

TECHNOLOGY ONE UK LIMITED

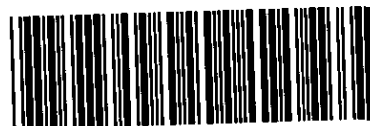
COMPANY NUMBER 05234413

technologyone

Transforming business, making life simple

Financial Statements for the year ended 30 September 2023
Together with the Strategic Report, Directors' Report
and the Auditors' Report

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TECHNOLOGY ONE UK LIMITED

COMPANY INFORMATION

Directors	Mr Edward Chung Mr Cale Bennett Mr Stephen Kennedy
Registered number	05234413
Registered office	Fourth Floor Abbots House Abbey Street Reading Berkshire RG1 3BD
Office	Technology One UK Limited 10 Eastbourne Terrace Paddington London W2 6LG
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Priory Place New London Road Chelmsford Essex CM2 0PP
Bankers	HSBC 26 Broad Street Reading Berkshire RG1 2BU
Solicitors	Boyes Turner Fourth Floor Abbots House Abbey Street Reading Berkshire RG1 3BD

TECHNOLOGY ONE UK LIMITED

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TECHNOLOGY ONE UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their Strategic Report on the Company for the year ended 30 September 2023.

Principal activities

The principal activities of Technology One UK Limited are the marketing, sales, implementation and support of fully integrated enterprise business software solutions.

Business review

The loss before tax for the year amounted to £131,000 (2022: *profit of £4,036,000*). The directors do not recommend the payment of any dividends (2022: *Nil*).

At 30 September 2023 the Company had net assets of £4,548,000 (2022: *£4,615,000*) and had net current liabilities of £503,000 (2022: *net current assets of £1,221,000*).

Key performance indicators

The Company's management consider the key performance indicator for the Company to be growth of revenue from the sale of software as a service (SaaS). This is monitored on a regular basis, with the Company achieving a 43% increase in the current year (2022: *14%*). The directors regard SaaS revenue as a superior revenue stream as it is recurring, contracted and predictable.

Another key non-financial performance indicator for the Company is customer retention and no concerns were noted in the current period. The directors recognise that customer retention is essential in maintaining a strong revenue and cash pipeline over the medium to long term, considering that the Company provides software products as a service.

Principal risks and uncertainties

The following is a summary of material business risks that could adversely affect our financial performance and growth potential in future years and how we propose to mitigate such risks.

Russia-Ukraine conflict

The current conflict in the Ukraine has no impact on the Company.

Credit and cash flow risks

The Company's policies are aimed at minimising credit risk. The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

This report was approved by the board on 12th of March 2024 and signed on its behalf



Cale Bennett (Mar 12, 2024 11:24 GMT+10)

Cale Bennett
Director



Stephen Kennedy
Director

TECHNOLOGY ONE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their report and the financial statements for the year ended 30 September 2023.

Results and dividends

The loss for the year, after taxation, amounted to £67,000 (2022: profit £4,035,000).

The directors have not declared any dividends during the year ended 30 September 2023 (2022: Nil). The directors do not recommend a final dividend (2022: Nil).

Directors

The directors who served during the year were:

Edward Chung
Cale Bennett (appointed 1 August 2023)
Stephen Kennedy
Paul Jobbins (resigned 17 July 2023)

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Review of operations

Refer to the Business review in the Strategic Report for review of operations.

TECHNOLOGY ONE UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

Event after the reporting date

No matter or circumstance has arose since 30 September 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Corporate governance

The Company benefits from the corporate governance arrangements established by its parent company Technology One Limited, an entity listed on the Australian Securities Exchange (ASX), full details of which can be found in Technology One Limited's own Annual Report, together with more detailed corporate governance disclosures. The board has overall responsibility for the Company's system of internal control and for reviewing the effectiveness of these systems. It is responsible for ensuring the Company meets its obligations to its shareholders and meets from time to time to facilitate this.

Likely future developments

The directors intend to continue to grow the business of the Company in line with Technology One Limited's stated ambition for the UK business.

Research and development

The Company is a reseller of the integrated enterprise business software solutions developed by the parent entity, Technology One Limited, therefore no research or development was performed by the Company.

Charitable and political donations

No charitable or political donations were made during the year.

Indemnity of directors

The Company has indemnified the directors of the Company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Going concern

The directors have prepared the financial statements on the going concern basis as they believe that the Company can continue to meet its liabilities as and when they fall due. The Company has the continuing financial support of its parent company, Technology One Limited for a period of at least twelve months from the date of approval of the financial statements.

The directors have made detailed enquiries, including confirmation of the strong liquidity position announced by Technology One Limited and review of the latest annual report released on 08 December 2023. After making these detailed enquiries, the directors are confident that Technology One Limited has sufficient resources to enable it to provide financial support.

The Company operates within the software service industry as part of the Technology One group. The directors believe support will continue to be forthcoming from the parent company for a period of at least twelve months from the date of approval of the financial statements, confirmed by a parent support letter, and so the financial statements have been prepared on a going concern basis.

TECHNOLOGY ONE UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Disclosure of information to auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12th March 2024 and signed on its behalf.

Cale Bennett
Cale Bennett, Mar 12 2024 11:24 GMT+01:00

Cale Bennett
Director



Stephen Kennedy
Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNOLOGY ONE UK LIMITED

Opinion

We have audited the financial statements of Technology One UK Limited (the 'Company') for the year ended 30 September 2023, which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as the war in Ukraine and the inflationary economic environment, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNOLOGY ONE UK LIMITED
(CONTINUED)**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNOLOGY ONE UK LIMITED
(CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNOLOGY ONE UK LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 ISAs (UK) 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 these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the following laws and regulations were most significant: Companies Act 2006, Financial Reporting Standard 101 'Reduced Disclosure Framework'. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to taxation laws;
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and through manipulation of accounting estimates. Audit procedures performed included:
 - identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
 - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
 - challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNOLOGY ONE UK LIMITED (CONTINUED)

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and
 - understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules, the applicable statutory provisions.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Timothy Taylor
Timothy Taylor: Mar 12, 2024 09:22 GMT+1
Timothy Taylor FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford
Date: 12 March 2024

TECHNOLOGY ONE UK LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £000	2022 £000
Revenue	4	11,232	8,040
Cost of sales		(1,798)	(826)
Gross profit		9,434	7,214
Administrative expenses		(13,252)	(7,984)
Other expenses		(308)	(98)
Other income	5	4,388	1,107
Other gains	6	2	4,062
Operating profit	8	264	4,301
Finance costs	7	(395)	(265)
(Loss)/profit before income tax		(131)	4,036
Income tax benefit/(expense)	12	64	(1)
(Loss)/profit for the year		(67)	4,035

All amounts relate to continuing operations.

There is no other comprehensive income or expense during the year ended 30 September 2023 and 30 September 2022 other than the loss attributable to the members of the Company of £67,000 (2022: profit £4,035,000).

