technologyone

Transforming business, making life simple

Technology One Limited

ABN 84 010 487 180

Appendix 4E and Annual Financial Report for the year ended 30 September 2021

Technology One Limited ABN 84 010 487 180
Annual Financial Report - 30 September 2021

Contents

Appendix 4E

Results for announcement to the market

For the year ended 30 September 2021

(compared to the year ended 30 September 2020)

				2021 $'000	2020 $'000
Revenue from ordinary activities	Up	4%	to	**312,012**	299,018
Profit from ordinary activities after tax attributable to members	Up	15%	to	**72,691**	62,945
Net profit for the period attributable to members	Up	15%	to	**72,691**	62,945

Dividends	**Amounts per security**	**Franked amount per security**
	Cents	**Cents**
Current period		
Interim dividend	3.82	2.29
Final dividend	10.09	6.05
Prior period		
Interim dividend	3.47	2.08
Final dividend	9.41	5.65

The record date for determining entitlements to the final dividend for the year ended 30 September 2021 is 3 December 2021. There will be no conduit foreign income paid on the final dividend. The payment date for the final dividend is 17 December 2021.

Profit for the ordinary activities after tax attributable to members

Breakdown of the revenue figures above

				2021 $'000	2020 $'000
Revenue - SaaS and continuing business	Up	9%	to	293,553	269,774
Revenue - Legacy licence business	Down	38%	to	17,742	28,493
Other income	Down	5%	to	717	751
Revenue from ordinary activities				**312,012**	**299,018**

	2021 Cents	2020 Cents
Basic EPS	22.64	19.75
Diluted EPS	22.52	19.61
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	321,074,997	318,659,285

NTA Backing

	2021 Cents	2020 Cents
Net tangible asset backing per ordinary share	7.11	9.93

Compliance statement

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

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

Signed:

Adrian Di Marco
Executive Chairman

Brisbane
23 November 2021

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Company) consisting of Technology One Limited and the entities it controlled at the end of, or during, the year ended 30 September 2021.

DIRECTORS

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

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

Experience and expertise
Mr Di Marco founded TechnologyOne in 1987, to undertake deep research to build configurable ERP software based on new and emerging technologies, that did not require customisation at the code level. Mr Di Marco has over 35 years' experience in the software industry. He has been responsible for all operational aspects of TechnologyOne, as well as the strategic direction of the company.

Mr Di Marco has played a major role in promoting the Australian IT industry and is a past Director of the Australian Information Industry Association, the industry's peak body. He has been a director of numerous IT companies.

Mr Di Marco is an active investor and supporter of Venture Capital and start-ups both here in Australia and overseas.

He has also been actively involved in charitable organisations and is a past Director of the Royal Children's Hospital Foundation Board. Having established the TechnologyOne foundation, he has in recent years also established the DiMarco Family foundation to support children causes.

Mr Di Marco has received extensive recognition for his contribution and pioneering work for the IT industry. He remains a major shareholder of TechnologyOne.

Special responsibilities
Board Chair and Chief Strategy and Innovation Officer.

Interests in shares and options
17,378,500 ordinary shares in Technology One Limited held beneficially through Masterbah Pty Ltd. 6,000 ordinary shares in Technology One Limited held on behalf of family members. In addition, a relationship deed exists between Masterbah Pty Ltd and JL Mactaggart Holdings Pty Ltd (founding shareholders) – Masterbah Pty Ltd exercises voting rights only in respect of 26,872,500 securities and an escrow arrangement applies to 14,000,000 of those securities. There are no other beneficial rights incumbent on these shares other than voting rights.

Ron McLean
Appointed 8 December 1999.

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

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

Mr McLean joined the Board as a Non-Executive Director in 1992 was appointed as the General Manager in 1994, Chief Operating Officer in 1999 and was 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.

Special responsibilities
Member of the Remuneration Committee (from 1 June 2020).

Interests in shares and options
69,737 ordinary shares in Technology One Limited held beneficially through RONMAC Investments Pty Ltd.

John Mactaggart FAICD
Appointed 8 December 1999.

Experience and expertise
Mr Mactaggart's experience spans industries such as agriculture, agri-tech, manufacturing and software. He co-founded the

Australian Association of Angel Investors Limited, is a co-founder of Brisbane Angels and was the Australian representative of the World Business Angels Association. 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
26,872,500 ordinary shares in Technology One Limited held beneficially through JL Mactaggart Holdings Pty Ltd. 30,000 ordinary shares in Technology One Limited held via the Jontra trust.

Richard Anstey
FAICD, FAIM
Appointed 2 December 2005.

Experience and expertise
Mr Anstey's career has spanned over 40 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 lnQbator/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 of Queensland University of Technology-Entrepreneurship (a university-wide initiative with global collaborations, turning ideas into reality), 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 as a founder of iQ360 Pty Ltd.

Special responsibilities
Chair of the Nomination and Governance Committee.

Interests in shares and options
30,000 ordinary shares in Technology One Limited held beneficially through the Anstey super fund.

Jane Andrews
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.

Special responsibilities
Chair of the Remuneration Committee, member of Audit and Risk Committee and Nomination and Governance Committee.

Interests in shares and options
30,600 ordinary shares held in Technology One Limited.

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

Experience and expertise
Ms Doyle is the Executive Chair 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 Auto & General. 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 qualified member of the Australian Institute of Company Directors.

Special responsibilities
Member of the Audit and Risk Committee and Nomination and Governance Committee.

Interests in shares and options
18,280 ordinary shares in Technology One Limited.

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

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

Mr Rosenberg has more than seven years' experience on the boards of publicly listed companies. His directorships include Nearmap (ASX: NEA), A2B Australia Limited (ASX:A2B) and Bidcorp (JSE: BID). Cliff 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.

Special responsibilities
Member of Remuneration Committee

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

Peter Ball
B Bus, CA
Appointed 2 March 2020.

Experience and expertise
Mr Ball is a Chartered Accountant who has enjoyed a long career in the professional services sector spanning nearly 40 years, initially in audit both nationally and internationally, with the last 30 years in management consulting. Peter was a Partner with KPMG for some 25 years providing a range of professional services and advice to both public and private sector organisations. He has also held senior roles with KPMG including the national leader of KPMG's Strategic Planning and Economic Development service line and more recently as national partner responsible for the finance and operations for KPMG's Government Advisory Practice.

Most of Peter's work involves providing strategic, economic, commercial and business improvement advice to enable organisations to make fully informed business decisions. During his management consulting career Peter has worked across a number of industries including tourism and leisure, gaming and wagering, arts and sports, and state and local governments.

Peter has an entrepreneurial spirit and has been involved with a number of start-ups across a range of sectors including property, education, gaming and the pharmaceutical sector. He is also actively involved in the community/not for profit sector having been a Director of Alzheimer's Queensland for the past 10 years.

Special responsibilities
Chair of the Audit & Risk Committee.

Interests in shares and options
21,900 ordinary shares held in Technology One Limited held beneficially through the Noosa Hill Super Fund.

Pat O'Sullivan
CA, MAICD
Appointed 2 March 2021.

Experience and expertise
Mr O'Sullivan is a Chartered Accountant and has worked across a wide range of industries both as an executive and non-

executive director. His last executive role was the Chief Operating Officer and Finance Director of Nine Entertainment Co Pty Limited, a position he held from February 2006 until June 2012 and prior to that he was the Chief Financial Officer of Optus for five years.

He is currently Chairman of carsales.com and SiteMinder, Deputy Chair of Calvary Health and a non-executive director of Afterpay. He is chairman of the Audit and Risk Committees at both Afterpay and Calvary Health and he is also a member of their Remuneration and Nomination Committees. His previous ASX non-executive director roles include iiNet, iSelect, APN Outdoor, iSentia and Marley Spoon.

Pat is a member of The Institute of Chartered Accountants in Ireland and Australia.

He is a graduate of the Harvard Business School's Advanced Management Program.

Special responsibilities
Board Deputy Chair & Lead Independent Director and member of Audit & Risk Committee

Interests in shares and options
15,509 ordinary shares held in Technology One Limited.

COMPANY SECRETARIES

Stephen Kennedy
B Bus, FGIA
Appointed 13 April 2017.

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

Paul Jobbins
B Bus (ACA), CA, GDipAppFin, MAppFin, GAICD
Appointed 16 December 2019.

Mr Jobbins is the TechnologyOne Chief Financial Officer and EVP - Corporate Services and was appointed as Company Secretary on 16 December 2019.

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 2021, and the numbers of meetings attended by each Director were:

	Full meetings of directors (Board)	Audit and Risk Committee	Nomination and Governance Committee	Remuneration Committee
A Di Marco	11	-	-	-
R McLean	11	-	-	3
J Mactaggart	10(11)	-	-	-
K Blinco	5(5)	4(4)	-	-
R Anstey	10(11)	-	4	-
J Andrews	11	6	4	3
S Doyle	11	6	4	-
C Rosenberg	11	-	-	3
P Ball	11	6	-	-
P O'Sullivan	6(6)	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:

- Technology One Enterprise Asset Management
- Technology One Financials
- Technology One Human Resource and Payroll
- Technology One Enterprise Budgeting
- Technology One Supply Chain
- Technology One Property and Rating
- Technology One Student Management
- Technology One Business Intelligence
- Technology One Enterprise Content Management
- Technology One Performance Planning
- Technology One Spatial
- Technology One Enterprise Cash Receipting
- Technology One Stakeholder Management
- Technology One Business Process Management
- Technology One Timetabling and Scheduling (Syllabus Plus)

DIVIDENDS

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

Ordinary Shares

	2021	2020
	$'000	$'000
Final dividend for the year ended 30 September 2020 of 9.41 Cents (2019 - 8.78 Cents) per fully paid share paid in December 2020 (2019 - December 2019)		
60% franked (2019 - 75%) based on tax paid at 30%	30,225	27,930
Interim dividend for the year ended 30 September 2021 of 3.82 Cents (2020 - 3.47 Cents) per fully paid share paid in June 2021 (2020 - June 2020)		
60% franked (2020 - 60%) based on tax paid at 30%	12,279	11,058
Total dividends paid	**42,504**	**38,988**

REVIEW OF OPERATIONS

On behalf of Technology One Limited (TechnologyOne) we are pleased to announce our twelfth consecutive year of record profit, record revenues, and record SaaS fees.

Our Global SaaS ERP solution is transforming our customers' business and makes life simple for them.

Profit Before Tax up 19% - Our Profit Before Tax was up 19% which was at the top end of guidance, underpinned by the continuing fast growth of the TechnologyOne Global SaaS ERP solution.

TechnologyOne SaaS ARR up 43% organically - The TechnologyOne Global SaaS ERP solution is growing rapidly with SaaS annual recurring revenue (ARR) of $192.3m, up 43%.

End of On-Premise business by October 2024 - During the year we achieved a watershed milestone and announced the end of our On-Premise business by October 2024 which will further drive our SaaS business.

$500m+ ARR by FY26 - With our fast-growing SaaS business and the announcement of the end of our On-Premise business, we are on track to hit our target of $500m+ ARR by FY26. Given the current ARR is $257.5m, this is an additional $242.5m of Annual Recurring Revenue in the next 5 years.

Revenue from SaaS & Continuing Business was up 9%. This is our future state business. By FY24 we expect our total business to be growing by 15+% per annum.

These points are discussed later in more detail.

Results Summary

- Profit Before Tax of $97.8m, up 19%[1]
- Revenue from our SaaS and Continuing Business of $293.6m, up 9%
- SaaS Annual Recurring Revenue (ARR)[2,5] of $192.3m, up 43%
- Total Annual Recurring Revenue (ARR)[2,5] of $257.5m, up 16%
- Total Revenue[3] of $312.0m, up 4%
- Expenses of $214.2m, down 1%
- Cash Flow Generation[4,5] of $63.9m, up 12%
- Cash and Cash Equivalents of $142.9m, up 14%
- Total Dividend of 13.91cps, up 8%
- R&D investment[5] of $77.0m before capitalisation, up 13%, which is 24% of revenue

[1] Profit Before Tax of $97.8m was up 14% on FY20 Underlying Profit Before Tax
[2] ARR represents future contracted annual revenue at year end.
[3] Includes other income of $0.7m
[4] Cash Flow Generation is cash flow from operating activities less capitalised development costs, capitalised commission costs and lease payments.
[5] This is a non-IFRS financial measure and is unaudited

Continuing strong performance

TechnologyOne has consistently delivered strong results since listing on the ASX in 1999. Our ability to deliver these results for 20+ years is due to our clear vision, strategy, culture and our significant investment in R&D.

We see continuing strong growth in the future and expect to double in size again in the next five years.

TechnologyOne SaaS ARR grows 43% organically

The TechnologyOne Global SaaS ERP solution is growing rapidly with SaaS ARR of $192.3m, up 43%. This growth is all organic and includes no acquisitions.

We added approximately 100 enterprise customers this year to our Global SaaS ERP solution and we now have 637 large scale enterprise customers, with hundreds of thousands of users, making it the largest single instance SaaS ERP offering in Australia.

Our Global SaaS ERP solution is delivering a compelling value proposition for our customers providing them any device, any time access from anywhere around the globe as well as a simple and cost-effective way to run their enterprise. This is allowing our customers to innovate and meet the challenges ahead with greater agility and speed, without having to worry about underlying technologies. We take care of all of this, making life simple for them.

This year we continued to win new, large enterprise customers from our competitors. 30+ organisations replaced our competitors' systems, including systems from Oracle, SAP, Microsoft, Tribal and Workday.

TechnologyOne continued to dominate in the Local Government sector, where we closed 20 major deals with $25m+ in total contract value. We have more than 300 council customers in APAC.

In the Higher Education sector, we closed 10 major deals with $30m+ in total contract value, cementing our position as the dominant provider to the APAC Higher Education sector.

End of On-Premise

During the year we announced the end of our On-Premise business by October 2024. This watershed milestone gives our remaining On-Premise customers ample time to make the transition to our Global SaaS ERP solution. TechnologyOne has made the transition to our SaaS solution for our On-Premise customers simple and seamless. They can move to SaaS in weeks not years like those using our competitors' products. We expect 90+% of all our remaining On-Premise customers to move to our SaaS solution, driving the growth of our SaaS business.

By transitioning to SaaS our On-Premise customers will unlock the significant benefits that our SaaS customers already receive including:

- Two releases automatically available each year providing new functionality,
- Eight active data centres,
- Defence in depth security with the highest levels of cyber security certification,
- Always on the latest release,
- Always on the latest technology,
- All products and modules available so that our customers can take on additional products without friction; and
- Save 30%+ on their total cost of ownership.

From here they can easily move to our next generation product, Ci Anywhere (CiA) and take advantage of new technologies such as Artificial Intelligence and our new Digital Experience Platform (DXP) which we are in process of developing.

On track to hit $500m+ ARR by FY26

Our SaaS business continues to grow quickly. The quality of this revenue stream is exceptionally high, given its recurring contractual nature, combined with our very low churn rate of ~1%.

Combined with our announcement of the end of our On-Premise business, this is driving our Annual Recurring Revenue growth.

Our Total ARR is $257.5m, up 16%. We are on track to hit our target of $500m+ ARR by FY26. Given the current ARR is $257.5m, this is an additional $242.5m of annual recurring revenue in the next 5 years.

Our ARR stands at 90% of Total Revenue[1] which means the majority of our revenue is locked-in at the start of the financial year. This positions us well to achieve strong continuing growth in the new year.

[1]Excludes consulting revenue as it flows from business wins and is based on opening ARR of $221.9m.

Our Future State Business, is expected to grow at 15%+ per annum in the next few years, with the cessation of our On-Premise business

Total Revenue was up 4%, but this is not a true indication of our growth, as it includes our Legacy Licence business, which we are aggressively reducing, as we grow our SaaS business.

As planned our Legacy Licence business was down 38% ($10.8m), as we continue to build our SaaS business and walk away from traditional 'On Premise' licences.

If we remove the Legacy Licence business from both FY21 and FY20, our Revenue from SaaS and Continuing Business, which is a key measure of the strength of our business, has grown 9%.

We expect by FY24 our Total Revenue will be growing by 15%+ per annum with the cessation of our On-Premise business.

UK delivers Profit Before Tax of $1.6m, versus breakeven in the prior year

The UK regionalisation of our Global SaaS ERP solution is nearing completion, and we have seen our UK business continue to grow, with SaaS ARR of $9.0m up 20%. We delivered a profit of $1.6 million versus a break even result last year and we see significant opportunities in the coming years.

Consulting Profit Before Tax of $15.6m, up 14%

Our Consulting division delivered Profit Before Tax of $15.6 million, up 14% through continued improvement in culture, systems and processes and disciplined use of our solution implementation methodology. The turnaround of the UK Consulting division continued during the year, with efficiency improving to deliver a profit of $1m versus a breakeven result last year. The total Consulting division's Profit Before Tax margin has improved from 7% in 2017 to 24% in 2021. Our Application Managed Services business for existing customers is moving to recurring revenue with $19.7million now locked in as recurring revenue[2].

[2]Not included in our Total ARR.

Investment in R&D up 13%

TechnologyOne invested $77.0 million in R&D this year, up 13%. This was significantly higher than our normal benchmark of R&D growth of 8%, as we took the opportunity to accelerate R&D into a number of new and exciting areas.

We continued to invest in new exciting ideas and innovations including our new Digital Experience Platform (DXP) for Local Government and Higher Education. The first phase of our Local Government DXP was shipped in 2021. Customer feedback has been excellent and our DXP will set the new standard for ERP.

