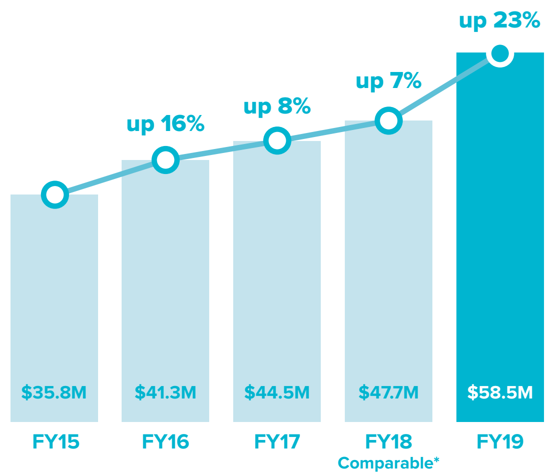
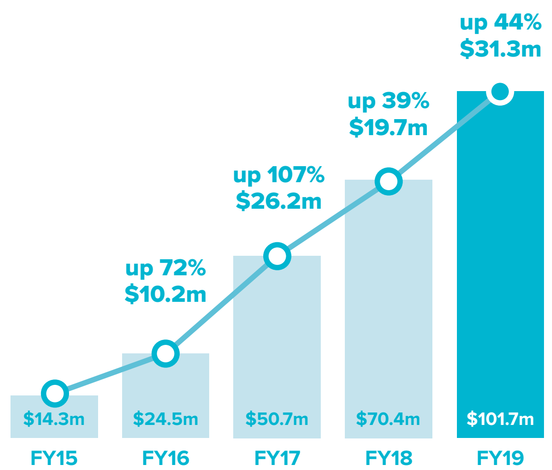
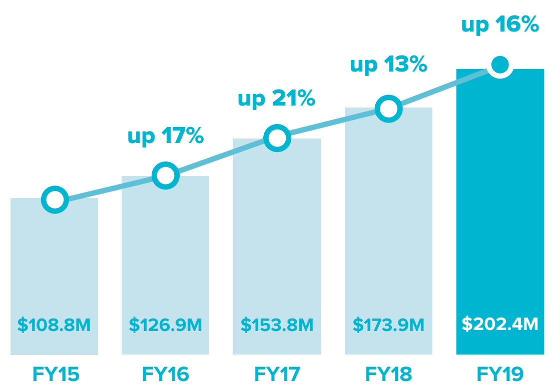
2019
Annual Report



Net Profit After Tax



SaaS Annual Recurring Revenue



Total Annual Recurring Revenue

*Refer to page 8 for definition of Comparable.

2019 — Full year results

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$60m
R&D Investment

UP 8%
Dividend Growth

UP 44%
SaaS ARR

10
Years of Record Profits

UP 13%
Revenue

UP 50%
Profit Before Tax
(on Comparable basis)

01 At a glance

Our finances

10
Consecutive years of record profit

UP 8%
Dividend growth

UP 38%
Net assets

UP 44%
SaaS ARR

UP 50%
Net Profit Before Tax growth (on 2018 Comparable)

Profitable since
1992

27% PBT Margin

UP 11% R&D spend

UP 16% Total ARR

$105m Cash and cash equivalents

55% Return on Equity

Our vision

As the only company offering a true global Software as a Service (SaaS) ERP solution across the entire enterprise, we are transforming business and making life simple.

Our difference

We are the only vendor that develops, sells, implements, supports and runs a fully integrated suite of enterprise software solutions. Our global SaaS ERP solutions span the entire enterprise and allow our customers to embrace the digital revolution and an exciting new world of possibilities in a cloud-first, mobile-first world.

Our reach

TechnologyOne has 14 offices throughout Australia, New Zealand, Asia and the United Kingdom.

Our culture

Our international team is made up of more than 1,200 passionate individuals. We believe in investing in our people, and we do this with a wide range of initiatives such as O-Week, R&D Showcases and leadership courses.

To foster a customer-oriented culture, we developed the Compelling Customer Experience program. The program supports and encourages our team members so that they can deliver outstanding customer service every day.

Our market-leading solutions and products

As the leading supplier of enterprise software solutions for more than 1,200 large-scale companies, and with more than 30 years' success in the business, we have developed a deep understanding of our key markets.

We offer our customers a range of industry-leading preconfigured enterprise solutions. Our solutions are effective and our implementations are streamlined, which reduces time, cost and risk for customers. We also offer a comprehensive suite of enterprise software products.

Our markets

- Local Government
- Education
- Federal Government
- Health and Community Services
- Asset and Project Intensive Industries
- Corporates and Financial Services

Our preconfigured solutions

- OneCouncil
- OneEducation
- OneGovernment
- OneCare
- OneProject
- OneAsset
- OneHealth
- OneBanking
- OneCorporate

Our products

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

Our Research and Development

We continue to focus our Research and Development (R&D) efforts on new and emerging technologies, including cloud-based technologies, artificial intelligence, machine learning and other innovations.

Our Australian-owned commercial R&D centre is the largest of its kind, with offshoot facilities in Indonesia and Vietnam.

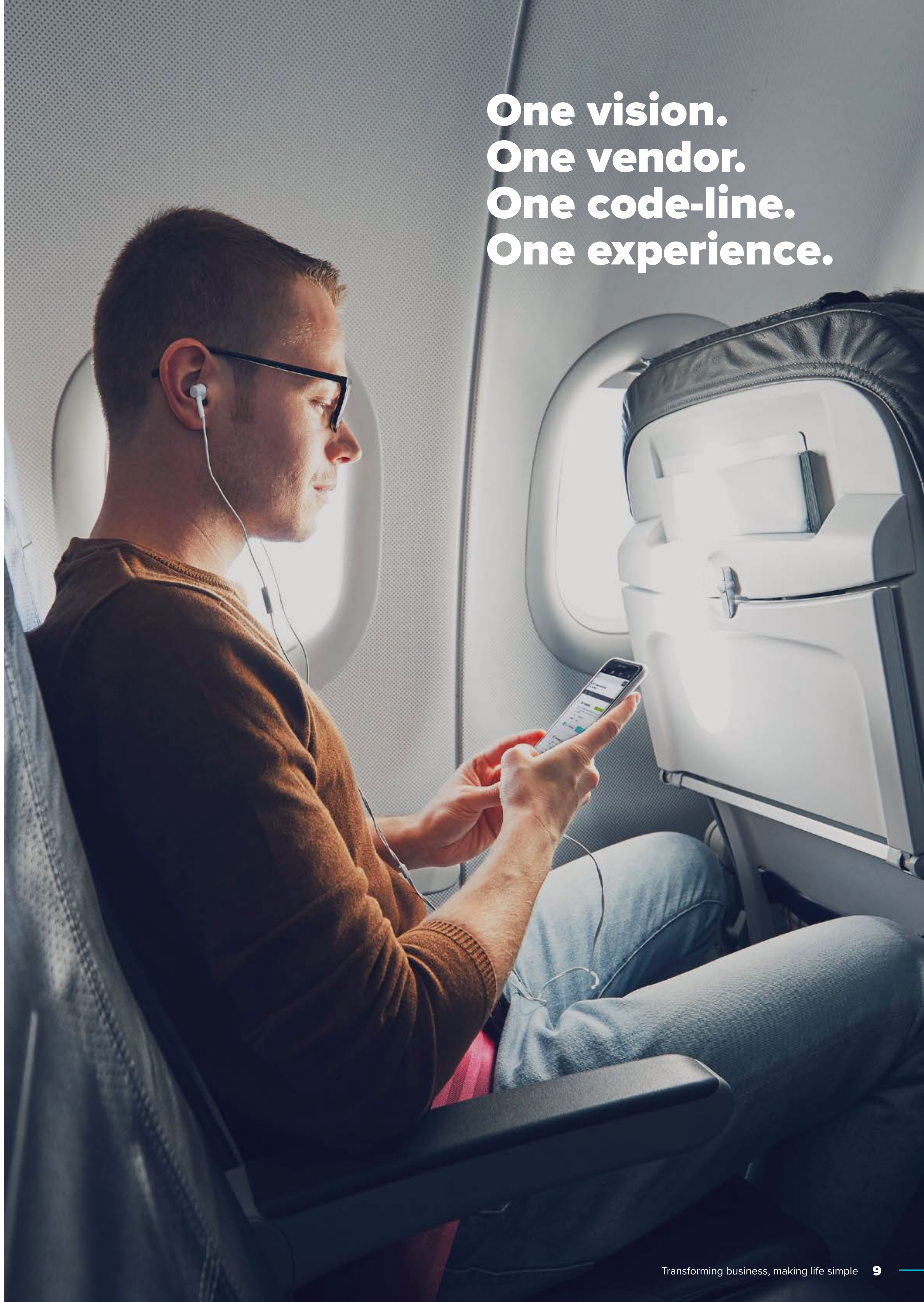
02 Financial highlights

	2019	Growth on last year Comparable	15 year compound growth	2018 Comparable**	2017	2016	2015	2014	2013	2012	2011	2010
					Reported							
Total Revenue	286,164	13%	12%	254,491	273,253	249,018	218,724	195,124	180,591	169,070	156,742	135,906
Annual Recurring Revenue (ARR)[1]	202,480	16%		173,912	153,896	126,996	108,853	-	-	-	-	-
SaaS ARR[1]	101,677	44%		70,372	50,701	24,489	14,265	-	-	-	-	-
R&D Investment*	60,124	11%	13%	54,042	49,856	46,009	41,038	37,873	35,595	33,524	31,796	26,963
Net Profit Before Tax	76,389	50%	12%	50,807	58,019	53,240	46,494	40,235	35,097	30,324	26,675	23,282
Net Profit After Tax	58,459	23%	13%	47,681	44,494	41,344	35,785	30,967	26,984	23,559	20,326	17,813
Earnings Per Share (cents)	18.43	22%	12%	15.10	14.18	13.26	11.57	10.06	8.78	7.73	6.71	5.93
Total Dividends (cents per share)	11.93	8%	10%	11.02	10.20	9.45	8.78	8.16	5.60	5.09	6.12	5.70
Dividend Payout Ratio	65%	-	-	73%	72%	72%	76%	81%	64%	66%	91%	96%
Return on Equity	55%	-	-	46%	28%	31%	30%	30%	31%	32%	30%	28%
Cash & Cash Equivalents	105,046	1%	10%	104,322	93,383	82,588	75,536	80,209	65,397	51,133	45,357	36,573
Net Assets	106,857	3%	7%	103,480	157,520	138,494	117,940	104,499	87,736	73,997	68,370	63,415

*Before capitalisation.

**2018 Comparable applies AASB15. It also assumes non-IFRS pro forma capitalisation of R&D costs (50%) for the FY18 year and is unaudited. As a SaaS company, R&D costs are capitalised from FY19 onwards, which is the common practice by 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 statutory reporting. It allows for a 'like for like' comparison of the performance of the business, assuming R&D costs (50%) were capitalised in FY18. This is the basis used for all comparable reporting throughout this document.

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



03 Letter to shareholders

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.

Letter to shareholders

On behalf of Technology One Limited (TechnologyOne) we are pleased to announce our 10th consecutive year of record profits and record Annual Recurring Revenue (ARR)[1].

Our global SaaS ERP solution is transforming our customers' business and making 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.

[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

Results Summary

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

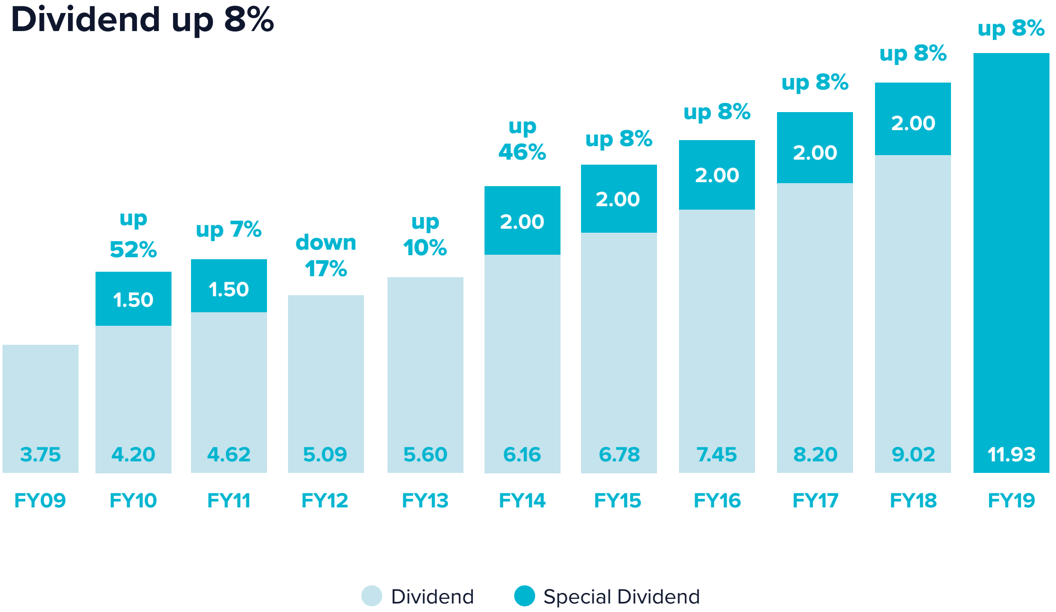
Key results on Comparable basis[4] were as follows:

- Profit Before Tax of $76.4m, up 50% on comparable basis[4]
- 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

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

[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 above 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.
[4] 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 were capitalised in FY18. The AASB15 Statutory Profit for FY18 is $24.8m versus the Comparable Profit for FY18 of $50.8m

Dividend up 8%



12% **Compound growth**

Up 8% 8.78 CPS

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.

TechnologyOne SaaS ARR[i] grows 44%

TechnologyOne's global SaaS ERP solution continues to grow strongly with Annual Recurring Revenue (ARR) now $102m, 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 competitors' systems, from Oracle, SAP, Microsoft and Infor with our enterprise solution.

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 five new SaaS customers totalling $50m in total contract value, cementing our position as the dominant SaaS provider to the APAC education sector.

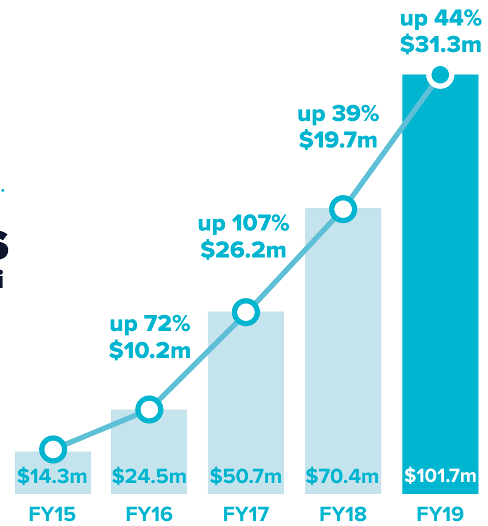
Our global SaaS ERP solution is driving our business growth. We expect this strong growth to continue in the years to come.

