an external consultant.
- The Nomination & Governance Committee will make recommendations to the Board. The Board is responsible to appoint the most suitable candidate, after receiving recommendations from the Nomination & Governance Committee. The nominated appointee upon acceptance will hold office until the next Annual General Meeting, where the appointee must retire and is entitled to stand for re-election.
- The Board is responsible to either recommend/not recommend the endorsement of a Director at the next Annual General Meeting.
- The name of all candidates submitted for election as Director is accompanied with necessary information required by shareholders to make an informed decision including biographical details, competencies, qualifications, details of relationships between the Company, the candidate and Directors; other directorships held, particulars of other positions held which involve significant time commitments, and any other particulars required by law or good corporate governance. For existing Directors standing for re-election, the number of years as a Director of TechnologyOne will also be provided.
- Directors (with the exception of the Managing Director who is appointed by the Board) must stand for re-election every three years in accordance with the Company's Constitution. One third of the Directors retire from office at each Annual General Meeting.
- A structured process has been established to review and evaluate the performance of the Board and its Committees. This process also identifies ways to improve their performance, interaction with management, and quality of information provided.

Assessment of Director Independence

The Board has determined that an independent Director will meet all of the following criteria:

- Is not an Executive Director (i.e. not a member of the management)
- Is not a substantial shareholder of the Company, as defined by Section 9 of the Corporations Act, or an officer of a company that is a substantial shareholder.
- Is not directly associated with a substantial shareholder of the Company.
- Within the last three years, has not been employed in an Executive capacity by the Company or another group member, or been appointed a Director within three years after ceasing to hold such employment, insofar as the Director was not appointed prior to the introduction of the ASX Principles of Good Corporate Governance in March 2003.
- Within the last three years, has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provider.
- Is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated, either directly or indirectly, with a material supplier or customer. This includes family members being in these categories.
- Has no material contractual relationship with the Company or another group member other than as a Director of the Company.
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interest of the Company.

Corporate Governance Principles & Recommendations

Ethical Standards and Code of Conduct
All Directors, managers and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics, and strive at all times to enhance the reputation and performance of the Company.

A Code of Conduct has been established for each of the following:
- Directors
- Chief Executive Officer
- Chief Financial Officer
- Executives
- Employees

Each of the Codes of Conduct has been approved by the Board and given their full support.
The codes address:
- Responsibilities to shareholders, and clients.
- “The TechnologyOne Way”, which refers to the success of the company coming from our shared values, our entrepreneurial spirit and innovation.
- Employment practices (anti-discrimination, occupational health and safety, etc.).
- Responsibilities to the community.
- Responsibilities to the individual.
- Compliance with the codes.

In addition, the Directors, Executive Chairman, Chief Executive Officer, Chief Financial Officer, Executives and all employees have employment agreements, which include job descriptions. These job descriptions describe their duties, rights and responsibilities.

In conjunction with the Code of Conduct, TechnologyOne has developed a Whistleblower Policy and Bribery & Corruption Policy. The Whistleblower Policy encourages employees to come forward with concerns that the entity is not acting lawfully, ethically or in a socially responsible manner and provides suitable protections if they do. The Board will be informed of any material concerns raised that call into question the culture of TechnologyOne or have been raised under the Bribery & Corruption Policy.

The Board is informed of any material breaches of the Code of Conduct by a Director or Senior Executive and of any other material breaches of the code that call into question the culture of the organisation.

Diversity Policy

TechnologyOne has an inclusive diversity policy which covers the broader dimension of diversity covering aspects of gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender orientation within the total organisation, including the Board, and senior management. In conjunction with this policy, the Company has measurable objectives which are assessed and reported in the annual report.

The diversity of TechnologyOne remains fundamental to our ongoing success. TechnologyOne has established a Diversity Policy which reflects the company’s commitment to providing an inclusive workplace.

A summary of the Diversity Policy is following:
- Diversity is one of TechnologyOne’s strengths. TechnologyOne values this diversity and recognises the individual contribution our people can make and the opportunity for innovation such diversity brings.
- TechnologyOne believes that we will achieve greater success by providing our people with an environment that respects the dignity of every individual, fosters trust, and allows every person the opportunity to realise their full potential.
- TechnologyOne is committed to providing an inclusive workplace and our commitment to diversity extends to our interactions with customer and suppliers.

The Board established measurable objectives for 2019 and the objectives are:
- Ensuring compliance with the published diversity policy.
- Not less than 30% of the Board to be of each gender by 2022 (to allow for the Board transition)
- 30% of all vacant Senior Management roles are to have at least one female candidate shortlisted.
- Diversity target – setting targets for the number of women in senior roles in the organisation.
- Maintain reporting measures that are in compliance with both the ASX guidelines and Workplace Gender Equality Agency.
- Continue to identify employee feedback mechanisms through the review of existing forums and information provided as well as the identification of appropriate new mechanisms for employee consultation.
- Maintain existing educational programs that support diversity including but not limited to induction, on boarding and leadership programs delivered through the TechnologyOne College.

The Company's 2019 Workplace Gender Equality Agency report can be found on the 'Shareholders' section of the Company's website.

Safeguard Integrity in Financial Reporting

The Company has established a structure of reviews and authorisations designed to ensure the truthful and factual presentation of the Company's financial position. This includes:

- The establishment of an Audit & Risk Committee, and the review and consideration of the accounts by the Audit & Risk Committee.
- Process to ensure the independence and competence of the Company's external auditors.
- Requirement that the Chief Executive Officer and Chief Financial Officer state in writing to the Board that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition; operational results are in accordance with the relevant accounting standards and the Company's Risk Management and Internal Compliance and Control System is operating efficiently and effectively in all material respects.
- Ensuring that the Company's external Auditor's attend the Company's Annual General Meeting each year
- Verification of statements and data supplied in the annual directors' report and other corporate reports to ensure that the releases to the market are accurate, balanced and understandable and provide investors with appropriate information to make informed investment decisions.

The Company plans to put the external audit services to tender in 2020 following the implementation of the AASB15- Revenue from contracts with customers reporting, which is another example of how the Company expresses its dedication to ensuring integrity of the financial reporting is maintained.

Continuous Disclosure

The Company Secretary working closely with the Executive Chairman, have been delegated responsibility for the continuous disclosure of information to the market, to ensure:

- All investors have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance.
- Company announcements are factual and presented in clear and a balanced way, requiring the disclosure of both positive and negative information.
- When analysts are briefed on aspects of the Company's operations, the market is forewarned, and the materials used in such presentations are also released to the ASX and posted on the Company's website.
- Any information that a reasonable person would expect to have a material effect on the price or value of the Company's share price (as per Listing Rule 3.1) is immediately notified to the ASX.

The Company has established a documented procedure to handle continuous disclosure requirements. Directors are provided with copies of all announcements made under listing rule 3.1 promptly once made.

Risk Assessment Management

The Company has adopted an active approach to risk management and the Board recognises that the Company's participation in commercial and operational activities require a certain level of risk. As such, the Board has delegated the risk management function to the management of the Company with oversight by the Audit & Risk Committee.

The Board has received assurance from the Chief Executive Officer and CFO that the declaration provided in accordance with section 295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to the financial reporting risks.

The risk appetite of the Company takes into account the level of risk and risk combinations that the Board is prepared to take to achieve strategic objectives together with the level of risk shock that the Company is able to withstand.

The Board has expanded the role of the Audit Committee to include oversight of risk management and compliance functions and as such is now referred to as the Audit & Risk Committee. The Committee has performed an annual risk review and have identified a number of key risk categories for the business.

Material Risks

Human Risk
The company has identified that it has a material risk in relation to the human element of the business. The company manages human risk by undertaking half yearly performance assessment and reviews, performance management (where necessary), succession planning, key talent retention strategies, having human resources business partners assigned to each operating steam

of the company to work with the business on any concerns raised, and by conducting half yearly surveys of managers to identify any known issues. The Board is provided with a summary of these issues as part of the Group Director – People & Culture's report tabled at each board meeting.

Key Risks
The company's focus on risk management is primarily conducted through the Audit & Risk Committee, with a number of identified areas of specific risks as follows:

Contract Risk
The company has established a Risk Management Committee that reviews all proposed new contracts with non-standard terms prior to signing to ensure the contracts can be fulfilled, the risks are known and can be managed, and that the contract can be completed profitably without exposing the company to ongoing liabilities.

Financial Risk
The company has an Executive Committee that reviews the company's financial exposure with a particular focus in the area of Outstanding Debtors.

Data Security & Privacy Risks
The Company has a robust data security and privacy program developed in accordance with Australia's Privacy Amendments (Notifiable Data Breaches) Act 2017 and the UK General Data Protection Regulation requirements. This program ensures security is considered throughout the day to day operations of the company and is backed by an independently verified process for dealing promptly with matters should they arise. The company also is certified to the standards required in ISO27000, ISO9001, SOC1, SOC2 and SOC3.

Software Risk
The company has an executive R&D Committee that reviews Software Release management, including resourcing and development issues.

Insurance Risk
The Board of TechnologyOne, on an annual basis, reviews the company's insurance requirements and compares this to the level of cover provided to ensure it is adequately covered.

Project Risk
The Board requires the Chief Executive Officer to report on any project that may be at significant risk of either incurring substantial penalties or incurring substantial over-runs. In addition, the company has established a Project Risk Committee that reviews current projects and consulting activities to provide an early detection mechanism to ensure that any risks that pose a significant risk to the company are identified and resolved before exposing the company to potential liabilities.

Sustainability Risk
The Company believes that it does not have material exposure to specific economic, environmental or social sustainability risks. However, the Company recognises the importance of these to its stakeholders and has developed a Sustainability Report to outline the Company's position and initiatives across a number of sustainability risks. During the year, the company also established a Modern Anti-Slavery Policy and has implemented further rigour to the procurement policy to ensure that our supply chain also complies.

The Sustainability Report provides the company's initiatives and targets on items including:

- Diversity,
- Customer Satisfaction
- Employee Satisfaction
- Corporate Culture
- Ethical Business Practices
- Community Support
- Environmental Sustainability Practices

The Sustainability Report is available on the Company's website.

Accounting Standards and Company Policies

Adhering to Accounting Standards and Company Policies, and the appropriate interpretation of such policies/standards, is seen as critical to managing the financial risk of Technology One. Accounting Standards and Company policies are reviewed on a regular basis by the Audit & Risk Committee working in conjunction with the Auditors, and recommendations for adoption/change are made to the Board. Compliance to Accounting Standards and Company policies are included as part of the Auditors annual review.

Internal Controls and Compliance

The Company has an internal control framework that consists of:

- Written policies and procedures.
- Division of responsibilities to ensure appropriate segregation of duties.
- Careful selection of high calibre well qualified staff.

TechnologyOne undertakes Internal Audits in accordance with the Internal Audit schedule as approved by the Audit & Risk Committee. These audits are undertaken by the Governance, Risk & Compliance Team and reported through to the Audit & Risk Committee. The company's auditors or another suitable external independent organisation are engaged yearly to review the company's internal controls and compliance and to provide a report to the Board.

The Audit & Risk Committee also oversee the Company's compliance program with relevant international standards (including ISO 9000, 27000 series, SOC 1, 2 & 3).

Remuneration Principles

TechnologyOne believes in the full disclosure of remuneration of its Directors and Executives to the market, on at least an annual basis and as they occur in the case of new employment agreements. Disclosure will cover all monetary and non-monetary components including salary, fees, non-cash benefits, bonuses accruing each year irrespective of payment, profit share accruing each year irrespective of payment, superannuation contributions, payments entitled to termination or retirement, value of shares or options issued, sign-on payments etc.