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

TECHNOLOGY ONE UK LIMITED
REGISTERED NUMBER:05234413

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	2023 £000	2022 £000
Non-current assets			
Investments	23	10,199	10,199
Plant, property and equipment	15	684	762
Right-of-use assets	21	1,765	2,085
Trade and other receivables	13	119	127
Contract assets	14	119	230
Contract acquisition costs	16	1,357	477
Deferred tax asset	22	108	1
Total non-current assets		14,351	13,881
Current assets			
Cash and cash equivalents	17	599	1,405
Trade and other receivables	13	4,746	2,403
Contract assets	14	470	510
Contract acquisition costs	16	480	218
Current tax assets		70	189
Amounts from related parties	20	1,777	2,203
Total current assets		8,142	6,928
Current liabilities			
Trade and other payables	18	(2,492)	(1,426)
Deferred revenue	19	(5,795)	(4,003)
Lease liability	21	(358)	(278)
Total current liabilities		(8,645)	(5,707)
Net current (liabilities)/assets		(503)	1,221
Total assets less current liabilities		13,848	15,102
Non-current liabilities			
Lease liability	21	(1,716)	(2,047)
Amounts due to related parties	20	(7,584)	(8,440)
Total non-current liabilities		(9,300)	(10,487)
Net assets		4,548	4,615

TECHNOLOGY ONE UK LIMITED
REGISTERED NUMBER:05234413

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2023

		2023 £000	2022 £000
Equity			
Contributed equity	24	-	-
Retained earnings	26	4,548	4,615
Total equity		<u>4,548</u>	<u>4,615</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12th of March 2024.

Cale Bennett
Cale Bennett Mar 12, 2024 11:24 GMT+10

Cale Bennett
Director

The notes on pages 14 to 37 form part of these financial statements.

TECHNOLOGY ONE UK LIMITED
REGISTERED NUMBER:05234413

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Contributed equity £000	Retained earnings £000	Total equity £000
At 1 October 2021	-	580	580
Profit for the year	-	4,035	4,035
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	4,035	4,035
At 1 October 2022	-	4,615	4,615
Loss for the year	-	(67)	(67)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(67)	(67)
At 30 September 2023	-	4,548	4,548

The notes on pages 14 to 37 form part of these financial statements.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

1. General information

Technology One UK Limited is a private company, limited by shares and incorporated in England and Wales. Its registered head office is located at Fourth Floor Abbots House, Abbey Street, Reading, Berkshire, RG1 3BD.

2. Accounting policies

2.1 Basis of preparation

The financial statements of Technology One UK Limited ("the Company") were authorised for issue in accordance with a resolution of the Directors on 12th March 2024. The Statement of Financial Position was signed on the board's behalf by Mr Cale Bennett. The Company is a private company, limited by shares incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the historical cost convention and applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The principal accounting policies adopted by the Company are set out further in this note.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a. the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- b. the requirements of IFRS 7 Financial Instruments: Disclosures;
- c. the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- d. the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - iii. paragraph 118(e) of IAS 38 Intangible Assets;
- e. the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- f. the requirements of IAS 7 Statement of Cash Flows;
- g. the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- h. the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- i. the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- j. the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

The directors have prepared the financial statements on a going concern basis. At 30 September 2023, the Company had net assets of £4,548,000 (2022: £4,615,000) and a net current liability position of £503,000 (2022: net current asset position of £1,221,000). The net current liability position includes £5,795,000 (2022: net current asset position £4,003,000) in relation to deferred revenue for services not yet delivered which do not constitute a cash obligation in the future.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

The ultimate parent company has issued a letter of support to the Company stating that it will continue to provide funding, as necessary for a period of at least twelve months from the date of approval of the financial statements, in order for the Company to meet all of its operational and capital requirements as they fall due. Please see further details in note 27. The directors therefore consider that the going concern basis of accounting remains appropriate.

Technology One UK Limited is exempt from the requirement to prepare consolidated Financial Statements. Section 401 of the Companies Act 2006 exempts, subject to certain conditions, an intermediate UK parent from the requirement to prepare consolidated financial statements where its parent is not established under the law of an EEA state, as long as the Company and all of its subsidiary undertakings are included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking (refer to note 29).

There were a number of narrow scope amendments to existing standards which were effective from 1 April 2022. None of these had an impact on the Company. Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 September 2023 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

These standards, amendments or interpretations include:

- Amendments to IAS 1 - Classification of liabilities as current or non-current
- Amendments to IAS 1 - Disclosure of accounting policies
- Amendments to IAS 8 - Definition of accounting estimates
- Amendments to IAS 16 - Lease liability in a sale and leaseback
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17 - Insurance contracts

2.2 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer the Company determines the transaction price based on the contract taking into account estimates of variable consideration and the time value of money. Contracts are assessed to determine the performance obligations contracted for, and where there is more than one performance obligation under the same contract value, the transaction price is allocated to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.2 Revenue recognition (continued)

The Company 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 Company considers that SaaS licence contracts represent a right to access the Company's licenced intellectual property and as such the performance obligation is fulfilled over the contract term.

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

Unsatisfied performance obligations in respect of SaaS Fees received or receivable are recognised as Deferred revenue in the Statement of Financial Position. Refer to note 19 for details of Deferred revenue.

Costs incurred in obtaining the customer contract are expensed, unless they are incremental to obtaining the contract and the Company 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 Company 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 16 as 'contract acquisition costs'. This balance is presented as 'contract acquisition costs' in the Statement of Financial Position. The current year amortisation of contract acquisition assets is recognised within the Administration Expense line on the Income Statement.

2. Annual licence fees

Annual Licence Fees are for the annual support and maintenance services provided to customers for the perpetual licences and the subscription licences. The fees are recognised on a daily basis over the term of the contract. The Company considers that Annual Licence Fees represent a right to access the Company's perpetual and subscription licences and as such the performance obligation is fulfilled over the contract term.

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

Unsatisfied performance obligations in respect of Annual Licence fees are disclosed as Deferred revenue in the Statement of Financial Position. Refer to note 19 for details of Deferred revenue.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.2 Revenue recognition (continued)

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

Licence Fees includes perpetual licence fees that are recognised on provision of the software. The Company considers that such contracts represent a right to use the Company'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 receivables.

5. Associated contract balances

Under IFRS 15, the timing of revenue recognition, customer invoicing and cash collections results in the recognition of trade receivables, contract asset and deferred revenue (contract liability) on the Company's Statement of Financial Position. At 30 September 2023, the Statement of Financial Position shows a net current liability balance of £0.5m (*30 September 2022: net current asset balance of £1.2m*). 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 Company's ability to meet its short-term obligations as and when they fall due.

2.3 Marketing support fees

The Company's parent entity, Technology One Limited, has entered into an Advance Pricing Agreement ('APA') with the Australian Taxation Office ('ATO'), the Australian tax authority, which covers all subsidiaries wholly owned by the parent. This APA is effective for the 5 year period commencing on 1 October 2022 concluding on 30 September 2027. As per this agreement, the Company should achieve an annual return between 0.93% to 3.02% measured on Earnings Before Interest, dividends, gains, non-operating items and Income Tax (EBIT) and if the margin is not met, a compensating adjustment will be calculated. Any transfer pricing adjustments are recognised as Marketing support fees which is included in the Other income line item in the Income Statement.

2.4 Fixed assets

Fixed assets 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:

	Life	Method
Office furniture and equipment	3-11 years	Straight line

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.5 Receivables

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

The Company uses the simplified approach to measuring expected credit losses. The amount of the expected credit loss is recognised in the Income Statement within administrative expenses.

2.6 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

2.7 Leased assets

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

The Company's lease portfolio consists of property leases. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Early termination options within the leases are considered unlikely, as such the full lease term is used in accounting for the leases.