TechnologyOne is a very successful SaaS company. 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 24/7. Our SaaS customers are always on the latest release, with two 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.

Organic growth

$101.7m **SaaS ARR[i]**



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 SaaS ERP 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 four to five years

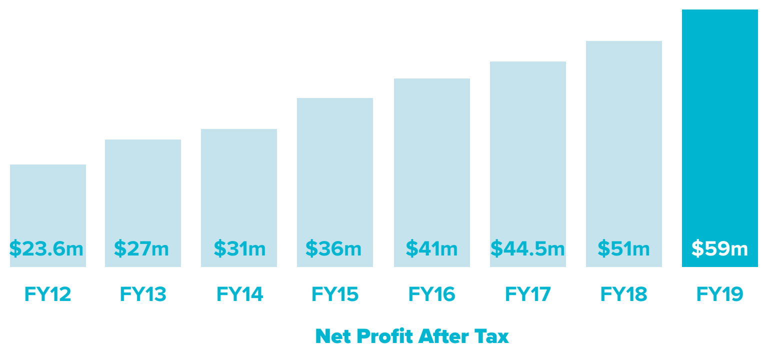
We have seen continued strong growth in profit over the last year, with reported Profit After Tax up 15%. We are on track to double the size of our business once again in the next four to five years.

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

Reported Profit After Tax up 15%

14% Compound growth

Up 15% $58.9m

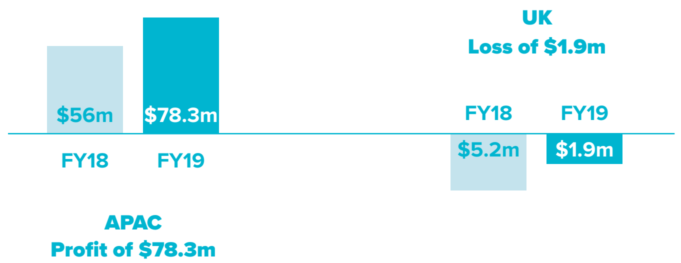


APAC profit before tax grows by 40% and UK loss improves by 64%

The APAC region performed strongly with profit before tax up 40%, underpinned by strong SaaS ARR[1] growth and the significant turnaround in our Consulting business. The UK has improved considerably with losses decreasing from $5.2 million to $1.9 million, the UK is discussed in greater detail below. We continued to remain excited about the significant opportunities in the UK.

Regional growth

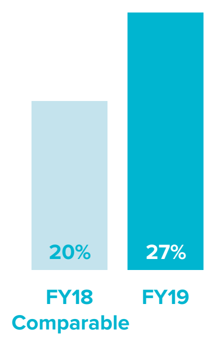
Up 40% $22.3m APAC
Up 64% $3.3m UK



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 Profit Before Tax margin to 27%, compared to 20% pcp. We see margins continuing to improve to 35%+ in the coming years.

Margin



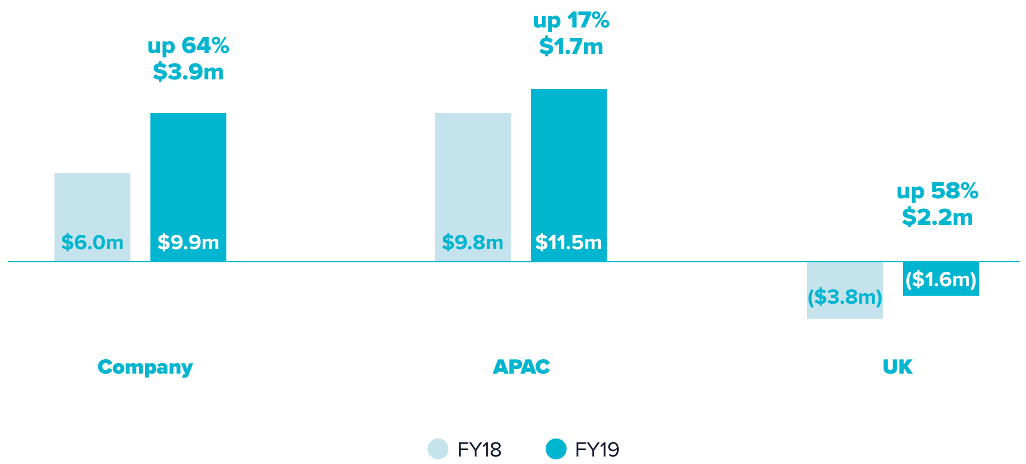
Consulting Services profit growth of 64%

Total Consulting Group profit 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, delivering $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 $2.2 million (up 58% pcp).

Turnaround has occurred in APAC

Turnaround is underway in the UK

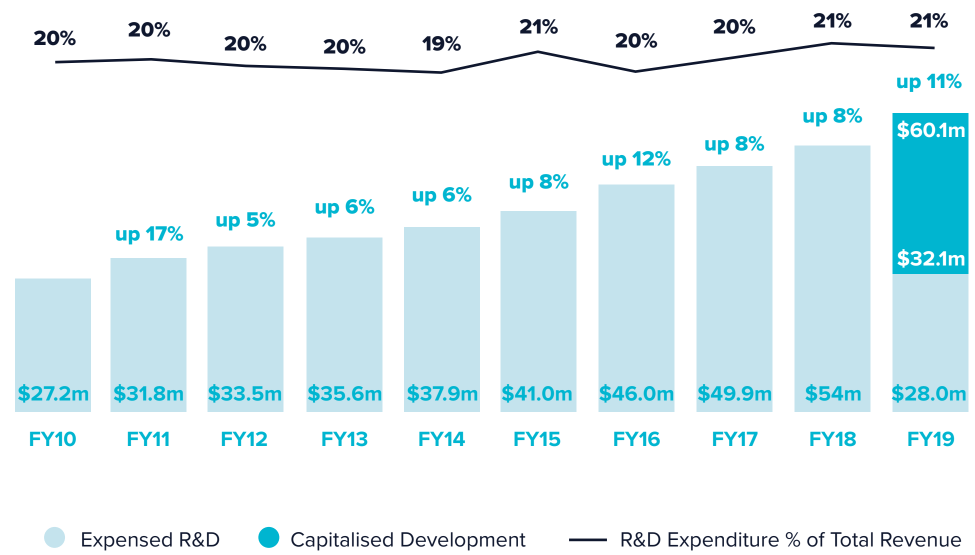


Research & Development (R&D)

R&D continues to be a significant investment for TechnologyOne at $60 million for the year, up 11% and representing 21% of revenue, which 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 will continue 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, which provides massive economies of scale to our customers.

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, and we can achieve 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.

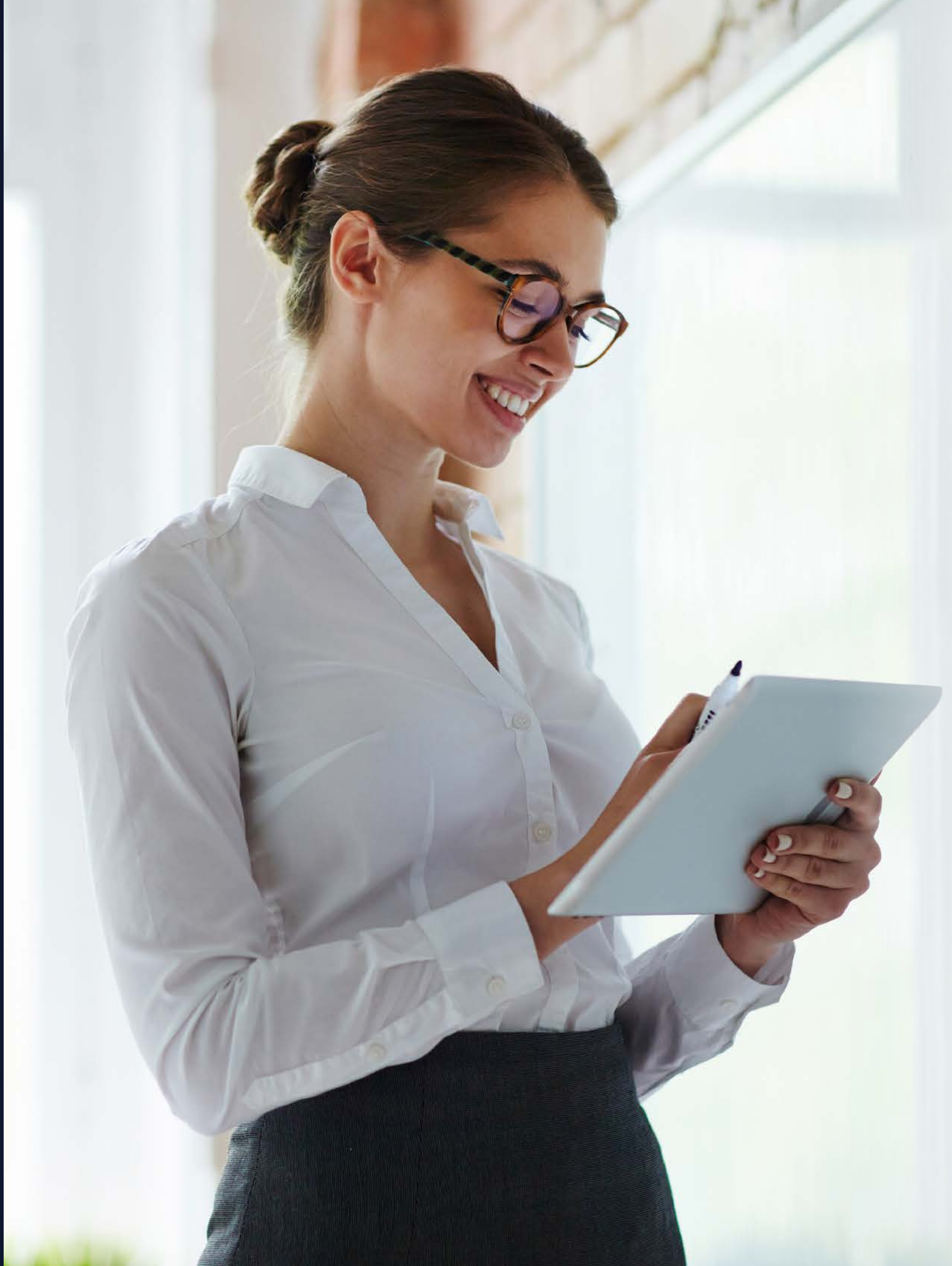
As part of our SaaS offering we make new releases of our software, with new features, functionality and concepts, available to our customers who do not need to do anything to seamlessly get these new releases into production.

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.

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 ERP solution with the release of TechnologyOne SaaS 2019B, which delivers 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 ERP solution offers not only to our customers, but to us as well. It will allow us to streamline our operations, reduce our costs and 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, Any time

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.

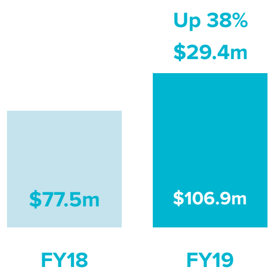
As previously foreshadowed, the challenge for us has been to build a successful and profitable consulting practice in the UK. This was not an insignificant undertaking.

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 $106.9 million 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 inline with Net Profit After Tax in FY20.



Net Assets

Executive remuneration

This year we made further enhancements to our Remuneration Report to make it simple and clear, and to continue to evolve it forward based on the feedback from our shareholders. We have also engaged external consultants to assist us with these changes.

Our approach to remuneration has allowed us to continue to grow our business. There is clear alignment between the performance of the business and executive remuneration. This year, total executive remuneration, for executives employed across both periods, grew by 14% while the company's profit grew 15%.

Corporate governance

Given TechnologyOne is such a significant R&D and innovation-led business, coupled with our long track record of profitable growth, we have taken a cautious and measured approach to the renewal of our Board, to ensure a smooth transition. I am happy to report we have made good progress again this year with two new and highly experienced independent directors Ms Sharon Doyle and Mr Cliff Rosenberg. We plan to add another independent director in the next 12 months which will see our Board have four new independent directors.

Outlook for 2019/2020

As we have seen over the last few years, the enterprise software market continues to remain resilient, with our products providing our customers the opportunity to reduce their costs, streamline their business and improve their efficiencies in a challenging economic time.

The TechnologyOne global SaaS ERP solution is driving our continuing success. As a result, TechnologyOne's sales pipeline of opportunities for 2020 is strong and this positions us for continuing strong profit growth in FY20.

Our SaaS business will continue to grow strongly and profitably.

We also expect continuing strong profit growth for our Consulting business in the coming year.

We also expect to see continuing strong growth in the UK market.

We will provide further guidance at both the Annual General Meeting and with the first half FY20 results.

Afterword

To continue to succeed we must continue to innovate, and focus on building beautiful software that is incredibly simple and easy for our customers to use. Our software must work on any device, anywhere, at any time if we are to enable our customers to embrace the exciting future that is possible with the digital revolution.

We must also continue to earn the right to be the enterprise software partner for our customers. At every touchpoint we have with our customers, we must strive to make things simpler for them and give them a great experience.

A few years ago, we set an ambitious goal to transform business and make life simple for our customers. We are now making this a reality.

This would not be possible without the talented and committed people who make up TechnologyOne.

I would also like to thank you, our shareholders, for your continuing support.

Adrian Di Marco
Executive Director

Edward Chung
Chief Executive Officer

[1] ARR is not an IFRS measure and is unaudited.

Long-term outlook

We continue to be very excited about the significant growth opportunities over the next 10 years.