As a matter of principle, TechnologyOne has adopted the following guidelines to motivate Directors and Executives to pursue long-term growth, and ensure their interests and those of the shareholders are closely aligned:

- Remuneration packages should be set in the context of what is reasonable and fair, taking into account the Company's legal and industrial obligations, labour market conditions, the scale of the business and competitive forces.
- Non-Executive Directors should be remunerated solely on the basis of a cash payment, plus superannuation contributions as required by law. Non-Executive Directors should not be provided with bonuses, options, shares, loans or any other non-cash component. They should not participate in schemes designed for the remuneration of Executives. The Company does not provide a Director's Retirement Plan.
- Non-Executive Directors will not be provided termination or retirement payments other than statutory superannuation.
- Company Executives (including Executive Directors) should be provided with a significant component of their expected salary on "an at-risk basis", tied to the Company's profit target. Shares or Options may also be provided as part of the "at risk component", but these must be tied to performance hurdles. The performance hurdles are to be reasonable, objective and measurable.
- Termination payments should be agreed in writing and in advance if any are to be provided.

Performance Evaluation

Board

The Board meets annually for the purpose of reviewing and evaluating the performance of the Board as a whole, each Committee, key Executives and each Director individually in meeting key responsibilities and achieving its objectives.

The following areas were considered by the Board in its 2019 annual review:

- Performance evaluation of Directors and Senior Executives.
- Review of skills and experience of the Board for current operations of the Company and identification of any shortfalls.
- Director succession planning.
- Review of current legislation in relation to any age restrictions.
- Review of independence of each Director.
- Review of skills matrix to ensure relevance of required skills.

To assist the Board in maximising its effectiveness, the Board and Nomination & Governance Committee have a skills matrix to provide objective information about each Director and the Board as a whole during the past year.

Each Director is encouraged to discuss any issue concerning Board performance with the Chairman at any time.

Directors are encouraged to maintain and improve their knowledge, skills and expertise through briefings, seminars and going professional development programs.

Remuneration of the Board is assessed every three (3) years against comparative data for Australian publicly listed IT companies supplied by an independent consultant and reported to the Remuneration Committee. The relative risk, time, effort, complexity of the underlying business, competency of the management team, financial performance and track record, clarity of strategy as well as the number of Board meeting required to oversee the business are used as benchmarks to determine the appropriate level of Director's fees. For years where a formal assessment of remuneration is not conducted, the Director's fees are increased by the Australian Consumer Price Index (CPI).

Senior Executives

The performance of Senior Executives is reviewed and evaluated annually by a combination of the Company's internal performance management program managed by the Company's human resources department and as part of the formal remuneration review that is conducted annually by the Remuneration Committee.

Trading in Company Securities

The Directors have resolved to adopt the following policy in relation to trading by Directors and Officers in the Company's shares.

- The Directors and Officers will not engage in short term trading of the Company's shares.
- The Directors and Officers will not buy or sell shares at a time when they possess information which, if disclosed publicly, would be likely to materially affect the market price of the Company's shares. Information is not considered to be generally available until a reasonable time has elapsed to allow the market to absorb these announcements.

The Directors and Officers are not permitted to use the Company's shares as security for Margin Loans. To assist Directors and officers in abiding by these principles the following rules have been established, relating to when Directors and Officers can buy and sell the Company's shares:

- For 50 days from the day following the release of the following information to the market:
  - the half yearly financial statement
  - the annual financial statement
  - other reports relating to the financial performance or financial status of the Company.

At all times, the Director/Officer must notify the Board (as a minimum the Chairman) in advance of any intended transactions involving the Company's shares. It is recognised that there may be circumstances where it may not be appropriate for Directors and Officers to buy and sell within the above 50 day window in the event the Company is involved in strategic initiatives (such as acquisitions), which could materially affect the market price of the Company's shares.

The Directors and officers must advise the Company Secretary of any completed trades immediately of each transaction and definitely no later than one day after each transaction. This will allow the Company Secretary sufficient time so that the ASX can be notified of the change in shareholding within the required period.

A register of Director's holdings is made available for inspection at every Board meeting.

This policy applies to Directors and Officers (including their nominee companies) and the entities which they control.
For the purpose of this Policy, Officer is deemed to include the following parties:

a) persons named by the Board from time to time who may be involved in strategic issues
b) Executive officers of the Company as defined in section 9 of the Corporations Act being: 'any person by whatever name called who is concerned or takes part in the management'
c) any member of the Company's Executive committee.

In addition to the policy for Directors and Officers, all employees are reminded of the Insider Trading provisions of the Corporations Act. Staff are reminded of their obligations during the Trading Windows.

Shareholders' Rights and Communication

The Board of Directors aim to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. The information is communicated to shareholders, and forms part of the company's two-way investor relations program:

- By ensuring that all shareholders can elect to receive information and communications from the Company's share registry either physically or electronically and can update their preferences through the share registry.
- By the Annual Report being distributed to all shareholders. The Board ensures the Annual Report contains all relevant information about the operations of the Company during the financial year, together with details of future developments and other disclosures required under the *Corporations Ac*t 2001.

- By publishing its Notice of Meetings and Explanatory Memorandum for each Annual General Meeting or other such meetings as required from time to time;
- By encouraging shareholders to attend and participate in the Company's Annual General Meeting;
- By encouraging shareholders to participate in proxy voting should they be unable to attend the Company's Annual General Meeting;
- By enabling shareholders to pose questions to the Company in the lead up to the Annual General Meeting for responding during the meeting;
- By facilitating polls for each resolution voted during an AGM;
- By the Half Year results report released to the market;
- By disclosures forwarded to the ASX under the Company's continuous disclosure obligations;
- Through the Company's web site, under a special area called Shareholders;
- By the Company's participation in scheduled briefings with institutional shareholders and security analysts;
- By the participation of the Company's Auditors and Solicitors at the Annual General Meeting.

All information communicated by the Company is in accordance with its continuous disclosure requirements under ASX Listing Rule 3.1.

Non-Compliance with ASX Corporate Governance Principles and Recommendations 4th Edition

The Board of TechnologyOne believes in working to the highest standards of Corporate Governance. Notwithstanding this, the Board believes it is important to recognise there is not a 'one size fits all' to good corporate governance, and that it is important to consider the size of the Company, the industry it operates within, the corporate history and the Company's inherent strengths.

The ASX Corporate Governance Council has recognised this fact and has allowed companies to explain where they do not comply with the Corporate Governance Principles and Recommendations 4th Edition.

The Company has complied with the majority of recommendations, with the exception of the following. The Board believes the areas of non-conformance shown below will not impact the Company's ability to meet the highest standards of Corporate Governance and will at the same time allow the Company to capitalise on its inherent strengths.
This section highlights those areas of non-compliance and explains why it is appropriate.

Majority of Independent Directors (Refer ASX Corporate Guidelines – Recommendation 2.4)

The number of Directors is eight. The Board has identified six of these Directors are independent, and two as not independent because they are major shareholders.

The Board is of the opinion that it should bring independent judgment in making all decisions and believes strongly that having two major shareholders (both who have been founders of the Company) has added to the significant strength to the Board and provides a continuing vision for the Company's success.

The independence of Mr Ron McLean has been debated by some corporate advisory groups because he was a past employee of TechnologyOne, ceasing to be an executive in 2004. The Board is of the opinion that, due to the period of time that has lapsed since Mr McLean's employment with the company 14 years ago, Mr McLean is considered as being independent. Mr McLean's appointment also took place in 1992, prior to the introduction of the ASX's 1st edition of the Principles of Good Corporate Governance in March 2003.

The ASX guidelines commentary provides the following guidelines note which supports this position: "The mere fact that a director has served on a board for a substantial period does not mean that he or she has become too close to management to be considered independent. However, the board should regularly assess whether that might be the case for any director who has served in that position for more than 10 years."

The ASX guidelines also states that it "recognises that the interests of a listed entity and its security holders are likely to be well served by having a mix of directors, some with a longer tenure with a deep understanding of the entity and its business and some with a shorter tenure with fresh ideas and perspective."

The company has set the objective to increase the Board size, with the aim of adding additional independent directors, with Jane Andrews' appointment in the 2016 financial year, Sharon Doyle's appointment in the 2018 financial year, Cliff Rosenberg's appointment in the 2019 financial year and further additional directors being considered in the coming years, resulting in an indisputable majority of independent directors.

TechnologyOne is also progressing with a Committee composition strategy which continues to comply with the ASX Corporate Governance Principle recommendations while transitioning newly appointed Directors into the appropriate Committees once they have had sufficient time to develop a comprehensive understanding of TechnologyOne's operations.

Independent Chairman (Refer ASX Corporate Guidelines – Recommendation 2.5)

The Board is of the opinion it should maximise the vision, skills and deep industry knowledge of the Company's founder and major shareholder, Mr Di Marco, to continue to lead the Company forward. He has a long and proven track record of creating significant shareholder wealth for the Company as its Chairman, since listing on the ASX in 1999.

The Board believes Mr Di Marco continues to be the best candidate to clearly communicate the Company's vision, strategy and to set market expectations. To this end it is seen as appropriate that Mr Di Marco should remain as Executive Chairman of the Company. There is no empirical evidence to support the preference of an Independent Chairman.

The ASX Corporate Governance Principles and Recommendations propose that "if the Chair is not an independent Director, a listed entity should consider the appointment of an independent director as the Deputy Chair". Mr McLean was appointed Deputy Chair at the Board meeting held 15 August 2017. Mr McLean is deemed to be an independent non-executive director in the Board's opinion.

The Company will appoint a Lead Independent Director in the near future once the new, independent non-executive Directors have been appointed and established in their roles. The Lead Independent Director will represent the interests of shareholders where the Executive Chairman is unable to do so due to a conflict of interest.

On 23 May 2017, Ed Chung was appointed as Chief Executive Officer.

Mr Di Marco will not be deemed as independent under the ASX guidelines due to him being a substantial shareholder. This, however, aligns Mr Di Marco with the interests of the Company's shareholders.

Financial Statements
Consolidated income statement

	Notes	2019	Restated[1] 2018
		$'000	$'000
Revenue from contracts with customers	5	**284,994**	252,989
Variable costs		**(22,011)**	(24,512)
Variable customer cloud costs		**(16,965)**	(11,884)
Total variable costs		**(38,976)**	(36,396)
Occupancy costs		**(10,808)**	(9,588)
Corporate costs		**(17,285)**	(18,951)
Depreciation and amortisation	6	**(6,127)**	(5,102)
Computer & communication costs		**(10,744)**	(10,339)
Marketing costs		**(6,252)**	(4,068)
Employee costs		**(117,817)**	(143,240)
Share-based payments		**(2,018)**	(1,595)
Finance expense		**(24)**	(395)
Total operating costs		**(171,075)**	(193,278)
Other income	5(a)	**1,446**	1,502
Profit before income tax	7	**76,389**	24,817
Income tax expense	7	**(17,930)**	(3,126)
Profit for the year		**58,459**	21,691
		Cents	Cents
Basic earnings per share	33	18.43	6.87
Diluted earnings per share	33	18.30	6.85

[1]Refer to note 1(a)(ii) for details regarding the restatements for changes in accounting policies on adoption of AASB 15.