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

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

Leased assets (continued)

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 Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company's current leases. When the interest rate implicit in the lease is not readily determinable IFRS 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 Company does not have any existing borrowings. In the absence of this the Company 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 Company adjusts the swap curve rate for the term of the leases, the value of the leases and the creditworthiness of the Company.

Once the lease liability has been recognised on the Statement of Financial Position the periodic lease repayments are allocated between an interest and a principal element. The interest is charged to profit or loss (included under finance costs) 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.

The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

Leased assets (continued)

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 lease term.

Right-of-use assets are also subject to impairment testing under IAS 36 Impairment of assets.

2.8 Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

2.9 Investments

All investments are initially recognised at cost, being the fair value of the consideration. Subsequently investments are carried at cost less any impairment losses.

2.10 Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. Payables to related parties are carried at the principal amount.

2.11 Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into Sterling at the average rate for the month in which the transaction occurs. Exchange gains and losses are recognised in the Income Statement.

2.12 Pensions and other post employment benefits

Contributions to defined contribution schemes are recognised in the Income Statement in the period in which they become payable.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.13 Impairment of assets

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 level 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.

2.14 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Financial assets and liabilities

Financial instruments recognised in the Statement of Financial Position include; cash and cash equivalents, trade receivables, contract assets and trade payables.

(i) Classification

The Company 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 Company's business model for managing its financial instruments and the contractual terms of the cash flows.

(ii) Measurement

Amortised cost

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

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.15 Financial assets and liabilities (continued)

FVPL

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

(iii) Impairment

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

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

A 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 Income Statement to the extent that the related revenue has been recognised in the Income Statement. If a receivable balance is identified as being unrecoverable it is written off against the allowance for expected credit losses.

3. Critical accounting estimates and judgements

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 Company's accounting policies.

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 Company 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.

Critical judgement in applying the Company's accounting policies

No critical judgements were made in the preparation of the financial statements.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

3. Critical accounting estimates and judgements (continued)

Key accounting estimates and assumptions

i. Tangible fixed assets and depreciation

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the property plant and equipment and note 2.4 for the useful economic lives for each class of assets.

ii. Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

iii. Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

TECHNOLOGY ONE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

4. Revenue

Revenue, which is stated net of value added tax, is attributable to one continuing activity, the sale of, and provision of support for, software.

	2023	2022
	£000	£000
Revenue from contracts with customers		
SaaS fees*	6,370	4,445
Annual licence fees*	351	212
Consulting services*	4,485	3,378
Initial licence fees**	26	5
Total revenue from contracts with customers	11,232	8,040

* Recognised over time / as services are rendered

** Recognised at a point in time

5. Other income

	2023	2022
	£000	£000
Marketing support fees from Technology One Limited	4,388	1,107

6. Other gains

	2023	2022
	£000	£000
Fair value on remeasurement of contingent consideration	-	4,058
Foreign exchange (losses) / gains	(3)	4
Other revenue	5	-
	2	4,062

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

7. Finance costs

	2023 £000	2022 £000
Interest on loans from related parties	237	183
Interest on lease liabilities	158	82
	<u>395</u>	<u>265</u>

8. Operating profit

This is stated after charging:

	2023 £000	2022 £000
Depreciation of owned fixed assets	157	79
Depreciation of right-of-use assets	320	-
	<u>477</u>	<u>79</u>

9. Auditors' remuneration

	2023 £000	2022 £000
Auditors' remuneration - audit services	<u>43</u>	<u>49</u>
Non- audit services		
Accounts production fee	<u>2</u>	<u>-</u>

Auditors' remuneration is in respect of the audit of the financial statements provided to the Company.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

10. Wages and salaries

	2023 £000	2022 £000
Wages and salaries	9,303	5,105
Social security costs	1,129	749
Other post-retirement benefit costs	390	226
	<u>10,822</u>	<u>6,080</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Sales	23	17
Consulting	37	27
Research and development	40	20
Administration	6	3
	<u>106</u>	<u>67</u>

11. Directors' remuneration

The directors of the Company are also directors of the parent company and fellow subsidiaries. The directors received total remuneration for the year of £1,973,064 (2022: £1,848,393), all of which was paid by the parent company. The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of the parent company's and fellow subsidiary companies. The expense recorded in these financial statements relating to Directors' Remuneration is £Nil (2022: £Nil).

The directors of the Company, as employees of the Technology One Limited group, are subject to the following option arrangements provided by Technology One Limited.

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 cost of share based payment transactions with employees are measured by reference to fair value of the equity instruments at the date at which they are granted. 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). No expense is recognised for awards that do not ultimately vest as a result of unfulfilled service conditions.

The highest paid director received remuneration of £1,372,214 (2022: £1,279,079).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2022: £Nil).

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

12. Income tax (benefit)/expense

	2023 £000	2022 £000
Current tax:		
UK corporation tax on profits for the year	-	12
Adjustments in respect of prior year	43	-
Total current tax expense	43	12
Deferred tax		
Origination and reversal of temporary differences	(30)	(11)
Adjustment in respect of prior year	(77)	-
Total deferred tax	(107)	(11)
Tax (credit)/expense on (loss)/profit on ordinary activities	(64)	1
Factors affecting tax charge for the year		

The tax assessed for the year is higher than (2022: *lower than*) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
(Loss)/profit on ordinary activities before tax	(131)	4,036
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(25)	767
Effects of:		
Income not taxable for tax purposes	-	(771)
Prior period adjustment	(42)	-
Expenses not deductible for tax purposes	3	5
Tax (credit)/expense on (loss)/profit from ordinary activities	(64)	1

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. When the Company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in corporation tax rate. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

TECHNOLOGY ONE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

13. Trade and other receivables

	2023	2022
	£000	£000
Current		
Trade debtors - gross	3,969	2,196
Provision for expected credit loss	(43)	(25)
Trade debtors - net	<u>3,926</u>	<u>2,171</u>
Prepayments	820	232
	<u><u>4,746</u></u>	<u><u>2,403</u></u>
Non-current		
Prepayments	<u>119</u>	<u>127</u>

(a) Impaired trade receivables

Movements in expected credit loss allowance:

	2023	2022
	£000	£000
Opening balance - 1 October	(25)	(22)
Increase in expected credit loss allowance recognised in profit and loss during the year	(43)	(25)
Unused amounts reversed	25	22
Closing balance - 30 September	<u><u>(43)</u></u>	<u><u>(25)</u></u>

The Company's normal trade credit term ranges from 15 to 45 days (2022: 15 to 45 days). Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

There are debtors to the value of £196,000 (2022: £104,000) included in Trade Debtors that are considered past due.

Amounts due from related parties do not bear interest and are repayable on demand.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

14. Contract assets

	2023 £000	2022 £000
Contract assets	592	741
Provision for expected credit loss	(3)	(1)
	<u>589</u>	<u>740</u>

Provision for expected credit loss

Movements in the provision are as follows:

	2023 £000	2022 £000
At 1 October	(1)	(1)
Increase in expected credit loss allowance recognised in profit and loss during the year	(3)	(1)
Unused amounts reversed	1	1
At 30 September	<u>(3)</u>	<u>(1)</u>

Contract assets as at 30 September 2023 is made up of £470,000 (2022: £510,000) held in current assets and £119,000 (2022: 230,000) held in non-current assets in the Statement of Financial Position. The current year portion of the balance is the portion that is expected to be invoiced in the next 12 months.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

15. Property, plant and equipment

	Office furniture & equipment £000
Cost	
At 1 October 2022	1,403
Additions	79
Disposals	(1)
At 30 September 2023	<u>1,481</u>
Accumulated Depreciation	
At 1 October 2022	641
Depreciation charge	157
Disposals	(1)
At 30 September 2023	<u>797</u>
Net book value	
At 30 September 2023	<u>684</u>
At 30 September 2022	<u>762</u>

16. Contract acquisition costs

	2023 £000	2022 £000
At 1 October	695	641
Additions	1,466	257
Amortisation	(324)	(203)
At 30 September	<u>1,837</u>	<u>695</u>

Contract acquisition costs as at 30 September 2023 is made up of £480,000 (2022: £218,000) held in current assets and £1,357,000 (2022: £477,000) is the non-current portion of the contract acquisition costs in the Statement of Financial Position. The current year portion of the balance will be amortised over the next 12 months.