This year we elevated our Federal Government customers to a new cyber security level as we delivered our Global SaaS ERP solution with IRAP Protected certification. We continue to invest millions of dollars and set the bar higher each year as we deliver the most trusted SaaS solution to our customers. It is not feasible for individual organisations to keep up with increasing costs and complexity of cyber security unless they have adopted a SaaS first strategy.

Our R&D is also focused on extending the functionality and capabilities of our Global SaaS ERP solution.

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

We expect R&D growth over the next few years to return back to the benchmark growth of 8% or less.

Acquisition of Scientia

In September we acquired Scientia Resource Management Limited (Scientia), a United Kingdom company servicing the higher education sector. The impact on our FY21 profit was insignificant.

This acquisition forms part of our strategic focus to deliver the deepest functionality for Higher Education and it will accelerate our growth and competitive position in the UK as well as have significant benefits in the Australian Higher Education market. Scientia's market leading product Syllabus Plus provides mission critical advanced academic timetabling and resource scheduling for over 150 leading universities across the United Kingdom, and Australia.

The acquisition further expands our Global SaaS ERP solution for Higher Education. The integration of the Scientia's advanced academic timetabling and resource scheduling capabilities, combined with our market leading Student Management, HR & Payroll, Enterprise Asset Management and Finance capabilities, will provide smarter decision-making for customers, eliminating underutilisation of space and resources that is paramount for Higher Education across the globe in a post-COVID world.

This is our first international acquisition and demonstrates our deep commitment to both Higher Education and the UK market. The unique IP and market-leading functionality of Syllabus Plus supports our vision of delivering enterprise software that is incredibly easy to use and that substantially enhances our customers' experience in the Higher Education sector. We are excited about the opportunities this will bring to both our UK and Australian customers in the coming years.

Strong balance sheet and cashflows

TechnologyOne continues to have a strong balance sheet with net assets of $190.2 million, up 34% and cash and cash equivalents of $142.9 million, up 14% after making the initial payment for the Scientia acquisition of $11.6 million. Cash Flow Generation was once again strong at $63.9 million for the full year, versus a Net Profit After Tax of $72.7 million. TechnologyOne continues its long history of strong cash flow generation which we expect to progressively grow to match Net Profit After Tax in FY24.

Profit Before Tax margin increases to 31%

Profit Before Tax margin increased to 31% compared to 28% for the prior year. We see margins continuing to improve to 35%+ in the coming years driven by the significant economies of scale from our single instance multi-tenanted Global SaaS ERP solution.

We are on track to double the size of our business once again in the next five years.

Executive remuneration

TechnologyOne remains focused on delivering strong growth and our current remuneration structure positions us well to continue to achieve this both in the short and long-term, as well as ensuring alignment across our Executive KMP.

At a time when many businesses have struggled during the pandemic, TechnologyOne has delivered exceptional growth as follows: organic SaaS ARR growth of 43%, Net Profit Before Tax growth of 19%, the UK achieving profit of $1.6 million and Consulting profit growth of 14%.

There is clear alignment between the performance of the business and executive remuneration. FY21 total executive KMP remuneration grew by 12%, while the company's Profit Before Tax grew by 19%.

Environment, Social, Governance (ESG)

TechnologyOne is committed to its ESG obligations, beyond just regulatory requirements. Last year, TechnologyOne became officially Carbon Neutral and this year is our first year benchmarking and reporting under the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

While the TechnologyOne operations do not have a material impact on the environment, we acknowledge that it is the changing attitude of many that will have a material impact on reducing climate change.

Please refer to the Company's website at: https://www.technologyonecorp.com/company/investors/corporate-governance for our Sustainability Report and Corporate Governance Statement.

Corporate Governance - Board renewal

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. We have made good progress again this year with the appointment of a new and highly experienced independent director, Mr Pat O'Sullivan, who holds a number of directorships for ASX-listed technology companies. Mr Pat O'Sullivan has been appointed Lead Independent Director and Deputy Chair. We now have a majority of independent directors.

TechnologyOne Foundation

The TechnologyOne Foundation defines who we are as a company and is an important driver of our culture and values.

We are committed to making a difference to underprivileged and at-risk youths, by empowering them to transform their lives and create their own pathways of success. We believe that it is through youth that we can have the greatest impact on the future. We have an ambitious goal of lifting 500,000 children and their families out of poverty, which we are on track to achieve.

An important part of the TechnologyOne Foundation is supporting great Australians doing great work, both locally and internationally, which includes the Fred Hollows Foundation, School of St Jude, Opportunity International, Solar Buddy and St James College.

The Foundation will continue to grow with TechnologyOne through our commitment to the 1% pledge – which includes 1% profit, 1% product and 1% time. This represents a $2m + commitment each year. The Foundation will continue to shape the DNA of our company and staff.

Our people and culture

Our people solve incredibly complex business problems for our customers and have delivered our massively broad and deep Global SaaS ERP. We compete and win against the world's largest multinational software companies, who have R&D teams with tens of thousands of staff.

We continue to invest in our people and culture initiatives, including our award-winning programs such as O-week, graduate program, Buddy program, Hack Days, Town Halls and regional days, to highlight a few. We also recognise those team members who live our values and demonstrate the TechnologyOne Way through our annual MARVEL awards. During the year we were able to hold a Company Kick Off, which was a whole-of-company event for team members to hear from our leaders about the future of our products and services, and to reconnect with each other after COVID-19 lockdowns.

TechnologyOne conducts a continual eNPS survey to measure each team and to build our strong and unique culture. All of these initiatives have resulted in TechnologyOne being once again independently recognized as an employer of choice.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 23 November 2021, the Directors of Technology One Limited declared a final dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is $32,454,363 and is 60% franked.

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

LIKELY DEVELOPMENTS

Refer to the Review of Operations section above.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Insurance and indemnity arrangements concerning officers of the Company were renewed or continued during the year ended 30 September 2021.

An indemnity agreement is in place 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:

	2021	2020
	$	$
Ernst & Young:		
Taxation advice and other advisory services	170,131	148,290
Total remuneration	**170,131**	**148,290**

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 17.

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

TechnologyOne has assessed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The outcome of the assessment is discussed in the section below.

TechnologyOne's Climate change position

While the TechnologyOne operations do not have a material impact on the environment, we acknowledge that it is the changing attitude of many that will have a material impact on reducing climate change.

Climate change is both an environmental and economic issue. TechnologyOne accept the science of climate change and are committed to contributing to the decarbonisation of the Australian/Global economy. Given the growing economic and social importance of the IT sector and its integral role in the decarbonisation of the economy, public disclosures on transition and climate-related risks and opportunities are fundamental. We acknowledge climate change as a risk that may impact our operational and financial performance. Therefore, TechnologyOne seeks to fulfil the recommendations of the (TCFD).

To support our first TCFD disclosure, we've completed a high-level review of our practices and the current alignment of disclosures with the TCFD recommendations. Our approach included benchmarking, using high level risk assessment and management review and identification of potential climate-related risks and opportunities.

We understand, as we begin our journey to better assess and integrate climate-related risk that this is a dynamic process, requiring evolution and iteration. This initial, high level review has identified a range of opportunities to further develop and strengthen our approach to climate change risks in future going forward.

Climate Governance
TechnologyOne's broader focus on environmental, social and governance factors (ESG) is overseen by the Nomination & Governance Committee. The responsibility for implementing ESG sits with each Business Division, facilitated by our Group Company Secretary and Head of Compliance and Risk.

TechnologyOne's Board of Directors will ensure that climate-related risks are incorporated into the Company's strategy and risk management framework.

Climate Strategy
To further understand the impact that climate change could have on our business we performed a high-level qualitative assessment of the impact of 2°C and 4°C global warming scenarios on our current business model.

Under the 2°C scenario our key risks include reputational and legal risks associated with a lack of climate risk disclosure, as well as financial risks due to energy use and carbon pricing.

Under the 4°C scenario key aspects of the risks relate to physical damage, network disruptions, missed sales opportunities and health impacts on our staff.

Climate Risk Management
We aim to ensure that our risk management process is dynamic and that the top climate change risks and emerging risks, as they evolve, are identified, managed, and incorporated into our existing risk management processes.

TechnologyOne aims to develop actions and procedures that seek to prevent and reduce climate-related risks, notably our strategy aims to reduce our greenhouse gas emissions (GHG) and decarbonise our activities.

Our GHG decarbonisation strategy involves three phases:
Phase 1: measure (understand the key emission sources)
Phase 2: manage and minimise (reduce energy consumption and associated carbon emissions where practicable)
Phase 3: offset (all or a proportion of our carbon emissions)

Climate Metrics and targets
TechnologyOne conducted a greenhouse gas assessment in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard and Corporate Value Chain.

TechnologyOne's total emissions for FY21 amounted to 5,513.3 tonnes of carbon dioxide equivalent, with Scope 3 emissions being the key contributor (87% of net GHG).

Our carbon footprint from combined third-party services and utilities is a significant contribution to our overall emissions.

We aim to use any arising opportunities to reduce our emissions (e.g. COVID-19 resulted in a significant advancement in video-conferencing making it possible to reduce our GHG emissions associate with air travel). TechnologyOne is proud to say it is carbon neutral for the second year running and has achieved an 18% reduction in greenhouse gas emissions.

Refer to published Sustainability Report for further TCFD related information.

SHARE OPTIONS

Unissued shares
As at the date of this report, there were 4,303,812 unissued ordinary shares under options (4,303,812 at the reporting date). Refer to note 33 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 2,268,446 fully paid ordinary shares in Technology One Limited at a weighted average exercise price of $4.67. Refer to note 33 for further details of the options exercised during the year.

CORPORATE GOVERNANCE STATEMENT

The most recent Corporate Governance Statement can be located at the Group's Website (www.technologyonecorp.com).

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

A. Di Marco

Adrian Di Marco
Executive Chairman

Brisbane
23 November 2021

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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 2021, 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene 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
23 November 2021

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 our Remuneration Report for the year ended 30 September 2021.

The intention of this report is to describe the linkage between our strategic initiatives, remuneration principles and remuneration framework and how these in turn, 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 sustainable shareholder returns. This report provides a:

- Summary of incentive outcomes and alignment to Company performance
- Response to First Strike
- Remuneration framework changes during FY21

Summary of incentive outcomes and alignment to Company performance

This report demonstrates a clear alignment between executive remuneration and shareholder value creation.

As COVID-19 continues the company delivered exceptional results as follows:

- SaaS ARR growth of 43%
- consulting profit growth of 14%
- the UK achieving profit of $1.6m
- net profit after tax growth of 15%.

In summary:

- Total Executive KMP remuneration, grew by 12% year on year. This is below the Company's 19% growth in net profit before tax (NPBT).
- Fixed Remuneration for Executive KMP was not increased in FY21.
- Short Term Incentive (STI) outcomes across our Executive KMP was up 18% in line with growth in reported NPBT of 19%. STIs have been consistently calculated on Executive NPBT across FY20 and FY21. Executive NPBT has always been the basis for STI calculation.
- Deferred STI earned and deferred was up 18% in line with growth in reported NPBT of 19%.
- Our Long-Term Incentive (LTI) plan resulted in 99% of 'at risk' LTI vesting for our Executive KMP. The Board set challenging LTI targets, which drive superior performance and long-term shareholder wealth creation.
- The Board considered whether any discretion on incentive outcomes was warranted during FY21 and concluded that there was no reason to adjust remuneration outcomes as they aligned to shareholder experience and Board expectations of performance given market conditions.

It is important to note KMP remuneration in FY20 was calculated on reported NPBT, rather than underlying NPBT, which is the same as FY21. When comparing growth in STI and Total Remuneration to growth of the results, reported NPBT should be used not underlying NPBT

Response to First Strike

At the AGM on 22nd of February 2021, whilst the majority of votes were cast in favour (61.7%) of the adoption of the 2020 Remuneration Report, there were 38.3% of votes cast against, constituting a 'first strike' under the *Corporations Act 2001*. Proxy adviser and shareholder feedback indicated this was as a result of the Board applying discretion to allow for full vesting of a portion of KMP LTI that related to FY20 performance. The Board exercised discretion for options tranches with a FY20 test, given exceptional performance of the KMP during previously unforeseen circumstances, (i.e. the global COVID pandemic). It is important to note the LTI targets were set before COVID, and were both unrealistic and unfair under these circumstances, and so the Board exercised discretion to rectify the situation. It should be noted the company delivered record revenue (up 4%), record profit (up 8%) and record SaaS ARR growth (up 32%) in FY20. It should also be noted this was the first time, in 33 years, the Company had ever exercised Board discretion.

There has been no Board discretion exercised in FY21.

In FY21 we have also undertaken a detailed review of our Executive Remuneration Framework, in collaboration with an independent executive remuneration advisor, and engaged with shareholders and proxy advisors to understand and address any ongoing concerns.

Changes in FY21

The review of our remuneration framework and remuneration report disclosures resulted in the following changes for FY21:

- Improved readability of the Remuneration Report based on suggestions from proxy advisors and shareholders
- Clarifying that the Malus provision (previously disclosed as 'claw back') for the Deferred STI and LTI involves the Remuneration Committee considering whether or not the Executive KMP has upheld expectations (e.g, as per our code of conduct) and if there are any irregularities or unintended outcomes that would affect the vesting of an award.
- Clarifying that the Retention Bonus is actually an STI deferral component. This is a long-term deferral to ensure alignment with expectations of shareholders and to encourage staff retention. It has been renamed to be Deferred STI and is disclosed separately throughout the Report.
- Disclosing progress against our mandatory shareholding requirement for Non-Executive Directors.

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 will continue to have ongoing dialogue with proxy advisors and our shareholders to evolve our framework as well as its presentation in the remuneration report.

Jane Andrews
Chair, Remuneration Committee

Jane Andrews

Brisbane
23 November 2021

Remuneration Report (Audited)

The remuneration report contains the following sections.

1. About this report

1.1 Basis for preparation of FY21 Remuneration Report

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

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

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

This report has been audited.

1.2 People covered by the Remuneration Report

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

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

Non-executive Directors

Name	Position	Status
Ron McLean	Independent Director Remuneration Committee	Full year
John Mactaggart	Non-independent Director Major shareholder	Full year
Richard Anstey	Independent Director Nomination and Governance Committee Chair	Full year
Dr Jane Andrews	Independent Director Remuneration Committee Chair Audit and Risk Committee Nomination and Governance Committee	Full year
Sharon Doyle	Independent Director Audit and Risk Committee Nomination and Governance Committee	Full year
Clifford Rosenberg	Independent Director Remuneration Committee	Full year
Peter Ball	Independent Director Audit and Risk Committee Chair	Full year
Pat O' Sullivan	Deputy Chair and Lead Independent Director Audit & Risk Committee	Appointed 2 March 2021
Kevin Blinco	Independent Director Audit and Risk Committee	Resigned 23 February 2021

Executive Director

Name	Position	Status
Adrian Di Marco	Executive Chair Chief Strategy and Innovation Officer Major shareholder	Full year

Executive KMP

Name	Position	Status
Edward Chung	Chief Executive Officer	Full year
Stuart MacDonald	Chief Operating Officer	Full year
Paul Jobbins	Chief Financial Officer	Full year

2. 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 Directors on an annual basis.

Prior to the award or vesting of any deferred remuneration including deferred Short Term Incentives (STI) and Long Term Incentives (LTI), the Committee will consider whether there are any irregularities or other factors that would affect the payment or vesting of that award. This is a formal agenda item for the Remuneration Committee.

During the year the Committee engaged an external advisor to review the Remuneration Report. No remuneration recommendations as defined under the Corporations Act (2001) Sect 9B were provided.

3. Executive Remuneration at TechnologyOne- strategy, principles, and target mix

3.1 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, SAP and Workday, 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
- Commitment to simplicity

Our Executive remuneration framework aligns with common practices for ASX200 companies, with adaptations 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 STI portion aligning Executives to current year performance
- Deferred STI component to help further drive long-term shareholder wealth and ensure that we retain high performing Executives
- 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 exposed to the long-term outcomes of the business through the Deferred STI and a larger 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.

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

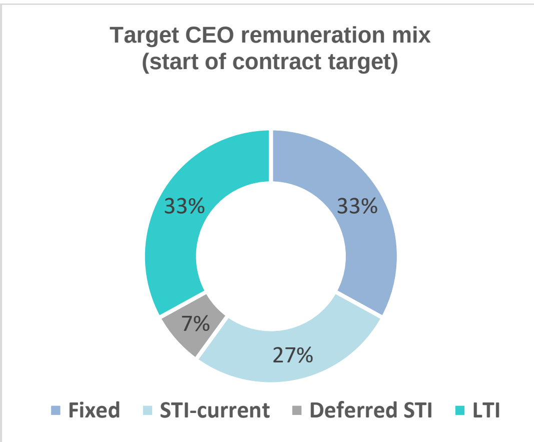
3.2 Overview of remuneration framework

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

	Fixed Remuneration	Short-term incentive (STI)	Deferred Short-term incentive (STI)	Long-term incentive (LTI)
Nature	Base salary plus superannuation.	Defined as payments contingent on a one year performance period.	An amount equal to 25% of the annual STI earned in the year is deferred (i.e. 20% of total STI) and paid at the conclusion of the two-year period following the end of the financial year.	Defined as payments contingent on performance over more than one year. Options and performance rights are subject to meeting performance targets tested over three years
Form	Cash	Cash	Cash	Equity
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.	Deferral enables risk management via Malus Provision and encourages retention.	Creates a focus on long-term performance, with alignment to long-term shareholder wealth creation.
Performance targets	N/A	Percentage of applicable Executive Net Profit Before Tax (NPBT)	Percentage of STI awarded.	- Relative TSR (25%) - EPS growth (75%)
Performance period	N/A	Annual.	Deferred STI is accrued over a three-year period- comprising the annual performance period in which it is determined and a deferral period of two years of service. The Deferred STI component is subject to a Malus Provision in that there must be no irregularities or other factors that would affect the payment of that award.	Three years. The LTI component is subject to a Malus Provision in that there must be no irregularities or other factors that would affect the vesting of the award.