The above consolidated income statement should be read in conjunction with the accompanying notes

Consolidated statement of comprehensive income

	2019 $'000	Restated[1] 2018 $'000
Profit for the year (from previous page)	**58,459**	21,691
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**1,199**	1,379
Other comprehensive income for the year, net of tax	**1,199**	**1,379**
Total comprehensive income for the year	**59,658**	**23,070**

[1]Refer to note 1(a)(ii) for details regarding the restatements for changes in accounting policies on adoption of AASB 15.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position

	Notes	2019	Restated[1] 2018
ASSETS		**$'000**	$'000
Current assets			
Cash and cash equivalents	8	**105,046**	104,322
Prepayments		**12,810**	10,852
Trade and other receivables	9	**49,032**	59,554
Contract assets	10	**24,607**	1,879
Other current assets	11	**463**	959
Current tax assets		**6,783**	1,574
Contract acquisition costs	13	**2,104**	1,357
Total current assets		**200,845**	**180,497**
Non-current assets			
Property, plant and equipment	12	**10,900**	12,280
Intangible assets	13	**37,521**	45,011
Capitalised development	13	**31,590**	-
Contract assets	10	**-**	245
Deferred tax assets	14	**32,153**	42,278
Contract acquisition costs	13	**5,415**	4,000
Total non-current assets		**117,579**	**103,814**
Total assets		**318,424**	**284,311**
LIABILITIES			
Current liabilities			
Trade and other payables	15	**47,290**	52,617
Provisions	16	**12,261**	13,257
Prepaid subscription revenue	17	**147,558**	136,557
Borrowings	18	**5**	5
Total current liabilities		**207,114**	**202,436**
Non-current liabilities			
Provisions	19	**3,616**	3,144
Other non-current liabilities	20	**837**	1,241
Total non-current liabilities		**4,453**	**4,385**
Total liabilities		**211,567**	**206,821**
Net assets		**106,857**	**77,490**
EQUITY			
Contributed equity	22	**35,302**	33,171
Other reserves	23	**55,477**	31,561
Retained Earnings		**16,078**	12,758
Total equity		**106,857**	**77,490**

[1]Refer to note 1(a)(ii) for details regarding the restatements for changes in accounting policies on adoption of AASB 15.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity

	Notes	Contributed equity	Retained earnings[1]	Dividend reserve	FOREX reserve	Share option reserve	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2018		**33,171**	**12,758**	**8,616**	**651**	**22,294**	**77,490**
Exchange differences on translation of foreign operations		-	-	-	1,199	-	1,199
Profit for the period		-	58,459	-	-	-	58,459
Total comprehensive income for the period		**-**	**58,459**	**-**	**1,199**	**-**	**59,658**
Transfer to dividend reserve		-	(55,139)	55,139	-	-	-
Dividends paid	24	-	-	(35,850)	-	-	(35,850)
Exercise of share options	22	2,131	-	-	-	-	2,131
Share based payments	34	-	-	-	-	1,947	1,947
Tax impact of share trust		-	-	-	-	1,481	1,481
		2,131	(55,139)	19,289	-	3,428	(30,291)
Balance at 30 September 2019		**35,302**	**16,078**	**27,905**	**1,850**	**25,722**	**106,857**
Balance at 1 October 2017		**32,152**	**90,681**	**15,775**	**(728)**	**19,640**	**157,520**
Change in accounting policy (AASB 15)[1]		**-**	**(73,771)**	**-**	**-**	**-**	**(73,771)**
Restated Equity balance as at 1 October 2017[1]		**32,152**	**16,910**	**15,775**	**(728)**	**19,640**	**83,749**
Exchange differences on translation of foreign operations		-	-	-	1,379	-	1,379
Profit for the period		-	21,691	-	-	-	21,691
Total comprehensive income for the period		-	21,691	-	1,379	-	23,070
Transfer to dividend reserve		-	(25,843)	25,843	-	-	-
Dividends paid	24	-	-	(33,002)	-	-	(33,002)
Exercise of share options	22	1,019	-	-	-	-	1,019
Share based payments	34	-	-	-	-	1,595	1,595
Tax impact of share trust		-	-	-	-	1,059	1,059
		1,019	(25,843)	(7,159)	-	2,654	(29,329)
Balance at 30 September 2018		**33,171**	**12,758**	**8,616**	**651**	**22,294**	**77,490**

[1]Refer to note 1(a)(ii) for details regarding the restatements for changes in accounting policies on adoption of AASB 15.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

	Notes	2019 $'000	Restated[1] 2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**310,883**	300,058
Unused prepayments to suppliers		**(1,957)**	(2,632)
Payments to suppliers and employees (inclusive of GST)		**(221,167)**	(234,709)
Interest received		**634**	735
Income taxes paid		**(11,534)**	(11,187)
Interest paid		**(24)**	(395)
Net cash inflow / (outflow) from operating activities	32	**76,835**	**51,870**
Cash flows from investing activities			
Payments of contingent consideration		**(4,059)**	(2,721)
Payments for property, plant and equipment		**(2,350)**	(3,388)
Payments for intangible assets		**(35,927)**	(3,274)
Proceeds from sale of property, plant and equipment		**-**	440
Net cash inflow / (outflow) from investing activities		**(42,336)**	**(8,943)**
Cash flows from financing activities			
Proceeds from exercise of share options		**2,075**	1,019
Repayment of finance lease		**-**	(5)
Dividends paid to company's shareholders	24	**(35,850)**	(33,002)
Net cash inflow / (outflow) from financing activities		**(33,775)**	**(31,988)**
Net increase / (decrease) in cash and cash equivalents		**724**	**10,939**
Cash and cash equivalents at the beginning of the financial year		**104,322**	93,383
Cash and cash equivalents at the end of year	8	**105,046**	**104,322**

[1]Refer to note 1(a)(ii) for details regarding the restatements for changes in accounting policies on adoption of AASB 15.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1 Summary of significant accounting policies

The financial report of Technology One Limited (the Company) for the year ended 30 September 2019 was authorised for issue in accordance with a resolution of Directors on 19 November 2019.

Technology One Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Technology One Limited and its subsidiaries. The nature of the operations and principal activities of the Group are described in the Directors' report.

(a) Basis of preparation

The financial report is a general purpose financial report prepared by a for profit entity, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year except where a change has been required due to the implementation of a new accounting standard.

(i) Compliance with IFRS

This financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(ii) Newly adopted standards

AASB 15 – Revenue from Contracts with Customers

The Group adopted AASB 15 – *Revenue from Contracts with Customers* from 1 October 2018. The adoption of this accounting standard resulted in the restatement of comparative balances.

AASB 15 supersedes AASB 111 *Construction Contracts* (which is not relevant to the Group) and AASB 118 *Revenue* and related interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has adopted AASB 15 using the full retrospective method of adoption. In applying this method of adoption, the Group has applied the practical expedients in paragraph C5 of AASB 15, under which the Group does not disclose the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue for all reporting periods presented before the date of initial application. The transaction price allocated to performance obligations that are partially satisfied will be recognised over the remaining term of the individual contracts as the Group continues to satisfy the performance obligations.

The adoption of AASB 15 has resulted in the following key revenue categories for the Group:

1. SaaS Fees
2. On Premises Initial Licence Fees
3. On Premises Annual Licence fees
4. Consulting Services

The accounting policies for each of these categories has been set out below in section (d). The impact of the restatement on the consolidated income statement as reported for the year ended 30 September 2018 is as follows:

Statement of comprehensive income increase/(decrease)	**30 September 2018 AASB 118 reported ($000s)**	**Remeasurements ($000s)**	**30 September 2018 AASB 15 restated ($000s)**
Revenue from contracts with customers	297,148	(44,159)	252,989
Variable costs	(39,670)	3,274	(36,396)
Depreciation & amortisation	(4,276)	(826)	(5,102)
Profit before tax	66,528	(41,711)	24,817
Income tax expense	(15,548)	12,422	(3,126)
Profit after tax	50,980	(29,289)	21,691
Basic earnings per share	16.14	(9.27)	6.87
Diluted earnings per share	16.10	(9.25)	6.85

The variable costs include amounts related to capitalised commissions and other incentives. The impact of the restatement on the consolidated statement of financial position as at 30 September 2018 is as follows:

Statement of financial position increase/(decrease)	**30 September 2018 AASB 118 reported ($000s)**	**Remeasurements ($000s)**	**30 September 2018 AASB 15 restated ($000s)**
Assets			
Contract acquisition costs - current	-	1,357	1,357
Contract acquisition costs - non-current	-	4,000	4,000
Contract assets - current	19,758	(17,879)	1,879
Contract assets - non-current	26,374	(26,129)	245
Deferred tax assets	404	41,874	42,278
Liabilities			
Prepaid subscription revenue	31,305	105,252	136,557
Equity			
Equity	179,519	(102,029)	77,490

Opening transition adjustment as of 1 October 2017 is $73.8m which is disclosed in the consolidated statement of changes in equity.

AASB 9 – Financial Instruments

AASB 9 supersedes AASB 139 *Financial Instruments: Recognition and Measurement*. The adoption of the accounting standard from 1 October 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies have been set out in (j) below. In accordance with the transitional provisions in AASB 9 (7.2.15) comparative figures have not been restated.

The standard provides guidance on recognition, classification, measurement and impairment for all financial instruments as well as guidance for hedge accounting.

Other than disclosure impacts driven by AASB 7 *Financial Instruments: Disclosures*, the adoption of AASB 9 has not had a significant impact on the financial statements of the Group.

Classification and subsequent measurement

Financial assets
There are three categories of classification and measurement under AASB 9:

1. Fair value through profit and loss (FVPL)
2. Amortised cost
3. Fair value through other comprehensive income (FVOCI)

For a financial instrument to be measured at amortised cost or FVOCI it must pass both the business model test and the SPPI test:

- Business model test
  The objective of the entity's business model must be to hold the assets solely to collect cash flows (amortised cost), or to collect cash flows and to sell (FVOCI).
- SPPI test
  In addition to satisfying the above test, the contractual payments must give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

If these tests are not satisfied, then the financial asset will be measured at FVPL.

Financial liabilities
AASB 9 has not substantially changed the accounting for financial liabilities. In general, financial liabilities will be classified and measured at amortised cost unless they meet the criteria to be classified and measured at FVPL.

Impairment of financial assets
AASB 9 introduces a new model for the recognition and measurement of impairment of financial assets - the expected credit loss model. The impairment model will only be applicable for those assets that are not classified and measured at FVPL. Based on an assessment of the Group's existing financial assets, the new impairment methodology has been applied to trade receivables and AASB 15 contract assets.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

There were no changes in the measurement of the Group's financial instruments. The following has been identified as the Group's financial assets and liabilities at the date of initial application:

Financial Instrument	**Measurement category**	
	Original measurement category – AASB 139	**Classification and measurement – AASB 9**
Financial assets		
Cash and cash equivalents	Amortised cost	Amortised cost
Trade and other receivables	Amortised cost	Amortised cost
Financial liabilities		
Trade and other payables	Amortised cost	Amortised cost
Borrowings	Amortised cost	Amortised cost
Contingent consideration	FVPL	FVPL

Comparative balances have not been restated on the adoption of AASB 9 as the impact was deemed to be immaterial. Refer to note 2 for the carrying amount of the Group's financial instruments.

Certain new accounting standards and interpretations that have been published but are not effective for the 30 September 2019 year end reporting period are outlined below.

(iii) Issued but not yet effective

<u>*AASB 16*-Leases</u>

AASB 16 *Leases* was issued in February 2016 and replaces AASB 117 *Leases* and is effective for the Group for the financial year commencing 1 October 2019. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard removes the classification of leases as either operating or finance leases for the lessee and effectively treats all leases as finance leases. Under the standard, a right of use (ROU) asset is recognised, representing the lessee's right to use the underlying leased asset. A corresponding liability is recognised, representing the obligation to make lease payments. The lease liability is measured as the present value of future lease payments discounted at the lessees incremental borrowing rate, if the rate implicit in the lease cannot be readily determined. The profile of the lease related expense will change from being included in occupancy expenses to comprising depreciation on the ROU asset and interest on the lease liability.

AASB 16 will also affect the classification of lease expenses in the statement of cash flows. Under prior accounting standards the full value of the lease payment was classified in operating cash flows in the statement of cash flows. Under AASB 16, the lease payment is split between the principal repayment and the interest element. The repayment of the principal is presented as cash flows from financing activities and the payment of interest must be presented within cash flows from operating activities.

The Group intends to adopt the new standard using the modified retrospective approach. This method means that comparative amounts do not need to be restated for the year prior to the year of adoption. While the assessment of the impact of AASB 16 is significantly progressed at this point, there are several items that remain under consideration that may have a material impact on the final approach adopted and the calculations (such as discount rates and the assessments in relation to lease extension options) before the quantitative impact of this standard can be disclosed.