TECHNOLOGY ONE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

17. Cash and cash equivalents

	2023	2022
	£000	£000
Cash and cash equivalents	599	1,405

18. Trade and other payables

	2023	2022
	£000	£000
Trade creditors	530	379
Other creditors - employee bonus	818	197
Accruals	336	406
Other taxes and social security costs	808	444
	2,492	1,426

Trade creditors are non-interest bearing and are normally settled on 40 day terms. Other creditors are non-interest bearing.

19. Deferred revenue

	2023	2022
	£000	£000
Carrying amount at 1 October	4,003	2,882
Carrying amount at 30 September	5,795	4,003
Revenue recognised from the opening balance	4,003	2,882

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 IFRS 15. These amounts do not result in a future cash outflow. The operating costs to deliver the services are not significant.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

20. Amounts with related parties

	2023 £000	2022 £000
Amounts from related parties		
Receivables from related parties	<u>1,777</u>	<u>2,203</u>
Amounts due to related parties		
Loan payable to related parties - non-current	6,199	6,978
Other payables to related parties - non-current	<u>1,385</u>	<u>1,462</u>
	<u>7,584</u>	<u>8,440</u>

The amounts due to related parties are unsecured, interest free and repayable on demand.

An interest only agreement was signed post 30 September 2021 for an initial amount of £6,117,000 plus further advances. The balance of the loan at 30 September 2023 is £6,199,000 (2022: £6,978,000). The nature of the loan is non-current as it is not repayable until 2031. The existence of this loan does not impact the Company's ability to pay its debts when they are due.

The parent company has also issued a letter of support to the Company stating that it will continue to provide funding, as necessary for a period of at least twelve months from the date of approval of the financial statements, in order for the Company to meet all of its operational and capital requirements as they fall due. Please see further details in note 28.

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

21. Leases

Right-of-use assets

	2023 Property £000	2022 Property £000
Year ended 30 September		
Opening net book amount	2,085	45
Additions	-	2,245
Depreciation charge	(320)	(205)
Closing net book amount	1,765	2,085

At 30 September

Cost	2,085	2,245
Accumulated depreciation	(320)	(160)
Net book amount	1,765	2,085

Lease liability

	2023 £000	2022 £000
1 October		
Opening liability	2,325	30
Additions	-	2,245
Payments	(409)	(32)
Interest expense	158	82
Closing Liability	2,074	2,325

Current	358	278
Non-current	1,716	2,047
Closing Liability	2,074	2,325

TECHNOLOGY ONE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

21. Leases (continued)

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

	2023	2022
	£000	£000
Depreciation of right-of-use assets	320	205
Interest expenses on lease liabilities	158	82
Total amount recognised in profit or loss	478	287

Cashflow from leases

	2023	2022
	£000	£000
Total cash outflow as a lessee	409	32

22. Deferred taxation

	2023	2022
	£000	£000
At beginning of year	1	(10)
Deferred tax credited in the Income Statement for the period	107	11
At end of year	108	1

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

22. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2023 £000	2022 £000
Accelerated capital allowances	108	1

The deferred tax included in the Statement of Financial Position is as follows:

	2023 £000	2022 £000
Deferred tax liability	(113)	(1)
Deferred tax asset	221	2
Net deferred tax asset/(liability)	108	1

23. Investments

	Investment in subsidiary £000
Cost or valuation	
At 1 October 2022	10,199
At 30 September 2023	10,199
Net book value	
At 30 September 2023	10,199
At 30 September 2022	10,199

TECHNOLOGY ONE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

23. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Scientia Resource Management Limited	Fourth Floor Abbots House, Abbey Street, Reading, Berkshire, England, RG1 3BD	Ordinary	100%
Scientia Limited*	Fourth Floor Abbots House, Abbey Street, Reading, Berkshire, England, RG1 3BD	Ordinary	100%

* Indirectly held subsidiary.

24. Share capital

	2023	2022
	£	£
Authorised, allotted, called up and fully paid		
2 (2022: 2) ordinary shares of £1.00 each	2	2

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

25. Reconciliation of movement in Shareholders' funds

	2023	2022
	£000	£000
Opening shareholders' funds/(deficit)	4,615	580
(Loss)/profit for the year	(67)	4,035
Closing shareholders' funds	4,548	4,615

TECHNOLOGY ONE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

26. Reserves

Contributed equity

Contributed equity is the total par value of called up and fully paid shares.

Retained earnings

Includes all current period profits and losses.

27. Support of controlling entity

The operations of Technology One UK Limited rely on the continued product and financial support of Technology One Limited, the parent entity of Technology One UK Limited. The directors of Technology One Limited have resolved to provide financial and product support for a period of at least twelve months from the date of approval of the financial statements should there be challenges with Technology One UK Limited's ability to continue operating as a going concern and meet its debts as and when they fall due.

The directors have made detailed enquiries, including confirmation of the strong liquidity position announced by Technology One Limited and review of the latest annual report released on 08 December 2023. After making these detailed enquiries, the directors are confident that Technology One Limited has sufficient resources to enable it to provide financial support.

28. Related parties

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 11. The Company has taken advantage of the exemptions provided by FRS 101 regarding disclosure of transactions entered into between two or more members of the TechnologyOne group. Copies of these group accounts are available from www.TechnologyOneCorp.com.

The Company is a wholly owned subsidiary of Technology One Limited, a company domiciled in Australia and listed on the Australian Securities Exchange, the consolidated financial statements of which are publicly available.

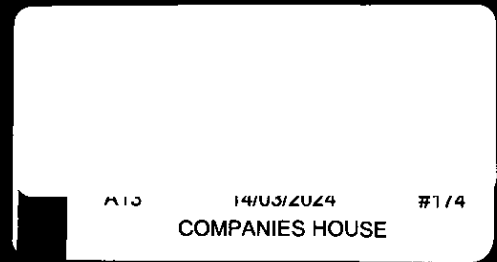
29. Ultimate party undertaking

The ultimate parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Technology One Limited, a company registered in Australia, which owns 100% of the issued share capital. Copies of these group financial statements are available from www.TechnologyOneCorp.com.