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, based on target STI achievement and maximum LTI achievement. 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 target contract remuneration mix for the CEO at the beginning of a contract (Table 1) and demonstrates how remuneration mix changes over time (Table 2).



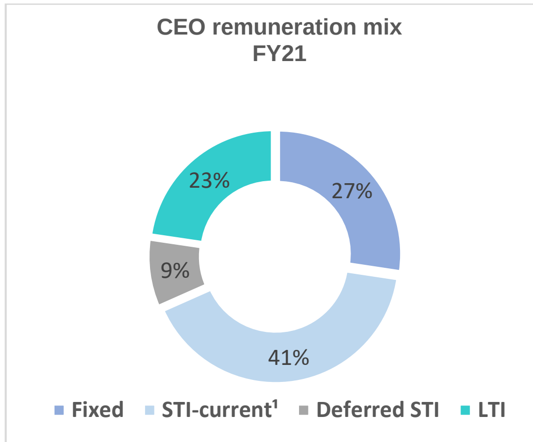
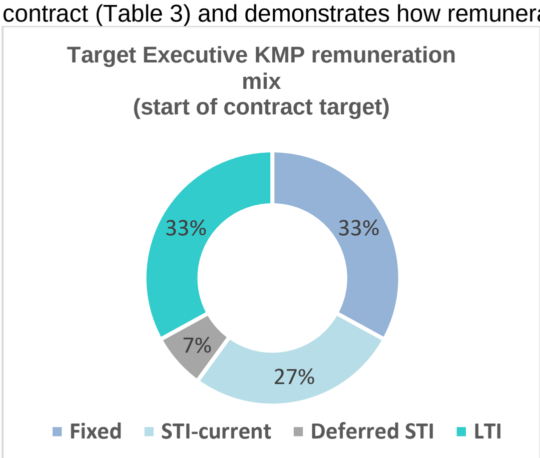


Table 1 **Table 2**

The below represents the target contracted remuneration mix for other Executive KMP at the beginning of a contract (Table 3) and demonstrates how remuneration mix changes over time (Table 4).



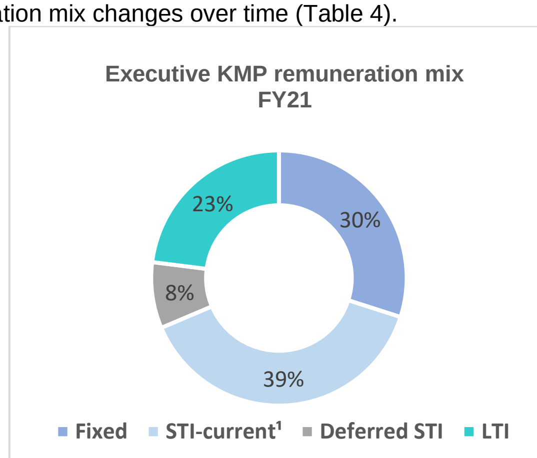
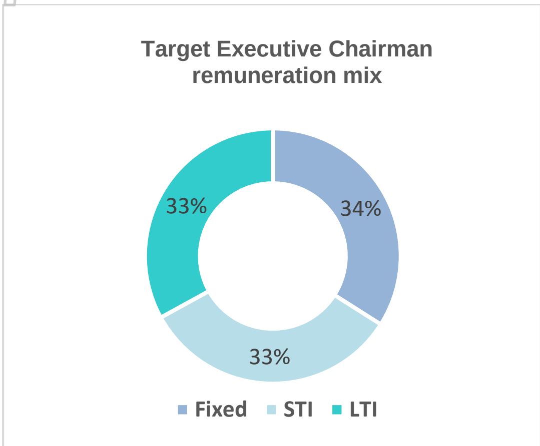


Table 3 **Table 4**

While the STI is the largest component of remuneration, Deferred STI encourages executives to have a sustainable long term mindset when approaching profit generation and when this component is summed with the LTI component, the long term elements of variable remuneration work well in conjunction with the short term elements.

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



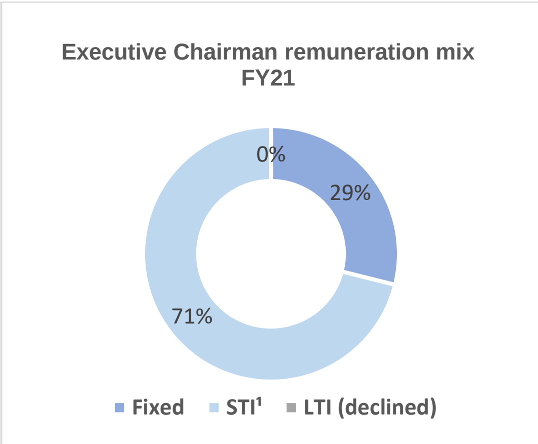


Table 5

Table 6

[1] The growth in STI-current as a proportion of overall remuneration seen in the graphs above arises due to the STI award being uncapped on both the upside and the downside. Refer to section 4.2 for more details on the STI-current.

4. How Executive Remuneration is structured

4.1 Fixed remuneration

Fixed remuneration comprises base salary and superannuation.

Fixed remuneration was not increased for FY21.

4.2 Short-term incentive

Executives participate in an STI plan which is based on Executive NPBT[1]. 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 applicable Executive Net Profit Before Tax[1]. The percentage is determined at the outset of the executive's contract and remains fixed for the contract period for each Executive KMP. Refer to section 7.5 below for each Executive's agreed percentage. STI awarded is uncapped to encourage over-achievement, drive performance in the current year and the creation of long-term shareholder wealth. Given expected growth in NPBT over time, the longer the executive stays with TechnologyOne, the greater the weighting of the STI component of total remuneration in comparison 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 following this table. This effect encourages retention of outperformers by increasing their earning potential the longer they stay with the Company, which aligns them with shareholders
Award vehicle	Cash
Performance measures	The STI is based on a percentage of applicable Executive Net Profit Before Tax[1]. This effectively aligns the target incentive with shareholder return since share price has trended with the increase in earnings. TechnologyOne's use of STIs differs from most other organisations in that it utilises only one performance measure 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. As a SaaS company, NPBT is critical to driving long term shareholder wealth. This is because the winning of new business, drives NPBT growth in the current year. This winning of new business translates to growth in annual recurring revenue (ARR)[2] in a SaaS company, which results in contracted returns for the business in the future. Therefore, although the KMP are rewarded in the short term for increases in profitability, the Company and shareholders continue to reap the benefits of that increase in profitability for the foreseeable future.
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. Market value is contingent on high and sustained annual growth. Likewise, if the Company under-performs (e.g. loss of customers) or the results in a year are lower (e.g. impairment), there is a significant financial impact to Executives 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. This ensures that Executive awards are aligned with shareholder returns.

	The STI framework aligns performance with remuneration outcomes encouraging over performance and penalising under performance.
Malus/Clawback	The ability to apply Malus Provision or clawback to Deferred STI exists in the unlikely event that business outcomes differ materially from expected or if there are any irregularities or other factors that would or have affect the payment of that award.
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.

[1] Executive Net Profit Before Tax is calculated based on company profit before tax and before the Executive STI is deducted. For the Executive Chair the Executive Net Profit Before Tax is based on company profit before tax before the Chair's STI is deducted.

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

TechnologyOne Executives have an STI set at the start of their contract which is typically 33% of their total targeted remuneration. As noted above, this percentage of their total remuneration will increase with the Executive's tenure. The best way to consider the mechanics of the TechnologyOne STI is by way of the following worked example.

Worked example

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

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, applies for this employee 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)

Assuming an ambitious profit target increase of 15% per annum and actual profit increases of 12% per annum and CPI of 1% per annum, the following illustrates the operation of the STI.

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	43.64	0.75%	336,030	327,264
3	306,030	50.18	48.87	0.75%	376,354	366,536

4.3. Deferred STI

Feature	**Description**
Opportunity	TechnologyOne introduced a Deferred STI in the FY19 year. An amount equal to 25% of the annual STI earned in the year under review is deferred (i.e. 20% of total STI) and paid at the conclusion of the two-year period following the end of the financial year.
Award vehicle	Cash
Cap	For the same reasons outlined in section 4.2 for the STI, this Deferred STI is also uncapped on both the upside and the downside.
Deferral period and service requirements	The award will only be paid 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.
Malus/Clawback	The Deferred STI component is subject to a malus/clawback provision in that there must be no irregularities or other factors that would or have affected the payment of that award.

The following provides a worked example to illustrate the operation of the Deferred STI.

Amounts recognised for Deferred STI

As can be seen from the table below, the Deferred STI expense is recognised over a three-year period, being the year on award plus the two years of deferral.

							Amounts recognised for Deferred STI				
FY	**STI Measure**	**STI %**	**Financial result ($m)**	**STI-received immediately ($)**	**Deferred STI %**	**Deferred STI**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
1	NPBT	0.75%	38.96	292,200	25%	73,050	24,350	24,350	24,350	-	-
2	NPBT	0.75%	43.64	327,264	25%	81,816	-	27,272	27,272	27,272	-
3	NPBT	0.75%	48.87	366,536	25%	91,634	-	-	30,545	30,545	30,545
							24,350	**51,622**	**82,167**	**57,817**	**30,545**

The total value of the Deferred STI award is retained and will only be paid at the conclusion of the two-year period following the end of the financial year. The Deferred STI component is subject to a Malus Provision in that there must be no irregularities or other factors that would affect the payment of that award. For accounting purposes, the expense in relation to this award is recognised over the total three-year deferral period. The Deferred STI was introduced for the first time in FY19. The value included for FY19 represented one third of the FY19 award value. The value included for FY20 included one third of the FY19 award value plus one third of the FY20 award value. The value included for FY21 includes one third of the FY19 award value plus one third of the FY20 award value plus one third of the FY21 award value.

4.4 Long-term incentives (LTI)

LTI remuneration for TechnologyOne Executives is made up of a share-based remuneration element.

4.4.1 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 LTI options and/or rights issued each year (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.
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. The executive has a choice between options or zero price options (performance rights).
Performance period	For LTI grants issued during FY20 and onwards, performance is measured at the end of a three-year performance period only (i.e. no annually tested LTI measures). The test performed will be average annual growth over the three-year performance period. This is consistent with best practice and further aligns our LTI plan with the creation of long-term shareholder wealth. For LTI grants issued prior to the end of FY19, performance is measured over a three-year performance period with individual and Company targets tested annually or at the conclusion of the three-year performance period. The performance period commences at the beginning of the fiscal year of the grant date and extends for three years to a vesting date. The number of options and/or rights 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 with an annual target, 1/3 of the relevant tranche is tested in accordance with annual performance, however, the LTI will not vest until the end of the overall three-year performance period. For accounting purposes, the expense is recognised in accordance with AASB 2 Share Based Payments over the three-year period

<table>
<tr><td>Performance measures</td><td>Performance measures for the most recent LTI grants are
- 25% of the options vest based on Relative Total Shareholder Return (rTSR) against the constituents of the ASX All Technology (XTX) index
- 75% of the options vest based on EPS Growth</td></tr>
<tr><td>Vesting schedule</td><td>For each performance target there is a mid and stretch target. Mid hurdles have been calculated so that if they are achieved, this will create substantial shareholder wealth.
<table>
<tr><th>Performance Metric</th><th>Growth <5%</th><th>5%<= Growth > 15%</th><th>Growth >= 15%</th></tr>
<tr><td>EPS growth</td><td>0% vest</td><td>50% vest at 5% growth with linear vesting (50% to 100%) up to 15% growth</td><td>100% vest</td></tr>
</table>
<table>
<tr><th>Performance Metric</th><th>Percentile < 50%</th><th>>=50% <75%</th><th>Percentile>= 75%</th></tr>
<tr><td>Relative TSR[1]</td><td>0% vest</td><td>50% vest at 50% relative TSR with linear vesting (50% to 100%) up to 75% relative TSR</td><td>100% vest</td></tr>
</table>
The number of options that vest at the end of the relevant performance period is determined as follows:

Number of LTIs earned per three-year performance target = Number of LTIs available for that target x percentage earned x individual performance factor[2]
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[2]

[1] Relative TSR targets are determined with reference to our peer group. Our peer group is defined as those constituent companies making up the ASX All Technology Index (XTX).
[2] The individual performance factor is typically 100% unless Malus Provision is applied.</td></tr>
<tr><td>Allocation methodology</td><td>The LTI is allocated based on the cost of the option which is calculated with the strike price being the volume weighted average price (VWAP) over the 10 days prior to the grant date with no discount for the likelihood of performance conditions being met.</td></tr>
<tr><td>Fair value methodology</td><td>The fair value of the LTI related to EPS growth is calculated using the binomial method and the fair value of the LTI related to TSR is calculated using the monte carlo method, in accordance with AASB 2 Share-based payment.</td></tr>
<tr><td>Board discretion</td><td>In situations where the Vesting Conditions are affected by factors beyond the control of the employee (e.g. global pandemic, trade restrictions, war, large-scale natural disasters, profit windfalls or unforeseen tailwinds), the Board has discretion to increase or decrease the number of LTI options and/or rights vesting.

The Board 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.

For any single performance metric, the Board also has discretion to apply an Individual Performance Factor (IPF) to adjust the number that vest to take into consideration exceptional performance or contribution by an employee. The Board has the authority to increase the number of options vesting for any particular performance metric by up to 200%. The extent of this discretion is capped such that the total number of LTI instruments that vest will never exceed the maximum LTI opportunity, represented by the total number of LTI options and/or rights offered for all performance targets for an executive in that year.</td></tr>
<tr><td>Change of control</td><td>The Board has discretion to determine the extent to which LTIs vest based on the period elapsed since the start of the performance period and the performance at the time of any change of control event.</td></tr>
<tr><td>Cessation of employment</td><td>Awards lapse unless the Board determines otherwise, in which case it considers performance of the individual over the relevant period up to the date of cessation of employment.</td></tr>
<tr><td>Expiry</td><td>At the end of the applicable performance period, any LTIs that have vested will expire 5 years after vesting.</td></tr>
<tr><td>Re-testing</td><td>We do not revise or re-test our LTIs over the relevant performance period.</td></tr>
<tr><td>Malus</td><td>The LTI component is subject to a Malus Provision in that there must be no irregularities or other factors that</td></tr>
</table>

	would affect the vesting of the award. Under the Malus Provision the Board has the ability to vary the LTI as appropriate e.g. reduce, forfeit, defer for longer period.
Margin loans	Directors and Executives are not permitted to use TechnologyOne securities as security for margin loans.

The following provides a worked example to illustrate the operation of the LTI

Feature	**Description**
Award vehicle	Options
Vesting period	3 years
LTI grant value	$300,000
LTI metrics and weighting	EPS (75% weighting) and relative TSR (25% weighting)
Fair value of share option at grant date	$1.50
Share price at grant date	$7.65
Exercise price	$7.39
Assumed growth in share price over the vesting period	30%

Amounts recognised for LTI

FY	**LTI metrics**	**Weighting**	**Grant number**	**Fair value**	**Share price at grant**	**Exercise price per share**	**Year 1**	**Year 2**	**Year 3**
1	EPS growth %	75%	150,000	225,000	7.65	7.39	52,500	67,500	105,000
2	Relative TSR	25%	50,000	75,000	7.65	7.39	17,500	22,500	35,000
			200,000	**300,000**			**70,000**	**90,000**	**140,000**

For the Year 1 tranche of LTIs, the fair value is $300,000, recognised over 3 years, as shown above. The proportion recognised increases from year 1 to year 3 as the likelihood of vesting increases. For the purposes of this worked example, we have assumed that the fair value of options granted with each metric is the same.