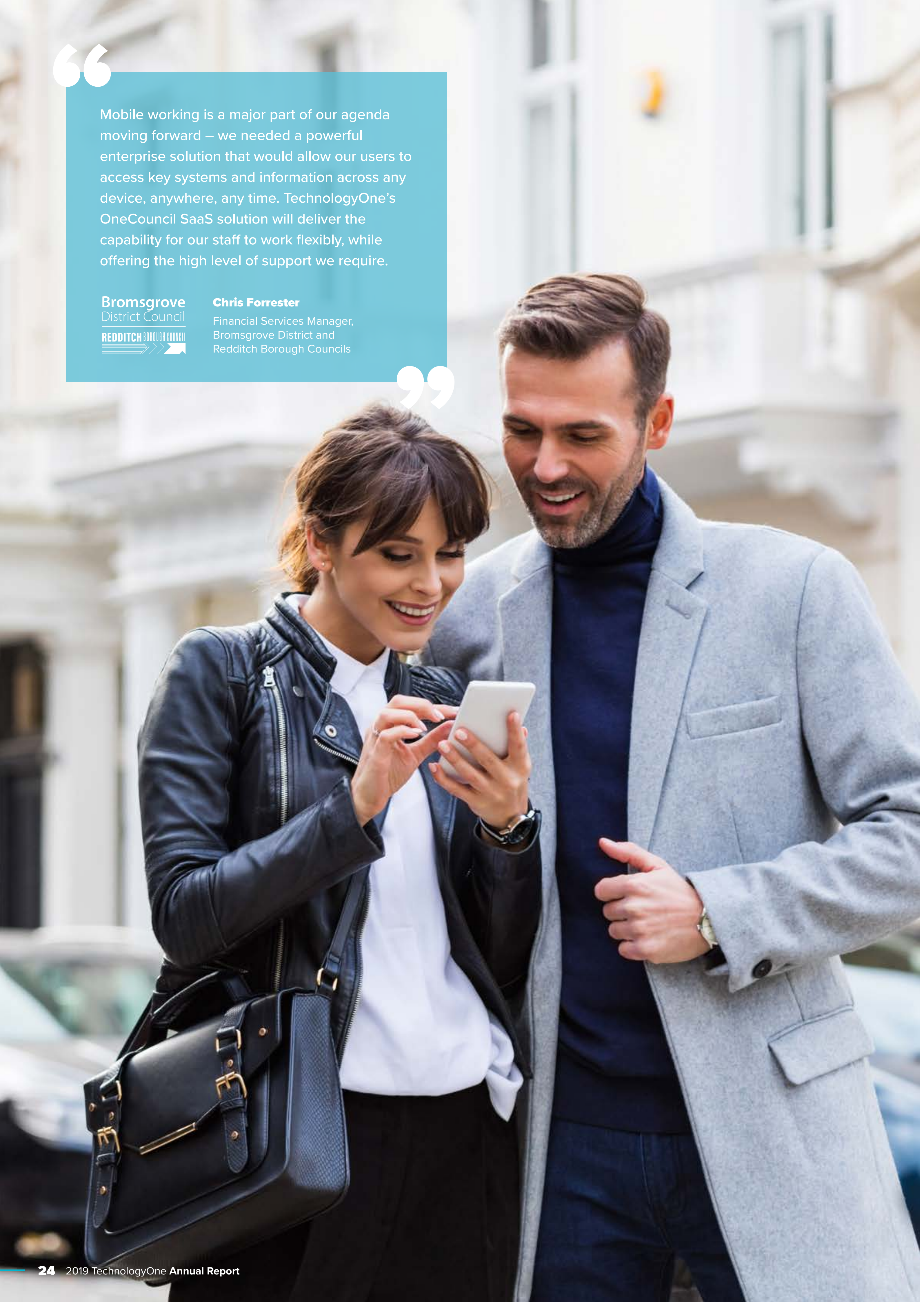
TechnologyOne's global SaaS ERP solution will continue to grow very fast in the coming years. It is providing enormous economies of scale and will continue to drive our growth and our profit margins which will in the coming years exceed 35%.

We see it is inevitable that organisations will move from 'best of breed' SaaS solutions to enterprise SaaS solutions because of the significant benefits it will provide: one vendor, one user interface, one common technology architecture, and integration across all products 'out of the box'. We also see our existing 'on premise customers' continuing to move to our global SaaS ERP solution.

We see Total Annual Recurring Revenue increasing to $500+m in FY24.

We see continuing strong growth in our six key vertical markets in Australia and New Zealand. These markets remain strong and resilient.

04 Global SaaS ERP solution



> Mobile working is a major part of our agenda moving forward – we needed a powerful enterprise solution that would allow our users to access key systems and information across any device, anywhere, any time. TechnologyOne's OneCouncil SaaS solution will deliver the capability for our staff to work flexibly, while offering the high level of support we require.

Chris Forrester
Financial Services Manager, Bromsgrove District and Redditch Borough Councils

TechnologyOne's global SaaS ERP solution is the perfect union of infrastructure and software. The combination of our software built using one global code-line and our multi-tenanted infrastructure with single-tenanted databases, means our customers can enjoy all the benefits of SaaS with none of the limitations. Our unique approach to enterprise SaaS is key to our ongoing success.

Our solution leads the market because we own, build and support our own software. Many other providers fail to deliver the same economies of scale and cost efficiencies because they use cloud hosting but handcraft each customer's environment individually.

Our SaaS ERP solution is a single instance of software delivered globally, with a mass production line of servers running thousands of customers' organisations. It produces substantial economies of scale, creating cost efficiencies that hosting providers cannot come close to. Our customers gain access to two releases of software per year, as well as access to OneUniversity for 'just-in-time' training. This is all provided standard as part of our SaaS solution, and we guarantee it will be future proof. And with our configuration-driven software design, all of our customers' unique configuration information is stored in their own dedicated and secure database. So too is their transactional data, which lets us deliver a personalised service at scale.

Our approach to enterprise SaaS plays a key part of our ongoing success, with SaaS revenue now representing 28 per cent of our total revenue. In FY19 we gained 88 new SaaS customers, including Mid Ulster District Council – our first Northern Ireland client. They join many of our long-standing customers on the journey from on-premise to cloud-based solutions.

The TechnologyOne SaaS Platform has received international recognition for software innovation from the Australian Business Awards, the UK Cloud Awards, the SaaS Awards and Amazon Web Services.

Any device, anywhere, at any time

TechnologyOne is the only enterprise vendor delivering 100 per cent of its enterprise software on smart mobile devices – with no carve outs or exceptions. Customers have access to the full functionality of our software on any device, anywhere, at any time.

Organisations can embrace iPad, iPhone and Android devices as part of their enterprise solution and our adaptive screen design guarantees a great user experience regardless of the device. Because the experience is tied to the user, not the device, an employee can move seamlessly from one device to another without interrupting their work. With its incredibly simple design, it has created a new standard in enterprise software, giving us a significant competitive advantage. For customers undertaking digital transformations, this is the key to future success.

Digital transformation

Our enterprise customers are realising the financial and operational benefits of a cloud-first, mobile-first model. SaaS transforms the way organisations interact with their customers and communities, which is why more and more of our on-premise customers are transitioning to the cloud.

Our customers tell us that adopting SaaS gives them new capabilities and saves them millions of dollars compared to equivalent on-premise deployments.

As business becomes faster and more competitive, the efficiencies TechnologyOne's SaaS Platform offers becomes even more essential to our customers.

Our commitment to innovation

In FY19, we invested $60 million in R&D to improve our SaaS offering with new technologies, concepts and ideas.

The economies of scale offered by our global SaaS ERP solution means that when a customer signs up to our service, they receive far more than what they pay for. Each customer benefits from the hundreds of millions of dollars that we have invested to date and our commitment to continued investment. We take care of patching and upgrades, and offer two major software releases per year.

Our SaaS offering is massively scalable, resilient and fault-tolerant. All our customers run the same code-line globally, and all processing resources are shared. When we make an improvement to the service we automatically roll out that improvement to all our customers.

It is a testament to the collective skill of our people and organisational structure that we have achieved such a competitive advantage and level of differentiation in the SaaS market.

Insights, our SaaS monitoring platform, gives us unprecedented visibility of the real-time performance and reliability of our SaaS environments and software. This enables us to analyse, detect and respond to issues faster than ever before. Insights also strengthens our support processes by connecting our development teams directly with customers.

Most trusted enterprise SaaS provider

We take the privacy and security of our customers' data very seriously, and weave this consideration into the fabric of everything we do. We are committed to building the world's most trusted cloud for enterprise software and will continue to make significant investments to that end. That's why, since 2017, we have achieved the highest level security accreditation of any enterprise SaaS vendor operating in Australia.

The foundation of our global SaaS ERP solution is a class-leading security and compliance program designed to give our customers the strongest protection and privacy. As part of this program we develop and maintain our security framework, which passes the most stringent external verification, testing and scrutiny.

We have held ISO 9001 accreditation continuously for 25 years. Our SaaS solution is accredited and certified for the following international standards:

- ISO/IEC 27001
- ISO/IEC 27017
- ISO/IEC 27018
- ISAE 3402 SOC 1
- SSAE 18 SOC 1 (USA)
- AT-C 205 SOC 2
- Cyber Essentials (UK)
- Health Insurance Portability and Accountability (HIPAA) (USA)
- IRAP 'Official' (Recommended)

In the UK and European Union, we are certified with Cyber Essentials and comply with the General Data Protection Regulation (GDPR).

In FY19 we maintained our status as recommended for Australian Signals Directorate IRAP certification (Unclassified DLM), further strengthening our offering to Australian Federal Government agencies.

As part of our service, customers receive the benefit of these certifications, along with a continual flow of security and privacy enhancements, at no extra charge.

TechnologyOne University

TechnologyOne University is the learning and training hub for our software. Through the power of SaaS, all of our customers can receive self-paced learning and comprehensive training on any device, anywhere, at any time. Our Learning and Development team is constantly adding content to the University's offering, which now includes more than 65 hours of high-quality video material.

An innovative digital training solution, TechnologyOne University gives our customers dynamic, real-time and up-to-date information.

Some 435 customers have chosen TechnologyOne SaaS to power their organisations. This is an increase of more than 25 per cent in customer numbers over the past 12 months, and we expect this rapid growth to continue in 2020.

"The SaaS Platform provides scalability and flexibility, giving us a more commercially viable platform that will take us into the future. By more accurately managing and reporting student information, we can now focus on operational success."

Professor Richard Constantine
Vice President of Engagement and Resources
Victoria University

VICTORIA UNIVERSITY

05 Our strategy

Preconfigured enterprise software solutions reduce time, cost and risk

Our vision

Transforming business, making life simple

Our vision is to build and deliver truly great products and services that transform business and make life simple for our customers.

At TechnologyOne, we know that our customers' experiences define our success. We believe in leadership, not management. We know that our survival depends on our ability to set ambitious goals, and to lead and inspire our people to achieve great things. As a large, successful company, we also believe it is important to give back to the community. To pay our success forward, we established the TechnologyOne Foundation.

Our beliefs, our dedication to customer experience, our leadership model and our charitable ethos have formed our vision. This is the TechnologyOne Way, which we developed more than 30 years ago and continues to define the way we operate.

Over more than three decades, TechnologyOne's clear vision, our beliefs, our supporting initiatives and our continuing growth have underpinned our success.

Our core beliefs

We believe in:

- Our enterprise solution
- Market focus and commitment
- The Power of One
- The power of evolution
- Simplicity, not complexity

Our enterprise solution

We believe in the power of a single, integrated enterprise solution built on a modern platform with a consistent look and feel.

A best-in-class enterprise solution

Only through an enterprise solution can organisations really embrace the future of SaaS and smart mobile devices, and get the efficiencies they need across their complete organisation. We have spent more than 30 years and hundreds of millions of dollars to deliver on such an enterprise-wide vision. Today we are unique among enterprise software providers in delivering best-in-class products that come together as a total enterprise solution from a single vendor.

Our leading-edge platform

Our comprehensive suite of fully integrated software products are designed to deliver the best possible experience for users.

Our software solutions are underpinned by our state-of-the-art platform. The platform provides the core functionality, security and a consistent user interface for each of our products, and enables our customers to access their information anywhere, at any time and from any device. We continue to evolve our platform, ensuring our customers can easily adapt to changes in mobile devices, computing and user preferences.

Deep functionality for the markets we serve

We have chosen to focus on six key markets: Local Government, Government, Education, Health and Community Services, Asset and Project Intensive industries, and Corporates and Financial Services. With over 30 years' experience and over 1,200 large scale enterprise customers we possess an expansive understanding of these sectors and we provide the deepest functionality for the markets we serve. We continue to add more and more functionality to our products and preconfigured solutions for these markets which streamline implementation and reduce customers' time, cost and risk.

Preconfigured solutions

TechnologyOne's integrated products form the building blocks from which our preconfigured, industry-specific solutions are developed.

Created in collaboration with hundreds of customers, the solutions cover 80 per cent of each sector's requirements 'out of the box'. This accelerates implementation while leaving room for the software to be configured to customers' specific needs.

This approach is faster, cheaper and safer than that adopted by our competitors.

Deep industry engagement

Each of our preconfigured solutions is developed by a team of specialists with an in-depth understanding of our key markets. We work closely with our sectors to stay abreast of current requirements, organisational and user challenges, legislation and emerging trends. This deep industry engagement ensures our preconfigured solutions continue to lead the market.

The Power of One

TechnologyOne's hallmark is being one vendor with a single vision, code-line and experience. We do not use implementation partners or value-added resellers. We take complete responsibility for building, marketing, selling, implementing, supporting and running our enterprise solutions for each customer to guarantee long-term success.

Our unique value proposition

We are accountable to our customers, whether the focus is on business needs, underlying technology, delivering implementations on time and within budget, or excellence in support and customer service.

When organisations invest in our solutions they benefit from a direct relationship with us every step of the way. Right from the start, we take ownership of a project and provide outstanding service and support.

Unlike our competitors, we provide a single, integrated consulting capability to enable a safer, faster and more cost-effective time to delivery for our industry solutions. This is underpinned by the industry and product experience of our 300 consultants and the power of our Solutions Implementation Methodology (SIM) 2.0.

The power of evolution

TechnologyOne's enterprise solution adapts and evolves by embracing new technologies and concepts to ensure our customers can maintain their competitive edge through innovation.

Using technology for competitive advantage

One of our founding principles in 1987 was to use new and emerging technologies to provide a competitive advantage for our customers. It continues to be a major focus today.

For more than 30 years, we have successfully delivered a continuous and smooth technology transition that has seen TechnologyOne migrate our customers across a number of technology paradigms, from mainframe to client-server computing to the Internet, to our Connected Intelligence (Ci) platform and more recently, Ci Anywhere. Our SaaS platform is built on beautiful design, and can be used by any business consumer, anywhere, on any device and at any time. It is powerful and simple to use, allowing our customers to realise the benefits of our TechnologyOne SaaS Platform on their smart mobile devices.