The Group will fully report and quantify the impacts of adoption of AASB 16 for the half year ending 31 March 2020.

<u>*AASB Interpretation 23*</u>

AASB Interpretation 23 will be effective for the financial year commencing 1 October 2019. The interpretation clarifies how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group is currently assessing the impact of the Interpretation on its Consolidated Financial Statements but does not anticipate a material impact upon adoption.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Technology One Limited ('Company' or 'parent entity') as at 30 September 2019 and the results of all subsidiaries for the year then ended. Technology One Limited and its subsidiaries together are referred to in this financial report as the 'Group' or the 'Consolidated entity'.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Employee Share Trust

The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. At 30 September 2019, the Group had 116,630 treasury shares (2018: 399,126).

Treasury shares are shares in the Group that are held by the Employee Share Trust for the purpose of issuing shares under the Technology One employee share scheme.

(c) *Foreign currency translation*

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Technology One Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- All resulting exchange differences are recognised in other comprehensive income

(d) *Revenue recognition*

As noted above, the adoption of AASB 15 has resulted in the following key revenue categories for the Group:

1. SaaS Fees
2. On Premises Initial Licence Fees
3. On Premises Annual Licence fees
4. Consulting Services

The accounting policies for each of these categories has been set out below:

Revenue categories

1. SaaS Fees

Revenue from term SaaS contracts are recognised on a daily basis over the term of the contract. The Group considers that such contracts represent a right to access the Group's licenced intellectual property and as such the performance obligation is fulfilled over the contract term.

Payment terms in respect of SaaS Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

Unsatisfied performance obligations in respect of SaaS Fees are disclosed as prepaid subscription revenue in the consolidated statement of financial position. Unearned revenue represents a contract liability which is recognised on the customer being invoiced and unwound as revenue is earned.

2. On premise initial license fees

On Premise Initial Licence Fees are recognised on provision of the software. The Group considers that such contracts represent a right to use the Group's licenced intellectual property and as such the performance obligation is fulfilled at the point in time at which the customer receives the licence key.

Payment terms in respect of On Premise Initial Licence Fees are typically within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

As the performance obligation is satisfied at a point in time (i.e. at contract commencement), there are generally no unsatisfied performance obligations in respect of On Premise Licence Fees.

3. On premise annual license fees

On Premise Annual Licence Fees are recognised on a daily basis over the term of the contract. The Group considers that the performance obligation in respect of these services is satisfied over time.

Payment terms in respect of On Premise Annual Licence Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

Unsatisfied performance obligations in respect of On Premise Annual Licence fees are disclosed as prepaid subscription revenue in the consolidated statement of financial position. Prepaid subscription revenue represents a contract liability which is recognised on the customer being invoiced and unwound as revenue is earned.

4. Consulting Services

Consulting services includes implementation services for licenced software and project services revenue.

Revenue from these services is recognised as services are rendered, typically in accordance with the achievement of contract milestones and/or hours expended.

Directly related contract costs

Costs incurred in obtaining the customer contract are expensed, unless they are incremental to obtaining the contract and the Group expects to recover those costs. Costs that meet the criteria for capitalisation will be amortised over the life of the contract that they relate to. The Group has identified certain commission costs as meeting the criteria of directly related contract costs. These costs are capitalised in the month in which they are incurred and amortised over an average contract term of 5 years. The movement in the year and the closing balance of this asset is disclosed within note 13 as ‘contract acquisition costs’. This balance is presented as ‘contract acquisition costs’ in the statement of financial position.

Allocation of transaction price to performance obligations

With regards to SaaS licences hosted on the Group’s SaaS environment (cloud environment), the consideration is allocated to the performance obligation based on the relative stand-alone selling price which is generally the fee charged to the customer for the single performance obligation. This fee is net of any discounts which are generally applied evenly across the performance obligations.

Consideration in respect of On Premise contracts is allocated to separate performance obligations based on their relative stand-alone selling prices.

Fees charged are net of any discounts which are allocated as appropriate to each performance obligation. Given the relatively short term between billing and cash receipt, the Group has determined that there is not a significant financing component inherent in the transaction price.

Contract balances

The timing of revenue recognition under AASB 15, customer invoicing and cash collections results in trade receivables, contract asset and prepaid subscription revenue (contract liability) on the Group’s Consolidated statement of financial position.

Current assets and current liabilities

At 30 September 2019, the statement of financial position shows a net current asset deficiency of $6.3m (30 September 2018 (restated): $21.9m) which is attributable to the prepaid subscription revenue balance in current liabilities. As prepaid subscription revenue represents payments received or receivable in advance from customers for SaaS Fees and On Premise Annual Licence Fees which will be recognised as revenue in future periods, and not a cash outflow, the net current asset deficiency does not impact the Group’s ability to meet its short-term obligations as and when they fall due.

The operating costs to deliver the services in respect of prepaid subscription revenue are not considered significant relative to the revenue to be earned.

(e) Income tax
The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Technology One Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The head entity, Technology One Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112.

The Group created an Employee Share Trust during 2009 which allows an employee on the exercise of an option to hold the share in the Trust. As per AASB 112, on granting the option, the Group now records a deferred tax asset on the expected value of the share. If the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, the difference is recognised directly in equity. When the employee exercises the option, the tax effect difference between the actual market value and what was recorded as a deferred tax asset is recognised to equity.

(f) Segment reporting
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision maker - being the Chief Executive Officer.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for 'all other segments'.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 12). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Variable costs

Variable expenses include costs associated with annual support and license fee upgrades. These costs are expensed as incurred. Sales commissions that are incremental to obtaining a revenue contract are capitalised with the remainder being expensed as incurred in line with AASB 15- *Revenue from contracts with customers*.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Financial assets and liabilities

Financial instruments recognised in the statement of financial position include; cash and cash equivalents, trade receivables, contract assets, trade payables and contingent consideration.

(i) Classification

From 1 October 2018 the Group classifies its financial assets and financial liabilities into the following measurement categories;

- those to be measured at amortised cost (using the effective interest method) and;
- those to be measured at fair value with changes through the profit or loss (FVPL).

Classification into these categories is based on an assessment of the Groups' business model for managing its financial instruments and the contractual terms of the cash flows.

(ii) Measurement

Amortised cost

Under this method the financial instrument is measured at the amount recognized at initial recognition minus principal repayments. Further adjustments to the carrying value of the financial instrument will arise if there is a modification to the contractual cash flows creating a gain/loss in the measurement or if there is no longer a reasonable expectation of recovery of a financial asset resulting in a write off.

FVPL
The financial instrument is measured at fair value. Changes in fair value are recognized in profit and loss as they arise.

(iii) Impairment

The Group recognises impairment losses on its financial assets using an expected credit losses (ECL) model in line with AASB 9. The ECL model essentially aims to calculate the assets credit risk. It involves consideration of scenarios that would lead to default, calculating the shortfall between what is contractually due and what would be received under each scenario and then multiplying the shortfall/loss by the probability of the default situation occurring.

The Group has elected to apply the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. The Group has also made use of the practical expedient available for calculating expected losses for short term receivables. This practical expedient involves using a "provision matrix" to calculate the loss allowance. This matrix is based on historical default rates over the expected life of the trade receivables and it is adjusted for forward-looking estimates.

A four-year historical default rate is applied to the trade receivables balance to calculate the expected credit loss. This appears as a provision against the trade receivables balance. Movements in this provision are recognised as an expense in the consolidated income statement. If a receivable balance is identified as being unrecoverable it is written off against the allowance for expected credit losses.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents are presented in the consolidated statement of cash flows, net of outstanding bank overdrafts.

(l) Trade receivables

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less expected loss provision. Trade receivables are generally due for settlement within 14 to 30 days.

The Group uses the simplified approach to measuring expected credit losses. The amount of the expected credit loss is recognised in the income statement within corporate expenses.

(m) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the assets as follows:

Office furniture and equipment	3 - 11 years
Computer software	3 - 4 years
Motor vehicles	4 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(n) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

(ii) Intellectual property/source code

Intangible assets acquired separately are capitalised at cost, and if acquired as a result of a business combination, capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to all classes of intangible assets. The useful lives of the intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on intangible assets with finite lives, this expense is taken to the Income Statement through the 'depreciation & amortisation expense' line item. Intangible assets with finite lives are tested for impairment where an indicator of impairment exists. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Intellectual Property/Source Code is amortised on a straight line basis over 8 years.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the intangible asset is derecognised.
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(iii) Software development

In previous financial years, all research and development costs were expensed as incurred. Development was only to be capitalised if the recognition requirements had been fulfilled and a benefit of more than 12 months was expected.

On transition to a SaaS company, which results in providing access to our products via a SaaS platform over a prolonged term, the technical feasibility of our products can be established at an earlier phase through pre-defined project roadmaps. Costs that are directly associated with the development of this software (largely CiAnywhere products) are recognised as an intangible asset where the following criteria are met:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) Intention to complete the intangible asset and use or sell it;
(c) Ability to use or sell the intangible asset;
(d) How the intangible asset will generate probable economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
(f) Ability to measure reliably the expenditure attributable to the intangible asset during its development.

These costs include personnel and other directly attributable costs incurred in the development of software. Capitalised software development costs are recognised as an intangible asset and amortised over their estimated useful lives, which is considered to be from three to seven years. Software development costs are capitalised as “under development” until the products to which the costs relate become available for use. At the point in which the products become available for use, the costs are transferred from “under development” to “in use” and amortised from that point (refer to categorisation in note 13). Research costs are expensed as incurred and are largely made up of employee labour which is included in employee costs in the consolidated income statement. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

Impairment considerations in respect of software development expenditure are consistent with those applied to finite intangible assets, as disclosed in the previous financial year. Expenditure capitalised as software development in the current year was $32.1m and is included in intangible assets.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave, which are non-vesting, are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

The Group provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares. The costs of share-based payment transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Refer to note 34.

The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). In the case that the rights over shares do not vest at the end of the performance period, the corresponding expense in relation to those rights will be reversed. No expense is recognised for awards that do not ultimately vest.

(r) Contributed equity

Ordinary shares are classified as equity.

Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2. Financial Risk Management

Financial instruments recognised in the statement of financial position include; cash and cash equivalents, trade receivables, earned and contract assets, trade payables and contingent consideration.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial assets and liabilities are interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the Financial Statements.

There are no changes in the financial risks faced by the Group in the period.
The Group holds the following financial instruments:

	2019	2018
	$'000	$'000
Financial assets		
Cash and cash equivalents	**105,046**	104,322
Trade and other receivables	**49,032**	59,554
	154,078	**163,876**
Financial liabilities		
Trade and other payables	**47,067**	40,807
Borrowings	**5**	5
Contingent consideration	**223**	11,810
	47,295	**52,622**

(a) *Interest rate risk*

The Group's cash and investment assets are exposed to movements in deposit and variable interest rates. The Group does not hedge this exposure. Interest rate risk on cash is not considered to be material.

(b) *Foreign currency risk*

As a result of operations in New Zealand, Malaysia, Papua New Guinea and the United Kingdom and sales contracts denominated in United States dollars, the Group's statement of financial position can be affected by movements in the exchange rates applicable to these geographical locations and currencies.

The Group does not hedge this risk. The Group's exposure to foreign currency changes is not significant.

At balance date, the Group had the following exposures in Australian dollar equivalents of amounts to foreign currencies which are not effectively hedged:

	2019	**2019**	2018	2018
	USD	**PGK**	USD	PGK
	$'000	**$'000**	$'000	$'000
Trade receivables				
	112	**592**	1,044	-

(c) *Credit risk*

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Information on credit risk exposures is contained in Note 9.