5. Key questions

Key questions	TechnologyOne approach
Why does our remuneration framework have such a high weighting towards variable remuneration?	Our Executive Remuneration Framework aligns with many common practices 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 • Deferred STI component to help further drive long-term shareholder wealth and ensure that we retain high performing Executives • 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 exposed to the long-term outcomes of the business through the Deferred STI and a large long-term incentive (LTI) component. 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 is the KMP LTI based on EPS growth and Relative TSR?	In FY19, earnings per share (EPS) growth and relative total shareholder return (TSR) were introduced to replace historical LTI measures, which included net profit after tax (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 creation of shareholder wealth relative to our peers over the long term. The introduction of these two new measures ensures we have LTI targets which are more directly aligned with trends in shareholder wealth over the long term. There is debate among proxy advisors about the use of TSR as an LTI metric, with some for and some against. Relative TSR may not be particularly useful as an incentive on its own, as management have little direct influence over outcomes, however, when combined with the EPS growth metric (which has been given a higher weighting) we feel it results in a very effective LTI for our Executive KMP. The combination of these metrics ensures that Executives are aligned with shareholder wealth creation (EPS growth) and also ensuring that performance is better than that of our peers (rTSR).
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 net profit before tax (NPBT) ensures there is clear line of sight for Executives and transparency for shareholders as to how STI awards are determined. The setting of NPBT as the measure (rather than components contributing to NPBT) give executives the flexibility to be agile and choose appropriate strategies based on the market environment and arising opportunities to meet their targets. NPBT incorporates the outcomes of the key drivers of our business including winning new annual recurring revenue through new and existing customers, customer retention, expense management and margin expansion.
What is the rationale for	An important element of the success of our STI has been that it is uncapped on the upside

having an uncapped STI?	and downside. 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 significant flow on effect in future years through the greater annual 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 each year, and the greater benefit to our shareholders through an ever-increasing recurring revenue base. Likewise, if the Company under-performs (e.g. loss of customers) or the results in a year are lower (e.g. impairment), there is a significant financial impact to Executives 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 percentage is significantly lower than our ASX-listed peers, under-performance has a significant, negative impact on their total remuneration. This performance measure is well-aligned with the interests of shareholders, as NPBT outcomes above target, rewards shareholders as well as executives. Poor performance also "penalises" executives as well as shareholders.
Why did we introduce a Deferred STI	A Deferred STI was introduced in FY19 where an amount equal to 25% of the STI earned in the year under review is awarded and deferred for a period of two years (i.e., 20% of total STI). The award is only paid out to the Executive if they remain in employment with the Company for the entire deferral period. This deferral: - Assists in retaining high performing Executive KMP - Helps further drive long-term shareholder wealth via executive skin in the game, fostering a long term mind set among executives - Provides opportunity to forfeit the award. Prior to its award or vesting, the Remuneration Committee will consider whether there are any irregularities or other factors that would affect the payment or vesting of that award.

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

6. Relationship between remuneration and Company performance

6.1 TechnologyOne's five-year performance

The below table sets out information showing the creation of shareholder wealth for the years ended 30 September 2017 to 30 September 2021. Profits and dividends have grown over the last five years, and growth in the fair value of executives has not exceeded growth in profits over the period.

	2017[1]	**2018[1]**	**2019**	**2020**	**2021**
Actual profit before tax reported ($'000)	58,019	66,528	76,389	82,470	97,843
Profit before tax growth	9%	15%	15%	8%	19%
Total dividend including special (cps)	10.18	11.02	11.93	12.88	13.91
Earnings per share (basic)	14.20	16.14	18.43	19.75	22.64
EPS growth	7%	14%	14%	8%	15%
Share price at start of period	5.94	5.02	5.58	7.18	7.94
Share price at end of period	5.02	5.58	7.18	7.94	11.36
Annual Total Shareholder Return (TSR)	(14%)	13%	31%	12%	45%
3-year TSR	78%	39%	35%	58%	97%
LTI vesting as a % of maximum	100%	76%	72%	98%	99%

[1] Accounting for revenue for these periods remains under AASB 118. They were not restated in this table for AASB 15

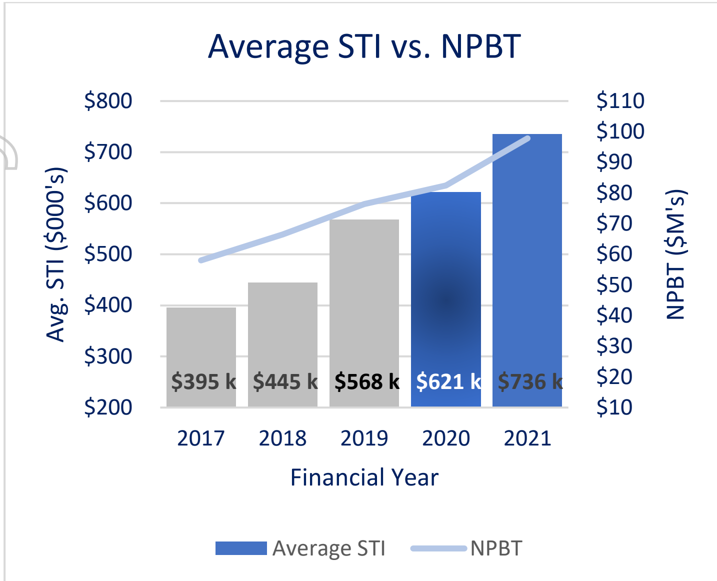
Profits have grown strongly and sustainably over the last five years, as have earnings per share and dividends, all while transforming from perpetual licenses to a SaaS model.

The results indicate substantial growth in shareholder value and, since TechnologyOne executive remuneration is strongly linked to Company profit performance, has seen executives rewarded for their achievements.

As can be seen from the tables above, the Executives' remuneration framework has successfully driven performance and the creation of shareholder wealth over the longer term. In addition, 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 FY21. Note, figures for 2018 and prior years represent reported results which have not been restated for changes in accounting policies or accounting standards.

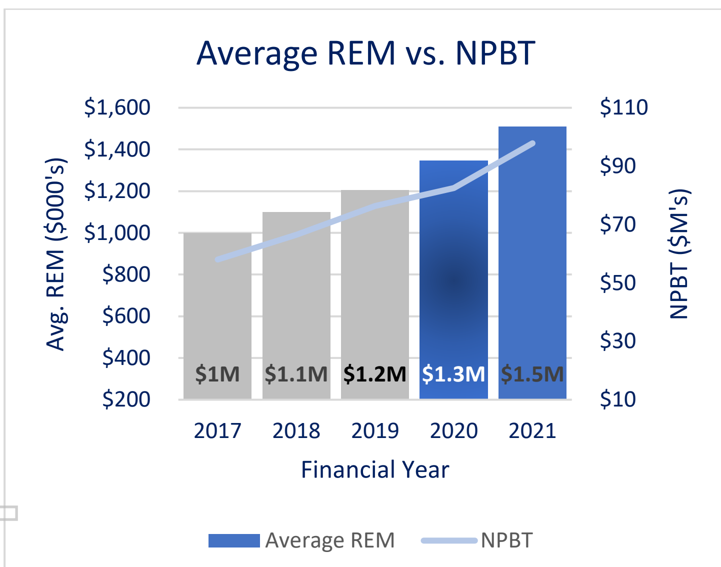
The first graph below shows our average Executives' STI has grown by 11% which is below the Company's Net Profit Before Tax (NPBT) profit growth of 13% over the last 5 years.



Average STI has grown by 11% which is at a 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 Technology One.

The second graph below shows that the average Executives' remuneration has been growing at less than the Company's NPBT



Average Executive remuneration has grown by 11% which is at a slower rate than 13% growth in reported NPBT over the last 5 years.

NPBT has grown faster than our average Executive remuneration which demonstrates how effective our remuneration structure is at driving long-term shareholder wealth.

7. Detail of current year Executive remuneration and performance

This section describes remuneration outcomes for each executive based on performance in FY21 using statutory accounting fair value.

7.1 Fixed remuneration

Fixed Remuneration includes base salary and superannuation paid in line with the remuneration strategy and principles described in section 3.1 above.

7.2 Short term incentive

The short-term incentives for Executives for FY21 were in line with the remuneration framework described in section 4.2 above.

The following tables in section 7.5 show the amounts achieved in FY21 based on each executive's agreed percentage of net profit before tax.

Executive Net Profit Before Tax is calculated based on Company profit before tax and before the Executive STIs are deducted. For the Executive Chair the Executive Net Profit Before Tax is based on Company profit before tax before Chair's STI is deducted.

7.3 Deferred short term incentive

The Deferred STI achieved by Executives for FY21 were in line with the remuneration framework described in section 4.3 above.

The following tables in section 7.5 show the statutory accounting fair value of the amounts recognised in FY21.

7.4 Long-term incentive

The long-term incentives granted to Executives for FY21 were in line with the remuneration framework described in section 4.4.1 above. Refer to section 7.7 below for specific details of the grants for FY21.

The following tables in section 7.5 show the statutory accounting fair value of the amounts recognised and instruments forfeited in FY21.

Refer section 7.6 for details of the share options and Executive Performance Rights (EPRs) vested in FY21. 99% of instruments vested during the year.
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7.5 Detail of Executive remuneration and performance

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

	2021 $	2020 $	Variance %	Notes
Fixed remuneration				
Base salary	339,056	341,556		The base salary represents the amount earned for the role of Chief Strategy and Innovation Officer.
Chairman's fees	141,000	141,000		The Chair's fees are benchmarked every 3 years in line with the Group's peers.
Superannuation	27,500	25,000		
Total fixed remuneration	**507,556**	**507,556**	**0.0%**	
STI				
STI - profit[1]	99,092,373	83,523,578	18.6%	
STI %	1.26%	1.26%		
Total STI	**1,248,564**	**1,052,397**	**18.6%**	The STI relates to the role of Chief Strategy and Innovation Officer. Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	**-**	**-**	**0.0%**	The Executive Chair has a substantial shareholding so a Deferred STI is not required.
LTI				
Fair value of options recognised	-	-		
Fair value of options forfeited	-	-		
Fair value of EPRs recognised	-	-		
Fair value of EPRs forfeited	-	-		
Total LTI	**-**	**-**		The Executive Chair has a substantial shareholding so has declined an LTI.
Total remuneration	**1,756,120**	**1,559,953**	**12.6%**	Total remuneration has grown by 12.6%, less than reported net profit before tax growth of 19%.

[1] Refer to section 7.2 above for the description of the net profit before tax used to calculate the STI.

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

	2021 $	2020 $	Variance %	Notes
Fixed remuneration				
Base salary	505,568	508,068		
Directors' fees	-	-		
Superannuation	27,500	25,000		
Total fixed remuneration	**533,068**	**533,068**	**0.0%**	
STI				
STI - profit[1]	102,318,557	86,515,918	18.3%	
STI %	0.78%	0.78%		
Total STI	**798,085**	**674,824**	**18.3%**	Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	**174,678**	**108,171**	**61.5%**	Deferred STI (refer to section 4.3) was introduced in FY19 for the first time. FY21 amount includes one third of the FY19 award plus one third of the FY20 award plus one third of the FY21 award. The growth shown is primarily due to the timing of accounting recognition and does not represent growth in remuneration awarded or realised.
LTI				
Fair value of options recognised	382,895	339,328		The value included for FY21 includes one third of the FY19 LTI fair value plus one third of the FY20 LTI fair value plus one third of the FY21 LTI fair value.
Fair value of options forfeited	-	-		The FV for the forfeitures noted in 12.1 was adjusted for in FY19 when the annual test was performed.
Fair value of EPRs recognised	-	-		
Fair value of EPRs forfeited	-	-		
Fair value of options recognised (old scheme)	58,471	116,057		The final tranche of share options vested and were exercised during the year.
Total LTI	**441,366**	**455,385**	**(3.1%)**	
Total remuneration	**1,947,197**	**1,771,448**	**9.9%**	Total remuneration has grown by 9.9%, less than reported net profit before tax growth of 19%.

[1] Refer to section 7.2 above for the description of the net profit before tax used to calculate the STI.

Name **Stuart Mac Donald**
Position **Chief Operating Officer**

	2021 $	2020 $	Variance %	Notes
Fixed remuneration				
Base salary	421,117	421,944		
Directors' fees	-	-		
Superannuation	25,827	25,000		
Total fixed remuneration	**446,944**	**446,944**	**0.0%**	
STI				
STI - profit[1]	102,318,557	86,515,918	18.3%	
STI %	0.533%	0.533%		
Total STI	**545,358**	**461,130**	**18.3%**	Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	**119,164**	**73,717**	**61.7%**	Deferred STI (refer to section 4.3) was introduced in FY19 for the first time. FY21 amount includes one third of the FY19 award plus one third of the FY20 award plus one third of the FY21 award. The growth shown is primarily due to the timing of accounting recognition and does not represent growth in remuneration awarded or realised.
LTI				
Fair value of options recognised	139,132	235,508		
Fair value of options forfeited	-			
Fair value of EPRs recognised	110,862	69,404		
Fair value of EPRs forfeited	-			The FV for the forfeitures noted in 12.1 was adjusted for in FY19 when the annual test was performed.
Total LTI	**249,994**	**304,912**	**(18.0%)**	
Total remuneration	**1,361,460**	**1,286,703**	**5.8%**	Total remuneration has grown by 5.8%, less than reported net profit before tax growth of 19%.

[1] Refer to section 7.2 above for the description of the net profit before tax used to calculate the STI.

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

	2021 $	2020 $	Variance %	Notes
Fixed remuneration				
Base salary	221,764	222,250		
Directors' fees	-	-		
Superannuation	25,486	25,000		
Total fixed remuneration	**247,250**	**247,250**	**0.0%**	
STI				
STI - profit[1]	102,318,557	86,515,918	18.3%	
STI %	0.343%	0.343%		
Total STI	**350,953**	**296,750**	**18.3%**	Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	**74,944**	**45,698**	**64.0%**	Deferred STI (refer to section 4.3) was introduced in FY19 for the first time. FY21 amount includes one third of the FY19 award plus one third of the FY20 award plus one third of the FY21 award. The growth shown is primarily due to the timing of accounting recognition and does not represent growth in remuneration awarded or realised.
LTI				
Fair value of options recognised	283,269	174,487		The value included for FY21 includes one third of the FY19 LTI fair value plus one third of the FY20 LTI fair value plus one third of the FY21 LTI fair value. As Mr Jobbins commenced employment during FY19 the value included in the table for FY20 represents one third of the FY19 fair value plus one third of the FY20 LTI fair value only. The growth shown is primarily due to the timing of accounting recognition and does not represent growth in remuneration awarded or realised.
Fair value of options forfeited	-	-		The FV for the forfeitures noted in 12.1 was adjusted for in FY19 when the annual test was performed.
Fair value of EPRs recognised	-	-		
Fair value of EPRs forfeited	-	-		
Total LTI	**283,269**	**174,487**	**62.3%**	
Total remuneration	**956,416**	**764,185**	**25.2%**	Total remuneration has grown by 25.2%. As Mr Jobbins commenced employment during FY19, the growth shown is primarily due to the timing of accounting recognition for LTI fair value (increasing over the three-year performance period) and does not represent growth in remuneration awarded or realised.

[1] Refer to section 7.2 above for the description of the net profit before tax used to calculate the STI.

7.6 Options and EPRs that became eligible to vest during FY21

During the year, Edward Chung, Stuart MacDonald and Paul Jobbins completed a three-year performance period relating to the LTI instruments granted to them in FY19 and vesting in FY21. 100% of the Relative TSR options became eligible to vest and 99% of the EPS options, resulting in 99% of total LTI vesting.

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

Edward Chung:

Grant year	Performance measure	Option or EPR	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	Number due to forfeit	LTIs vested	% LTI vested
FY19	Relative TSR	Option	43,766	3 year	FY21	75% percentile	76%	-	43,766	100%
	EPS Growth	Option	43,766	Annual	FY19	≥15%	14%	2,188	41,578	95%
		Option	43,766	Annual	FY20	≥15%	8%[1]	-	43,766	100%
		Option	43,766	Annual	FY21	≥15%	15%	-	43,766	100%
			175,064						**172,876**	**99%**

Stuart MacDonald:

Grant year	Performance measure	Option or EPR	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	Number due to forfeit	LTIs vested	% LTI vested
FY19	Relative TSR	EPR	11,722	3 year	FY21	75% percentile	76%	-	11,722	100%
	EPS Growth	EPR	11,721	Annual	FY19	≥15%	14%	586	11,135	95%
		EPR	11,721	Annual	FY20	≥15%	8%[1]	-	11,721	100%
		EPR	11,721	Annual	FY21	≥15%	15%	-	11,721	100%
			46,885						**46,299**	**99%**

Paul Jobbins:

Grant year	Performance measure	Option or EPR	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	Number due to forfeit	LTIs vested	% LTI vested
FY19	Relative TSR	Option	53,864	3 year	FY21	75% percentile	76%	-	53,864	100%
	EPS Growth	Option	53,864	Annual	FY19	≥15%	14%	2,693	51,171	95%
		Option	53,864	Annual	FY20	≥15%	8%[1]	-	53,864	100%
		Option	53,864	Annual	FY21	≥15%	15%	-	53,864	100%
			215,456						**212,763**	**99%**

[1]As disclosed in sections 3.2 and 3.4 of the FY20 Remuneration Report, the Board exercised discretion for option tranches with a FY20 test for EPS Growth, given exceptional performance of the KMP during previously unforeseen circumstances, (i.e. the global COVID pandemic). It is important to note the LTI targets were set before COVID, and were both unrealistic and unfair under these circumstances, and so the board exercised discretion to rectify the situation. It should be noted the company delivered record revenue (up 4%), record profit (up 8%) and record SaaS ARR growth (up 32%) in FY20. It should also be noted this was the first time, in 33 years, the company had ever exercised Board discretion. This was an historical decision made for FY20 testing, and was not repeated for the testing of FY21 tranches.