The power of a single, integrated enterprise solution

Simplicity, not complexity

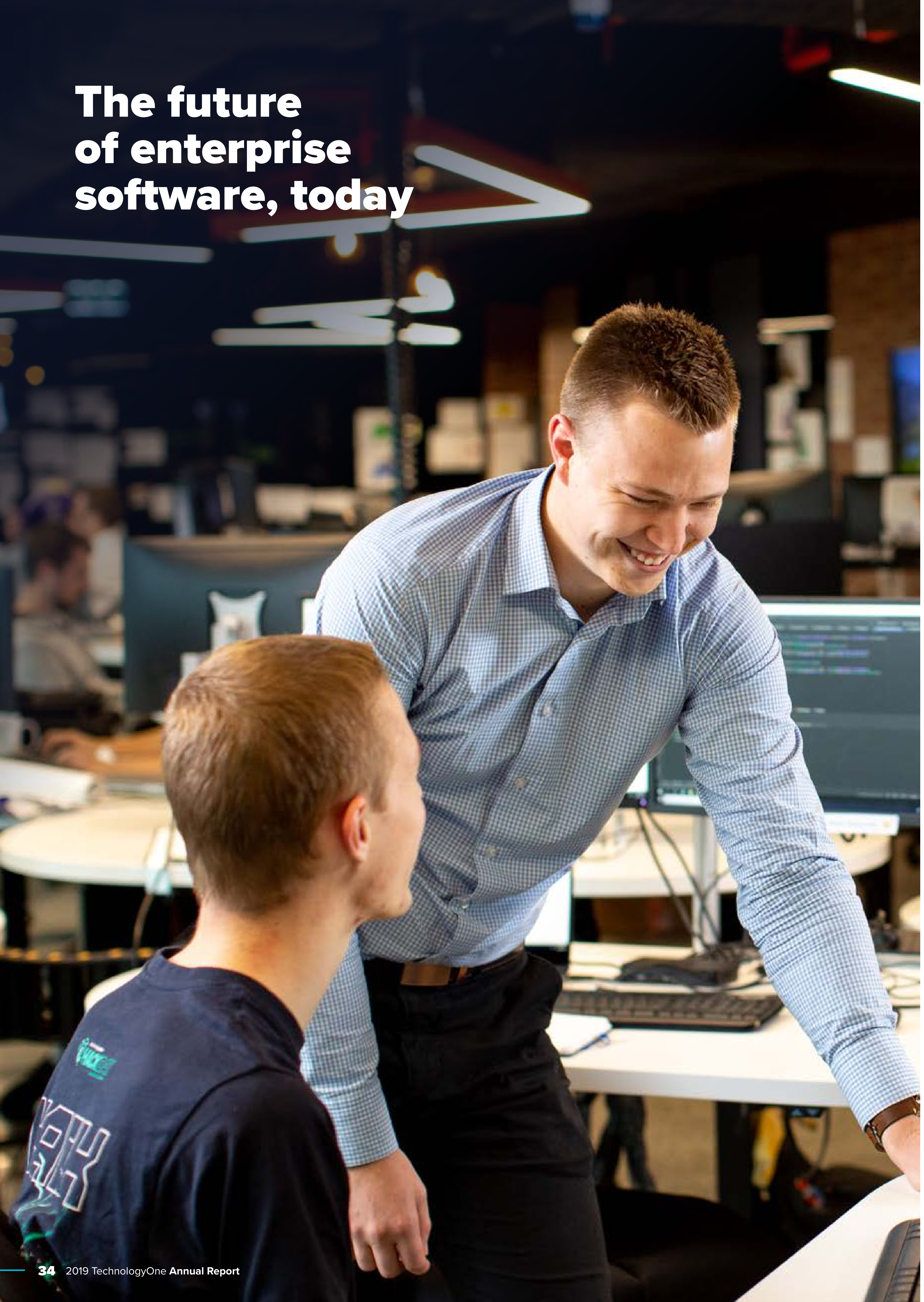
As a leader in the enterprise software market, we have always focused on transforming business. More importantly, we also aim to remove complexity to make life simple for our customers.

Simplicity is a philosophy we continue to embrace in everything we do for our customers. We want to be known for software that is easy, simple and intuitive to use, and that removes needless complexity.

By embracing the simplicity of a SaaS model, we deliver our software in a high performing and secure manner. Our highly available infrastructure has redundancy built in at every level and ensures our customers don't have to worry about running or updating their own software and infrastructure.

By removing the need to manage their computing environment, customers can focus on business, rather than the supporting technology.

The future of enterprise software, today



Our initiatives

Compelling Customer Experience

We continue to recognise that our customers are our compass for the decisions we make, the people we employ and the processes we create. This is why we continue to invest in our Compelling Customer Experience (CCE) program, which provides our people with ongoing development and support in delivering outstanding customer experiences.

Providing a compelling customer experience is fundamental to the way TechnologyOne does business and positions us well to attract customers away from our competitors.

Application Managed Services

A specialised service provider that delivers continuous improvement and lowers the cost of application management, our Application Managed Services (AMS) group drives productivity and cost efficiencies for our customers. The AMS team has many years' experience in running our software and a deep understanding of our customers, enabling them to deliver superior value and outcomes.

We continue to invest in our AMS services to ensure that all customers benefit from our Consulting team's breadth of expertise.

Cultivating a culture of innovation

The innovation and creativity of our team is key to our success. Our developers are leaders in their field who challenge conventional thinking and go beyond the traditional realms of development methodology. Our state-of-the-art R&D centre and initiatives are designed to foster collaboration, creativity and innovations that provide the platform for our future growth. In recent years, we have also learned extensively from how consumers use technology to simplify our enterprise software.

New ideas, new concepts

We are committed to a continuous cycle of redeveloping our software platform from the ground up every seven years. This process leaves no line of code untouched and ensures that we are free to embrace new ideas, concepts and technologies – rather than needing to retain legacy systems.

Over the past 30 years we have completely redeveloped our software platform four times. Since the introduction of SaaS and smart mobile devices, the pace of change is accelerating and our software continues to evolve at a market-leading pace. This year, we extended our research into several new technologies including artificial intelligence (AI) and machine learning (ML).

Our world-class R&D

With a team of more than 400 developers, TechnologyOne runs one of the largest Australian-owned R&D centres for enterprise software. Each year about 20 per cent of our revenue is invested into our R&D program, which continues to produce leading-edge technology that will enable our customers to embrace the digital revolution, streamline their business and improve their experience.

In addition to our R&D centres in Brisbane and Perth, we have offshore R&D centres in Indonesia and Vietnam. This allows us to extend our capability and better support our customers and existing products.

Hack Days

In FY19, TechnologyOne continued its investment in creating an innovative culture through company-wide Hack Days. These sessions encourage innovation, creativity and fun. They also give employees an opportunity to break down silos and participate in projects outside their normal day-to-day work.

Hack Days enable us to showcase some of our emerging leaders by giving our people the freedom to lead outside a traditional organisational structure. All parts of the business are encouraged to participate, regardless of which team or region they are in.

Some of the innovations that have come out of Hack Days have truly transformed the way we operate and have made our customers' lives simpler.

Collaborative facilities

Our 'Hack Space' is an extension of the R&D centre in our Brisbane headquarters. The project area provides a collaborative workspace for aspiring interns, graduates and employees to innovate and develop world-class software.

With technology and design being at the forefront of the concept, the Village Green social areas provide spaces in our offices to showcase the ongoing accomplishments and achievements of the Company in an environment that reflects our products and values.

Throughout the year, we make a point of bringing together our employees globally. This is achieved using state-of-the-art audio visual equipment and technology to connect all regional offices for Town Hall meetings, Hack Days, R&D Showcases and other global company-wide events.

MARVELs

Our annual awards program recognises and rewards high-performing employees. The awards assist in driving our high-performing culture, by providing employees with a benchmark to strive towards. You can read more about our MARVELs program in the Our People section on page 55.

TechnologyOne Foundation

The TechnologyOne Foundation and our approach to charitable giving are key defining factors behind who we are as a company. Our aspirational goals for the TechnologyOne Foundation set the tone for our company culture and demonstrate the values we are looking for in future team members.

The focus of the TechnologyOne Foundation is investment in youth, because it is through the youth that we can have the greatest impact on the future. In line with this, the TechnologyOne Foundation has several charity partners including Opportunity International Australia, The Fred Hollows Foundation, The School of St Jude and The Salvation Army.

Opportunity International Australia

We partnered with Opportunity International Australia (Opportunity), and set a goal to help 500,000 children and their families free themselves from poverty over the next 15 years, through an innovative, entrepreneurial approach to charitable giving.

The partnership with Opportunity will provide small loans to enable families to grow businesses, earn regular incomes and create safety nets for the future. As 98 per cent of these small loans are repaid and then re-lent to other families, the impact creates a ripple effect within communities. Read more in the TechnologyOne Foundation section of this annual report on page 63.

Showcase

Our Showcase events provide an opportunity to demonstrate to customers and prospects how we are transforming the way businesses operate through our SaaS solutions. They also provide an invaluable opportunity for customers and industry leaders to network with peers.

This financial year, we took the TechnologyOne Showcase to several Australian capital cities. This gave us opportunities to engage with hundreds of unique customers and prospects, and strengthen our pipeline of sales opportunities. The events featured discussions of the latest industry trends and insights, and were used to unveil new software developments.

Regional Days

In FY19, we continued to roll out Regional Days for our Sales and Consulting teams to discuss our strategy and goals, strengthen relationships across regions, teams and projects, and to improve engagement across the whole organisation.

06 Our growth

Enterprise SaaS platform

Our ongoing success has been underpinned by the incredible growth of our SaaS business, which doubles in size every 18 months. This is powering the growth of TechnologyOne which continues to double in size every four to five years.

We now have 435 customers on our SaaS Platform.

Our solution is a clear market leader because we are the only enterprise vendor to offer a true enterprise SaaS solution across the entire enterprise.

Unlike many other software providers that use cloud hosting, we own, build and support our software. Because other providers handcraft each customer's environment, they cannot offer similar shared benefits or economies of scale.

Expanding within our geographies

We have 14 offices around the world. These are located in each state and territory of Australia, as well as the United Kingdom (UK), New Zealand, the South Pacific and Asia.

We have adapted our business to meet the differing needs of customers in each of these regions. In particular, we adapt our sales strategies for different regions as we identify new and ongoing customer needs.

We will continue to build on our success and consistent growth in Australia and New Zealand, while also capitalising on the strong growth of our SaaS solution in the UK. We continue to grow our market share in the UK's Local Government and Higher Education sectors, and expect this will contribute significantly to our growth in the years to come.

Expanding within our vertical markets

We operate within six large vertical markets and deliver preconfigured products to enable customers to quickly realise value from our solutions. This lets us specialise, while providing significant room to expand our customer base and grow our solution footprint as we add value for customers.

We have experienced continued success and expansion within each of our vertical markets. The adoption of our SaaS Platform has also enabled us to penetrate our key vertical markets more deeply, by making it easier to reach customers that may not have been suitable for an on-premise solution.

Organisations that do not have the technical capability or resources to roll out our software on-premise can now easily implement our SaaS solution.

Adding value to existing customers

We listen to our customers and make sure we understand their needs, meet their priorities and enable ongoing improvements in their business processes. Our goal is to build proven practices into our solutions and deliver the best software and services available for our customers.

Our Sales and Marketing teams keep customers informed about recent developments and the experiences of fellow TechnologyOne customers. This helps customers further improve their technology systems and business processes and models.

Building on this partnership approach, the TechnologyOne Customer Community has transformed our support experience. As a dynamic group of TechnologyOne experts and customers, the Customer Community provides a world-class support experience to customers. It also enables them to influence product direction, keep up-to-date with industry news and collaborate with other customers.

Expanding our product range and depth

We are working closely with our customers to ensure we meet their ongoing business needs and provide an increasing range of functions within our enterprise solutions. The result is that we continue to extend our product offering by developing additional features and functions – further building on what is already one of the world's most comprehensive enterprise software suites.

By re-engineering all our products, customers can enjoy the same software functionality across any device, anywhere, any time.

Customer Showcase and User Group events

In 2019, we continued a targeted external events program for existing and new customers. Globally, we hosted and ran 55 events including three successful Showcases and eight User Group events. The response from our customers and prospects exceeded our expectations, with representatives attending to engage, network and learn.

Our investment in regional Showcases ensures our customers benefit from a strong community and have the opportunity to collaborate with experts and executives from all areas of the business. At our User Group events, customers can hear from fellow users, build local support networks and learn more about our products.

07 Our operations

Stuart MacDonald

Chief Operating Officer

In 2014, we set ourselves the ambitious goal of transforming TechnologyOne into a global enterprise SaaS business. In FY19, we can truly say we have achieved our goal. With rapid SaaS expansion in the UK, a significant proportion of our on-premise customers transitioning to the cloud and a host of new SaaS clients, FY19 was a year of strong growth. We are proud to be leading Local Governments, Higher Education institutions and organisations in our other key industries into the cloud-first, mobile-first future.

Key achievements in FY19

Building pipeline for our verticals

Our vertical marketing strategy has continued to generate new customer pipeline and deeper penetration into our existing customer base, by applying consistent, industry-aligned messaging throughout our targeted activities. At the same time, our 2019 Intelligent Business Research Services (IBRS) research paper on the current state of enterprise SaaS solutions positioned us as a thought leader in the cloud space.

Disruption in our growth markets

FY19 delivered not only successful customer adoption and outcomes but resulted in the market taking notice that we are disrupting in our growth markets that have traditionally been owned by the likes of Oracle and SAP.

Key examples included signing a 10-year deal with New Zealand energy provider Unison Networks; selling our localised Research Management product to the University of Exeter in the UK; and closing a momentous Student Management deal with the Department of Defence – our biggest of the year.

Expansion in the UK

FY19 was an exciting year for TechnologyOne's UK operations. With our existing customer base secure, we were able to focus on growth. This year we saw a record number of new customers and launches, with the London School of Economics, the University of Exeter and several councils – including our first Northern Irish customer, Mid Ulster District Council – among our key wins.

Strategy for FY20

We look forward to building on the success we enjoyed in FY19, and will continue to guide our existing on-premise customers onto our SaaS Platform, while adding new cloud-first, mobile-first customers to our base. In FY20, we will continue to close new customer acquisitions in our smaller markets, while remaining focused on expanding product takeup within our existing customer base. Anticipating our further growth in the UK market, we will allocate support and other key resources to the region.

Paul Jobbins

Chief Financial Officer and Operating Officer, Corporate Services

The Corporate Services team develops and maintains the operating platform from which the company will continue to grow. We support the Group through strategic business partnering, by providing leading systems and processes that drive efficiency, and by managing our capital and cost base to ensure we optimise return on our investments.

In FY19, we focused on strengthening our resources, skills and systems to ensure we can support the business to achieve growth and scalability, and we are now well structured to provide detailed forecasts, planning and analysis to support sensible business decisions and win new business.

FY19 has seen the company transition to SaaS accounting with the adoption of AASB 15 Revenue from Contracts with Customers. We completed work which commenced in the previous year to establish the systems and processes to support this transition, including revenue recognition processes, new contracts, and new commission and incentive plans.