(d) *Liquidity risk*

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

	Less than 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows
	$'000	$'000	$'000	$'000
At 30 September 2019				
Financial assets				
Cash and cash equivalents	105,046	-	-	105,046
Trade and other receivables	49,032	-	-	49,032
Total	154,078	**-**	**-**	**154,078**
Financial liabilities				
Trade and other payables	47,067	-	-	47,067
Borrowings	5	-	-	5
Contingent consideration	223	-	-	223
Total	47,295	-	-	47,295
Net inflow / (outflow)	106,783	**-**	**-**	**106,783**
At 30 September 2018				
Financial assets				
Cash and cash equivalents	104,322	-	-	104,322
Trade and other receivables	59,554	-	-	59,554
Total	163,876	-	-	163,876
Financial liabilities				
Trade and other payables	40,807	-	-	40,807
Borrowings	5	-	-	5
Contingent consideration	11,810	-	-	11,810
Total	52,622	-	-	52,622
Net inflow / (outflow)	**111,254**	**-**	**-**	**111,254**

(e) *Fair value measurements*

Contingent consideration as set out in note 30 is classified as Level 3. The valuation techniques and fair value of consideration is outlined in note 30. The balance of contingent consideration is recognised within the trade and other payables line in the Consolidated Statement of Financial Position. The release of the contingent consideration that does not represent payment is recognised within the other income line of the consolidated income and expense statement.

Contingent consideration	**2019**
	$'000
Opening balance at 1 October 2018	11,810
Payments (DMS and JRA)	(4,059)
Reduction in contingent consideration (JRA)	(7,528)
Closing balance at 30 September 2019	**223**

Contingent consideration	**2018**
	$'000
Opening balance at 1 October 2017	16,467
Payments (ICON)	(2,721)
Reduction in contingent consideration (ICON)	(2,177)
(Gains)/losses recognised in the income statement	241
Closing balance at 30 September 2018	**11,810**

The carrying value of trade receivables, accrued revenue and trade payables are assumed to approximate their fair value due to their short-term nature or the effect of discounting on non-current financial assets not being significant. The fair value of non-current borrowings materially approximates their carrying amount, as the impact of discounting is not significant.

(f) *Capital risk management*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The current risk management structure of the Group is to use all equity funding except for funding required to purchase core information technology assets which is funded by a leasing facility.

The equity funded position of the Group is managed by the Board through dividends, new shares and share buy backs as well as the issue of new equity where considered appropriate to fund business acquisitions.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill and other assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(n)(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 13 for details of these assumptions and the potential impact of changes to the assumptions.

All other assets are reviewed for indicators or object evidence of impairment. If indicators or objective evidence exists, the recoverable amount is reviewed.

(ii) Share-based payments

The Group provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares. The costs of share-based payment transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Refer to note 34.

The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). In the event that the rights over shares do not vest at the end of the performance period, the expense relating to the unvested rights is reversed. No expense is recognised for awards that do not ultimately vest.

(iii) Long service leave

A liability for long service is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

(iv) Contingent consideration

A provision has been made for the present value of anticipated costs for future contingent earn out considerations resulting from the acquisitions made by the Group. In estimating the liability, it was assumed that the maximum earn out amount will be payable based on current operating projections. Further details are available at note 30.

(v) Multiple element contracts

SaaS contracts entered into by the Group require judgement in the identification and separation of the contract components related to software licence fees, post sales support and cloud services. The Group assesses each customer contract individually into its components and considers if any components should be aggregated where they cannot be separately determined. Revenue is assigned to each component based upon the stand alone fair value of the component relevant to the total contract value.

(vi) Capitalisation of development costs

The Group capitalises costs related to software development. Software development costs are recognised upon meeting the criteria set out in note 1(n)(iii). The carrying value of these costs are regularly reviewed for impairment. Software development costs are amortised over a period of three to seven years.

4. Segment information

(a) *Description of segments*

The Group's chief operating decision maker, being the Chief Executive Officer, makes financial decisions and allocates resources based on the information they receive from its internal management system. Sales are attributed to an operating segment based on the type of product or service provided to the customer.

Segment information is prepared in conformity with the accounting policies of the Group as discussed in note 1 and the Accounting Standard AASB 8 *Operating Segments*. During FY19, as a result of the transition into a SaaS business, the Group has consolidated the way it reports to the chief operating decision maker. This has resulted in a change in the Group's reportable segments with the change being applied retrospectively.

The Group's new reportable segments are:

- Software – consolidates Sales and Marketing, R&D, SaaS platform (Cloud).
- Consulting – responsible for the implementation of our software and remains unchanged from prior years.
- Corporate – includes all corporate functions and remains unchanged from prior years.

The table presented below illustrates how the new segments relate to the segments reported in the prior year financial statements:

New Segment as reported above	Old Segment as reported in the prior year financial statements
Software	R&D Cloud Sales and Marketing
Consulting	Consulting
Corporate	Corporate

Intersegment revenues/expenses are where one operating segment has been charged for the use of another's expertise.

Royalties are a mechanism whereby each segment pays or receives funding for their contribution to the ongoing success of TechnologyOne. For example, Software pays Corporate for the use of corporate services.

The chief operating decision maker views each segment's performance based on revenue post royalties and profit before tax. No reporting or reviews are made of segment assets, liabilities and cash flows and as such this is not measured or reported by segment.

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(b) Segment information provided to the strategic steering committee

2019	**Software**	**Consulting**	**Corporate**	**Total**
	$'000	$'000	$'000	$'000
Revenue from contracts with customers				
SaaS fees*	81,466	-	-	**81,466**
On premise initial licence fees**	40,622	-	-	**40,622**
On premise annual licence fees*	101,307	-	-	**101,307**
Consulting services*	-	61,599	-	**61,599**
Other income	543	-	903	**1,446**
Intersegment revenue	(1,399)	1,433	(34)	-
Net royalty	(50,747)	(6,578)	57,325	**-**
Total revenue	**171,792**	**56,454**	**58,194**	**286,440**
Expenses				
Total external expenses	**(120,581)**	**(46,562)**	**(42,908)**	**(210,051)**
Profit before tax	**51,211**	**9,892**	**15,286**	**76,389**
Income tax expense				**(17,930)**
Profit for the year				**58,459**
Total assets				**318,424**
Total liabilities				**211,567**
Total depreciation and amortisation				**(6,127)**

*Recognised over time / as services are rendered
**Recognised at a point in time

Restated

2018	**Software**	**Consulting**	**Corporate**	**Total**
	$'000	$'000	$'000	$'000
Revenue from contracts with customers				
SaaS fees*	58,110	-	-	**58,110**
On premise initial licence fees**	28,660	-	-	**28,660**
On premise annual licence fees*	103,022	-	-	**103,022**
Consulting services*	-	63,197	-	**63,197**
Other income	483	-	1,019	**1,502**
Intersegment revenue	(1,589)	1,670	(81)	**-**
Net royalty	(46,984)	(6,765)	53,749	**-**
Total revenue	**141,702**	**58,102**	**54,687**	**254,491**
Expenses				
Total external expenses	(128,479)	(52,083)	(49,112)	**(229,674)**
Profit before tax	**13,223**	**6,019**	**5,575**	**24,817**
Income tax expense				**(3,126)**
Profit for the year				**21,691**
Total assets				**284,311**
Total liabilities				**206,821**
Total depreciation and amortisation				**(5,102)**

*Recognised over time / as services are rendered
**Recognised at a point in time

(c) *Other segment information*

(i) *Segment revenue*

	2019	Restated 2018
	$'000	$'000
Australia	**239,134**	218,300
New Zealand & Asia Pacific	**35,416**	26,802
APAC total	**274,550**	245,102
United Kingdom	**10,444**	7,887
Total segment revenues from sales to external customers	**284,994**	252,989

(ii) Segment assets

	2019	2018
	$'000	$'000
Australia	**254,550**	206,947
New Zealand & Asia Pacific*	**21,128**	24,250
APAC total	**271,561**	231,197
United Kingdom	**10,593**	10,835
Total segment assets	**286,271**	242,032

All significant non-current assets are located in Australia. Segment assets are presented net of deferred tax.

*Asia Pacific includes Malaysia and South Pacific

(iii) Major customers
The Group has a number of customers to which it provides both products and services, none of which contribute greater than 10% of external revenue

5. Revenue

	2019	Restated 2018
	$'000	$'000
Revenue from contracts with customers		
SaaS fees*	**81,466**	58,110
On premise initial licence fees**	**40,622**	28,660
On premise annual licence fees*	**101,307**	103,022
Consulting services*	**61,599**	63,197
Total revenue from contracts with customers	**284,994**	**252,989**

*Recognised over time / as services are rendered
**Recognised at a point in time

5.(a) Other income

	2019	Restated 2018
Other income	**$'000**	$'000
Foreign exchange gains / (losses)	**(2)**	(16)
Interest received	**634**	735
Other*	**814**	783
Total other income	**1,446**	**1,502**

*Other income includes a gain of $7.5m recognised on reduction of contingent consideration provision relating to the acquisition of JRA (refer to note 30 for further details) and an impairment of $7.3m recognised in relation to Intangible assets obtained through the acquisition of JRA (refer to note 13 for further details).

6. Expenses

	2019	**Restated** 2018
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**3,710**	3,896
Total depreciation	**3,710**	**3,896**
Amortisation		
Leased office furniture & equipment		18
Intangible assets	**2,417**	1,188
Total amortisation	**2,417**	**1,206**
Total depreciation and amortisation	**6,127**	**5,102**
Wages and salaries	**92,711**	114,690
Defined contribution plan expense	**7,330**	9,154
Payroll tax	**5,740**	7,030
Provision for employee benefits	**745**	2,357
Share-based payments	**2,018**	1,595
Other	**11,291**	10,009
	119,835	**144,835**
Provision for doubtful debts	**942**	377
Rental expense on operating leases	**7,030**	6,020
(Gain) / Loss on sale of property, plant and equipment	**(3)**	(16)

In addition to the employee benefits expense disclosed above, ‘Variable costs’ in the consolidated income statement includes $19.2m (2018: $23.1m) relating to employee costs, ‘Contract acquisition costs’ in the consolidated statement of financial position includes $3.78m (2018: $3.3m) and ‘Software under development’ in the consolidated statement of financial position includes $29.0m (2018:$0) relating to employee costs.

7. Income tax expenses

(a) *Income tax expense*

	2019	Restated 2018
	$'000	$'000
Current tax	8,010	16,090
Relating to origination and reversal of temporary differences	10,534	(12,256)
Adjustments for tax expense of prior periods	(614)	(708)
	17,930	**3,126**
Deferred income tax expense / (revenue) included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets	(2,796)	(7,999)
Increase / (decrease) in deferred tax liabilities	13,387	(4,436)
Adjustments for deferred taxes of prior periods	(57)	179
	10,534	**(12,256)**

(b) *Numerical reconciliation of income tax expense to prima facie tax payable*

	2019	Restated 2018
	$'000	$'000
Profit from continuing operations before income tax expense	76,389	24,817
Tax at the Australian tax rate of 30% (2018 - 30%)	22,917	7,445
Adjustments for current tax of prior periods	(614)	(708)
Research and development tax concession	(4,523)	(3,980)
Expenditure not allowable for income tax purposes	150	369
Income tax expense	**17,930**	**3,126**

(c) *Amounts recognised directly in equity*

	2019	Restated 2018
	$'000	$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Net deferred tax - debited (credited) directly to equity	(1,481)	(1,059)

8. Current assets - Cash and cash equivalents

	2019	2018
	$'000	$'000
Cash and cash equivalents	**105,046**	104,322

The Group has a secured $2 million interchangeable facility which is transferable between an Overdraft, Fixed Rate Commercial Bill and Variable Rate Commercial Bill to assist with working capital requirements. The facility is unused at 30 September 2019.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Money market accounts at call are made for varying periods of between one day and three months, depending on immediate cash requirements of the Group, and earn interest at the respective money market deposit rates. Given the short-term nature of these accounts the fair value of cash assets at 30 September are their carrying values.