30. Events after the reporting date

No matter or circumstance has arose since 30 September 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

technology



Technology One Limited

ABN 84 010 487 180

Appendix 4E and Annual Financial Report

for the year ended 30 September 2023

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Appendix 4E

Results for announcement to the market

For the year ended 30 September 2023

(Compared to the year ended 30 September 2022)

				2023 (\$'000)	2022 (\$'000)
Revenue from ordinary activities	Up	17%	to	429,378	368,234
Profit from ordinary activities after tax attributable to members	Up	16%	to	102,876	88,843
Net profit for the period attributable to members	Up	16%	to	102,876	88,843

	Amounts per security (cents)	Franked amount per security (cents)
Dividends		
CURRENT PERIOD		
Interim dividend	4.62	2.77
Final dividend	11.90	7.14
Special dividend	3.00	1.80
PRIOR PERIOD		
Interim dividend	4.20	2.52
Final dividend	10.82	6.49
Special dividend	2.00	1.20

The record date for determining entitlements to the final dividend for the year ended 30 September 2023 is 1 December 2023. There will be no conduit foreign income paid on the final dividend. The payment date for the final dividend is 15 December 2023.

Profit for the ordinary activities after tax attributable to members

Breakdown of the revenue figures above

				2023 (\$'000)	2022 (\$'000)
Revenue - SaaS and continuing business	Up	19%	to	426,379	358,668
Revenue - Legacy licence business	Down	69%	to	2,999	9,566
Revenue from ordinary activities				429,378	368,234

	2023 (cents)	2022 (cents)
Basic EPS	31.51	27.51
Diluted EPS	31.54	27.38
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	324,422,822	322,953,789

NTA backing

	2023 (cents)	2022 (cents)
Net tangible asset backing per ordinary share	20.04	10.01

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.



Pat O'Sullivan
Chair

Brisbane
21 November 2023

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Company or the Group) consisting of Technology One Limited and the entities it controlled at the end of, or during, the year ended 30 September 2023.

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



Pat O'Sullivan

Appointed 2 March 2021.

Experience and expertise

Pat is a Chartered Accountant and has 40 years' experience working across a wide range of industries both as an executive and a 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 for 6 years until June 2012 and prior to that he was the Chief Financial Officer of Optus for 5 years.

He is currently Chair of Carsales.com and Siteminder. His previous ASX non-executive director roles include Afterpay, 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 Chair

Interests in shares and options

39,779 ordinary shares held in Technology One Limited.



Edward Chung

Appointed 15 August 2023.

Experience and expertise

Edward has led TechnologyOne through its continued growth trajectory and transformation into Australia's leading enterprise Software as a Service (**SaaS**) business. With a passion for growth, innovation, and TechnologyOne's people, he led the business to become one of Australia's ASX 100 listed companies in 2023 and has long-term continued growth in his sights for the future.

Appointed as CEO in May 2017 after more than 10 years in senior executive roles at TechnologyOne, including one and a half years as the company's Chief Operations Officer. From 2014, Edward headed up TechnologyOne's products

and solutions division, including Research and Development (**R&D**) where he led the team that transitioned the business into a fully SaaS-based organisation. Prior to that he led the finance and corporate services division and developed the commercial frameworks to drive the company's expansion.

Special responsibilities

Managing Director

Interests in shares and options

700,068 ordinary shares and 1,340,002 options held in Technology One Limited.



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. John has been a Fellow of the Australian Institute of Company Directors since 1991.

Interests in shares and options

24,872,500 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.

Directors' Report



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 InQbator/iQFunds in 2000, an early-stage investment group focused upon the technology, telecommunications and life sciences sectors.

Through iQFunds and personally, Mr Anstey 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, Mr Anstey 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 Fellow of the Australian Institute of Company Directors.

Mr Anstey now continues his career in venture capital and corporate advisory roles as a founder of iQ360 Pty Ltd.

Interests in shares and options

20,000 ordinary shares in Technology One Limited held beneficially through the Anstey super fund.



Dr Jane Andrews

GAICD, PhD
Appointed 22 February 2016.

Experience and expertise

Dr 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 the Audit and Risk Committee and the 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, FAICD
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 Fellow of the Australian Institute of Company Directors.

Special responsibilities

Member of the Audit and Risk Committee and the 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 25 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 ten years' experience on the boards of publicly listed companies. His directorships include A2B

Australia Limited and Bidcorp. Cliff was also a Non-Executive Director with Nearmap which was sold and delisted in December 2022 as well as Afterpay, which was acquired in January 2022. 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

Chair of the Nomination and Governance Committee and member of the Remuneration Committee.

Interests in shares and options

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

Directors' Report



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. Mr Ball was a Partner with KPMG for 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 Mr Ball'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 Mr Ball has worked across a number of industries including tourism and leisure, gaming and wagering, arts and sports, and state and local governments.

Mr Ball 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 over 10 years.

Special responsibilities

Chair of the Audit & Risk Committee and member of the Remuneration Committee.

Interests in shares and options

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



Ron McLean

Appointed 8 December 1999.
Retired on 22 February 2023.

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. He 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 retired as Non-Executive Director on 22 February 2023.

Company Secretary



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.

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 2023, and the numbers of meetings attended by each Director were:

	Full meetings of Directors (Board)	Meetings of committees		
		Audit & Risk	Nomination	Remuneration
R McLean	4(5)	-	-	-
J MacLaggart	12(13)	-	-	-
R Anstey	13	-	-	-
J Andrews	13	4	3	3
S Doyle	13	4	3	-
C Rosenberg	12(13)	-	2(3)	1(3)
P Bell	10(13)	4	-	3
P O'Sullivan	13	-	-	-
E Chung	0(0)	-	-	-

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 Business Analytics
- Technology One Corporate Performance Management
- Technology One DXP Local Government
- Technology One Enterprise Asset Management
- Technology One Enterprise Budgeting
- Technology One Enterprise Cash Receipting
- Technology One Enterprise Content Management
- Technology One Financials
- Technology One Human Resource and Payroll
- Technology One Performance Planning
- Technology One Property and Rating
- Technology One Spatial
- Technology One Strategic Asset Management
- Technology One Student Management
- Technology One Supply Chain Management
- Technology One Timetabling and Scheduling

Dividends

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

Ordinary shares	2023 (\$'000)	2022 (\$'000)
Final dividend for the year ended 30 September 2022 of 10.82 Cents (2021: 10.09 Cents) per fully paid share paid in December 2022 (2021 – December 2021):		
60% franked (2021: 60%) based on tax paid at 30%	35,119	32,454
Special dividend for the year ended 30 September 2022 of 2 Cents (2021: nil) per fully paid share paid in December 2022:		
60% franked (2021: nil) based on tax paid at 30%	6,491	-
Interim dividend for the year ended 30 September 2023 of 4.62 Cents (2022: 4.2 Cents) per fully paid share paid in June 2023 (2022: June 2022):		
60% franked (2022: 60%) based on tax paid at 30%	14,995	13,673
Total dividends paid	56,605	46,127

Review of operations

On behalf of TechnologyOne Limited (TechnologyOne) we are pleased to announce our fourteenth consecutive year of record profit, record revenues, and record SaaS fees. Our Global SaaS ERP solution is making life simple for our community.

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 ongoing investment in R&D, which has been validated in March as we entered the ASX 100 index.

Highlights for the Year

Profit before tax, up 16% – Beating guidance set in May 2023 of 10%-15% profit growth.

Total Annual Recurring Revenue (ARR) up 23% – Driven by the significant value proposition of our global SaaS ERP solution.

Net Revenue Retention (NRR) of 119%, up from 116% pcp – Existing customers continue to expand their use of our global SaaS ERP solution to streamline their operations.

UK ARR up 52% – Our long-term investment in the UK continues to build momentum.