7.7 Options/EPRs that have been granted in FY20 and FY21 and not yet vested

Edward Chung

Grant year	Performance measure	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	LTIs due to vest
FY20	Relative TSR	66,160	3 year	FY22	75% percentile	To be tested at the end of FY22	
	EPS Growth	198,479	3 year	FY22	≥15%	To be tested at the end of FY22	
FY21	Relative TSR	63,730	3 year	FY23	75% percentile	To be tested at the end of FY23	
	EPS Growth	191,189	3 year	FY23	≥15%	To be tested at the end of FY23	

Stuart MacDonald

Grant year	Performance measure	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	LTIs due to vest
FY20	Relative TSR	41,849	3 year	FY22	75% percentile	To be tested at the end of FY22	
	EPS Growth	125,547	3 year	FY22	≥15%	To be tested at the end of FY22	
FY21	Relative TSR	38,113	3 year	FY23	75% percentile	To be tested at the end of FY23	
	EPS Growth	114,339	3 year	FY23	≥15%	To be tested at the end of FY23	

Paul Jobbins

Grant year	Performance measure	Number of LTIs available for target	Testing	Testing year	Target	Performance measure achieved	LTIs due to vest
FY20	Relative TSR	36,629	3 year	FY22	75% percentile	To be tested at the end of FY22	
	EPS Growth	109,887	3 year	FY22	≥15%	To be tested at the end of FY22	
FY21	Relative TSR	33,359	3 year	FY23	75% percentile	To be tested at the end of FY23	
	EPS Growth	100,077	3 year	FY23	≥15%	To be tested at the end of FY23	

8 Non-executive Director fees

Determination of Non-executive Director fees

In FY21, Board fees remain at $141,000 per Director, including statutory superannuation contributions. This was not increased for FY21. 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. Fee increases between independent reviews are capped at CPI.

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 26 February 2019.

Non-executive Directors receive aggregate fees to recognise both 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.

FY22 aggregate fee pool and Non-Executive Director fees

It is proposed that the current fee pool remain unchanged for FY22, capped at $1,500,000. Non-executive Director fees are set to increase in line with CPI, as per Board policy.

Director shareholdings

Directors are required to hold a minimum shareholding of one year's Directors' fees (pre-tax) 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.

2021	Balance at the end of the year	% of Mandatory Shareholding Requirement
Directors of Technology One Limited		
A Di Marco	17,378,500	100%
R McLean	69,737	100%
J Mactaggart	26,902,500	100%
R Anstey	30,000	100%
Dr J Andrews	30,600	100%
S Doyle	18,280	100%
C Rosenberg	27,533	100%
P Ball	21,900	100%
P O'Sullivan	15,509	87%

The Board in total holds 44,494,559 shares representing 14% of the total shareholding of the Company. Individual holdings are as shown above. All Directors are compliant with the mandatory shareholding requirement except for Pat O'Sullivan, who has until 2024 to meet the requirement.

9 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 Chair	Ongoing	3 months	12 months
CEO	Ongoing	6 months	12 months
Other Executive KMP	Ongoing	12 weeks	12 months

If a service agreement is terminated, payment in lieu of notice that is not worked may be provided, in addition to any statutory entitlements. No other additional termination or post-employment benefits are provided on termination of employment. Refer to sections 4.3 and 4.4 respectively for treatment of STIs and LTIs on cessation of employment.

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

In FY21, the Chairman's fixed remuneration consists of:

Role	Fixed remuneration
Chairman	141,000
Chief Strategy and Innovation Officer	366,556
Total fixed remuneration	507,556

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

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

10 Detail of Executive remuneration for FY21

The remuneration package for Executives, including the Executive Chair, for FY21 comprises the amounts outlined in the following tables.

There is no maximum or minimum STI for Executives as the Company wants to ensure a strong focus on performance in the current year.

11 Statutory Remuneration

The information in the table below is based on the statutory accounting fair value of remuneration earned for each KMP and does not represent the value offered or realised.

		Short-term employee benefits					Post employment benefits	Deferred STI	Long-term incentives				
Name		**Fixed remuneration**	**Directors' fees**	**Superannuation**	**Total fixed remuneration**	**Short-term Incentive**	**Termination benefits**	**Deferred STI**	**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	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
J Mactaggart (Non-executive Director)	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
K Blinco (Non-executive Director)[1]	**2021**	**-**	**53,653**	**5,097**	**58,750**	**-**	**-**	**-**	**-**	**-**	**58,750**	**-58%**	**-58%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
R Anstey (Non-executive Director)	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
Dr J Andrews (Non-executive Director	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
S Doyle (Non-Executive Director)	**2021**	**-**	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
C Rosenberg (Non-Executive Director)	**2021**	-	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**0%**	**0%**
	2020	-	128,767	12,233	141,000	-	-	-	-	-	141,000		
P Ball (Non-Executive Director)	**2021**	-	**128,767**	**12,233**	**141,000**	**-**	**-**	**-**	**-**	**-**	**141,000**	**71%**	**71%**
	2020	-	75,114	7,136	82,250	-	-	-	-	-	82,250		
Pat O' Sullivan[2]	**2021**	-	**75,114**	**7,136**	**82,250**	**-**	**-**	**-**	**-**	**-**	**82,250**	**N/A**	**N/A**
	2020	-	-	-	-	-	-	-	-	-	-		
Executives													
A Di Marco (Executive Chairman)[3]	**2021**	**339,056**	**141,000**	**27,500**	**507,556**	**1,248,564**	**-**	**-**	**-**	**-**	**1,756,120**	**13%**	**13%**
	2020	341,556	141,000	25,000	507,556	1,052,397	-	-	-	-	1,559,953		
E Chung (Chief Executive Officer)[4]	**2021**	**505,568**	**-**	**27,500**	**533,068**	**798,085**	**-**	**174,678**	**441,366**	**-**	**1,947,197**	**14%**	**10%**
	2020	508,068	-	25,000	533,068	674,824	-	108,171	455,385	-	1,771,448		
S MacDonald (Chief Operating Officer)[5]	**2021**	**421,117**	**-**	**25,827**	**446,944**	**545,358**	**-**	**119,164**	**139,132**	**110,862**	**1,361,460**	**13%**	**6%**
	2020	421,944	-	25,000	446,944	461,130	-	73,717	235,508	69,404	1,286,703		
P Jobbins(Chief Financial Officer)[6]	**2021**	**221,764**	**-**	**25,486**	**247,250**	**350,953**	**-**	**74,944**	**283,269**	**-**	**956,416**	**14%**	**25%**
	2020	222,250	-	25,000	247,250	296,750	-	45,698	174,487	-	764,185		
Total Executive KMP	**2021**	**1,487,505**	**141,000**	**106,313**	**1,734,818**	**2,942,960**	**-**	**368,786**	**863,767**	**110,862**	**6,021,193**	**13%**	**12%**
	2020	1,493,818	141,000	100,000	1,734,818	2,485,101	-	227,586	865,380	69,404	5,382,289		
	2021	**1,487,505**	**1,096,023**	**197,040**	**2,780,568**	**2,942,960**	**-**	**368,786**	**863,767**	**110,862**	**7,066,943**	**10%**	**10%**

Total (Non-Executive Directors and Executive KMP)	2020	1,493,818	1,117,484	192,766	2,804,068	2,485,101	-	227,586	865,380	69,404	6,451,539		

[1]Mr Kevin Blinco resigned 23 February 2021.
[2]Mr Pat O' Sullivan was appointed on 2 March 2021.
[3]Mr Di Marco was again offered an LTI of $400K which he declined in the 2020/2021 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 13% on the prior year, due to his STI being up 19% in line with company profit.
[4]Mr Chung's remuneration grew by 10% on the prior year. Growth in remuneration other than LTI was 14%. Mr Chung's STI is calculated as 0.78% of Executive NPBT, his STI is up 18%, in line with the increase in Executive NPBT.
[5]Mr MacDonald's remuneration grew by 6% on the prior year, Growth in remuneration other than LTI was 13%. Mr Macdonald's STI is calculated as 0.533% of Executive NPBT, his STI is up 18%, in line with the increase in Executive NPBT.
[5]Mr Jobbins's remuneration grew by 25% on the prior year. Growth in remuneration other than LTI was 14%. Mr Jobbins's STI is calculated as 0.343% of Executive NPBT, his STI is up 18%, in line with the increase in Executive NPBT.

12 Additional statutory disclosures

12.1 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 and EPRs issued under the new plan are outlined in the tables below.

Options

2021							
Name	**Opening balance of share options**	**Number of options granted during the period**	**Number of options exercised during the period**	**Number of options forfeited during the vesting period***	**Closing balance of share options**	**Vested and exercisable**	**Unvested**
Edward Chung	842,461	254,917	(402,758)	(2,188)	692,432	172,876	519,556
Stuart MacDonald	539,229	152,450	(371,833)	-	319,846	-	319,846
Paul Jobbins	361,972	133,434	-	(2,693)	492,713	212,763	279,950

Executive Performance Rights

2021							
Name	**Opening balance of EPRs**	**Number of EPRs granted during the period**	**Number of EPRs exercised during the period**	**Number of EPRs forfeited during the vesting period***	**Closing balance of EPRs**	**Vested and exercisable**	**Unvested**
Edward Chung	-	-	-	-	-	-	-
Stuart MacDonald	46,885	-	-	(586)	46,299	46,299	-
Paul Jobbins	-	-	-	-	-	-	-

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

For details of grants under the previous EOP plan, please refer to section 12.3.

12.2 Fair value of options granted in FY21

Name	Number of options granted during the period[1]	Weighted average fair value per options issued during the period[2]	Grant date	Exercise price	Vesting date	Expiry Date	Fair value of grant
Edward Chung	254,917	1.77	22/01/2021	7.85	22/01/2024	22/01/2026	451,505
Stuart MacDonald	152,450	1.77	22/01/2021	7.85	22/01/2024	22/01/2026	270,017
Paul Jobbins	133,434	1.77	22/01/2021	7.85	22/01/2024	22/01/2026	236,336

[1] LTIs are offered to Executive KMP as either options (with an exercise price) or EPRs (executive performance rights issued at market price).

[2] The assessed fair value at grant date of options granted to the individuals is recognised over the period from grant date to vesting date. The amount is included in the remuneration tables above.

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 – 1.6%
(c) Expected volatility – 33.54%
(d) Risk-free interest rate – 0.1%
(e) Price of shares on grant date – $8.07
(f) Fair value of options – $1.77

The performance measures for LTI grants made in FY21 are presented below. The performance targets, set out below, are such that they are all considered to be challenging targets that, if met, will drive significant shareholder wealth creation.

Performance Metrics	**Performance period**	**Testing**	**Weighting (all KMP)**
EPS growth	3 years	3 years	75%
Relative TSR[1]	3 years	3 years	25%

The performance targets to be achieved by the Executives are set out below:

Performance Metric	**Growth <5%**	**5%<= Growth < 15%**	**Growth >= 15%**
EPS growth	0% vest	50% vest at 5% growth with linear vesting (50% to 100%) up to 15% growth	100% vest

Performance Metric	**Percentile < 50**	**>=50 <75**	**Percentile>= 75**
Relative TSR[1]	0% vest	50% vest at 50th percentile for relative TSR with linear vesting (50% to 100%) up to 75th percentile for relative TSR	100% vest

[1] Relative TSR targets are determined with reference to our peer group. Our peer group is defined as those constituent companies making up the ASX All Technology Index (XTX).

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

Previously, TechnologyOne had contracts with executives which needed to be honoured. These pre-existing contracts were 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 a strike price set typically at a 0% to 25% 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 31 to the financial statements.

Edward Chung is the only current Executive KMP with LTIs issued under this plan. The final tranche of share options issued under this quarantined plan vested and were exercised during the year.

2021							
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	167,000	-	(167,000)	-	-	-	-

12.4 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.

2021	Balance at the start of year	Purchased during the year	Sale during the year	Balance at the end of the year
Directors of Technology One Limited				
A Di Marco	20,378,500	-	(3,000,000)	17,378,500
R McLean	69,737	-	-	69,737
J Mactaggart	30,902,500	-	(4,000,000)	26,902,500
K Blinco	200,000	-	(200,000)	-
R Anstey	25,500	4,500	-	30,000
Dr J Andrews	30,600	-	-	30,600
S Doyle	18,280	-	-	18,280
C Rosenberg	27,533	-	-	27,533
P Ball	18,000	3,900	-	21,900
P O' Sullivan	-	15,509	-	15,509

2021	Balance at the start of year	Received during the year	Sale during the year	Balance at the end of the year
Senior Executives of the Group				
E Chung	733,000	569,826	(402,758)	900,068
S MacDonald	-	371,901	(316,833)	55,068
P Jobbins	-	68	-	68

2020	Balance at the start of year	Purchased during the year	Sale during the year	Balance at the end of the year
Directors of Technology One Limited				
A Di Marco	27,378,500	-	(7,000,000)	20,378,500
R McLean	111,000	-	(41,263)	69,737
J Mactaggart	38,902,500	-	(8,000,000)	30,902,500
K Blinco	200,000	-	-	200,000
R Anstey	25,500	-	-	25,500
Dr J Andrews	30,600	-	-	30,600
S Doyle	12,375	5,905	-	18,280
C Rosenberg	27,533	-	-	27,533
P Ball	9,000	9,000		18,000

2020	Balance at the start of year	Received during the year on the exercise of options	Sale during the year	Balance at the end of the year
Senior Executives of the Group				
E Chung	566,000	167,000	-	733,000
S MacDonald	-	271,137	(271,137)	-
P Jobbins	-	-	-	-

12.5 Loans to Key Management Personnel

There have been no loans to Directors or Executives during the financial year (2020 - nil).

12.6 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.

Financial Statements
Consolidated income statement

	Notes	30-Sep-21	30-Sep-20
		$'000	$'000
Revenue - SaaS and continuing business		**293,553**	269,774
Revenue - Legacy licence business		**17,742**	28,493
Revenue from contracts with customers	5	**311,295**	298,267
Variable costs		**(19,444)**	(19,130)
Variable customer SaaS costs		**(21,934)**	(19,479)
Total variable costs		**(41,378)**	(38,609)
Occupancy costs	6	**(1,942)**	(3,259)
Corporate costs		**(13,190)**	(18,312)
Depreciation and amortisation	6	**(25,832)**	(18,638)
Computer and communication costs		**(8,850)**	(8,019)
Marketing costs		**(7,890)**	(5,296)
Employee costs	6	**(110,381)**	(119,615)
Share-based payments	6	**(3,213)**	(3,305)
Finance expense	6	**(1,493)**	(1,495)
Total operating costs		**(172,791)**	(177,939)
Other income	5(a)	**717**	751
Profit before income tax		**97,843**	82,470
Income tax expense	7	**(25,152)**	(19,525)
Profit for the year		**72,691**	62,945
		Cents	Cents
Basic earnings per share	32	22.64	19.75
Diluted earnings per share	32	22.52	19.61

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

Consolidated statement of comprehensive income

	30-Sep-21	30-Sep-20
	$'000	$'000
Profit for the year (from previous page)	**72,691**	62,945
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(178)**	286
Other comprehensive income for the year, net of tax	**(178)**	**286**
Total comprehensive income for the year	**72,513**	**63,231**

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

Consolidated statement of financial position

	Notes	30-Sep-21	30-Sep-20
ASSETS		**$'000**	$'000
Current assets			
Cash and cash equivalents	8	**142,853**	125,244
Prepayments		**13,429**	10,851
Trade and other receivables	9	**50,580**	37,396
Contract assets	10	**22,709**	22,051
Other current assets	11	**238**	397
Current tax assets		**-**	8,077
Contract acquisition costs	13	**5,001**	2,956
Total current assets		**234,810**	**206,972**
Non-current assets			
Property, plant and equipment	12	**7,279**	8,969
Right-of-use assets	20	**20,971**	23,786
Intangible assets	13	**61,696**	37,986
Capitalised development	13	**90,985**	62,556
Deferred tax assets	14	**26,349**	28,605
Contract assets	10	**2,962**	-
Contract acquisition costs	13	**9,676**	7,035
Total non-current assets		**219,918**	**168,937**
Total assets		**454,728**	**375,909**
LIABILITIES			
Current liabilities			
Trade and other payables	15	**36,567**	37,123
Provisions	17	**21,219**	20,548
Contingent consideration	18	**3,842**	-
Deferred revenue	16	**160,015**	144,148
Current tax liabilities		**2,677**	-
Lease liability	20	**3,342**	2,148
Total current liabilities		**227,662**	**203,967**
Non-current liabilities			
Provisions	19	**2,067**	2,430
Contingent consideration	18	**7,576**	-
Other non-current liabilities		**120**	147
Lease liability	20	**27,069**	27,197
Total non-current liabilities		**36,832**	**29,774**
Total liabilities		**264,494**	**233,741**
Net assets		**190,234**	**142,168**
EQUITY			
Contributed equity	22	**51,645**	40,551
Other reserves	23	**72,717**	63,524
Retained Earnings		**65,872**	38,093
Total equity		**190,234**	**142,168**

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

Consolidated statement of changes in equity

	Note	Contributed equity	Retained earnings	Dividend reserve	FOREX reserve	Share option reserve	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2020		**40,551**	**38,093**	**30,046**	**2,136**	**31,342**	**142,168**
Profit for the period		-	72,691	-	-	-	72,691
Exchange differences on translation of reserves		-	-	-	(178)	-	(178)
Total comprehensive income for the period		**-**	**72,691**	**-**	**(178)**	**-**	**72,513**
Dividends Paid	24	-	-	(42,504)	-	-	(42,504)
Transfer to dividends reserve		-	(44,912)	44,912	-	-	-
Exercise of share options	22	11,094	-	-	-	-	11,094
Share based payments	33	-	-	-	-	3,213	3,213
Tax impact of share trust		-	-	-	-	3,750	3,750
		11,094	**(44,912)**	**2,408**	**-**	**6,963**	**(24,447)**
Balance at 30 September 2021		**51,645**	**65,872**	**32,454**	**1,958**	**38,305**	**190,234**
Balance at 1 October 2019		**35,302**	**16,078**	**27,905**	**1,850**	**25,722**	**106,857**
AASB 16 opening adjustment		-	199	-	-	-	199
Adjusted opening balance		**35,302**	**16,277**	**27,905**	**1,850**	**25,722**	**107,056**
Profit for the period		-	62,945	-	-	-	62,945
Exchange differences on translation of reserves		-	-	-	286	-	286
							-
Total comprehensive income for the period		**-**	**62,945**	**-**	**286**	**-**	**63,231**
Dividends Paid	24	-	-	(38,988)	-	-	(38,988)
Transfer to dividends reserve		-	(41,129)	41,129	-	-	-
Exercise of share options	22	5,249	-	-	-	-	5,249
Share based payments	33	-	-	-	-	3,305	3,305
Tax impact of share trust		-	-	-	-	2,315	2,315
		5,249	**(41,129)**	**2,141**	**-**	**5,620**	**(28,119)**
Balance at 30 September 2020		**40,551**	**38,093**	**30,046**	**2,136**	**31,342**	**142,168**

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

Consolidated statement of cash flows

	Notes	**30-Sep-21 $'000**	30-Sep-20 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**341,812**	340,405
Payments to suppliers and employees (inclusive of GST)		**(217,795)**	(222,036)
Interest received		**225**	353
Net income taxes paid		**(7,762)**	(13,716)
Interest paid	20	**(1,493)**	(1,495)
Net cash inflow / (outflow) from operating activities	31	**114,987**	**103,511**
Cash flows from investing activities			
Payment for business acquisition		**(11,585)**	(223)
Payments for property, plant and equipment		**(1,658)**	(1,979)
Payments for development expenditures and intangibles		**(51,269)**	(42,859)
Net cash inflow / (outflow) from investing activities		**(64,512)**	**(45,061)**
Cash flows from financing activities			
Proceeds from exercise of share options		**10,595**	5,248
Principal repayments of lease liabilities	20	**(957)**	(4,512)
Dividends paid to shareholders	24	**(42,504)**	(38,988)
Net cash inflow / (outflow) from financing activities		**(32,866)**	**(38,252)**
Net increase / (decrease) in cash and cash equivalents		**17,609**	20,198
Cash and cash equivalents at the beginning of the financial year		**125,244**	105,046
Cash and cash equivalents at the end of year	8	**142,853**	**125,244**

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

Notes to the consolidated financial statements

1 Summary of significant accounting policies

The financial report of Technology One Limited (the Company) for the year ended 30 September 2021 was authorised for issue in accordance with a resolution of Directors on 23 November 2021.