9. Current assets – Trade and other receivables

	2019	2018
	$'000	$'000
Trade receivables	**50,053**	59,809
Allowance for expected credit losses	**(1,135)**	(902)
Sundry receivables	**114**	647
	49,032	**59,554**

(i) Trade receivables are non-interest bearing and are on 14 to 30 day terms. No interest is charged on trade receivables.

Included in the trade receivable balance are debtors with a carrying amount of $9,298,888 (2018 - $14,377,317) which are past due at the reporting date for which the consolidated entity has not provided as there has not been a significant change in credit quality and the consolidated entity believes that the amounts are still considered recoverable. The consolidated entity does not hold any collateral over these balances, apart from the withdrawal of future support and software licence use rights.

9. Current assets – Trade and other receivables (continued)

(a) *Allowance for expected credit losses*

Movements in the provision for impairment of receivables are as follows

	2019	2018
	$'000	$'000
Opening balance - 1 October 2018 (adjusted for AASB 9)	**902**	525
Increase/(decrease) in expected credit loss allowance recognised in profit and loss during the year	**1,135**	839
Unused amounts reversed	**(902)**	(462)
Closing balance - 30 September 2019	**1,135**	**902**

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the expected credit loss allowance.

10. Contract asset

		Restated
	2019	2018
	$'000	$'000
Contract assets[1]	**24,722**	2,124
Allowance for expected credit losses	**(115)**	-
	24,607	**2,124**

Impaired contract assets

Movements in the provision for impairment of contract assets are as follows:

	2019	2018
	$'000	$'000
Opening balance - 1 October 2018 (adjusted for AASB 9)	**-**	-
Increase/(decrease) in expected credit loss allowance recognised in profit and loss during the year	**115**	-
Unused amounts reversed	**-**	-
Closing balance - 30 September 2019	**115**	**-**

[1] 2018 is split between a current portion $1.9m and non-current portion $0.2m.

11. Current assets – Other current assets

	2019	2018
	$'000	$'000
Deposits receivable	**463**	959
	463	**959**

12. Non-current assets – Property, plant and equipment

	Office furniture & equipment	Leased office furniture and equipment	Computer software	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 30 September 2019					
Opening net book amount	12,201	36	21	22	12,280
Additions	2,464	-	239	-	2,703
Disposals	(355)	-	-	(4)	(359)
Depreciation charge	(3,636)	(13)	(48)	(12)	(3,709)
Make good movement	(29)	-	-	-	(29)
Exchange difference	14	-	-	-	14
Closing net book amount	**10,659**	**23**	**212**	**6**	**10,900**
At 30 September 2019					
Cost	43,335	1,240	3,215	278	48,068
Accumulated depreciation	(32,676)	(1,217)	(3,003)	(272)	(37,168)
Net book amount	**10,659**	**23**	**212**	**6**	**10,900**

Year ended 30 September 2018					
Opening net book amount	13,427	49	10	39	13,525
Additions	3,358	-	30	-	3,388
Disposals	(680)	-	-	-	(680)
Depreciation charge	(3,860)	(13)	(19)	(17)	(3,909)
Make good movement	(5)	-	-	-	(5)
Exchange difference	(39)				(39)
Closing net book amount	**12,201**	**36**	**21**	**22**	**12,280**
At 30 September 2018					
Cost	41,167	1,240	2,976	282	45,665
Accumulated depreciation	(28,966)	(1,204)	(2,955)	(260)	(33,385)
Net book amount	**12,201**	**36**	**21**	**22**	**12,280**

13. Non-current assets – Intangible assets

	Goodwill	Intellectual property/ source code	Customer contracts	Contract acquisition costs[1]	Software under development	Software - in use	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 September 2019							
Opening net book amount	40,003	4,185	823	5,357	-	-	50,368
Additions	-	-	-	3,782	23,825	8,320	35,927
Amortisation charge	-	(187)	(55)	(1,620)	-	(555)	(2,417)
Impairment	(6,753)	(500)	-	-	-	-	(7,253)
Exchange difference	-	5	-	-	-	-	5
Closing net book amount	**33,250**	**3,503**	**768**	**7,519**	**23,825**	**7,765**	**76,630**
At 30 September 2019							
Cost	40,003	10,363	1,100	10,518	23,825	8,320	94,129
Accumulated amortisation	-	(4,183)	(332)	(2,999)	-	(555)	(8,069)
Accumulated impairment	(6,753)	(2,677)	-	-	-	-	(9,430)
Net book amount	**33,250**	**3,503**	**768**	**7,519**	**23,825**	**7,765**	**76,630**
Year ended 30 September 2018							
Opening net book amount	40,003	6,668	878	2,909	-	-	50,458
Additions	-	-	-	3,274	-	-	3,274
Amortisation charge	-	(306)	(55)	(826)	-	-	(1,187)
Impairment	-	(2,177)	-	-	-	-	(2,177)
Closing net book amount	**40,003**	**4,185**	**823**	**5,357**	**-**	**-**	**50,368**
At 30 September 2018							
Cost	40,003	10,358	1,100	6,736	-	-	58,197
Accumulated amortisation	-	(3,996)	(277)	(1,379)	-	-	(5,652)
Accumulated impairment	-	(2,177)	-	-	-	-	(2,177)
Net book amount	**40,003**	**4,185**	**823**	**5,357**	**-**	**-**	**50,368**

[1] Balance of contract acquisition costs is split between current portion of $2.1m and non-current portion of $5.4m (2018 restated: current $1.4m; non-current $4.0m).

13.Non-current assets – Intangible assets (continued)

(a) Impairment tests for goodwill

Goodwill and indefinite life intangibles are allocated to the Group's cash generating units (CGUs) identified according to each reportable segment for impairment testing purposes.

As a result of changes to in the JRA business, the Company has reviewed the carrying value of the acquired assets, including testing for goodwill as part of its annual impairment assessment. As a result, the acquired source code was impaired by $0.5m and the goodwill was impaired by $6.8m. The reduction in goodwill is reflected in the revised allocations by segment below and is allocated between Software ($3.4m) and Consulting ($3.3m).

A segment-level summary of the goodwill and indefinite life intangible assets allocation is presented below.

	Software[1]	**Consulting[2]**	**Corporate**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
2019				
Goodwill	23,643	9,608	-	33,251
Indefinite life intangibles	1,362	660	-	2,022
	25,005	10,268	-	35,273
2018				
Goodwill	27,056	12,947	-	40,003
Indefinite life intangibles	1,362	660	-	2,022
	28,418	13,607	-	42,025

[1]Included within this segment is the CGU of Software – DMS with a goodwill balance of $6.0m and Software – Proclaim and ICON with a goodwill balance of $11.3m.

[2]Included within this segment is the CGU of Consulting – Proclaim and ICON with a goodwill balance of $5.6m.

The recoverable amounts have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period, as there is no active market against which to compare the fair value of the unit.

The discount rate applied to cash flow projections is 15% pre-tax (2018 - 15%).

The key assumptions used for all CGUs in value in use calculations for 30 September 2019 and 2018 are:

- Budgeted margins - the basis used to determine the value assigned to budgeted margin is the average margin achieved in the year immediately before the budgeted year
- Bond rates - the yield on a five year government bond rate at the beginning of the budgeted year is used
- Growth rates - based on long-term historical trends for each segment
- Terminal growth rates - these have been set at 3% (2018 - 3%)

14. Non-current assets – Deferred tax assets

	2019	**Restated** 2018
	$'000	$'000
The balance comprises temporary differences attributable to:		
Employee benefits	**4,338**	4,452
Provisions-other	**1,513**	2,193
Accrued expenses	**1,826**	1,376
Intangibles	**753**	1,202
Copyright - software	**240**	258
Lease liability (net)	**3**	3
Employee share trust	**2,699**	2,223
Prepaid subscription revenue	**36,604**	32,974
Other	**109**	142
	48,085	**44,823**
Set-off of deferred tax liabilities pursuant to set-off provisions (note 21)	**(15,932)**	(2,545)
Net deferred tax assets	**32,153**	**42,278**
Deferred tax assets expected to be recovered within 12 months	**15,488**	20,285
Deferred tax assets expected to be recovered after more than 12 months	**16,665**	21,993
	32,153	**42,278**

	2019	2018
	$'000	$'000
Movements:		
Opening balance at 1 October	**44,823**	36,933
Credited / (charged) to the consolidated income statement	**2,796**	7,999
Credited / (charged) to equity	**466**	(109)
Offset from deferred tax liabilities	**(15,932)**	(2,545)
Closing balance at 30 September	**32,153**	**42,278**

15. Current liabilities – Trade and other payables

	2019	2018
	$'000	$'000
Trade payables	**38,778**	32,319
Contingent consideration	**223**	11,810
Sundry creditors	**7,826**	8,084
Directors fees	**463**	404
	47,290	**52,617**

Trade payables and sundry creditors are non-interest bearing and are normally settled on 30 day terms. No interest is payable on outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. Current liabilities – Provisions

	2019	2018
	$'000	$'000
Make good provision	**100**	157
Other provisions	**218**	731
Annual leave	**6,639**	6,672
Long service leave	**5,304**	5,697
	12,261	**13,257**

Please refer to note 19 for details.

17. Current liabilities – Prepaid subscription revenue

	2019	2018
	$'000	$'000
Carrying amount at 1 October 2018	**136,557**	112,366
Billings received	**234,724**	185,323
Transfer to revenue from contracts with customers	**(223,723)**	(161,132)
Carrying amount at 30 September 2019	**147,558**	**136,557**

18. Current liabilities – Borrowings

	2019	2018
	$'000	$'000
Secured		
Lease liabilities	**5**	5
Total secured current borrowings	**5**	**5**

19. Non-current liabilities – Provisions

	2019	2018
	$'000	$'000
Long service leave	**2,921**	2,588
Make good provision	**695**	556
	3,616	**3,144**

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

The non-current provisions have been discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

	Annual leave	Long service leave	Make good	Service level commitment	Total
	($'000)	($'000)	($'000)	($'000)	($'000)
2019					
Carrying amount at 1 October 2018	6,672	8,285	713	731	16,401
Additional provisions recognised	3,577	1,853	73	30	5,533
Charged / (credited) to the P&L - unwinding of discount	(3,610)	(1,913)	9	(543)	(6,057)
Carrying amount at 30 September 2019	**6,639**	**8,225**	**795**	**218**	**15,877**

20. Non-current liabilities – Other non-current liabilities

	2019	2018
	$'000	$'000
Other non-current liabilities	**837**	1,241

Other non-current liabilities consists of lease incentives. The lease incentive relates to leases entered into by the Group whereby the Group has obtained an incentive to enter into a lease of office premises. The incentive is written back to the income statement on a straight-line basis over the life of the lease.

21. Non-current liabilities – Deferred tax liabilities

	2019	2018
	$'000	$'000
The balance comprises temporary differences attributable to:		
Contract assets	**(4,237)**	(1,114)
Accelerated depreciation for tax purposes	**64**	154
Prepayments	**(26)**	(26)
Capitalised development	**(9,477)**	-
Commission contract asset	**(2,256)**	(1,559)
Total deferred tax liabilities	**(15,932)**	**(2,545)**
Set-off of deferred tax liabilities pursuant to set-off provisions	**15,932**	2,545
Net deferred tax liabilities (note 14)	**-**	**-**

Movements:		
Opening balance at 1 October	**(2,545)**	(1,891)
Charged/(credited) to the Consolidated income statement	**(13,387)**	4,436
Offset to deferred tax assets	**15,932**	(2,545)
Closing balance at 30 September	**-**	**-**

22. Contributed Equity

Share capital

	2019	2018	**2019**	2018
	Shares	Shares	**$'000**	$'000
Ordinary shares				
Fully paid	**317,827,581**	**316,691,676**	**35,302**	33,171

Movements in ordinary share capital

Date	**Details**	**Number of shares**	**$'000**
1-Oct-18	Opening balance	316,691,676	33,171
	Exercise of options	1,135,905	2,131
30-Sep-19	**Closing balance**	**317,827,581**	**35,302**
1-Oct-17	Opening balance	315,442,363	32,152
	Exercise of options	1,249,313	1,019
30-Sep-18	**Closing balance**	**316,691,676**	**33,171**

(a) *Employee Share Option Plan*

Information relating to the TechnologyOne Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 34.