Upgrade to medium-term guidance: now on track to surpass \$500 million ARR by FY25 – One year earlier than planned.

Investing in the future – With strong results and a strong sales pipeline, this year we made additional investments to enable us to continue to double in size every five years beyond \$500 million ARR. These include additional investments in the UK, new products and modules, including DXP, AppBuilder, and SaaS Plus. Additionally, we undertook acquisition due diligence on a potentially transformational combination opportunity.

We became the world's first Solution as a Service (SaaS+) ERP company – We established our visionary SaaS+ offering by combining our mission-critical global SaaS ERP solution and implementation in one single fee, removing the need for traditional, complex, long, risky and expensive consulting implementations to provide faster go-lives and therefore unlocking value for our customers more quickly.

Strong balance sheet and Strong cashflow generation at 102% of NPAT – We returned cashflow generation to NPAT ratio of approximately 100%, one year earlier than planned. With significant cash and investment holdings of \$223.3 million and no debt, our balance sheet retains flexibility and strength for inorganic growth in the future.

These points are discussed later in more detail.

- Profit Before Tax of \$129.9m, up 16%, beating guidance of 10%-15% growth.
- Profit After Tax of \$102.9m, up 16%, beating guidance of 10%-15% growth.
- Total Annual Recurring Revenue (ARR) of \$392.9m, up 23%.
- Net Revenue Retention (NRR) of 119%. Above our long-term target of 115%.
- Total Revenue of \$441.4m, up 19%.
- Revenue from our SaaS and Recurring Business of \$390.7m, up 22%.
- Expenses of \$311.5m, up 21%.
- Cash Flow Generation of \$104.6m, up 36%.
- Cash and Investments of \$223.3m, up 27%.
- Total Dividend of 19.52cps, including a special dividend of 3.0cps, up 15%.
- R&D investment of \$112.0m before capitalisation, up 21%, which is 25% of revenue.

Results Summary

Total ARR up 23%

Adoption of the TechnologyOne global SaaS ERP solution exceeded our expectations, with customer adoption driving Total ARR to \$392.9 million, up 23%.

TechnologyOne continues to lead in the Local Government sector, where we closed over 25 major deals in FY23 totaling more than \$113 million in contract value. Consequently, more than 300 council customers now benefit from our high-quality products in APAC. We continue to win clients from our larger competitors, including the City of Parramatta's digital transformation project, one of several excellent wins from Infor, and, another returning customer from Oracle. These Local Government customers are just a few examples of councils choosing our market-leading ERP, CIA, with the digital customer at its centre.

In the Government sector we signed five major deals with a total contract value of more than \$23 million. TechnologyOne successfully completed the transition of our existing 230+ Government customers to SaaS. The new customers we signed validated our SaaS-for-Government vision, with the most notable being the Department of Veteran's Affairs (DVA), which was awarded to TechnologyOne at the conclusion of a competitive tender process against SAP. DVA, a large agency, chose TechnologyOne for the first stage of its digital transformation based on our proven ability to deliver within the Federal Government. Equally, the Commonwealth's National Anti-Corruption Commission, with less than 200 staff, knows they will get the same enterprise grade, built-for-Government configuration, and industry-leading cyber security standards as our largest Government customers.

We have successfully completed our transition from an on-premise legacy licence business to a SaaS business. Our plan to reduce on-premise legacy licence fees from a high of circa \$75 million to zero over five years is complete. We have aggressively grown our SaaS recurring revenue business to replace that revenue, delivering increasing earnings every year.

This transition was extremely complex as we re-engineered all parts of our business including our products, our structure, our policies, processes, and disciplines. No other ERP company in the world has successfully made this transition without negatively impacting either its work or its profit growth.

TechnologyOne made the transition to our SaaS solution for our on-premise customers simple and seamless. Customers can move to SaaS in weeks, not years, in stark contrast to those using our competitors' products.

From their first step to SaaS, our customers can easily move to our next generation SaaS ERP, C/A, and take advantage of new technologies, such as Artificial Intelligence and our new Digital Experience Platform (DXP).

Net Revenue Retention (NRR) of 119%, up from 116% pcp

In FY23, we delivered Net Revenue Retention of 119% which is industry leading in the ERP market and above our long-term target of 115%. At 115% per annum, we will continue to double in size every five years.

This clearly shows our products and solutions are resonating with the market. Customers are continuing to take up more products and modules from us as they embrace our enterprise vision and the significant efficiencies and productivity lift that come with it.

Our focus is to land a customer with products such as Financials, Property and Rating, or Student Management and then expand with other products and modules over time. As the only true SaaS ERP vendor in the market, our SaaS customers have all products and modules available at all times and are always on the latest software release. This open licence approach removes the friction from TechnologyOne selling and from our customers taking up new products and modules to streamline their business.

We continue to invest in our products and modules to provide even deeper mission-critical functionality for the markets we serve. In doing so we increase the available whitespace and runway for our team to sell additional value to our existing customers.

Our SaaS customers continue to take-up products and modules at a faster rate than we had seen for our on-premise customers. The average ARR from our customers has grown from \$100,000 in FY12 to almost \$400,000 in FY23.

UK ARR of \$26.5 million up 52%

We have seen our UK business continue to grow with ARR up 52% to \$26.5 million. We delivered profit of \$3.7 million, up from a profit \$2.4 million last year, and we see significant opportunities in the coming years in this market, which exceeds the size of the APAC market considerably.

The regionalisation of our OneEducation solution is now complete for our Student Management and Human Resources and Payroll (HRP) products and we signed two new Student Management deals this year in the UK. Our ERP offering and the breadth and depth of functionality that we bring to the Local Government and Higher Education markets are unique in the UK and our pipeline is growing strongly. We continue to invest in products, sales, marketing and all other functionality in the UK to further accelerate our growth.

Upgrade to medium-term guidance, on track to surpass \$500 million ARR by FY25

The quality of the revenue from our latest generation global SaaS ERP business is exceptionally high, given its recurring contractual nature, combined with our industry leading low churn rate of ~1%.

Our ARR stands at 90% of Total Revenue, which means most 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.

Today, our Total ARR is \$392.2 million, up 23%. We are upgrading our medium-term target to surpass \$500 million ARR by FY25 (previously, "we will surpass \$500 million ARR by FY26").

Investing in the future

TechnologyOne invested \$112 million in R&D this year, up 21%. Our R&D program continues to be at the leading edge of our industry, as we embrace new technologies, new concepts and new paradigms.

Our R&D team is focused on extending the functionality and capabilities of our global SaaS ERP solution, C/A, which increases the whitespace in the verticals we serve.

We continue to invest in new, exciting ideas and innovations, including Solution as a Service (SaaS+), AppBuilder and Digital Experience Platform (DXP) for Local Government and Higher Education. Our 16th product, DXP LG, was released for general adoption and extends our ERP from traditional back-office users to residents.

We became the world's first Solution as a Service (SaaS+) ERP company

Solution as a Service (**SaaS+**) will be a game changer in the ERP industry. It is the next logical evolution of SaaS where TechnologyOne delivers the entire outcome faster, with little risk and in one single annual fee to our customers. SaaS+ will deliver faster time to value as we continue to dramatically drive down implementation timeframes, removing the need for traditional long-drawn-out, risky implementations. Through the "Power of One", TechnologyOne is the only SaaS ERP provider able to deliver on this compelling proposition as we own all parts of the value chain with deep mission-critical products, industry-specific IP built over 36 years and our highly skilled in-house consulting team.