Information technology

We focused our IT efforts on establishing new systems and processes for the adoption of AASB 15. We also assisted in the testing and development of new TechnologyOne products and modules.

The security of the company's internal systems and networks has been further enhanced, and a unified communications platform has been adopted across the Group, allowing multiple legacy systems to be retired.

Focus for FY20

In FY20, the Corporate Services team will continue to support the business to drive growth in sales to new and existing customers while driving efficiency in internal systems and processes. By partnering with the business, we will assist in the transition of customers to the company's SaaS platform, assist the adoption of more TechnologyOne products by our customers and support winning new customers in the UK and APAC.

Stuart MacDonald

Operating Officer, Sales (Acting)

Our 2019 State of Enterprise Software report, produced with IBRS, uncovered important findings about why organisations may stop short of implementing enterprise SaaS. These insights empowered our Sales team to engage in deeper conversations with our customers, and to meet their questions and concerns head on.

Strategic wins for FY19

Our SaaS sales grew across all sectors in FY19. Our successful expansion in Federal Government continued, and we secured a strong foothold in the UK's Local Government and Higher Education markets. Our key wins included:

- The Department of Defence (Australia)
- Unison Networks (New Zealand)
- York St John University (UK)
- Expansion within TAFE (Qld)
- ACT Health (ACT)
- The Australian Electoral Commission (Australia)
- Taupo District Council (New Zealand)

Looking to the future

Focusing on our on-premise customers' concerns about security, scale and speed, we will continue to educate and guide them towards our SaaS solution. This year, we are planning campaigns to take on the considerable white space within our key industries, which our analysis indicates is a breeding ground for significant growth.

We are pleased with the results of our sales model and will continue to invest in new tools and processes to drive its accuracy and efficiency. In the UK, we will continue to build on this year's success by expanding our product penetration into key markets, with a particular focus on our student solutions.

Brock Douglas

Operating Officer, Consulting

The TechnologyOne Consulting business has this year continued to see results from our transformation agenda, with profit on an upward trajectory and growth in our AMS business.

Stabilisation and improvement

Our commitment to stability and predictability has seen our customer satisfaction rate – measured through post-project surveys – climb, and our project load increase by 15 per cent. As we perfected the balance of our resources with demand, our portfolio quality surged. In line with our five-year strategic growth plan, AMS grew by 17 per cent – a trend we expect to continue.

We were pleased with our run of go-lives, 213 in FY19, representing an 8 per cent Year-on-Year increase — cementing our reputation as a scalable Consulting business capable of achieving our ambitious regional expansion goals.

Team engagement

Our success is partly due to a 20 per cent increase in staff training, which allows our employees to deliver more predictable, consistent and competitive customer experiences.

Employee engagement climbed by 24 points, with our graduate cohort adding a splash of vitality to the Consulting team. Additionally, we are seeing a trend in consultants who had left the business rejoining the TechnologyOne team.

Continuous transformation

We look forward to expanding our UK operations in FY20, and with our recent string of go-lives and a surge in sales growth generating opportunities to increase our AMS presence in this market. We plan to grow by fostering new partnerships and incentivising our Service Delivery Management offerings to deepen our relationships with existing customers.

Anwen Robinson

Operating Officer, United Kingdom

After a two-year consolidation period, FY19 saw TechnologyOne's UK operations enter an exciting new growth period. With an addressable market three times the size of our South Pacific and Asia markets, the UK represents a major pillar of TechnologyOne's future growth platform, and a launch pad for our global distribution. All new UK customers are SaaS users, so our UK strategy aligns with our broader cloud-first, mobile-first vision.

Sustainable growth

Continuing to focus on Local Government and Higher Education sectors, we acquired six new customers and implemented a record number of go lives. The University of Dundee went live with Financials as part of their wider OneEducation implementation as did The London School of Economics. The University of Lincoln also became our first Higher Education customer to go live with TechnologyOne's Student Management product, and we expect other existing customers to follow suit.

New customers Bromsgrove District and Redditch Borough Councils became the first councils to adopt our OneCouncil Human Resources and Payroll product along with Financials, as part of their OneCouncil shared service. And by partnering with Mid Ulster District Council, we broke into the Northern Ireland market, where we expect our footprint to grow.

Looking ahead

In FY20 we will see a major focus on new customer acquisitions. Our strategic partner Amazon Web Services has identified TechnologyOne UK as a strategic growth pillar, and our collaborative partnership will aim to capitalise on this opportunity. As part of our increased investment in marketing and raising our brand profile, we look forward to holding our first UK Showcase in FY20.

Richard Nicol

Group Director, Support & Enhance

Our Support & Enhance team is committed to providing a world-class support experience, and are driven to ensure our solutions are maintained and enhanced to enable our customers' success. To achieve this goal, we have built a culture of service excellence with innovative support tools and processes.

Growth in Support

Our UK Support team doubled in size in FY19. Growth was a common theme across the team: we also expanded in Australia to support and enhance the experiences of an influx of new customers, as well as existing customers with growing product portfolios.

To support this growth and to streamline the customer support experience, we implemented a state-of-the-art global telecommunications and contact centre system. We also expanded the functionality within our increasingly important Customer Community, making it easier for members to collaborate with other customers and to access the extensive knowledge base of information supporting our solutions.

Planning for FY20

This year, we will continue our Customer Community's evolution by incorporating an enhanced customer recognition scheme and additional reporting capabilities. We will take advantage of our new telecommunications system's ability to provide us with analytical insights about the customer support experience. We will use this data to further streamline our support process. This data-driven decision making will become a key focus as we rely more and more on accurate and reliable customer data to steer our path.

We also plan to unite customers on a common software delivery method, to simplify the SaaS transition process. And we are exploring the potential benefits of artificial intelligence as we consider automating common support tasks.

Jane Coe

Group Director, People & Culture

At TechnologyOne, we value our human capital and constantly explore ways to invest in and enable our people to be their best. We know that as our team members' capabilities grow, our business, marketplace and shareholder success accelerates.

During FY19, we invested in building and maturing our People & Culture offering, to ensure our business's continued success. In order to deliver our ambitious goals, we focused on clarifying the roles and responsibilities of our People & Culture team members and optimising our team structure to enable us to transform from a tactical, operational model to a strategic partnership model.

Looking beyond People & Culture, we partnered with the business in an effort to achieve greater structural consistency.

Graduate Program

FY19 saw our award-winning Graduate Program expand beyond Research & Development (R&D), as we welcomed graduates from broader streams including Sales, Support & Enhance and SaaS. We received in excess of 3,000 applications, highlighting the competitive and highly sought after nature of our program.

Career Framework

In continuing to reinforce team members joining TechnologyOne for a career, rather than just a job, we successfully piloted our Career Framework within Consulting. The Framework engages participants on their career paths and ensures they are clear on what it takes to progress, be it laterally, cross-functionally or through promotion.

Paid Parental Leave

TechnologyOne introduced a Paid Parental Leave scheme, where eligible team members in all our global offices, can access paid leave to support their growing families. This serves as a critical retention strategy for our existing team members and will strengthen our ability to attract top talent.

The year ahead

In the coming year, we will continue to foster team engagement with initiatives including the Reward & Recognition Framework and the Corporate Wellness & Mental Fitness program. In particular, we will focus on embedding a culture of accountability where behaviours align with expected results. We will continue to identify opportunities to optimise our organisational structure and implement consistent organisational design principles to achieve greater efficiency and productivity.

Daniel Sultana

Group Director, SaaS (Acting)

Our SaaS business has continued to double in size every 18 months. The ease and speed with which TechnologyOne guides our existing customers' transition from on-premise to SaaS has seen more than 100 customers adopt our SaaS platform in FY19.

Our focus

Our ongoing investment and continued innovation around performance and security allow us to be trusted global leaders in the compliance arena. This, combined with precise capacity planning to deliver an outstanding customer experience remains central to our mission of being the Most Trusted SaaS Platform. Our ongoing investments in automation and innovation is the reason we can provide a faster, more efficient SaaS transition and ongoing services for our customers – and reduce the time it takes for our software's features and functions to reach them.

As we scale, we continue to identify new opportunities to optimise our enterprise software. Each opportunity uncovers a route towards sustainable profit increases, by helping us to deliver greater economies of scale over time.

Highlights from the year

Last year we delivered a range of enhanced security and privacy outcomes for our customers, across all the industries we serve. At the same time, we accelerated the pace of our innovation and improved the features, speed, security, availability and scalability of our SaaS solution. The proportion of revenue coming from SaaS sales increased considerably over FY19.

Strategy for FY20

We will continue to invest in R&D and new technology platforms, as we expect our SaaS business to substantially drive the company's growth into the foreseeable future.

This year, we will focus on increasing our compliance posture, particularly in the Government space. Security and scale will join compliance as key considerations, which we expect will lead to greater efficiencies through improved margins and enhanced customer experiences overall.

Brett Hooker

Director, Research & Development

This year, we announced our Digital Experience Platform (DXP), setting the tone for the next generation of our software with tier-one artificial intelligence. This new software is being adopted by our customer innovation partners side-by-side with R&D to test and prepare it for wider adoption across the marketplace.

We also acted on user feedback to expand our Human Resources & Payroll product's functional footprint. We delivered 21 major software capabilities to support our Higher Education customers across all regions, including strategic initiatives for spearheading future revenue streams from our Student Management product in the United Kingdom. Additionally, we placed resources and investment into strengthening the capability of our next-generation Property & Rating product.

Investing in the future

Our successful graduate program continues to go from strength to strength. To attract and encourage tomorrow's innovators, we put on a range of events this year, including STEAM Labs — a concept originating from a Hack Day idea — aimed at creating a love of technology in our younger generation, and our annual Big Game event between students from the University of Queensland and Queensland University of Technology.

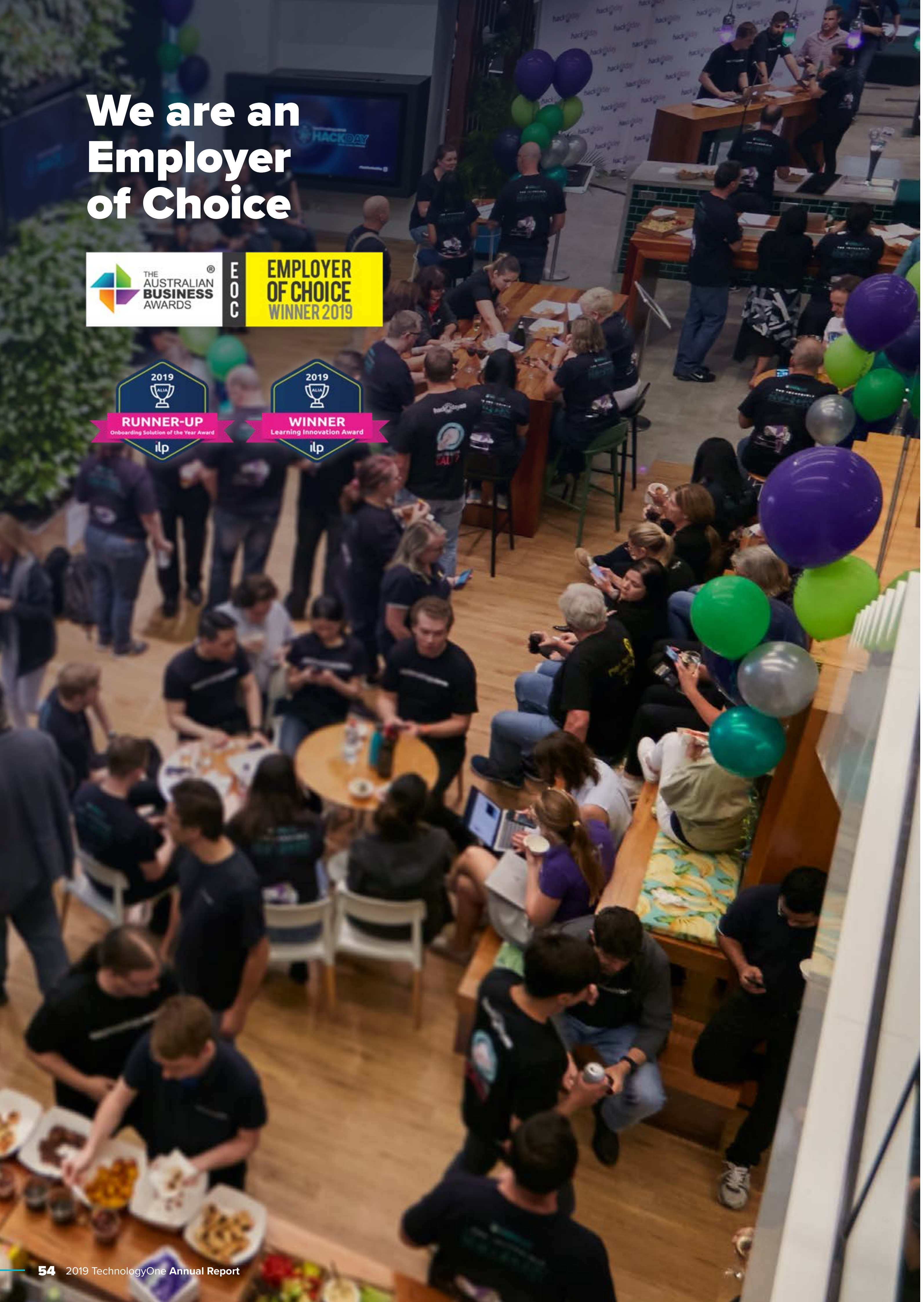
Our vision for FY20

We remain deeply engaged with our customers to ensure we have delivered a best-in-class enterprise product.

In the coming year, DXP will allow us to move closer to our customers' customer – our Higher Education clients' students and our Local Government customers' residents. We will continue to expand the reach of our Student Management product in the UK and our Property & Rating product in Australia and New Zealand.

08 Our people

We are an Employer of Choice



Our people are a crucial source of our competitive advantage, and we strategically invest in activities that support the recruitment, retention and development of individual talent within our workforce.

As a nationally recognised Employer of Choice, TechnologyOne is committed to providing an environment in which our talented people can be innovate, create and realise their full potential.

This year, TechnologyOne received more than 13,000 recruitment applications, processed 62 promotions and facilitated eight international secondments, many of which were employee-initiated.

Extensive onboarding and training

TechnologyOne hires passionate, talented and innovative people who are inspired to think about the future.

Our comprehensive onboarding program provides the best possible start for our people in their careers at TechnologyOne. The TechnologyOne College then continues to support our commitment to developing our people and growing their careers by delivering training in leadership, technical and professional skills development.

This year, we were proud to receive two awards at the Australian Impact Learning Awards; Onboarding Solution of the Year, and the Learning Innovation Award for our onboarding and O-Week programs.