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.

Certain comparative items have been reclassified in the financial statements to align with the 30 September 2021 year end disclosures.

(i) Compliance with IFRS

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

(ii) New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. Any new or amended standards that became applicable for the first time for the 30 September 2021 year end did not result in a change to the Group's accounting policies or require retrospective adjustments.

(i) Issued but not yet effective

No new standards that will have a material impact to the Group have been issued that are not in effect for the Group.

(ii) 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 2021 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 2021, the Group had 66,897 treasury shares (2020: 61,173).

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

(iii) Business combination and goodwill

Business combinations are accounted for using the acquisition method under AASB 3 Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(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*

The Group has the following key revenue categories:

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

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. Included within this category is revenue from contracts for annual SaaS licences as well as Platform services associated with initial licence fees. The Group considers that SaaS licence 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 and other receivables until paid.

Unsatisfied performance obligations in respect of SaaS Fees received or receivable are recognised as deferred revenue in the consolidated statement of financial position. Refer to note 16 for details of deferred revenue.

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.

2. Annual Licence Fees

Revenue from 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 Annual Licence Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade and other receivables until paid.

Unsatisfied performance obligations in respect of Annual Licence Fees are disclosed as deferred revenue in the consolidated statement of financial position. Refer to note 16 for details of deferred revenue.

3. Consulting Services

Consulting services includes 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.

4. Initial licence fees

Initial Licence Fees includes both perpetual licence fees and subscription term licences and 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 Initial Licence Fees are typically within 14 to 30 days of invoice. Invoiced amounts are reflected in trade and other receivables.

Perpetual licence fees are typically invoiced upfront on signing the contract but subscription term licences are billed annually throughout the subscription period.

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

The Group considers the effects of variable consideration, reviews the contracts to identify if a significant financing component exists and considers the standalone pricing of the initial licence fees when allocating the transaction price of the contract to the performance obligation.

Associated contract balances

Under AASB 15, the timing of revenue recognition, customer invoicing and cash collections results in the recognition of trade and other receivables, contract asset and deferred revenue (contract liability) on the Group's Consolidated statement of financial position. At 30 September 2021, the statement of financial position shows a current liability balance of $228m (30 September 2020: $204m) which is largely attributable to the deferred revenue balance in current liabilities. As deferred revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised in future periods, and not a future cash outflow, this balance does not impact the Group's ability to meet its short-term obligations as and when they fall due.

Revenue Groups disclosed in the consolidated income statement

The Group has the following revenue groups:

1. Revenue – SaaS and continuing business

The Group defines continuing business as those revenue streams that form part of the growth strategy. Namely this includes SaaS, Annual Licence Fees and consulting services.

2. Revenue – Legacy licence business

The legacy licence fee business encompasses the sale of initial licences which will continue to decline as our customers transition to SaaS, growing the SaaS and continuing business revenue. Included within this revenue group is Annual Licence Fees recognised from the date the associated initial licence is delivered until the end of the first financial year post signing.

(e) Income tax

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

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

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

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

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

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

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

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

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

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

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

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

AASB Interpretation 23 Uncertainty over Income Tax Treatments clarifies how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. This does not have a material impact on the Group.

(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.

(g) Leases

AASB 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group's lease portfolio primarily consists of property leases. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

Lease contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease liability

The lease liability is initially measured at the present value of outstanding lease payments (including those to be made under reasonably certain extension options). The payments used in this calculation include the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments above are discounted using the interest rate implicit in the lease if that rate is readily determinable. This is not the case for the Group's current leases. When the interest rate implicit in the lease is not readily determinable AASB 16 requires the use of the incremental borrowing rate to calculate the present value of the lease payments. This rate is the rate of interest that a lessee would have to pay to borrow the funds necessary to purchase the right of use asset, over a similar term and with a similar security, in similar economic environment.

The most appropriate rate to use as a starting point in determining the incremental borrowing rate would be the interest rate incurred on existing borrowings. However, the Group does not have any existing borrowings. In the absence of this the Group uses the swap curve with a corresponding rating as the starting point in determining the incremental borrowing rate. In line with the accounting standard the Group adjusts the swap curve rate for the term of the leases, the value of the leases and the creditworthiness of the Group.

Once the lease liability has been recognised on the balance sheet the periodic lease repayments are allocated between an interest and a principal element. The interest is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Right-of-use asset

The right-of-use asset is initially calculated as being equal to the lease liability and then adjusted for the following:

- Lease payments made on or before the commencement date less any incentives received
- Any initial direct costs, and
- An estimate of restoration costs.

This right-of-use asset is then depreciated on a straight-line basis over the calculated lease term.

Right-of-use assets are also subject to impairment testing under AASB 136 Impairment of assets.

Short term and low value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(h) Variable costs

The components to variable costs are made up of:

- Costs incurred in obtaining an initial licence fee contract as well as incentives on achievement of KPIs. These are expensed as incurred.
- Costs incurred in fulfilling the contract with a customer are capitalised if the requirements in AASB 15 are fulfilled and are then amortised in line with the satisfaction of the related performance obligation. The expense is recognised within the Depreciation and Amortisation line of the Consolidated Statement of Profit or Loss.

(i) Variable customer SaaS costs

Variable customer SaaS costs relate to costs incurred in providing our customers with access to our SaaS Platform. These costs are expensed as incurred.

(j) 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.

(k) Financial assets and liabilities

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

(i) Classification

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 recognised 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 recognised in profit and loss as they arise.

(iii) Impairment

The Group recognises impairment losses on its financial assets carried at amortised cost using an expected credit losses (ECL) model in line with AASB 9 *Financial Instruments*. 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 credit 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 6-month 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 to the extent that the related revenue has been recognised 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.

(l) 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.

(m) Trade and other receivables

Trade and other receivables are recognised initially at transaction price which is deemed to be fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables are typically due for settlement within 14 to 30 days.

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

(n) 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(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

(o) 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 (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 and 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 3-8 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

Research expenditure is recognised as an expense as incurred. Research costs are largely made up of employee labour which is included in employee costs in the consolidated income statement. Development expenditure is only capitalised if the recognition requirements within AASB 138 have been fulfilled and an economic benefit of more than 12 months is expected.

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 and
(f) Ability to measure reliably the expenditure attributable to the intangible asset during its development.

As a SaaS company, access is provided to our products via a SaaS platform over a prolonged term. The technical feasibility of our products can be established through pre-defined project roadmaps.

TechnologyOne follows a robust process to ensure the accuracy of the amounts capitalised on the balance sheet. The costs included in the balance are costs of personnel and other directly attributable costs incurred in the development of software. The process for determining what constitutes capitalisable spend under AASB 138 involves detailed analysis of all timesheet data available in regard to projects that employees have worked on during the year and other directly attributable costs in respect of software development spend.

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). Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

(p) 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.

(q) 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.

(r) Employee benefit

(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) Deferred STI

An amount equal to 25% of the annual STI earned by Executive KMP in the year is deferred and paid at the conclusion of the two-year period following the end of the financial year. It is accrued over a three-year period- throughout the annual performance period in which it is determined and a deferral period of two years of service.

(iii) 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.

(iv) 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 33.

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). If options or rights do not vest at the end of the performance period due to the service condition or non-market condition not being met, the corresponding expense will be reversed.

(s) 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.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

(u) 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.

(v) Goods and services tax (GST) and equivalent overseas value added taxes

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 and other receivables, lease liabilities and trade payables.

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.

The Group holds the following financial instruments:

(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.

	2021	2020
	$'000	$'000
Financial assets		
Cash and cash equivalents	**142,853**	125,244
Trade and other receivables	**50,580**	37,396
	193,433	**162,640**
Financial liabilities		
Trade and other payables	**25,149**	37,123
Contingent consideration	**11,418**	-
Lease liability	**30,411**	29,345
	66,978	**66,468**

(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:

	2021	**2021**	2020	2020
	USD	**PGK**	USD	PGK
	$'000	**$'000**	$'000	$'000
Trade receivables	**-**	**-**	-	1,650

(c) *Credit risk*

The Group is exposed to credit risk from its operating activities (primarily trade and other receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions.

To manage this 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 expected credit loss 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.

The below table represents the financial assets under note 2(c) and the liquidity risk of financial liabilities referred to in note 2(d).

	Less than 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows
	$'000	**$'000**	**$'000**	**$'000**
At 30 September 2021				
Financial assets				
Cash and cash equivalents	142,853	-	-	142,853
Trade and other receivables	50,580	-	-	50,580
Total	193,433	-	**-**	**193,433**
Financial liabilities				
Trade and other payables	25,149	-	-	25,149
Contingent consideration	3,842	7,576	-	11,418
Lease liabilities	4,800	29,297	173	34,270
Total	33,791	36,873	173	70,837
Net inflow / (outflow)	159,642	(36,873)	**(173)**	**122,596**
At 30 September 2020				
Financial assets				
Cash and cash equivalents	125,244	-	-	125,244
Trade and other receivables	37,396	-	-	37,396
Total	162,640	-	-	162,640
Financial liabilities				
Trade and other payables	37,123	-	-	37,123
Lease liabilities	2,341	28,508	3,566	34,415
Total	39,464	28,508	3,566	71,538
Net inflow / (outflow)	**123,176**	**(28,508)**	**(3,566)**	**91,102**

(e) *Fair value measurements*

Contingent consideration is classified as Level 3. The balance of contingent consideration is recognised as contingent consideration in the Consolidated Statement of Financial Position, and it is split between a current and non-current portion. The release of the contingent consideration that does not represent payment is recognised within the other income line of the consolidated income statement.

Contingent consideration	**2021**
	$'000
Opening balance at 1 October 2020	-
Amounts added for Scientia (note 25)	11,418
Payments made	-
Closing balance at 30 September 2021	**11,418**

Contingent consideration	**2020**
	$'000
Opening balance at 1 October 2019	223
Payments (DMS and JRA)	(223)
Reduction in contingent consideration (JRA)	-
Closing balance at 30 September 2020	**-**

The carrying value of trade and other receivables, contract assets 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.

(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.

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(o)(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 33.

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 due to not meeting the non-market conditions or service conditions.

(iii) Revenue contracts

Initial licence fee contracts entered into by the Group require judgement in the identification and separation of the contract components related to software licence fees, Annual Licence Fees and platform services. The Group assesses each customer contract individually and revenue is assigned to each component based upon the stand alone fair value of the component relevant to the total contract value.

(iv) 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(o)(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.

(v) COVID-19

Management have considered the potential impact of COVID-19 in performing the Group's impairment assessments and in establishing the expected credit loss on financial assets. No adjustments were made to the Group's assets as a result of these additional assessments. At a time when many businesses have struggled during the pandemic, TechnologyOne has continued to perform strongly. There has been no impact to the Group's balance sheet. TechnologyOne has not received any JobKeeper government support.

(vi) Legal Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The group recognises legal provisions based on the probability and management's best estimate of the outcome of the claim.

(vii) Contingent consideration

Contingent consideration has been recognised at 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 25.

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 received from the Group's 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*.

The Group's reportable segments are:

- Software – consists of Sales and Marketing, R&D, SaaS platform.
- Consulting – responsible for services in relation to our software.
- Corporate – includes all corporate functions.

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 (CODM)

2021	**Software**	**Consulting**	**Corporate**	**Total**
	$'000	$'000	$'000	$'000
Revenue from contracts with customers				
SaaS fees*	151,052	-	-	**151,052**
Annual licence fees*	78,965	-	-	**78,965**
Consulting services*	-	64,508	-	**64,508**
Initial licence fees **	16,770	-	-	**16,770**
Other income	462	-	255	**717**
Intersegment revenue	(281)	304	(23)	-
Net royalty	(56,893)	(6,547)	63,440	**-**
Total revenue	**190,075**	**58,265**	**63,672**	**312,012**
Expenses				
Total external expenses	(126,666)	(42,657)	(44,846)	**(214,169)**
Profit before tax	**63,409**	**15,608**	**18,826**	**97,843**
Income tax expense				**(25,152)**
Profit for the year				**72,691**
Total assets				**454,728**
Total liabilities				**264,494**
Total depreciation and amortisation				**(25,832)**

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

2020	**Software**	**Consulting**	**Corporate**	**Total**
	$'000	$'000	$'000	$'000
Revenue from contracts with customers				
SaaS fees*	106,171	-	-	**106,171**
Annual licence fees*	102,272	-	-	**102,272**
Consulting services*	-	62,482	-	**62,482**
Initial licence fees **	27,342	-	-	**27,342**
Other income	384	-	367	**751**
Intersegment revenue	(2,038)	2,208	(170)	**-**
Net royalty	(53,819)	(6,642)	60,461	**-**
Total revenue	**180,312**	**58,048**	**60,658**	**299,018**
Expenses				
Total external expenses	(127,681)	(44,393)	(44,474)	**(216,548)**
Profit before tax	**52,631**	**13,655**	**16,184**	**82,470**
Income tax expense				**(19,525)**
Profit for the year				**62,945**
Total assets				**375,909**
Total liabilities				**233,741**
Total depreciation and amortisation				**(18,638)**

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

(c) Other segment information

(i) *Segment revenue*

	2021	2020
	$'000	$'000
Australia	**260,564**	250,586
New Zealand and Asia Pacific*	**38,609**	36,533
APAC total	**299,173**	287,119
United Kingdom	**12,839**	11,899
Total segment revenues from sales to external customers	**312,012**	299,018

(ii) Segment assets

	2021	2020
	$'000	$'000
Australia	**380,116**	319,750
New Zealand and Asia Pacific*	**14,754**	19,834
APAC total	**394,870**	339,584
United Kingdom	**33,509**	7,720
Total segment assets	**428,379**	347,304

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

	2021	2020
	$'000	$'000
Revenue from contracts with customers		
SaaS fees*	**151,052**	106,171
Annual licence fees*	**77,993**	101,121
Consulting services*	**64,508**	62,482
Revenue - SaaS and continuing business	**293,553**	**269,774**
Initial licence fees **	**16,770**	27,342
Annual licence fees associated with initial licence fees*[1]	**972**	1,151
Revenue - Legacy licence business	**17,742**	**28,493**
Total revenue from contracts with customers	**311,295**	**298,267**

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

[1] This represents revenue on Annual Licence Fees recognised from the date the associated initial licence is delivered until the end of the first financial year post delivery.