During FY23 TechnologyOne launched our new SaaS+ offering, which was embraced by 34 customers across all our industry verticals, surpassing all our initial expectations and demonstrating a very positive outlook for our future approach to sales and delivery. Queensland Parliamentary Services was the first government example, recognising how crucial time to value is for government agencies in times of economic and budget uncertainty. Other notable examples include the London Business School of Economics in the UK and our first full OneCouncil solution, inclusive of Property & Rating, at Whitsunday Regional Council in Australia.

Our SaaS+ proposition is resonating with the market. Our shift from traditional new project consulting revenue to SaaS+ revenue will mirror our successful transition from legacy license fees to SaaS revenue, which is now complete. This strategic move enhances our focus on high-quality, recurring revenue.

We are excited about the opportunities these investments will bring to our APAC and UK customers. Importantly, SaaS+ has become the go-to-market sales approach in the UK.

These investments in R&D and SaaS+, to build our future platforms for growth, enable our ability to continue to double in size every five years. We will manage this significant investment within our total cost base, continuing to balance strong profit growth with investment for future growth beyond \$500 million ARR.

Profit Before Tax margin to return to growth in FY24

As we transitioned to SaaS and continue to build deep pipelines, our profit and loss has become more predictable. Early in our second half, we could see with confidence that we were going to have a strong full year. We have delivered above guidance profit before tax growth of 16%, strong ARR growth of 23%, NRR of 119% (above our long-term target of 115%) and cashflow generation to NPAT of 102% for the year, one year earlier than planned.

Combined with a strong pipeline, this allowed us to make additional investments in our ambitious R&D program earlier than planned. These long-term investments, including DXP, AppBuilder, additional modules and SaaS+, will enable us to grow beyond \$500 million ARR and continue to double in size every five years. We also invested in the UK and in scaling our service centre in Malaysia.

In considering future growth opportunities, TechnologyOne continues to pursue potential deals that will unlock further value for shareholders and strengthen our product offering. During the year we made a \$2 million investment in due diligence to put forward a non-binding and indicative proposal for a public-listed UK-based higher education software provider. Following significant and disciplined due diligence, we did not proceed as the potential acquisition did not meet our set criteria and the prudent decision was made not to proceed. TechnologyOne remains in a strong position to explore other appropriate M&A opportunities in the near and medium term given the company's strong balance sheet.

These planned additional investments resulted in a fat underlying profit before tax margin of 30%. We expect margin growth to return in FY24, and we see Group 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.

Investment in people and culture

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

We have set an ambitious target Employee Net Promoter Score (**eNPS**) of +50 by FY26. Our eNPS score increased to +34 driven by new and exciting people programs and initiatives delivered in FY23.

Since inception, we have been extremely successful, by any measure, because of our consistent strategy, mission, purpose, core beliefs, values, leadership philosophies and compelling customer experience. During the year, we refined and simplified our core beliefs and compelling customer experience philosophies and relaunched them to our team through our Culture Book, a collection of stories that explain to new starters and remind long-timers what makes TechnologyOne special and how we make the impossible, possible. This completes the 24-month refresh of the TechOne Way, the key artefact that describes the DNA of our business to our staff.

During the year, we promoted 130 team members across all areas of our business. We continued our focus on diversity and strategies to increase the number of women across the organisation. Women now hold more than 42% of senior roles against an industry average of 25%. Our overall representation of women across all roles at TechnologyOne has increased to 38%.

We have also launched Australia's best Employee Share Plan which provides one free share for every two shares purchased by our employees. In the year, 44% of our team members elected to become owners of TechnologyOne to share in the growth of our great company.

To continue to double in size every five years, we launched our ongoing investment in our leaders through our Leadership Summit. This initiative is designed to grow our leaders, teach them the TechOne Way and equip them to lead our teams to make the impossible, possible. The first cohort graduated in FY23 and cohort two commenced this year.

Strong balance sheet and Strong cashflow generation at 102% of NPAT

TechnologyOne continues to have a strong balance sheet with net assets of \$306.0 million, up 28% and cash and investments of \$223.3 million, up 27%. Cash Flow Generation (CFG) was once again strong at \$104.6 million for the full year, versus a Net Profit After Tax of \$102.9 million, a CFG to NPAT ratio >100% which is one year earlier than planned. TechnologyOne continues its long history of strong CFG, which we expect will continue to approximate Net Profit After Tax in FY24 and beyond.

Dividend

Considering the company's strong results, our confidence in the future, and the significant capacity in our balance sheet to invest in growth and opportunities that may arise, we have announced a Special Dividend of 3.0 cents per share in addition to our final FY23 dividend of 11.90 cents per share.

For the full year, our dividend has increased to 19.52 cents per share (including the Special Dividend), up 15% on the prior year, and in line with our Net Profit After Tax growth of 16%.

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, but also to ensure alignment across our Executive KMP.

We continued to execute our strategy, delivering strong results again in FY23. When many businesses have struggled to deliver in uncertain economic and geopolitical times, TechnologyOne has delivered exceptional growth – Total ARR growth of 23%, Record Net Profit After Tax growth of 16%, and upgraded our medium term guidance to surpass \$500 million ARR by FY25.

Our 3-year rolling TSR is 97% and annual TSR is 48%. There is a clear alignment between the performance of the business and executive remuneration.

Environment, Social, Governance (ESG)

Environment

TechnologyOne is committed to its ESG obligations, beyond just regulatory requirements. We became Carbon Neutral globally and this year is our second 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.

Social – 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, disadvantaged, 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 by FY31, 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 commitment of more than \$2 million each year. The TechnologyOne Foundation will continue to shape the DNA of our company and staff.

Governance

Given that TechnologyOne is such a significant R&D and innovation-led business, coupled with our long track record of profitable growth, we continue our cautious and measured approach to the renewal of our Board.

We would like to recognise Ron McLean, who after 31 years of service firstly as an executive and subsequently a non-executive director retired from the company on 26 February 2023. Ron was instrumental in developing the sales team and disciplines and TechnologyOne culture over his time and left the business in excellent shape for future growth. We wish him well in his future endeavours.

Please refer to our TechnologyOne website at: <https://www.techologyonecorp.com/company/investors/corporate-governance> for our full Sustainability Report and Corporate Governance Statement.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

On 21 November 2023, the Directors of Technology One Limited declared a final and special dividend on ordinary shares in respect of the 2023 financial year. The total amount of the dividend is \$48,376,534 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 2023.

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 that may arise due to 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.

	2023 (\$)	2022 (\$)
Ernst and Young:		
Taxation advice and other advisory services	948,484	197,241
Total remuneration	948,484	197,241

Non-audit services include \$301,734 in relation to taxation advice and \$646,750 in relation to acquisition due diligence services for an acquisition target that the Company did not ultimately pursue.

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 16.

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

Our operations do not have a material impact on the environment. We acknowledge that climate change mitigation will require deep and permanent greenhouse gas reductions as part of a universal transformation from business, government, and individuals collectively. To this end, TechnologyOne accepts the science of climate change and is committed to reducing our carbon emissions to the lowest amount possible and offsetting residual amounts to maintain carbon neutrality.

TechnologyOne has adopted an iterative approach to implementing the TCFD recommendations.

We will continue to assess how we quantify climate-related risks and opportunities, how the Board integrates climate-related considerations into decision making and strategy, and how we engage with shareholders, customers, team members, suppliers and other key stakeholders.