Graduate Program

Our Graduate and Intern Programs form the foundation of our talent pipeline into the future. These programs will continue to expand, and we have developed strategies for investing in and valuing our high performers.

This year, we onboarded 51 new graduates across Australia. These graduates work across our organisation very closely with the company's top engineers, who provide them with valuable skills and experience.

TechnologyOne's Graduate Program was recognised in 2019 as one of the top 20 leading graduate programs in Australia by the Australian Association of Graduate Employers.

Industry partnerships

We are committed to actively fostering a diverse and vibrant information and communications technology (ICT) industry. We want to create interest around this exciting time in Australia's economy and ensure we are engaging early with Australia's youngest and brightest minds in Science, Technology, Engineering and Maths (STEM) subjects.

As part of this commitment, we sponsor the Queensland University of Technology Dean's Scholars Program and the University of Queensland's School of Information Technology and Electrical Engineering (ITEE) ICT Excellence (Prentice) Scholars Program. Many of these students are later channelled into our award-winning internship program.

IT students from both universities take part in TechnologyOne's annual The Big Game event. This gaming tournament gives students a look inside the company's culture and innovative workspaces.

We also partner with the Australian Computer Society (ACS) Foundation to sponsor the national BiG Day In™ series. The series is designed to inspire high school and university students to pursue careers in the IT industry.

Equal opportunity

TechnologyOne takes diversity and inclusion seriously. We advocate for equal opportunity for all, and are committed to addressing the shortage of female technology workers in Australia. To help achieve this, we provide equal pay opportunities for men and women and have a zero-tolerance policy of discrimination and harassment of any kind.

Recruitment and promotion within TechnologyOne is based only on the relevant skills, experience, qualifications, aspirations, potential and aptitude of applicants.

Women make up 36.7 per cent of TechnologyOne's workforce, which is high compared to other IT businesses globally. However, we are committed to further increasing the representation of women by working with strategic partners to encourage more women to pursue STEM-based careers. In doing so, we play a lead role in growing a more diverse pipeline of future candidates to work in technical fields and at TechnologyOne.

Some of the key programs TechnologyOne supported this year included the Tech Girls Movement and the Queensland Women in Technology Awards.

Rewards and recognition

To maintain our high-performing culture, we think it is important to recognise and reward top talent. The annual TechnologyOne MARVEL awards celebrate employees who go above and beyond and showcases ordinary people, doing extraordinary things.

MARVEL stands for Merit, Achievement, Recognition, Values, Excellence and Leadership. Categories for the MARVEL awards are centred around our key initiatives. These include:

- Leader of the Year
- Compelling Customer Experience of the Year
- Hack of the Year
- Rookie of the Year
- TechnologyOne Superheroes

Winners of the MARVELs receive company-wide recognition, and are inducted into TechnologyOne's League of Extraordinary People.

Capability development

We remain focused on implementing innovative programs to hire, retain and develop a high-performing workforce. This is critical to achieving our goal of transforming our customers' businesses and making their working lives simple.

The TechnologyOne Learning and Development team continues to deliver training programs to ensure we are providing our people with the right skills to further their careers and meet customers' needs.

Employee engagement

At TechnologyOne, we value our employees' right to have their say. This year, we conducted Employee Net Promoter Score (eNPS) surveys, which provided a channel for our people to be heard. The results of these will be used to influence ongoing enhancements to our initiatives and programs.

To improve communication across our global offices, we conducted regular Town Hall Meetings in FY19. These enable our executive team to share company updates with all employees simultaneously, by connecting all offices via our state-of-the-art audiovisual equipment.

As highlighted in the 'Our Initiatives' section on page 37, we also continued our investment in Hack Days to give employees the opportunity to collaborate across functional teams and work on projects that fall outside their normal day-to-day work. These Hack Days are key to driving our culture of innovation and creativity.

Our Community Sports program

We support our people in sporting events to encourage health, wellbeing and charitable fundraising. It has been one of the biggest years for our TechnologyOne athletes who made more than 70 requests for event registration over the course of the year. A highlight event this year was the Corporate Games in Brisbane, in which we had over 100 team members participate across more than nine different teams and individual sporting events.

Regionally, our people competed in Wellington Round the Bays, City2Surf, the Gold Coast Marathon, Gold Coast Cycle, Brissie to the Bay, Bridge to Brisbane, the Great Brisbane Bike Ride and Palace to Palace Cycle Ride (UK).

Our Corporate Sustainability scheme

TechnologyOne is committed to managing our business operations in an environmentally responsible manner. Our headquarters in Brisbane's Fortitude Valley has a Six Green Star environmental rating. The building includes numerous environmentally-rated sustainable development features, including 50 per cent more fresh air than standard commercial buildings, carbon dioxide monitoring, external views to maximise daylight, energy-efficient lighting, dedicated exhausts in photocopier areas, a gas-powered generator and a large rainwater collection area on the roof to supply water for the toilets and garden irrigation.

Our people are also encouraged to access and adhere to our Environment Policy. It outlines our commitment to providing an environmentally responsible workplace, ways to engage in sound workplace practices through reducing waste, and giving more cosideration to the use of energy and resources.

For more information see our Corporate Sustainability Report overview on page 58.

Corporate Sustainability overview

Customer

99%

Customer retention

- Customer satisfaction and retention
- Data privacy and security

People

36%

Participation of women, placing us among the best globally in the IT industry.

- Talent attraction and retention
- Workplace diversity and inclusion
- Employee engagement and culture
- Employee training and development
- Employee health and wellbeing

Responsible business

$60m

R&D investment for 2019 (21% of revenue)

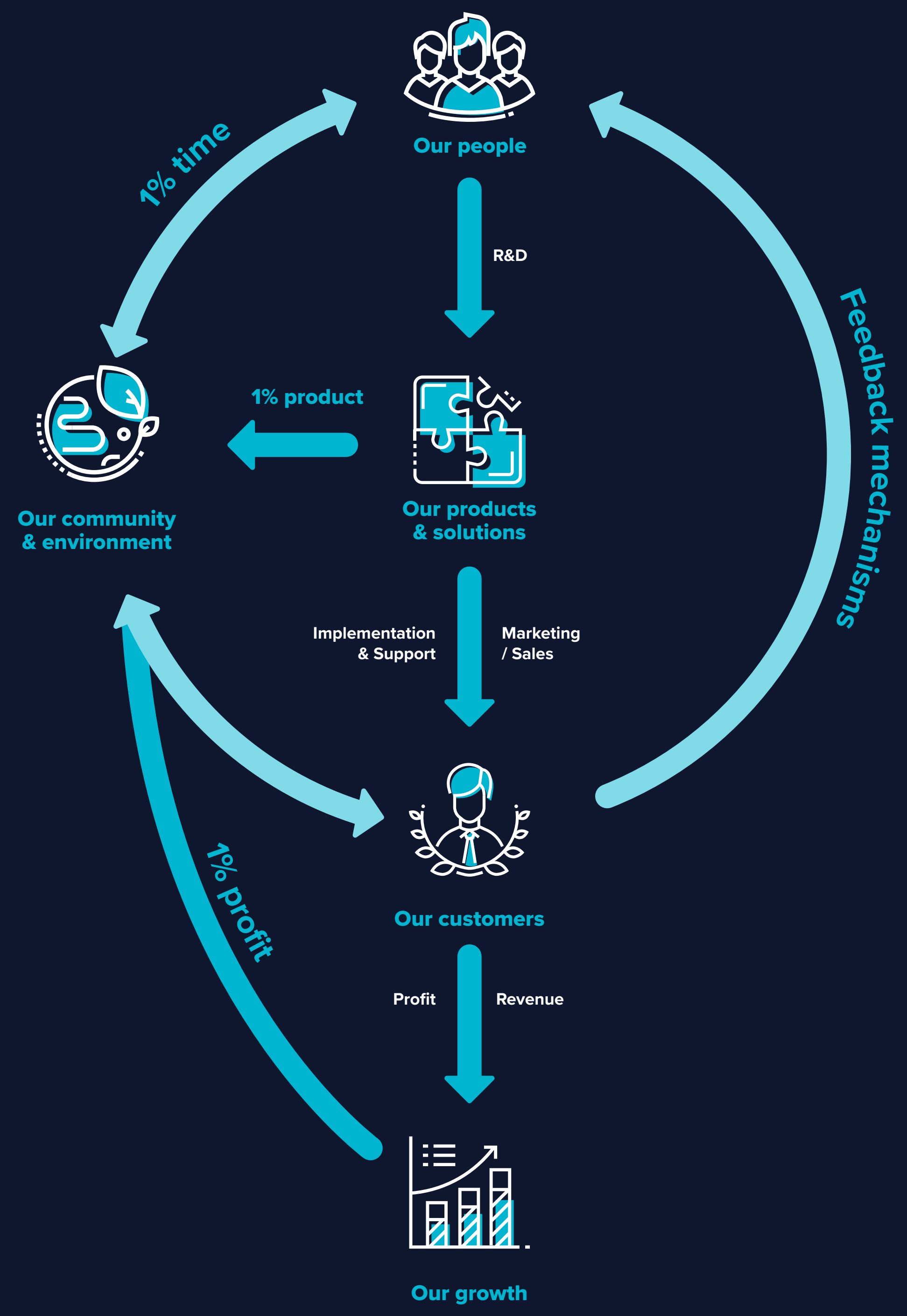
- Ethics, values and transparency
- Innovation
- Compliance

Community and environment

PLEDGE 1%

- $2m global impact in FY19
- Community investment and education
- Environmental footprint

TechnologyOne's approach to sustainability



For the full Sustainablility Report visit our website TechnologyOneCorp.com


technologyone | foundation
unite | donate | participate

Our goal is to help 500,000 children out of poverty by 2032

The TechnologyOne Foundation is dedicated to making a difference to underprivileged and at-risk youth in our communities by empowering them to transform their lives and create their own pathways to success.

We established the TechnologyOne Foundation in 2016 to ensure that charitable giving would become a long-term initiative for our business. It represents a multi-million-dollar annual commitment and it reflects our values, our culture and who we aspire to be.

The 1% Pledge

Our Foundation is part of the Pledge 1% corporate philanthropy movement, which is dedicated to making the community a key stakeholder in every business. In aligning with the Pledge 1% movement, individuals and companies donate 1% of their profit, product and employee time to their communities.

TechnologyOne donates 1% of annual profit to its charity partners, supporting our vision of changing the future by empowering underprivileged and at-risk youth to transform their lives. We partner with a number of key charities, including Opportunity International Australia, The School of St Jude, The Fred Hollows Foundation and The Salvation Army. This strategic approach to charitable giving enables us to make a bigger difference to the causes we support.

Through the 1% product, our commitment is to donate 1% of licence fee revenue each year. This makes it easier for not-for-profit organisations to access our solutions and take advantage of the efficiencies they provide, which in turn extends the impact of their work.

All TechnologyOne team members can also take up to 2.5 days leave each year to volunteer during work hours for charitable organisations. This supports our 1% of time commitment. The 1% Pledge equated to a $2 million commitment by the company in FY2019.

The year in summary

In FY19 the work of the TechnologyOne Foundation was recognised with two awards: Winner - The Australian Business Awards - Community Contribution; and the 20 Best Workplaces to Give Back in Australia in 2019, with $620,000 donated to our charity partners (Opportunity International Australia, The Salvation Army, The School of St Jude, SolarBuddy, Princes Trust, The Fred Hollows Foundation, The Big Issue and The Smith Family). To date we have helped 100,106 children and families out of poverty. This year, we:

- Were honoured to be a Finalist of QCF Community Contribution Award.
- Were also recognised as a Finalist in the AHRI Corporate Social Responsibility Award.
- Won the ABA Community Contribution Award.
- Continued our commitment to a three-year partnership with The Fred Hollows Foundation to support the Vietnam Child Eye Care program, which aims to eradicate avoidable blindness in school-aged children. We have assisted 58,430 children through the Vietnam Child Eye Care program.
- Supported our not-for-profit customers further their services through our 1% product pledge.
- Assisted over 30 charities through our volunteering hours and donations.
- Supported World Vision's work with children, families and communities to overcome poverty and injustice.
- Through company-wide volunteering, we supported 1,000 Solar Buddy lights being assembled and delivered to children in Cambodia and Papua New Guinea living in energy poverty. With access to these lights students are studying 78% longer.
- Sent our IT waste to a local social enterprise initiative, Substation 33, which assists disadvantaged youth to gain confidence and skills for the transition to sustainable employment through the recycling of electronic waste. We donated 1,500kg of waste this year.
- In addition to our major charity partners, the Foundation supported a number of other worthy causes including: The Princess Trust UK, Bond University Indigenous Program, World Vision and various disaster relief programs.

Our work with Opportunity International Australia

- Through our donations to and partnership with the microfinance group Opportunity International Australia we are transforming communities and helping families. We aim to help 500,000 children and their families free themselves from poverty over the next 15 years.
- As a result of this partnership, families in India will be able to access small loans to enable them to build businesses. This will also help them to earn regular incomes to support themselves and plan for the future.
- With funds for initiatives such as starting a shop or buying seeds for a vegetable farm, families can transform their lives and their children's futures. Further, because 98 per cent of small loans are repaid and recycled, the impact creates a positive ripple effect in their communities as more jobs are created. Those jobs might include delivering goods or helping with sewing and weaving orders.

Boosting local communities

With more income and therefore more money to spend on items such as food and transport, families who used to live in poverty become active participants in their local economies. This benefits the providers of those products and services, who are themselves often entrepreneurs.

This virtuous cycle ensures that microfinance provides a long-term boost to economies and helps to develop self-sustaining communities more so than one-time handouts.

Creating change

Micro-entrepreneurs are also able to use their influence to bring about positive changes in their communities. With the confidence that comes with having their own businesses, peeople can begin to seek better infrastructure or educational facilities from government, or bring local families together to take on community projects.

Together with The Fred Hollows Foundation, the TechnologyOne Foundation is restoring sight, fighting for change and empowering communities. Our joint commitment to the three-year Vietnam Child Eye Care program will improve eye health for all Vietnamese primary and secondary school children by encouraging healthy eye care practices to prevent visual impairment. This will benefit:

- 210 primary schools, including 6,581 teachers and 146,326 students
- 150 secondary schools, which includes 5,446 teachers and 102,614 students
- 200 eye care workers who will be trained in primary eye health and 12,027 teachers and school staff members who will be trained in basic eye health during the project cycle.

09 Financial Statements

Directors' report

Adrian Di Marco

Executive Chairman

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 40 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 Fellow of the Australian Computer Society. Mr Di Marco has received extensive recognition for his contribution and pioneering work for the IT industry. He is a major investor in SaaS companies both in Australia and internationally through his Family Office.