23. Reserves

(a) Other reserves

	2019	2018
	$'000	$'000
Share-based payments	**25,722**	22,294
Foreign currency translation	**1,850**	651
Dividend reserve	**27,905**	8,616
	55,477	**31,561**

(b) *Nature and purpose of other reserves*

(i) Share-based payments

The reserve is used to record the value of equity benefits provided to employees, through share-based payment transactions and associated tax benefits.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the income statement when the net investment is disposed of.

(iii) Dividend reserve

The reserve records retained earnings set aside for the payment of future dividends.

24. Dividends

Ordinary shares

	2019	2018
	$'000	$'000
Final dividend for the year ended 30 September 2018 of 6.16 Cents (2017 - 5.6 Cents) per fully paid share paid in December 2018 (2017- December 2017)		
75% franked (2017- 100%) based on tax paid at 30%	19,527	17,664
Special dividend for the year ended 30 September 2018 of 2.0 Cents (2017 - 2.00 Cents) per fully paid share paid in December 2018 (2017- December 2017)		
75% franked (2017- 100%) based on tax paid at 30%	6,334	6,309
Interim dividend for the year ended 30 September 2019 of 3.15 Cents (2018 - 2.86 Cents) per fully paid share paid in June 2019 (2018 - June 2018)		
75% franked (2018- 75%) based on tax paid at 30%	9,989	9,029
Total dividends provided for or paid	**35,850**	**33,002**

(a) *Dividends policy*

The Board will continue to consider paying a special dividend in future years if cash reserves remain high, franking credits are available, growth continues as is expected and there is no compelling alternative use for the cash reserves.

(b) *Dividends not recognised at the end of the reporting period*

	2019	2018
	$'000	$'000
Final		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 8.78 cents per fully paid ordinary share (2018 - 6.16 cents) 60% franked (2018 - 75%) based on tax paid at 30% (2018 - 30%).	27,905	19,509
The aggregate amount of proposed dividend expected to be paid out of retained earnings, but not recognised as a liability at year end		
Special		
The directors have not recommended the payment of a special dividend for the 30 September 2019 financial year (2018 - 2.00 cents)	-	6,334
	27,905	**25,843**

(c) *Franked Dividends*

The franked portions of the final dividends recommended after 30 September 2019 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 September 2020.

	2019	2018
	$'000	$'000
Franking account balance as at the end of the financial year at 30% (2018: 30%)	**(1,202)**	(1,118)
Franking credits that will arise from the payments of income tax payable as at the end of the financial year	**2,728**	3,073
	1,526	**1,955**

24.Dividends (continued)

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(A) franking credits that will arise from the payment of the amount of the provision for income tax
(B) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting date, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $7,175,639 (2018 - $8,306,307).

25. Key management personnel disclosures

(a)Key management personnel disclosures

	2019	2018
	$	$
Short-term employee benefits	**4,803,959**	4,171,986
Deferred retention bonus	**108,195**	-
Share-based payments	**766,631**	526,182
	5,678,785	**4,698,168**

(b) Equity instrument disclosures relating to key management personnel

Details of options provided as remuneration to KMP and shares issued on the exercise of such, together with terms and conditions can be found in the remuneration report.

26. Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the consolidated entity:

Ernst & Young

	2019	2018
	$	$
Audit and other assurance services		
Audit and review of financial statements	527,609	622,200
Other assurance services	168,600	216,948
Total remuneration for audit and other assurance services	**696,209**	**839,148**
Other services		
Taxation advice and other advisory services	131,672	107,515
Total remuneration of Ernst & Young	**827,881**	**946,663**

The relative ratio of other services to audit and assurance services was 19%.

27. Contingencies

TechnologyOne is a global business and from time to time in the ordinary course of business it receives enquiries from various regulators and government bodies. TechnologyOne cooperates fully with all enquiries and these enquiries do not require disclosure in their initial state, however should the Group become aware that an enquiry is developing further or if any regulator or government action is taken against the group, appropriate disclosure is made in accordance with the relevant accounting standards.

As a global business, from time to time TechnologyOne is also subject to various claims and litigation from third parties during the ordinary course of its business. The Directors of TechnologyOne have given consideration to such matters which are or may be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims of litigation exists. The group had no material contingent assets or liabilities other than the following:

Guarantees

At 30 September 2019, the Group had $6,155,631 (2018 - $4,474,910) in outstanding performance guarantees. The total available guarantee facility is $7,000,000 (2018 - $7,000,000). The Group also had unused foreign currency dealing limits of $1,256,319 (2018 - $1,040,040).

The parent entity, Technology One Limited, continues to support its subsidiaries in their operations, by way of financial support.

28. Commitments

(a) Operating lease commitments

Operating leases are entered into as a means of acquiring access to office property. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

	2019	2018
	$'000	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**7,163**	6,760
Later than one year but not later than five years	**24,806**	22,603
Later than five years	**9,679**	11,906
	41,648	**41,269**

(b) Finance lease commitments

	2019	2018
	$'000	$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**-**	5
Representing lease liabilities:		
Current	-	5

The ultimate controlling entity of the consolidated entity is Technology One Limited, a company incorporated in Australia.

29. Related party transactions

(a) Ultimate controlling entity

The ultimate controlling entity of the consolidated entity is Technology One Limited, a company incorporated in Australia.

(b) *Transactions with related parties*

The parent entity entered into the following transactions during the year with related parties in the wholly owned group:

- Loans were advanced and repayments received on short-term intercompany accounts
- Marketing support and management fees were charged to wholly owned controlled entities

These transactions were undertaken on commercial terms and conditions. No allowance for expected credit loss has been recognized for amounts due to and receivable from related parties.

The ownership interest in related parties in the wholly owned group is set out in note 31.

30. Business combination

There were no business combinations in the 2019 year.

During the year, the DMS earn out was finalised. DMS achieved the earn out target set as part of the acquisition agreement and, as a result, the Group has paid the full contingent consideration of $3.3m in FY19.

During the year, the JRA earn-out was finalised which resulted in accounting for the reduction of the contingent consideration. As part of the JRA acquisition, an earn out target was established. JRA partially achieved the earn out target and, as a result, the Company has reduced the contingent consideration by $7.5m. The final contingent consideration amount was $0.9m, of which $0.2m remains payable at 30 September 2019.

A review of the acquisition and the events and circumstances that have occurred recently has led to a reduction in cash forecasts for the JRA business. As a result, an impairment amount of $7.3m was also recognised. See note 13 for further details.

30. Business combination (continued)

Reconciliation of Level 3 contingent consideration is set out below.

	Contingent consideration
	$'000
Balance at 30 September 2018	11,810
Payments (DMS and JRA)	(4,059)
Reduction in contingent consideration (JRA)	(7,528)
	223

	JRA	Total
	$'000	**$'000**
Current	223	223
Non-current	-	-
Total	**223**	**223**

31. Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding 2019 %	Equity holding 2018 %
Technology One Corporation Sdn Bhd	Malaysia	Ordinary	**100**	100
Technology One New Zealand Ltd	New Zealand	Ordinary	**100**	100
Technology One UK Limited	England	Ordinary	**100**	100
Avand Pty Ltd	Australia	Ordinary	**100**	100
Avand (New Zealand) Pty Ltd	New Zealand	Ordinary	**100**	100
Technology One Employee Share Trust	Australia	Ordinary	**100**	100
Desktop Mapping Systems Pty Ltd (DMS)	Australia	Ordinary	**100**	100
Digital Mapping Solutions NZ Limited (DMS)	New Zealand	Ordinary	**100**	100
Boldridge Pty Ltd	Australia	Ordinary	**100**	100
Icon Solution Unit Trust (ICON)	Australia	Ordinary	**100**	100
Jeff Roorda & Associates Pty Ltd (JRA)	Australia	Ordinary	**100**	100

The parent entity is Technology One Limited, a public company, limited by shares and is domiciled in Brisbane, Australia and whose shares are traded on the Australian Securities Exchange. All entities operate in the software industry in their geographical locations. The Registered office is located at:

TechnologyOne HQ
Level 11,
540 Wickham Street,
Fortitude Valley, Qld, 4006

32. Reconciliation of profit after income tax to net cash inflow from operating activities

		Restated
	2019	2018
	$'000	$'000
Profit for the year	**58,459**	21,691
Depreciation and amortisation	**6,127**	5,102
Non-cash employee benefits expense - share-based payments	**1,947**	1,595
Impairment of intangibles	**7,253**	2,177
Reduction in contingent consideration (JRA)	**(7,528)**	-
Transfers to / (from) provisions		
Employee entitlements	**(93)**	1,793
Doubtful debts	**348**	377
Net (gain) / loss on sale of non-current assets	**359**	(16)
Movements in provision for:		
Income tax payable	**(5,209)**	(1,966)
Deferred income tax	**11,508**	(4,401)
Change in operating assets and liabilities:		
Decrease / (increase) in trade debtors and contract asset	**(12,206)**	(7,781)
Increase / (decrease) in prepaid subscription revenue	**11,001**	24,746
Decrease / (increase) in sundry debtors	**136**	1,112
Decrease / (increase) in prepayments	**(1,958)**	(2,632)
Decrease / (increase) in other assets	**-**	(161)
Increase / (decrease) in trade creditors	**7,526**	10,421
Increase / (decrease) in other liabilities	**(835)**	(182)
Increase / (decrease) in lease liability	**-**	(5)
Net cash inflow / (outflow) from operating activities	**76,835**	51,870

33. Earnings per share

(a) Basic earnings per share

	2019 Cents	Restated 2018 Cents
Basic earnings per share (cents per share)	**18.43**	**6.87**
Diluted earnings per share (cents per share)	**18.30**	**6.85**
Profit used for calculating basic and diluted earnings per share ($'000)	**58,459**	**21,691**

(b) Weighted average number of shares used as denominator

	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**317,215,635**	315,802,661
Adjustments for calculation of diluted earnings per share:		
Options	**2,284,678**	890,545
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**319,500,313**	**316,693,206**

There are no potentially dilutive share instruments not included in the calculation of diluted earnings per share.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

34. Share-based payments

(a) Employee option plan

Options are granted to employees at the discretion of the Board based on the option plan approved by the Board.

TechnologyOne issues options with typically between 0% and 50% discount on the volume weighted average price for the 10 days prior to the grant date. The discount can be reduced or removed prior to vesting at the Board's discretion. The option can be withheld by the Executive Chairman for unsatisfactory performance for as long as it takes for the employee to rectify the performance matter.

The options typically vest if and when the employees satisfy the following conditions:

- The employee must be in the same or higher position at the time of exercise
- A successor must be in place before the last tranche of options can be exercised
- Satisfactory performance on non-financial indicators as determined by the Executive Chairman

The period available between vesting date and expiry date of each option is five years. There are no cash settlement alternatives.

Each option entitles the holder to purchase one share. Fair values of options granted as part of remuneration are based on values determined using the Black-Scholes option pricing model.