5.(a) Other income

	2021	2020
Other income	**$'000**	$'000
Foreign exchange gains / (losses)	**(9)**	(3)
Interest received	**225**	353
Other	**501**	401
Total other income	**717**	**751**
Total revenue	**312,012**	**299,018**

6. Expenses

	2021	2020
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**3,331**	3,905
Total depreciation	**3,331**	**3,905**
Amortisation		
Other intangible amortisation	**443**	346
Contract acquisition costs amortisation	**3,639**	2,493
Capitalised development amortisation	**13,429**	6,103
Amortisation of right-of-use assets	**4,990**	5,791
Total amortisation	**22,501**	**14,733**
Total depreciation and amortisation	**25,832**	**18,638**
Wages and salaries	**83,722**	91,622
Defined contribution plan expense	**9,480**	9,919
Payroll tax	**7,593**	6,366
Provision for employee benefits	**1,045**	1,701
Other	**8,541**	10,007
Total employee costs	**110,381**	**119,615**
Share-based payments	**3,213**	3,305
Occupancy costs	**1,942**	3,259
Finance expense	**1,493**	1,495
Profit and loss movement in expected credit loss	**267**	34
Foreign exchange (gain) / loss	**(21)**	509
(Gain) / Loss on sale of property, plant and equipment	**(13)**	(38)

In addition to the employee benefits expense disclosed above, 'Variable costs' in the consolidated income statement includes $17.3m (2020: $18.6m) relating to employee costs, 'Contract acquisition costs' in the consolidated statement of financial position includes $8.3m in current year employee benefits (2020: $4.9m) and 'Capitalised development' includes $36.1m in current year employee benefits (2020: $32.3m).

7. Income tax expenses

(a) *Income tax expense*

	2021	2020
	$'000	$'000
Current tax	**17,760**	12,045
Relating to origination and reversal of temporary differences	**7,315**	8,680
Adjustments for tax expense of prior periods	**77**	(1,200)
	25,152	**19,525**
Deferred income tax expense / (revenue) included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets	**(4,492)**	(6,575)
Increase / (decrease) in deferred tax liabilities	**10,500**	10,960
Adjustments for deferred taxes of prior periods	**1,307**	4,295
	7,315	**8,680**

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

	2021	2020
	$'000	$'000
Profit from continuing operations before income tax expense	**97,843**	82,470
Tax at the Australian tax rate of 30% (2020 - 30%)	**29,353**	24,741
Adjustments for current tax of prior periods	**77**	(1,200)
Research and development tax concession	**(4,235)**	(4,131)
Expenditure not allowable for income tax purposes	**(43)**	115
Income tax expense	**25,152**	**19,525**

(c) *Amounts recognised directly in equity*

	2021	2020
	$'000	$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Net deferred tax - debited (credited) directly to equity	**(3,750)**	(2,315)

8. Current assets - Cash and cash equivalents

	2021	2020
	$'000	$'000
Cash and cash equivalents	**142,853**	125,244

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 2021.

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

	2021	2020
	$'000	$'000
Trade and other receivables	**51,410**	40,320
Allowance for expected credit losses	**(1,337)**	(2,885)
Sundry receivables	**507**	(39)
	50,580	**37,396**

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

Included in the trade and other receivable balance are debtors with a carrying amount of $4.3m (2020 - $7.6m) which are past due at the reporting date for which the consolidated entity has not specifically 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, however is able to withdraw future support and software licence use rights if concerns arise relating to the recoverability of an outstanding customer balance..

(a) *Allowance for expected credit losses*

Movements in the provision for impairment of receivables are as follows

	2021	2020
	$'000	$'000
Opening balance - 1 October	**2,885**	1,135
Increase/(decrease) in expected credit loss allowance	**780**	2,885
Amounts reversed/written off	**(2,328)**	(1,135)
Closing balance - 30 September	**1,337**	**2,885**

In determining the recoverability of a trade and other 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.

Age	Trade Debtors	Expected credit loss	Trade Debtors	Expected credit loss
	2021	**2021**	**2020**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
0 – 30 days	43,602	(480)	30,051	(456)
31 – 60 days	4,354	(48)	5,915	(90)
61 – 90 days	759	(8)	715	(11)
91+ days	2,695	(801)	3,369	(2,328)
Total	**51,410**	**(1,337)**	**40,050**	**(2,885)**

10. Contract asset

	2021	2020
	$'000	$'000
Contract assets	**22,918**	22,283
Contract assets - non current	**2,962**	-
Allowance for expected credit losses	**(209)**	(232)
	25,671	**22,051**

The above contract asset balance represents revenue recognised for contracts with customers which has not been invoiced at the end of the financial year, in line with customer contracts.

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

	2021	2020
	$'000	$'000
Opening balance - 1 October	**232**	115
Increase/(decrease) in expected credit loss allowance recognised in profit and loss during the year	**(23)**	117
Unused amounts reversed	**-**	-
Closing balance - 30 September	**209**	**232**

11. Current assets – Other current assets

	2021	2020
	$'000	$'000
Deposits receivable	**238**	397
	238	**397**

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

	Office furniture & equipment $'000	Other $'000	Total $'000
Year ended 30 September 2021			
Opening net book amount	8,823	146	8,969
Additions	1,525	-	1,525
Disposals	(17)	-	(17)
Depreciation charge	(3,239)	(92)	(3,331)
Make good movement	-	119	119
Exchange difference	14	-	14
Closing net book amount	**7,106**	**173**	**7,279**
At 30 September 2021			
Cost	42,898	4,770	47,668
Accumulated depreciation	(35,673)	(4,716)	(40,389)
Net book amount	**7,225**	**54**	**7,279**
Year ended 30 September 2020			
Opening net book amount	10,659	241	10,900
Additions	2,008	22	2,030
Disposals	(51)	-	(51)
Depreciation charge	(3,788)	(117)	(3,905)
Make good movement	-	(14)	(14)
Exchange difference	9	-	9
Closing net book amount	**8,837**	**132**	**8,969**
At 30 September 2020			
Cost	41,510	4,769	46,279
Accumulated depreciation	(32,687)	(4,623)	(37,310)
Net book amount	**8,823**	**146**	**8,969**

13. Non-current assets – Intangible assets

	Goodwill	Intellectual property/ source code	Customer contracts	Contract acquisition costs[1]	Software under development	Software- in use	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 September 2021							
Opening net book amount	33,250	4,023	713	9,991	26,983	35,573	110,533
Additions	22,996	1,141	-	8,370	41,858	-	74,365
Transfers to software - in use	-	-	-	-	(38,546)	38,546	-
Amortisation charge	-	(388)	(55)	(3,639)	-	(13,429)	(17,511)
Impairment	-	-	-	-	-	-	-
Exchange difference	-	16	-	(45)	-	-	(29)
Closing net book amount	**56,246**	**4,792**	**658**	**14,677**	**30,295**	**60,690**	**167,358**
At 30 September 2021							
Cost	62,999	12,331	1,100	23,808	30,295	80,777	211,310
Accumulated amortisation	-	(4,862)	(442)	(9,131)	-	(20,087)	(34,522)
Accumulated impairment	(6,753)	(2,677)	-	-	-	-	(9,430)
Net book amount	**56,246**	**4,792**	**658**	**14,677**	**30,295**	**60,690**	**167,358**
Year ended 30 September 2020							
Opening net book amount	33,250	3,503	768	7,519	23,825	7,765	76,630
Additions	-	819	-	4,972	37,069	-	42,860
Transfers to software - in use	-	-	-	-	(33,911)	33,911	-
Amortisation charge	-	(291)	(55)	(2,493)	-	(6,103)	(8,942)
Impairment	-	-	-	-	-	-	-
Exchange difference	-	(8)	-	(7)	-	-	(15)
Closing net book amount	**33,250**	**4,023**	**713**	**9,991**	**26,983**	**35,573**	**110,533**
At 30 September 2020							
Cost	40,003	11,174	1,100	15,483	26,983	42,231	136,974
Accumulated amortisation	-	(4,474)	(387)	(5,492)	-	(6,658)	(17,011)
Accumulated impairment	(6,753)	(2,677)	-	-	-	-	(9,430)
Net book amount	**33,250**	**4,023**	**713**	**9,991**	**26,983**	**35,573**	**110,533**

[1] Balance of contract acquisition costs is split between current portion of $5.0m and non-current portion of $9.7m (2020: current $2.9m; non-current $7.0m).

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

(a) Impairment tests for goodwill

Goodwill and indefinite life intangibles are allocated to the Group's Software and Consulting cash generating units (CGUs) which are also operating and reportable segments for impairment testing purposes.

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

	Software	Consulting	Corporate	Total
	$'000	**$'000**	**$'000**	**$'000**
2021				
Goodwill	46,638	9,608	-	56,246
Indefinite life intangibles	1,362	660	-	2,022
	48,000	10,268	-	58,268
2020				
Goodwill	23,643	9,608	-	33,251
Indefinite life intangibles	1,362	660	-	2,022
	25,005	10,268	-	35,273

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.

In the current year, there is a new CGU as a result of the acquisition. This increased Goodwill by $22.9m. This CGU has not been tested for impairment as at 30 September 2021 due to being acquired near balance sheet date and the allocation of goodwill remaining provisional. Refer to note 25 for further details

The key assumptions used for all CGUs in value in use calculations for 30 September 2021 and 2020 are:

- Budgeted profit
- Growth rates - based on long-term historical trends for each segment
- The discount rate applied to cash flow projections is 15% pre-tax (2020 - 15%)
- Terminal growth rates - these have been set at 2% (2020 - 2%)

14. Non-current assets – Deferred tax assets

	2021	2020
	$'000	$'000
The balance comprises temporary differences attributable to:		
Employee benefits	5,179	4,958
Provisions-other	2,131	1,089
Accrued expenses	524	2,204
Intangibles	558	753
Copyright - software	39	245
Lease liability (net)	2,864	1,718
Employee share trust	4,927	3,536
Deferred revenue	45,877	40,762
Other	1,642	232
	63,741	**55,497**
Set-off of deferred tax liabilities pursuant to set-off provisions (note 21)	**(37,392)**	(26,892)
Net deferred tax assets	**26,349**	**28,605**
Net deferred tax assets expected to be recovered within 12 months	44,059	13,779
Net deferred tax assets expected to be recovered after more than 12 months	(**17,710)**	14,826
	26,349	**28,605**

	2021	2020
	$'000	$'000
Movements:		
Opening balance at 1 October	55,497	48,085
Credited / (charged) to the consolidated income statement	4,492	6,575
Credited / (charged) to equity	3,750	837
Offset from deferred tax liabilities	**(37,392)**	(26,892)
Closing balance at 30 September	**26,349**	**28,605**

15. Current liabilities – Trade and other payables

	2021	2020
	$'000	$'000
Trade payables	**29,445**	29,315
Sundry creditors	**7,021**	7,249
Directors fees	**101**	559
	36,567	**37,123**

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 – Deferred Revenue

	2021	2020
	$'000	$'000
Carrying amount at 1 October	**144,148**	147,558
Carrying amount at 30 September	**160,015**	144,148
Revenue recognised from the opening balance	**142,411**	145,359

Deferred Revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised as revenue in future periods, generally over the next 12 months. These amounts are a contract liability under AASB15. These amounts do not result in a future cash outflow. The operating costs to deliver the services are not significant.

17. Current liabilities – Provisions

	2021	2020
	$'000	$'000
Make good provision	**148**	569
Other provisions[1]	**5,444**	5,416
Annual leave	**8,305**	8,030
Long service leave	**7,322**	6,533
	21,219	**20,548**

[1] On 2 October 2020, the Federal Court issued a judgement against TechnologyOne in a civil employment case. As a result of the judgement, the Group's provision was increased to $5.2m as at 30 September 2020. The company lodged an appeal to the Full Federal Court on 27 October 2020. The company won its appeal, with the original judgement being overturned in August 2021, and a retrial being ordered. The Group has retained the full value of the provision at 30 September 2021 ($5.2m) based on management's best estimate pending the results of the retrial.

18. Contingent Consideration

Contingent consideration	**2021 $'000**	2020 $'000
Contingent consideration	3,842	-
Contingent consideration- non-current	7,576	-
Total	**11,418**	**-**

Refer to note 25- Business Combinations for details of the acquisition.

19. Non-current liabilities – Provisions

	2021 $'000	2020 $'000
Long service leave	**1,924**	2,285
Make good provision	**143**	145
	2,067	**2,430**

(a) Movements in provisions

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

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

	Annual leave ($'000)	**Long service leave ($'000)**	**Make good ($'000)**	**Service level commitment ($'000)**	**Legal provision ($'000)**	**Contingent consideration ($'000)**	**Total ($'000)**
2021							
Carrying amount at 1 October 2020	8,030	8,817	714	217	5,200	-	**22,978**
Additional provisions recognised	3,110	1,919	142	39	21	11,418	16,649
Amount released during the year	(2,835)	(1,488)	(566)	(34)	-	-	(4,923)
Carrying amount at 30 September 2021	**8,305**	**9,248**	**290**	**222**	**5,221**	**11,418**	**34,704**

20. Leases

Right-of-use assets

	Property	Equipment	Total
	$'000	$'000	$'000
Year ended 30 September 2021			
Opening net book amount	23,723	63	23,786
Additions	2,041	51	2,092
Modifications during the year	41	-	41
Disposals	-	-	-
Depreciation charge	(4,933)	(57)	(4,990)
Exchange difference	42	-	42
Closing net book amount	**20,914**	**57**	**20,971**
At 30 September 2021			
Cost	31,593	159	31,752
Accumulated depreciation	(10,679)	(102)	(10,781)
Net book amount	**20,914**	**57**	**20,971**

Lease liability

	Property	Equipment	Total
	$'000	$'000	$'000
Year ended 30 September 2021			
Opening liability	29,284	61	29,345
New leases entered into during the year	2,041	51	2,092
Modifications during the year	(111)	-	(111)
Payments	(2,347)	(49)	(2,396)
Interest expense	1,438	1	1,439
Exchange difference	42	-	42
Closing liability	**30,347**	**64**	**30,411**

The following are amounts recognised in profit or loss under AASB 16:

	2021	2020
	$'000	$'000
Amortisation on right-of-use assets	4,990	5,791
Interest expense on lease liabilities	1,439	1,454
Expense related to short-term leases (included in occupancy costs)	25	599
Total amount recognised in profit or loss	**6,454**	**7,844**

Cashflow for leases

	2021	2020
	$'000	$'000
Total cash outflow as a lessee[1]	2,421	6,564
	2,421	**6,564**

[1] Reduction in lease payments year on year is largely due to a rental rebate on the Group's HQ lease. This rebate significantly reduces base rent payable between 1 July 2020 and 1 April 2022. The rent rebate applied in FY21 was $4.8m (FY20 $867k).

Right-of-use assets

	Property	Equipment	Total
	$'000	**$'000**	**$'000**
Year ended 30 September 2020			
Opening net book amount	28,578	108	28,686
Additions	1,206	-	1,206
Modifications during the year	(324)	-	(324)
Disposals	-	-	-
Depreciation charge	(5,746)	(45)	(5,791)
Exchange difference	9	-	9
Closing net book amount	**23,723**	**63**	**23,786**
At 30 September 2020			
Cost	29,469	108	29,577
Accumulated depreciation	(5,746)	(45)	(5,791)
Net book amount	**23,723**	**63**	**23,786**

Lease liability

	Property	Equipment	Total
	$'000	**$'000**	**$'000**
Year ended 30 September 2020			
Opening liability	32,709	108	32,817
New leases entered into during the year	1,351	-	1,351
Modifications during the year	(324)	-	(324)
Payments	(5,916)	(49)	(5,965)
Interest expense	1,452	2	1,454
Exchange difference	12	-	12
Closing liability	**29,284**	**61**	**29,345**

21. Non-current liabilities – Deferred tax liabilities

	2021	2020
	$'000	$'000
The balance comprises temporary differences attributable to:		
Contract assets	**(5,222)**	(4,269)
Accelerated depreciation for tax purposes	**(851)**	(1,323)
Prepayments	**(24)**	(28)
Capitalised development	**(27,271)**	(18,767)
Contract acquisition costs	**(4,024)**	(2,505)
Total deferred tax liabilities	**(37,392)**	**(26,892)**
Set-off of deferred tax liabilities pursuant to set-off provisions (note 14)	**37,392**	26,892
Net deferred tax liabilities	**-**	-

Movements:

Opening balance at 1 October	**(26,892)**	(15,932)
Charged/(credited) to the Consolidated income statement	**(10,500)**	(10,960)
Offset to deferred tax assets	**37,392**	26,892
Closing balance at 30 September	**-**	-

22. Contributed Equity

Share capital

	2021	2020	**2021**	2020
	Shares	Shares	**$'000**	$'000
Ordinary shares				
Fully paid	**321,648,793**	319,295,458	**51,645**	40,551

Movements in ordinary share capital
(a) Employee Share Option Plan

Date	**Details**	**Number of shares**	**$'000**
1-Oct-20	Opening balance	319,295,458	40,551
	Exercise of options	2,282,537	10,595
	Share grant to employees	70,798	499
30-Sep-21	**Closing balance**	**321,648,793**	**51,645**
1-Oct-19	Opening balance	317,827,581	35,302
	Exercise of options	1,467,877	5,249
30-Sep-20	**Closing balance**	**319,295,458**	**40,551**

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 33.

23. Reserves

(a) Other reserves

	2021	2020
	$'000	$'000
Share-based payments	**38,305**	31,342
Foreign currency translation	**1,958**	2,136
Dividend reserve	**32,454**	30,046
	72,717	**63,524**

(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

	2021	2020
	$'000	$'000
Final dividend for the year ended 30 September 2020 of 9.41 Cents (2019 - 8.78 Cents) per fully paid share paid in December 2020 (2019 - December 2019)		
60% franked (2019 - 75%) based on tax paid at 30%	30,225	27,930
Interim dividend for the year ended 30 September 2021 of 3.82 Cents (2020 - 3.47 Cents) per fully paid share paid in June 2021 (2020 - June 2020)		
60% franked (2020 - 60%) based on tax paid at 30%	12,279	11,058
Total dividends paid	**42,504**	**38,988**

(a) Dividends policy

TechnologyOne's goal is, to the extent possible, to increase dividends paid by 8% to 10% per annum.