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 and 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.

John Mactaggart

Non-Executive Director

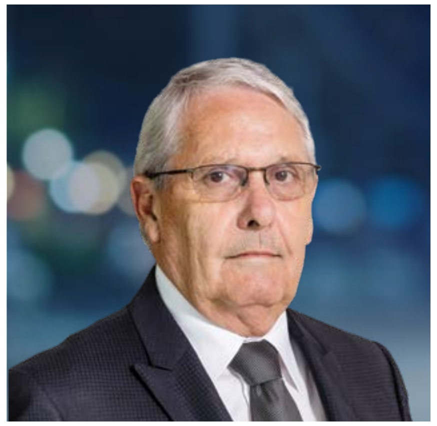
FAICD | Appointed 8 December 1999

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 is 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.

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

Non-Executive Director

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.

Mr Blinco is chair of the Audit & Risk Committee and the Remuneration Committee and a member of the Nomination & Governance 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.

Jane Andrews

Non-Executive Director

GAICD PhD | 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.

Dr Andrews is a member of the Audit & Risk Committee, Remuneration Committee and the Nomination & Governance Committee.

Interests in shares and options

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

Sharon Doyle

Non-Executive Director

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 Venture Capital and Private Equity Association and a qualified member of the Australian Institute of Company Directors.

Ms Doyle is a member of the Audit & Risk Committee.

Interests in shares and options

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

Richard Anstey

Non-Executive Director

FAICD, FAIM | Appointed 2 December 2005

Experience and expertise

Mr Anstey's career has spanned over 35 years. His first company, Tangent Group Pty Ltd, established a strong reputation for the development of software products and strategic management consultancy for the banking and finance sector.

With the sale of Tangent, he then co-founded InQbator/iQFunds in 2000, an early stage investment group focussed upon the technology, telecommunications and life sciences sectors.

Through iQFunds and personally, Rick has co-invested in more than 30 companies with the support of Commonwealth Government programs, Venture Capital Funds and both corporate and personal investors. While being an active Non-Executive Director of his investments, Rick has added value wherever appropriate to maximise shareholder value and has also been actively involved in the trade sale of seven companies to organisations in the US, Europe and Australia.

Mr Anstey is a Board member at the Australian Centre of Excellence for Entrepreneurship (ACE) at Queensland University of Technology, a Board member of the Bond University Business Accelerator Program, a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management. Mr Anstey now continues his career in venture capital and corporate advisory roles through iQFunds.

Interests in shares and options

25,500 ordinary shares in Technology One Limited.

Ron McLean

Non-Executive Director

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 and was appointed as the General Manager in 1994, Chief Operating Officer in 1999 and was promoted to Chief Executive Officer of Operations in 2003.

Mr McLean retired from this role at TechnologyOne on 15 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.

Clifford Rosenberg

Non-Executive Director

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.

Mr Rosenberg is a member of the Remuneration Committee.

Interests in shares and options

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

Stephen Kennedy

Company Secretary

BBus, GDip (AppCorpGov), FGIA, FCIS | Appointed 13 April 2017

Experience and expertise

Mr Kennedy is the Group Company Secretary and Head of Compliance and Risk at TechnologyOne. Mr Kennedy is a qualified Company Secretary through the Governance Institute of Australia (GIA) where he was also a member of the Queensland Council.
He became a Fellow of the GIA and the Institute of Chartered Secretaries & Administrators in 2014. Prior to joining TechnologyOne in 2017, Mr Kennedy was the Assistant Company Secretary for Queensland Rail for two years following 12 years as Assistant Company Secretary for Flight Centre Travel Group, where he had also performed roles responsible for accounting, treasury, insurance and ESOP functions.
Mr Kennedy was appointed Company Secretary on 13 April 2017. He is also a registered Justice of the Peace (JP (Qual)).

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)	Meetings of committees		
		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 $'000	2018 $'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
	35,850	**33,002**

Review of operations

Please refer to Letter to Shareholders on page 10.

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 Letter to Shareholders.

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 and 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 72.

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.

A. Di Marco

Adrian Di Marco
Executive Chairman

Brisbane
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		
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		
Adrian Di Marco	Board Chair Chief Strategy and Innovation Officer	Full year
Executive KMP		
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.

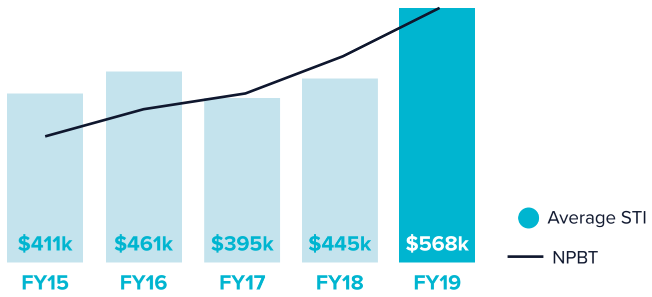
As can be seen from this information, the Executives' remuneration framework has successfully driven performance and the creation of shareholder wealth over the longer term, while at the same time Executives' remuneration has been clearly in alignment with overall Company performance.

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 vs. NPBT

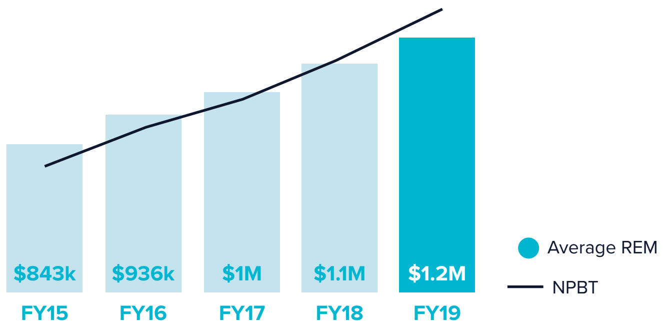


Average STI has grown by 10% which is at a much slower rate than the 13% growth in reported NPBT over the last 5 years

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 REM vs. NPBT



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
E Chung	175,064	1.490	-	582,599	155,482	(2,188)	3,261	1/10/26
S MacDonald	-	1.490	(241,700)	580,554	237,051	-	-	1/10/26
P Jobbins	215,456	1.490	-	212,763	-	(2,693)	4,013	1/10/26

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
S MacDonald	46,885	5.131	46,885	-	(586)	3,007	1/10/26

[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:

	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:

	Target[1]	Testing	Target met	Number of LTIs available for target	Percentage earned	Individual performance factor	LTI's vested and available for exercise
Licence 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	Partial	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

	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. Target CEO remuneration mix (state of contract target)

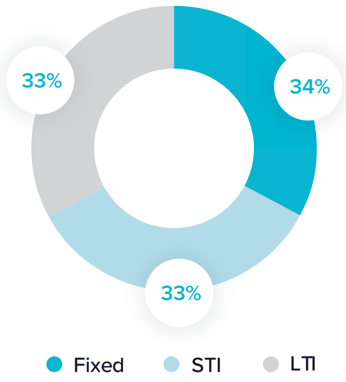
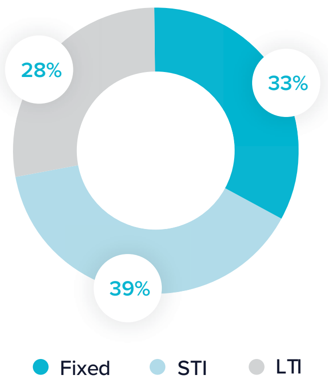


Table 2. CEO Remuneration mix FY19



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. Target Executive KMP remuneration mix (state of contract target)

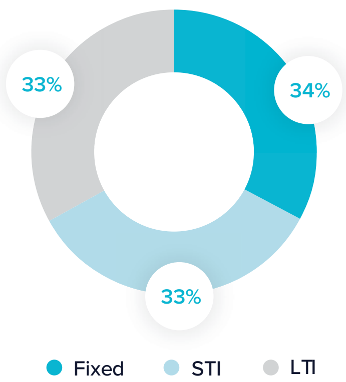
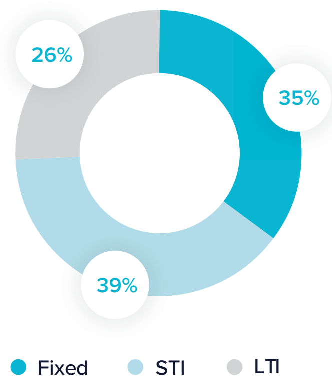


Table 4. Executive remuneration mix FY19



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. Target Executive Chairman remuneration mix

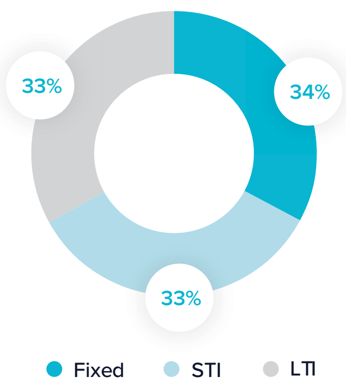
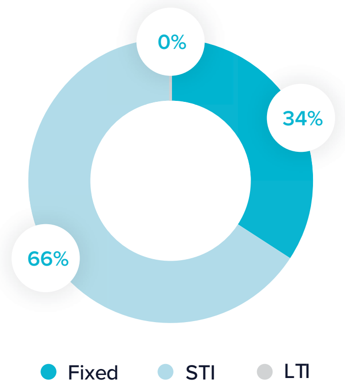


Table 6. Executive Chairman remuneration mix FY19



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:

Feature	Description
Opportunity	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.
Award vehicle	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.
Performance period	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.

Feature	Description
Performance measures	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.

Performance targets[1]	Performance period	Testing	Weighting (all KMP)
EPS growth	3 years	Annual[2]	75%
Relative TSR[4]	3 years	3 years[3]	25%

[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:

LTI feature			Executive KMP and LTI weighting	
Performance targets[1,2]	Performance period	Testing	Edward Chung	Stuart MacDonald
NPAT growth	3 years	Annual[3]	50%	50%
Licence fee growth – APAC	3 years	Annual[3]	-	30%
Sales operating expense growth - APAC	3 years	Annual[3]	-	10%
Customer Retention by ASM Value - APAC	3 years	Annual[3]	-	10%
Customer Retention by ASM Value	3 years	Annual[3]	17%	-
Operating Cash Flow / NPAT	3 years	Annual[3]	16%	-
Company profit before tax margin growth	3 years	3 years[4]	17%	-

[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).

Vesting schedule

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.

Performance achieved	Level of vesting
Meets the stretch hurdle	**100% vesting**
Between stretch and mid hurdle	**vest linearly**
Meets mid hurdle	**50%**
Less than the mid hurdle	**0%**

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.

Allocation methodology

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.

Feature	Description
Board discretion	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.
Change of control	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.
Cessation of employment	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.
Expiry	At the end of the applicable performance period, any LTIs that have vested will expire 5 years after vesting.
Re-testing	We do not revise or re-test our LTIs over the relevant performance period.
Clawback	Yes available
Margin loans	Directors and Executives are not permitted to use TechnologyOne securities as security for margin loans.

5.3.2 Deferred retention bonus

Feature	Opportunity
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.

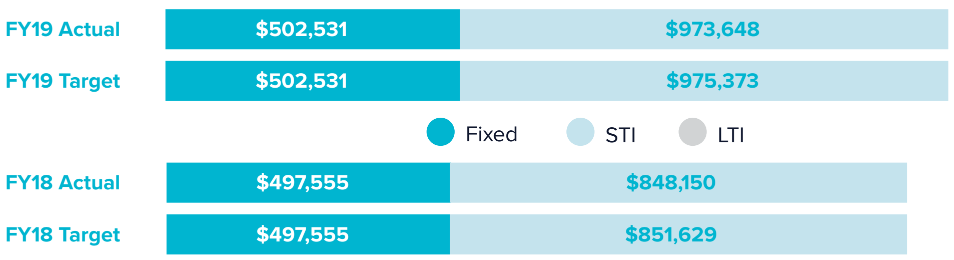
A three-year testing period for Relative TSR is considered most appropriate (as opposed to annual testing over three years) as the performance measure is relative to how our peers are performing over that same period. This aligns with our strategy to create long-term shareholder wealth.

5.4 Detail of Executive remuneration and performance

Adrian Di Marco

Position	Executive Chairman and Chief Strategy and Innovation Officer

Remuneration mix



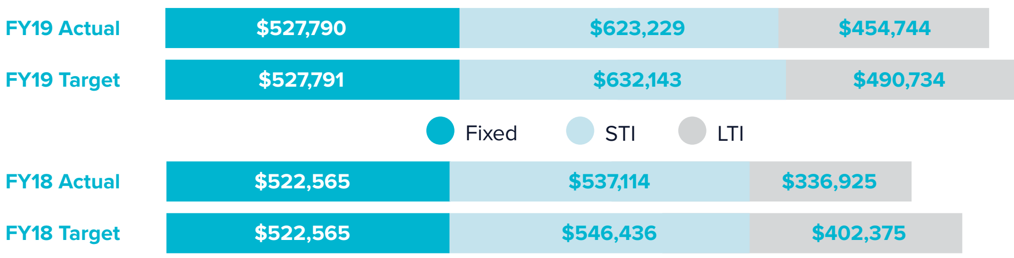
Fixed remuneration	2019 $	2018 $	Notes
Base salary	172,171	360,797	The base salary represents the amount earned for the role of Chief Strategy and Innovation Officer
Chairman's fees	310,548	117,142	The Chairman's fees for the current year has been benchmarked in line with the Group's peers
Superannuation	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	-	-	
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.