Set out below are summaries of options granted under the plan:

34.Share-based payments (continued)

Issue date	Expiry date	Exercise price	Balance at start of the period	Issued during the year	Exercised during the period	Forfeited during the period	Balance at end of the period	Vested & exercisable at end of the period
			Number	Number	Number	Number	Number	Number
2019			-	-	-	-	-	-
1/10/2018	1/10/2026	4.1122	-	1,210,593	-	(207,025)	1,003,568	-
1/10/2018	1/10/2026	5.4829	-	390,520	-	-	390,520	-
1/10/2018	1/07/2026	1.5862	-	12,500	-	-	12,500	-
1/10/2018	1/07/2026	1.8914	-	50,000	-	-	50,000	-
1/10/2018	1/10/2025	4.1166	-	313,582	-	-	313,582	-
1/10/2018	1/07/2025	1.0313	-	176,667	-	-	176,667	-
1/10/2018	1/10/2025	4.9952	-	100,101	-	-	100,101	-
1/10/2018	1/07/2025	0.8633	-	250,250	-	-	250,250	-
1/10/2018	1/07/2025	1.1634	-	16,750	-	(16,750)	-	-
1/10/2018	1/07/2025	1.5862	-	12,500	-	-	12,500	-
1/10/2018	1/07/2025	1.8914	-	50,000	-	-	50,000	-
1/10/2017	1/10/2025	5.1456	2,343,304	-	-	(750,191)	1,593,113	-
1/10/2017	1/10/2024	5.1456	50,000	-	-	-	50,000	-
1/10/2017	1/10/2025	5.7474	11,177	-	-	-	11,177	-
1/07/2018	1/07/2026	1.3388	167,000	-	-	-	167,000	-
1/07/2018	1/07/2025	1.3388	167,000	-	-	-	167,000	-
1/07/2018	1/10/2026	4.1122	22,799	54	-	-	22,853	-
1/07/2017	1/07/2024	1.8914	50,000	-	(50,000)	-	-	-
1/07/2017	2/07/2024	1.5862	12,500	-	(12,500)	-	-	-
1/07/2017	1/07/2024	1.3388	167,000	-	(167,000)	-	-	-
1/07/2017	1/07/2024	1.1634	16,650	-	(16,650)	-	-	-
1/07/2017	1/07/2024	1.0313	225,667	-	(151,667)	(74,000)	-	-
1/07/2017	1/07/2024	0.8633	249,950	-	(220,800)	-	29,150	29,150
23/05/2017	1/10/2024	5.6046	189,759	57,614	-	-	247,373	-
7/04/2017	30/09/2024	-	978	-	-	-	978	978
10/03/2017	1/10/2024	5.6027	22,516	-	-	-	22,516	-
20/02/2017	1/10/2024	5.1064	101,242	-	-	(101,242)	-	-
14/02/2017	1/10/2024	5.0688	50,000	-	-	-	50,000	-
7/02/2017	1/10/2024	5.2334	50,000	-	-	-	50,000	-
1/10/2016	1/10/2024	5.7474	900,666	-	-	(137,929)	762,737	-
1/10/2016	1/10/2024	-	10,000	-	-	-	10,000	-
1/07/2016	1/07/2023	0.5302	50,000	-	(50,000)	-	-	-

Issue date	Expiry date	Exercise price	Balance at start of the period	Issued during the year	Exercised during the period	Forfeited during the period	Balance at end of the period	Vested & exercisable at end of the period
			Number	Number	Number	Number	Number	Number
1/07/2016	1/07/2023	0.8633	54,150	-	(25,000)	-	29,150	29,150
1/07/2016	1/07/2023	1.0313	74,000	-	(74,000)	-	-	-
1/07/2016	2/07/2023	1.5862	12,500	-	(12,500)	-	-	-
11/04/2016	1/10/2023	4.7969	221,673	-	(146,162)	(75,511)	-	-
1/07/2015	1/07/2022	0.8633	41,650	-	(25,000)	-	16,650	16,650
25/08/2009	25/08/2022	0.3450	30,000	-	-	-	30,000	30,000
25/08/2010	25/08/2023	0.3450	30,000	-	-	-	30,000	30,000
25/08/2011	25/08/2024	0.3450	30,000	-	-	-	30,000	30,000
1/05/2009	1/07/2021	0.3600	55,000	-	(55,000)	-	-	-
Total			**5,407,181**	**2,641,131**	**(1,006,279)**	**(1,362,648)**	**5,679,385**	**165,928**
Weighted average exercise price			**$1.92**	**$3.74**	**$1.58**	**$4.75**	**$4.27**	**$0.58**

34.Share-based payments (continued)

At September 2019 a total of 5,679,358 options (2018 – 5,407,181) were offered to employees. The amount of options offered is in excess of options granted as certain options while offered will only be granted in a future period at the discretion of the Executive Chairman.

The weighted average share price at the date of exercise of options exercised during the year ended 30 September 2019 was $1.58 (2018 - $0.83).

The weighted average remaining contractual life of share options outstanding at the end of the period was 6.0 years (2018 - 6.4 years).

(a) *Employee option plan*

Fair value of options granted
The fair value of the equity-settled options is measured at the reporting date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

The fair value of options granted during the year was between $1.49 and $2.23 (2018 - $0.69 - $0.83).

The model inputs for options granted during the year ended 30 September 2019 included:

(I) Dividend yield of 2.1% (2018 – 2%)
(II) Expected volatility 30% (2018: 19.8% and 27.8%)
(III) Risk-free interest rate between 1.98% and 2.1% (2018 2.0 – 2.2%)
(IV) Expected life of option 3.3 years (2018 – 3.3 years)
(V) Option exercise price between $4.11 and $5.48 (2018 - $0.00 - $5.15)
(VI) Weighted average share price at grant date was $6.13 (2018 - $5.00 - $5.15)

The expected volatility reflects the assumption that the historical volatility of a basket of similar companies over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

(b) *Executive performance rights*

After further market consultation, the Group made the decision to return to issuing options or EPRs. The view is that the use of options under an LTI scheme for a growth company best aligns shareholder and Executive interests. Please refer to section 3 of the remuneration report for further information.

(c) *Expenses arising from share-based payment transactions*

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2019 $'000	2018 $'000
Options issued under employee option plan:		
Vested	**2,243**	**1,634**
Forfeited	**(296)**	**(39)**
Total share-based payment expense	**1,947**	**1,595**

35. Parent entity financial information

(a) *Summary financial information*
The individual financial statements for the parent entity show the following aggregate amounts:

	2019	**Restated** 2018
	$'000	$'000
Balance sheet		
Current assets	**161,626**	158,208
Non-current assets	**150,331**	155,285
Total assets	**311,957**	**313,493**
Current liabilities	**170,139**	199,108
Non-current liabilities	**-**	-
Total liabilities	**170,139**	**199,108**
Shareholders' equity		
Contributed equity	**35,302**	33,171
Dividend reserve	**27,905**	8,616
Share option reserve	**25,722**	22,294
Retaining earnings	**49,309**	50,303
	138,238	**114,384**
Profit or loss before tax for the year	**74,075**	**31,302**
Total comprehensive income	**74,075**	**31,302**

The reserves balance is higher than Group due to the foreign currency translation reserve losses of $820,000 (2018 - loss of $380,000).

(b) *Guarantees entered into by the parent entity*

At 30 September 2018, the parent entity had $6,155,631 (2018 - $4,474,910) in outstanding performance guarantees. The total available guarantee facility is $7,000,000 (2018 - $7,000,000). The parent entity also had unused foreign currency dealing limits of $1,256,230 (2018 - $1,040,040).

The parent entity, Technology One Limited, continues to support its subsidiaries in their operations, by way of financial support.

(c) *Contingent liabilities of the parent entity*

At 30 September 2019, the Parent had no contingent liabilities.

36. Events after the reporting period

(a) *Dividends*

On 19 November, the Directors of Technology One Limited declared a final dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend is $27,905,262 and is 60% franked.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

In accordance with a resolution of the Directors of Technology One Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes set out on pages 63 to 114 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2019 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a); and
(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the reporting year ended 30 September 2019.

On behalf of the Board of Directors

A. Di Marco

Adrian Di Marco

Director

Brisbane

19 November 2019

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Independent Auditor's Report to the Members of Technology One Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Technology One Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 September 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 September 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Measurement and recognition of revenue and associated assets and liabilities

<table>
<tr><th>Why significant</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The Group has the following revenue streams:

► SaaS fees;
► On premise initial licence fees;
► On premise annual licence fees; and
► Consulting services

The Group contracts with its customers using written contracts which often encompass a number of activities (separately identifiable components). Note 1(d) to the financial statements details the Group's revenue streams and the associated accounting policies. Revenue is disclosed in Note 5, associated assets in Note 9 and Note 10 and associated liabilities in Note 17.

Revenue recognition was significantly impacted by the application of the new Accounting Standard AASB 15 Revenue from Contracts with Customers from 1 October 2018. Accordingly, we consider revenue a key audit matter. Note 1(a)(ii) to the financial statements discloses the impact of the new Accounting Standard.</td><td>Our audit procedures included the following:

► Assessed management's application of AASB 15 to each revenue stream and the impact of adoption from 1 October 2018.

► For a sample of customer contracts, obtained the supporting documentation and assessed management's judgement on whether the revenue recognition criteria had been met. The testing included the assessment of stand-alone price and the allocation of the transaction price against the revenue streams. As part of this we also tested the associated timing of recognition.

► For a sample of consulting service contracts, (time and materials) assessed the Group's controls associated with the recording of consulting days delivered and the application of contracted fee rates to these days.

► For a sample of consulting agreements, assessed the Group's controls associated with the recognition of revenue including the assessment of achievement of contract milestones or hours and its application to the agreed fee. For fixed rate project agreements, we also considered the Group's identification and measurement of onerous contracts.

► For prepaid subscription revenue (contract liabilities) and contract assets, we tested both from a sample of client contracts and from a sample of these balances that the amounts agreed with contract terms, delivery of performance obligations and other supporting documentation.

► Assessed the adequacy of the financial report disclosures included in the financial statements.</td></tr>
</table>

Building a better working world

2. Capitalisation of software development costs

Why significant	How our audit addressed the key audit matter
As set out in Note 13 to the financial statements the Group capitalises costs related to the development of software products in accordance with AASB 138 Intangible Assets. Capitalised software development costs are amortised over the economic life of the asset which is considered to be from three to seven years as disclosed in Note 1 (n)(iii). Given the significant level of capitalised expenditure during the year and the judgement required when determining whether costs should be capitalised, the useful lives and recoverability of capitalised software development costs, this was considered to be a key audit matter.	Our audit procedures included the following: ▶ Assessed the Group's policy of capitalisation of software development costs for compliance with Australian Accounting Standards. ▶ For a sample of capitalised software development costs, determined whether the costs were appropriately supported and attributed to development activities. ▶ Considered the appropriateness of the amortisation period attributable to capitalised software development costs. ▶ Assessed the recoverability of capitalised software development costs. ▶ Assessed the adequacy of the disclosures in Note 13 to the financial report relating to capitalised software development costs.

3. Impairment testing of indefinite life intangible assets

Why significant	How our audit addressed the key audit matter
Note 13 to the financial statements discloses the goodwill and other intangible assets allocated to each of the Group's individually significant cash generating units (CGUs) and the relevant assumptions used in the impairment testing and cash flow forecasts. The annual impairment assessment of the intangible assets performed by the Group was a key audit matter due to the carrying amount of the intangible assets, the impairment recorded in the current year and the degree of estimation and assumptions involved in the assessment, specifically concerning the revenue growth and margin assumptions inherent in the future discounted cash flows.	We considered whether the Group's impairment testing satisfied the requirements of Australian Accounting Standards. This included considering the identification of CGU's to which goodwill and other assets were allocated. The assumptions used in the impairment testing by the Group and in the cash flow forecasts upon which it was based are summarised in Note 13 to the financial statements. We evaluated these assumptions and forecasts as follows: ▶ Assessed the mathematical accuracy of the impairment models. ▶ Considered the historical reliability of the Group's cash flow forecasts. ▶ Assessed the Group's determination of the carrying value of each of the CGUs. ▶ Assessed whether the forecasts were consistent with our knowledge of the business, Board approved budgets and corroborated our work with external information where possible. ▶ Assessed the sensitivities of the impairment models to reasonably possible changes in assumptions. We assessed the relevant disclosures in Note 13 to the Financial Statements which includes the disclosure of the impairment charge.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 September 2019.

In our opinion, the Remuneration Report of Technology One Limited for the year ended 30 September 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Alison de Groot
Partner
Brisbane
19 November 2019