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

	2021	2020
	$'000	$'000
Final		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 10.09 cents per fully paid ordinary share (2020 - 9.41 cents) 60% franked (2020 - 60%) based on tax paid at 30% (2020 - 30%).	32,454	30,046
The aggregate amount of proposed dividend expected to be paid out of retained earnings, but not recognised as a liability at year end		
	32,454	**30,046**

(c) Franked Dividends

The franked portions of the final dividends recommended after 30 September 2020 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 2021.

	2021	2020
	$'000	$'000
Franking account balance as at the end of the financial year at 30% (2020: 30%)	**(1,391)**	3,044
Franking credits that will arise from the payments of income tax payable as at the end of the financial year	**3,324**	519
	1,933	**3,563**

24. Dividends (continued)

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

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

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting date, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $8,345,408 (2020 - $7,730,209).

25. Business Combinations

On 15 September 2021, Technology One UK Limited acquired 100% of the issued shares and voting rights in Scientia Resource Management Limited (Scientia). The Scientia acquisition forms part of the strategic focus to deliver further functionality for Higher Education software solution and it will accelerate the growth and competitive position in the UK as well as have significant benefits in the Australian Higher Education market. Scientia's product, Syllabus Plus, provides advanced academic timetabling and resource scheduling for over 150 leading universities across the United Kingdom and Australia.

The initial accounting of the assets and liabilities acquired is incomplete and provisional as the information is not available in part due to the business being in administration prior to it being acquired. The fair value of the acquisition was determined to be $22.9m (12.2m GBP) and has been initially recorded to goodwill as there is limited information for the purchase price allocation prior to the financial statements being issued.

The initial cash payment of $11.5m (6.1m GBP) on 25 August 2021 included payments to extinguish the list of liabilities of Scientia at the time of acquisition as well as payments to shareholders.

The sales and purchase agreement outlined earn out clauses including:

- The first earn out clause of $3.8m (2.1m GBP) is consideration for the acquisition and is earned through future performance hurdles on net profit before tax (NPBT) and annual recurring revenue (ARR) as of 31 December 2021. The company has considered the future contingent payment to be a level 3 financial liability. The fair value of the earn out considering the time value discount is $3.8m.
- The second earn out clause of $7.6m (4.1m GBP) is consideration for the acquisition and is earned through future performance hurdles on NPBT and ARR as of 31 December 2022. The company has considered the future contingent payment to be a level 3 financial liability. The fair value of the earn out considering the time value discount is $7.4m.

Further payments to the major shareholder may be due subject to the achievement of certain future NPBT and ARR targets between 31 December 2022 and 31 December 2024. These payments would be accrued if deemed to be earned and probable. As of 30 September 2021, there has been no provision recorded.

There were $0.5m of acquisition costs incurred during the year ended 30 September 2021. The revenue and profit and loss for Scientia was insignificant for the 15 days of consolidation. Given the business was in administration prior to the acquisition it is impracticable to determine what the revenue or profit and loss would be for the full year based on historical results as they are not reflective the business performance.

26. Key management personnel disclosures

(a)Key management personnel disclosures

	2021	2020
	$	$
Short-term employee benefits	**5,733,291**	5,289,169
Deferred STI	**368,786**	227,586
Share-based payments	**974,629**	934,784
	7,076,706	**6,451,539**

(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.

27. Remuneration of auditors

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

(a) *Ernst & Young (Australia)*

	2021 $	2020 $
Fees to Ernst and Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**728,603**	801,795
Fees for assurance services that are required by legislation	**-**	-
Fees for other assurance and agreed-upon-procedure services	**212,816**	174,440
Fees for other services	**170,131**	148,290
Total remuneration of Ernst & Young Australia	**1,111,550**	**1,124,525**

The relative ratio of other services to audit and assurance services was 15% (2020 13%).

28. 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.

Guarantees

At 30 September 2021, the Group had $3,694,124 (2020 - $3,397,831) in outstanding bank performance guarantees. The total available guarantee facility is $7,000,000 (2020 - $6,650,000). The Group also had unused foreign currency dealing limits of $1,199,814 (2020 - $1,606,393).

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

29. Related party transactions

(a) Ultimate controlling entity

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

(b) Transactions with related parties

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

- Loans were advanced and repayments received on short-term intercompany accounts.
- Marketing support and management fees were charged to wholly owned controlled entities.
- Dividends were paid from Technology One New Zealand Limited to the parent entity during the year

These transactions were undertaken on commercial terms and conditions. No allowance for expected credit loss has been recognised 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 30.

30. 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**	
			2021 **%**	2020 %
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
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
Icon Strategic Solutions Pty Ltd	Australia	Ordinary	**100**	`100
Jeff Roorda and Associates Pty Ltd (JRA)	Australia	Ordinary	**100**	100
Scientia Resource Management Limited (UK)	England	Ordinary	**100**	0

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:

Technology One HQ
Level 11,
540 Wickham Street,
Fortitude Valley, Qld, 4006

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

	2021	2020
	$'000	$'000
Profit for the year	72,691	62,945
Depreciation and amortisation	25,832	18,638
Non-cash employee benefits expense - share-based payments	3,213	3,305
Finance costs	1,493	1,495
Net (gain) / loss on sale of non-current assets	(21)	(38)
Movement in ECL through profit or loss	267	34
(increase)/decrease in trade and other receivables and contract assets	(16,804)	14,192
(increase)/decrease in prepayments and other current assets	(2,578)	1,959
(increase)/decrease in tax assets and liabilities	13,010	3,548
Increase / (decrease) in trade creditors	(556)	(3,967)
Increase / (decrease) in provisions	308	1,983
Increase / (decrease) in lease liabilities	2,265	2,827
Increase / (decrease) in deferred revenue	15,867	(3,410)
Net cash inflow / (outflow) from operating activities	**114,987**	**103,511**

32. Earnings per share

(a) Basic earnings per share

	2021 Cents	2020 Cents
Basic earnings per share (cents per share)	**22.64**	**19.75**
Diluted earnings per share (cents per share)	**22.52**	**19.61**
Profit used for calculating basic and diluted earnings per share ($'000)	**72,691**	**62,945**

(b) Weighted average number of shares used as denominator

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**321,074,997**	318,659,285
Adjustments for calculation of diluted earnings per share:		
Options	**1,667,676**	2,295,131
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**322,742,673**	**320,954,416**

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.

33. 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 up to 25% discount on the volume weighted average price for the 10 days prior to the grant date.

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. 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:

33.Share-based payments (continued)

Issue date	Expiry date	Exercise price	Balance at start of the period	Issued during the year	Exercised during the period	Forfeited during the period	Balance at end of the period	Vested & exercisable at end of the period
			Number	Number	Number	Number	Number	Number
2021			-	-	-	-	-	-
30/03/2021	30/11/2028	5.8850	-	11,064	-	-	11,064	-
22/01/2021	30/11/2028	5.8850	-	644,990	-	(32,788)	612,202	-
22/01/2021	30/11/2028	7.8467	-	540,801	-	-	540,801	-
22/01/2021	30/11/2027	5.8850	-	116,938	-	(7,654)	109,284	-
1/07/2020	1/10/2027	1.8914	50,000	-	-	-	50,000	-
1/10/2019	1/10/2027	-	1,691	-	-	(1,691)	-	-
1/10/2019	1/10/2027	7.3854	578,551	-	-	-	578,551	-
1/10/2019	1/10/2027	5.5391	913,938	-	-	(109,170)	804,768	-
1/10/2018	1/10/2026	4.1122	988,325	-	-	(89,246)	899,079	-
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	1/10/2025	4.1166	313,582	-	(290,783)	-	22,799	22,799
30/04/2018	1/10/2025	4.9952	100,101	-	(100,101)	-	-	-
1/10/2018	1/07/2025	0.8633	29,250	-	(12,500)	-	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	50,000
1/10/2017	1/10/2025	5.1456	1,565,170	-	(1,410,064)	(63,092)	92,014	92,014
1/10/2017	1/10/2024	5.1456	50,000	-	(50,000)	-	-	-
1/10/2017	1/10/2025	5.7474	11,177	-	-	-	11,177	11,177
1/07/2018	1/07/2026	1.3388	167,000	-	(167,000)	-	-	-
1/07/2018	1/10/2026	4.1122	22,853	-	-	-	22,853	-
1/07/2017	1/07/2024	0.8633	16,650	-	-	-	16,650	16,650
23/05/2017	1/10/2024	5.6046	155,482	-	(155,482)	-	-	-
10/03/2017	1/10/2024	5.6027	22,516	-	(22,516)	-	-	-
1/10/2016	1/10/2024	5.7474	17,000	-	(17,000)	-	-	-

1/07/2016	1/07/2023	0.8633	16,650	-	(1,350)	-	15,300	15,300
1/07/2015	1/07/2022	0.8633	16,650	-	(16,650)	-	-	-
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
Total			5,562,106	1,313,793	(2,268,446)	(303,641)	4,303,812	284,690
Weighted average exercise price			$4.93	$6.69	$4.67	$5.05	$5.6	$2.77

33.Share-based payments (continued)

Issue date	Expiry date	Exercise price	Balance at start of the period	Issued during the year	Exercised during the period	Forfeited during the period	Balance at end of the period	Vested & exercisable at end of the period
			Number	Number	Number	Number	Number	Number
2020								
1/10/2019	1/10/2027	-	-	1,691	-	-	1,691	-
1/10/2019	1/10/2027	7.3854	-	578,551	-	-	578,551	-
1/10/2019	1/10/2027	5.5391	-	913,938	-	-	913,938	-
1/10/2018	1/10/2026	4.1122	1,003,568	-	-	(15,243)	988,325	-
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	-	(151,667)	(25,000)	-	-
1/10/2018	1/10/2025	4.9952	100,101	-	-	-	100,101	-
1/10/2018	1/07/2025	0.8633	250,250	-	(221,000)	-	29,250	29,250
1/10/2018	1/07/2025	1.5862	12,500	-	-	-	12,500	12,500
1/10/2018	1/07/2025	1.8914	50,000	-	-	-	50,000	50,000
1/10/2017	1/10/2025	5.1456	1,593,113	-	-	(27,943)	1,565,170	-
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	22,853	-	-	-	22,853	-
1/07/2017	1/07/2024	0.8633	29,150	-	(12,500)	-	16,650	16,650
23/05/2017	1/10/2024	5.6046	247,373	-	(45,516)	(46,375)	155,482	155,482
7/04/2017	30/09/2024	-	978	-	(978)	-	-	-
10/03/2017	1/10/2024	5.6027	22,516	-	-	-	22,516	22,516
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	762,737	10,000	(657,788)	(97,949)	17,000	17,000
1/10/2016	1/10/2024	-	10,000	-	(10,000)	-	-	-
1/07/2016	1/07/2023	0.8633	29,150	-	(12,500)	-	16,650	16,650
1/07/2015	1/07/2022	0.8633	16,650	-	-	-	16,650	16,650
25/08/2009	25/08/2022	0.3450	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
Total			5,679,385	1,554,180	(1,458,949)	(212,510)	5,562,106	396,698
Weighted average exercise price			$4.27	$6.10	$3.6	$4.97	$4.93	$3.27

33.Share-based payments (continued)

At September 2021 a total of 4,303,812 options (2020 – 5,562,106) were offered to employees.

The weighted average share price at the date of exercise of options exercised during the year ended 30 September 2021 was $4.67 (2020 - $3.60).

The weighted average remaining contractual life of share options outstanding at the end of the period was 6 years (2020 - 6.0 years).

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

The fair value of options granted during the year was between $1.77 and $2.66 (2020 - $1.93 - $3.39).

The model inputs for options granted during the year ended 30 September 2021 included:

(I) Dividend yield of 1.6% (2020 – 1.6%)
(II) Expected volatility 33.54% (2020: 29.5%)
(III) Risk-free interest rate 0.01% (2020 0.62 –1.89%)
(IV) Expected life of option 3.3 years (2020 – 3.3 years)
(V) Option exercise price between $7.85 and $5.88 (2020 - $7.39 - $5.54)
(VI) Weighted average share price at grant date was $7.85 (2020 - $7.39)

The expected volatility reflects the assumption that the historical volatility of the Group's share price over a period similar to the life of the options is indicative of future trends, which may 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. 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:

	2021 $'000	2020 $'000
Options issued under employee option plan:		
Vested	**3,404**	**3,355**
Forfeited	**(192)**	**(50)**
Total share-based payment expense	**3,212**	**3,305**

34. Parent entity financial information

(a) *Summary financial information*

The individual financial statements for the parent entity show the following aggregate amounts:

	2021	2020
	$'000	$'000
Balance sheet		
Current assets	**212,771**	181,777
Non-current assets	**225,836**	197,068
Total assets	**438,607**	**378,845**
Current liabilities	**198,267**	178,175
Non-current liabilities	**32,602**	37,086
Total liabilities	**230,869**	**215,261**
Shareholders' equity		
Contributed equity	**51,645**	40,551
Dividend reserve	**32,454**	30,046
Share option reserve	**38,305**	31,342
Retaining earnings	**85,283**	62,278
	207,687	**164,217**
Profit or loss before tax for the year	**92,260**	**75,787**
Total comprehensive income	**92,260**	**75,787**

At 30 September 2021, the statement of financial position shows a current liability balance of $198m (30 September 2020: $178m) which is largely attributable to the Deferred Revenue balance in current liabilities. As Deferred Revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised in future periods, and not a future cash outflow, this balance does not impact the Group's ability to meet its short-term obligations as and when they fall due.

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

At 30 September 2021, the Group had $3,694,124 (2020 - $3,397,831) in outstanding bank performance guarantees. The total available guarantee facility is $7,000,000 (2020 - $6,650,000). The Group also had unused foreign currency dealing limits of $1,199,814 (2020 - $1,606,393).

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 2021 and 30 September 2020, the Parent had no contingent liabilities.

35. Events after the reporting period

On 23 November 2021, the Directors of Technology One Limited declared a final dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is $32,454,363 and is 60% franked.

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

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

In the opinion of the Directors:

(a) the financial statements and notes set out on pages 51 to 102 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 2021 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 2021.

On behalf of the Board of Directors

A. Di Marco

Adrian Di Marco

Director

Brisbane

23 November 2021

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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 2021, the consolidated income statement, the 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 2021 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

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

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

Building a better working world

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 key revenue streams: ▶ SaaS fees; ▶ Annual licence fees; ▶ Initial licence fees; and ▶ Consulting services The Group contracts with its customers using written contracts which often include a number of products and services (separately identifiable components). Revenue recognition for these contracts was considered to be a key audit matter due to the complexity of contracts and the judgement required to allocate revenue amongst the respective performance obligations. 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 16.	Our audit procedures included the following: ▶ For a sample of signed customer contracts, we obtained the supporting documentation and assessed management's judgement on whether the revenue has been recorded appropriately. The assessment included whether there were contract modifications and the impact of any delayed payment terms. ▶ The testing of the signed customer contracts (including contract modifications and conversion of initial licences to SaaS arrangements) considered: ▪ The determination of stand-alone price for separately identifiable components; ▪ The allocation of the transaction price to identified performance obligations, separated into the different revenue streams, and; ▪ The timing of revenue recognition based on the satisfaction of performance obligations. ▶ For a sample of consulting service contracts, (time and materials) we assessed the Group's controls associated with the recording of consulting days delivered and the application of contracted fee rates to these days. ▶ For deferred revenue (contract liabilities) and contract assets, we tested a sample of balances at year end that included: ▪ Agreeing the amounts recorded to invoice and payment (where received); ▪ Reperforming the recognition of revenue based on the satisfaction of performance obligations; and ▪ Recalculating the amount of the contract asset or contract liability balance at year end. ▶ Assessed the adequacy of the financial report disclosures included in the financial statements.

Building a better working world

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. Software development is core to the Company's operations and requires judgement as to whether it meets the capitalisation criteria of AASB 138 Intangible Assets. The carrying value of the capitalised assets (Software under development and software-in use) totalled $90.99m as disclosed in Note 13. The capitalisation of software development costs was a key audit matter due to the significant management judgements, including: ▶ Whether the costs incurred relate to research costs, which are required to be expensed or development costs that are eligible for capitalisation; ▶ The assessment of the useful life of the asset and the timing of amortisation; ▶ The assessment of future economic benefits and indications of impairment of the capitalised software development costs.	We performed the following procedures in respect of the development costs capitalised: ▶ Assessed the Group's policy of capitalisation of software development costs for compliance with Australian Accounting Standards. ▶ Held inquiries with Project Directors and other project team members, to understand development activities undertaken and the feasibility of completion. ▶ For a sample of capitalised software development costs, we tested whether additions were appropriately supported to payroll records or third party documentation and attributed to development activities. ▶ Considered the appropriateness of the amortisation period for the capitalised software development costs and the timing of amortisation. ▶ Assessed the completeness of the Group's indicators of impairment of capitalised software development costs. ▶ Assessed the adequacy of the financial report disclosures included in the financial statements.

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 2021 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

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 on the other information obtained prior to the date of this auditor's report, 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.

Building a better working world

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Building a better working world

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, actions taken to eliminate threats or safeguards applied.

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 September 2021.

In our opinion, the Remuneration Report of Technology One Limited for the year ended 30 September 2021, 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
23 November 2021

Jennifer Barker
Partner
Brisbane
23 November 2021