Edward Chung

Position	Chief Executive Officer

Remuneration mix

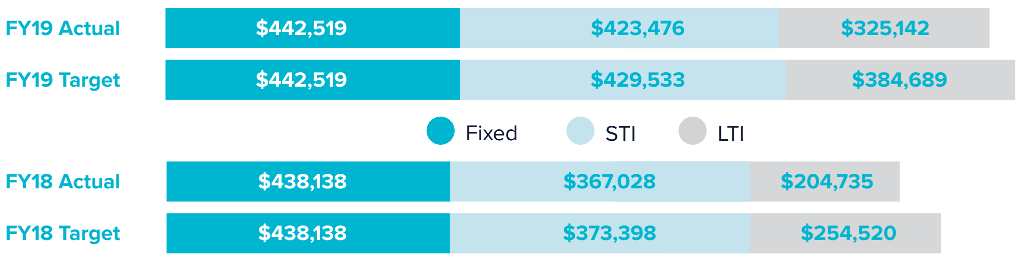


Fixed remuneration	2019 $	2018 $	Notes
Base salary	507,978	502,949	
Director's fees	-	-	
Superannuation	19,812	19,616	
Total fixed remuneration	**527,790**	**522,565**	
STI	623,229	537,114	
LTI new scheme			
Value of share options offered	229,828	115,329	
Value of share options forfeited	(3,261)	(11,316)	
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 folowing 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	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	-	-	

Stuart MacDonald

Position	Chief Operating Officer

Remuneration mix

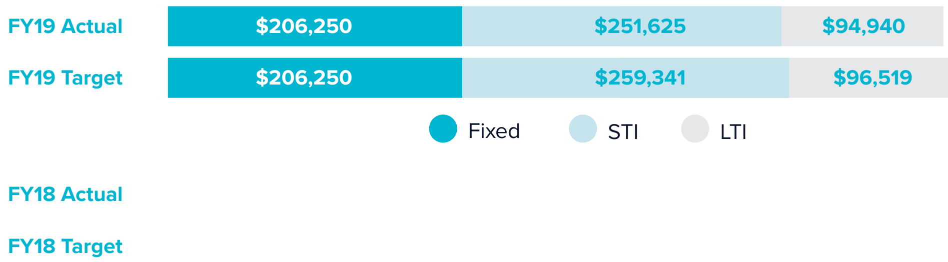


Fixed remuneration	2019 $	2018 $	Notes
Base salary	422,707	418,522	
Director's fees	-		
Superannuation	19,812	19,616	
Total fixed remuneration	**442,519**	**438,138**	
STI	423,476	367,028	
LTI new scheme			
Value of share options offered	234,421	234,718	
Value of share options forfeited	-	(29,983)	
Value 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 folowing 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	-	-	
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	-	-	

Paul Jobbins

Position	Chief Operating Officer

Remuneration mix



Fixed remuneration	2019 $	2018 $	Notes
Base salary	186,438	-	
Director's 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 folowing 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	-	-	
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
Cheif 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)[2]	**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)[3]	**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.

5Tony Ristevski resigned, effective 4 May 2018.

10. Aditional 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 ERPs 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%

c. Risk-free interest rate – 1.98%

d. Price of shares on grant date – $6.13

e. 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 start of the year	Purchased during the year	Sale during the year	Balance at the end of the year
Directors of TechnologyOne 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 start of the year	Received during the year on the exercise options	Sale during the year	Balance at the end of the year
Senior Executive of the Group				
E Chung	399,000	167,000	-	566,000
S MacDonald	-	241,700	(241,700)	-
P Jobbins	-	-	-	-

2018

Name	Balance at start of the year	Purchased during the year	Sale during the year	Balance at the end of the year
Directors of TechnologyOne 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 start of the year	Received during the year on the exercise options	Sale during the year	Balance at the end of the year
Senior Executive 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

Name	Position	Appointed
Adrian Di Marco	Executive Chairman - major shareholder	08/12/1999
Ronald McLean	Non-Executive Director – independent	08/12/1999
John Mactaggart	Non-Executive Director - major shareholder	08/12/1999
Kevin Blinco	Non-Executive Director - independent	01/04/2004
Richard Anstey	Non-Executive Director – independent	02/12/2005
Jane Andrews	Non-Executive Director – independent	22/02/2016
Sharon Doyle	Non-Executive Director - Independent	28/02/2018
Cliff Rosenberg	Non-Executive Director - Independent	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.

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.

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 causal, 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.

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.

Lead Independent Director

The Company will appoint a Lead Independent Director in the next 12 months 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.

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.

The Company Secretary 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:

Name	Position
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:

Name	Position
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:

Name	Position
Richard Anstey (Chair)	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 customer 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 stream 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. 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 TechnologyOne. 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 Act* 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 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 Technology One 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.

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 or as the senior independant director". 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 next 12 months once the new independent non-executive Directors have been appointed and established in their roles.

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

For the year ended 30 September 2019

	Notes	2019 $'000	Restated[1] 2018 $'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 and 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

For the year ended 30 September 2019

	2019 $'000	Restated[1] 2018 $'000
Profit for the year	**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

as at 30 September 2019

	Notes	2019 $'000	Restated[1] 2018 $'000
ASSETS			
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

For the year ended 30 September 2019

	Notes	Contributed equity $'000	Retained earnings[1] $'000	Dividend reserve $'000	FOREX reserve $'000	Share option reserve $'000	Total equity $'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

For the year ended 30 September 2019

	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 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. Consolidated income statement

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.

AASB 16-Leases

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.

AASB Interpretation 23

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.

(iv) 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 Inital 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 licence 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 beutilised.

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.

(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 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, 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 $'000	2018 $'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 USD $'000	2019 PGK $'000	2018 USD $'000	2018 PGK $'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.

At 30 September 2019	Less than 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
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	Less than 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
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 2019	**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 the 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.

(b) Segment information provided to the chief operating decision maker

2019	Software $'000	Consulting $'000	Corporate $'000	Total $'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 $'000	Consulting $'000	Corporate $'000	Total $'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 $'000	Restated 2018 $'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 $'000	2018 $'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 $'000	Restated 2018 $'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 $'000	Restated 2018 $'000
Other income		
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

Profit before income tax includes the following specific expenses:	2019 $'000	Restated 2018 $'000
Depreciation		
Plant and equipment	3,710	3,896
Total depreciation	**3,710**	**3,896**
Amortisation		
Leased office furniture and 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 expenses on operating leases	7,030	6,020
(Gain) / Loss on property, plant & 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 $'000	Restated 2018 $'000
Current tax	8,010	16,090
Relating to origination and reversal of temporary differences	10,534	(12,256)
Adjustments for current tax 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)
Adjustment 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 $'000	Restated 2018 $'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 $'000	Restated 2018 $'000
Aggregate current and defered 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 equivalents

	2019 $'000	2018 $'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 $'000	2018 $'000
Trade receivables (i) (ii)	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.

(ii) 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.

(a) Allowance for expected credit losses

Movements in the provision for impairment of receivables are as follows:

	2019 $'000	2018 $'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

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

12. Non-current assets - property, plant and equipment

	Office furniture and equipment $'000	Leased office furniture and equipment $'000	Computer software $'000	Motor vehicles $'000	Total $'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)
Excange 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)
Excange 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 $'000	Intellectual property/ Source code $'000	Customer contracts $'000	Contract acquisition costs[1] $'000	Software under development $'000	Software in use $'000	Total $'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)	(322)	(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
Accumulation amortisation	-	(3,996)	(277)	(1,379)	-	-	(5,652)
Accumulation 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).

(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.

2019	Software[1] $'000	Consulting[2] $'000	Corporate $'000	Total $'000
Goodwill	23,643	9,608	-	33,251
Indefinite life intangibles	1,362	660	-	2,022
	25,005	**10,268**	**-**	**35,273**

2018	Software[1] $'000	Consulting[2] $'000	Corporate $'000	Total $'000
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 $'000	Restated 2018 $'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**
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 $'000	2018 $'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 $'000	2018 $'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 $'000	2018 $'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 $'000	2018 $'000
Secured		
Lease liabilities	5	5
Total secured current borrowings	**5**	**5**

19. Non-current liabilities - Provisions

	2019 $'000	2018 $'000
Long service leave	2,921	2,588
Make good provision	695	566
Total secured current borrowings	**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.

2019	Annual Leave $'000	Long service leave $'000	Make Good $'000	Service Level Commitment $'000	Total $'000
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 or loss - 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

	2019 $'000	2018 $'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 $'000	2018 $'000
The balance comprises temporary differences attributable to:		
Contract assets	(4,237)	(1,114)
Accelerated depreciation for tax purposes	64	154
Prepayments	(26)	(26)
Capatalised 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 Shares	2018 Shares	2019 $'000	2018 $'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 2018	Opening balance	316,691,676	33,171
	Exercise of options	1,135,905	2,131
30 Sep 2019	**Closing balance**	**317,827,581**	**35,302**
1 Oct 2017	Opening balance	315,442,363	32,152
	Exercise of options	1,249,313	1,019
30 Sep 2018	**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 $'000	2018 $'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 $'000	2018 $'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 $'000	2018 $'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%). The aggregate amount of proposed dividend expected to be paid out of retained earnings, but not recognised as a liability at year end	**27,905**	19,509
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 $'000	2018 $'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**

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 $'000	2018 $'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 $'000	2018 $'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) Utimate 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.

Reconciliation of Level 3 contingent consideration is set out below.

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

	JRA $'000	Total $'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

	2019 $'000	Restated 2018 $'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:

Issue date	Expiry date	Exercise price	Balance at start of the period *Number*	Issued during the year *Number*	Exercised during the period *Number*	Forfeited during the period *Number*	Balance at the end of the period *Number*	Vested and exercisable at end of the period *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	-	(200,800)	-	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)	-	-	-
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)	-	-	-
			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 $'000	Restated 2018 $'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
Retained 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.

Directors' declaration

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 103 to 130 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

Adrian Di Marco
Director
Brisbane
19 November 2019

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia GPO
Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333 Fax:
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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

Ernst & Young

Alison de Groot
Partner
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.

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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

Why significant	How our audit addressed the key audit matter
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.	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.

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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.

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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.

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- 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.

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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

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Shareholder information

The shareholder information set out below was applicable as at 10 December 2019.

(a) Distribution of equity securities

Number of shares	Number of shareholders
100,001 and Over	68
10,001 to 100,000	1,183
5,001 to 10,000	1,235
1,001 to 5,000	4,080
1 to 1,000	3,199

There were 107 holders of less than a marketable parcel of ordinary shares.

(b) Equity security holders

Twenty largest quoted equity security holders

Name	Number held	%IC
JL MACTAGGART HOLDINGS PTY LTD[1]	34,902,500	10.97%
MASTERBAH PTY LTD[1]	23,378,500	7.34%
FIRST STATE SUPER	17,405,882	5.47%
SMITHSON INVESTMENT TRUST	8,778,137	2.76%
INVESCO ASSET MANAGEMENT - US	7,854,226	2.47%
HYPERION ASSET MANAGEMENT	6,884,643	2.16%
BLACKROCK INVESTMENT MANAGEMENT - US	6,833,901	2.15%
COLONIAL FIRST STATE - AUSTRALIAN EQUITIES SMALL CAPS	6,372,956	2.00%
ARGO INVESTMENTS	5,964,564	1.87%
PENDAL GROUP	5,776,379	1.81%
CBUS SUPER	4,703,016	1.48%
VINVA INVESTMENT MANAGEMENT	4,686,446	1.47%
VANGUARD INVESTMENTS - US	4,297,619	1.35%
AMP CAPITAL INVESTORS - AUSTRALIA	3,879,331	1.22%
DFA - US	3,822,163	1.20%
SUNSUPER SUPERANNUATION FUND	3,689,448	1.16%
INVESTORS MUTUAL	3,364,867	1.06%
RIVER CAPITAL	3,129,660	0.98%
WASATCH FUNDS	2,942,373	0.92%
VICTORIAN FUNDS MANAGEMENT CORPORATION	2,927,537	0.92%
	161,594,148	**50.77%**

[1]Substantial holder (including associate holdings) in Technology One Limited.

In their capacity as an investment manager, the following have lodged Form 604 notices as a Substantial Shareholder under section 608 of the Corporations Act: Hyperion Asset Management Limited (7.90% as at 07/12/19) and Pinnacle Investment Management Group Limited (9.04% as at 24/06/19)

(c) Voting rights

All ordinary shares issued by Technology One Limited carry one vote per share without restriction. Options and Performance Rights have no voting rights.

Corporate directory - TechnologyOne Limited

Board of Directors

Adrian Di Marco

Ron McLean

John Mactaggart

Kevin Blinco

Richard Anstey

Jane Andrews

Sharon Doyle

Cliff Rosenberg

Company Secretary

Stephen Kennedy

Australian Business Number

84 010 487 180

Registered Office

Technology One Limited

Level 11, TechnologyOne HQ

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Fortitude Valley QLD 4006

Australia

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International: +617 3167 7300

Branch Offices

Brisbane

Sydney

Melbourne

Canberra

Adelaide

Perth

Hobart

Auckland

Wellington

Kuala Lumpur

Maidenhead

Glasgow

Auditor

Ernst & Young

Level 51, 111 Eagle Street

Brisbane QLD 4000

www.ey.com/au

Lawyer

McCullough Robertson

Level 11, 66 Eagle Street

Brisbane QLD 4000

www.mccullough.com.au

Share Registry

Link Market Services Limited

Locked Bag A14

Sydney NSW 1235

Phone: 02 8280 7454

Fax: 02 9287 0303

www.linkmarketservices.com.au

Stock Exchange Listing

Australian Securities Exchange
(ASX: TNE)

Corporate calendar

The following calendar shows the planned dates for significant shareholder events for the 2020 year.
These dates are subject to change. The declaration of dividends is subject to board approval.

2020 (Year Ending 30 September 2020)	
Annual General Meeting[1]	25 February 2020
Announcement of half year results for 2020	19 May 2020
Media Interviews	19 May 2020
Presentations to Institutions – Sydney (tentative)	20 May 2020
Presentations to Institutions – Melbourne (tentative)	22 May 2020
Ex-Dividend for 2020 Interim Dividend[2]	28 May 2020
Record date for interim dividend[3]	29 May 2020
Payment date for interim dividend[4]	12 June 2020
Announcement of Full Year Results for 2020	24 November 2020
Media Interviews	24 November 2020
Presentations to Institutions – Sydney (tentative)	25 November 2020
Presentations to Institutions – Melbourne (tentative)	27 November 2020
Ex-Dividend for 2020 Final Dividend[2]	3 December 2020
Record date for 2020 dividend[3]	4 December 2020
Payment date for 2020 final dividend[4]	18 December 2020
Distribute 2020 Annual Report (tentative)	18 January 2021
Annual General Meeting (2021 tentative)[5]	23 February 2021

Notes:

[1]Closing date for the receipt of director nominations is 6 January 2020 in accordance with ASX Listing Rule 14.3

[2]The **Ex-dividend date** occurs one business day before TechnologyOne's Record Date.

[3]The **Record Date** is 5.00pm on the date TechnologyOne closes its share register to determine which shareholders are entitled to receive the current dividend.

[4]The **Payment Date** is the date on which TechnologyOne's dividend is paid to shareholders. The payment date is to be 10 business days after the Record Date.

[5]Closing date for the receipt of director nominations is 5 January 2021 in accordance with ASX Listing Rule 14.3

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TechnologyOne (ASX: TNE) is Australia's largest enterprise software company and one of Australia's top 150 ASX-listed companies, with offices across six countries. We provide a global SaaS ERP solution that transforms business and makes life simple for our customers. Our deeply integrated enterprise SaaS solution is available on Any device, Anywhere and Anytime and is incredibly easy to use. Over 1,200 leading corporations, government agencies, local councils and universities are powered by our software.

For more than 32 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology.

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