Climate Governance

The TechnologyOne Board maintains oversight of sustainability matters, translating these into our strategy for long-term value. 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 internal Business Division.

Our Risk Management Framework, the Audit & Risk Committee oversees TechnologyOne's material enterprise-wide risks and the integrity of our statutory statements. The Remuneration Committee considers executive performance on ESG issues.

Climate Strategy

To understand the strategic implications of climate-related risks and opportunities, we assessed the potential positive and negative impacts on our business against three global warming scenarios.

Under the 2°C scenario characterised by late, disruptive and sudden climate action, our key risks include reputational and legal risks associated with a lack of climate risk disclosure and action, as well as financial risks.

Under the 4°C scenario characterised by limited climate action beyond what has already been committed, 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 emerging and existing material climate related risks are identified, managed, and incorporated into our existing risk management processes.

Our GHG reduction strategy involves three phases:

Phase 1: Phase 1: measure (understand the key emission sources)

Phase 2: Phase 2: manage and minimise (reduce energy consumption and associated carbon emissions where practicable)

Phase 3: Phase 3: offset (all or a proportion of our carbon emissions).

Climate Metrics and Targets

During the reporting period, TechnologyOne conducted a GHG assessment in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard and Corporate Value Chain.

TechnologyOne's total global emissions for FY23 amounted to 8,465 tonnes of carbon dioxide equivalent.

We aim to use any arising opportunities to reduce our emissions. We're focused on reducing our impact on the environment and are proud to be Climate Active carbon-neutral certified for our global operations. Reflective of the increased urgency to accelerate carbon reduction initiatives, we recently set reduction targets to reduce our Scope 1 and 2 global emissions by 80% by 2025 and 100% by 2030 from a FY22 baseline.

Refer to our 2023 Sustainability Report for further TCFD related information.

Share options

Unissued shares

As at the date of this report, there were 5,909,979 unissued ordinary shares under options (4,752,991 at the reporting date). Refer to note 32 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. Options granted carry no dividend right to holders.

Shares issued on the exercise of options

During the year, employees and Executives have exercised options to acquire 1,303,806 fully paid ordinary shares in Technology One Limited at a weighted average exercise price of \$6.24. Refer to note 32 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.technologyoncorp.com).

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



Pat O'Sullivan
Chair

Brisbane
21 November 2023

Independent Auditor's Declaration



**Building a better
working world**

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

As lead auditor for the audit of the financial report of Technology One Limited for the financial year ended 30 September 2023, 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.

A stylized, handwritten signature of 'Ernst + Young' in black ink.

Ernst & Young

A handwritten signature of 'JLR' in black ink.

John Robinson
Partner
21 November 2023

A member firm of Ernst & Young Global Limited.
Liability limited by a scheme approved under Professional Standards Legislation.

Remuneration Report

(Unaudited)

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 (the Report) for the year ended 30 September 2023.

The primary objective of the Committee is to ensure that we align Executive Key Management Personnel (KMP) rewards with shareholder interests and achievement of 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.

We are one of only a few ERP vendors globally. Our unique approach sees us highly focused on six vertical markets with the deepest functionality for those markets, delivered through our 16 products and over 400 modules. This includes mission-critical operational systems for local government and higher education. We have rewritten our rich ERP four times over the last 36 years, taking advantage of the latest technological shifts for our customers – relational database, PC, web and now SaaS.

Our Power of One approach, core to our strategy, means we build, market, sell, implement, support, and run our ERP for our customers. TechnologyOne's products make life simple for our customers, but our business is complex and unique, demanding deep and broad expertise from our exceptional team.

Execution of our consistent strategy by our leaders has been key to our strong growth. We constantly adapt and evolve to changes in technology, the market and feedback from our customers while remaining focused on delivery for our verticals.

This year TechnologyOne entered the S&P/ASX 100 index. This is an important milestone for the company, which commenced in 1987 as a small start-up venture operating from a hide plant in Hemmant, Brisbane. Since listing on the ASX in 1999, TechnologyOne has delivered more than 18% compound growth for our shareholders, turning \$1 invested 24 years ago into more than \$50. With dividends reinvested, over the last 10 years, TechnologyOne's Total Shareholder Return (TSR) has exceeded the ASX 200 by more than 6 times more than 860%. The growth has been delivered via execution of our strategy which aims to double our ARR every five years. Pleasingly, through this same period, our employee Net Promoter Score has grown from +1 to +34, and we are on track to deliver our ambitious goal of \$500m Annual Recurring Revenue (ARR) by FY25, earlier than planned. As we move into this next period, we have set our focus on doubling from \$500m to \$1bn ARR by FY30.

Our remuneration framework provides a tight relationship between performance and remuneration and has driven strong growth for the company. In FY23, we undertook independent benchmarking for KMP remuneration. We will continue to benchmark to ensure we remain competitive and can attract and retain talented executives with the specialised skills and expertise required.

This Report intends to describe the linkage between our strategic initiatives, remuneration principles and remuneration framework, and how these, in turn, drive shareholder returns.

Incentive outcomes and alignment to Company performance

Company performance was strong with exceptional results delivered in FY23 across all key metrics:

- Total ARR growth of 23%.
- Net profit before tax growth of 16%.
- UK profit up 54% at \$3.7m.

These results indicate we are on track to deliver our ambitious goal of \$500m ARR by FY25, earlier than planned.

Continuing Executive KMP remuneration continues to be clearly aligned with shareholder value creation:

- Total continuing Executive KMP remuneration grew by 5% between 2022 and 2023 (excluding retention LTI). Remuneration growth is relative to, and less than, the Company's 16% growth in statutory net profit before tax (NPBT).
- Short-Term Incentive (STI) outcomes across our continuing Executive KMP were up 15% directly reflecting 15% growth in Executive NPBT.
- Deferred STI earned was up 16% in line with average growth in Executive NPBT over the last three years.
- The Long-Term Incentive (LTI) plan, based on earnings per share (EPS) growth and total shareholder return (TSR) relative to technology companies, resulted in 100% of 'at risk' LTI vesting for our Continuing Executive KMP. This result reflects the strong performance over the 3-year vesting period, with challenging LTI targets set by the Board achieved, ensuring superior performance and long-term shareholder wealth creation.

Executive and Director changes

Mr Edward Chung, our CEO for the past 6 years was appointed to the Board as Managing Director on 15 August 2023. Mr Paul Jobbins resigned as CFO and company secretary on 17 July 2023. Mr Cale Bennett commenced as CFO on 1 August 2023.

Mr Ron McLean retired from the Board at the end of the 2023 AGM on 22 February 2023.

(a) Executive KMP remuneration

There has been no change to the continuing Executive KMP remuneration framework. Fixed base salary increases were limited to 1.5%, including the super guarantee rate increase. Actual short-term incentive and deferred STI increased in line with Executive Net Profit Before Tax (NPBT). Long-term incentives were increased by 1%, as the opportunity as a percentage of salary remained unchanged. Increases in salary and LTI were less than inflation. For FY23, Fixed remuneration comprised no more than 29% of Executive KMP remuneration.

(b) Directors' fees

Shareholders resolved to increase the fee pool to \$2,000,000 at the FY22 Annual General Meeting. The increase is the first increase since the Director Fee Pool was set at \$1,500,000 four years earlier. The increased pool resulted from independent benchmarking, Board renewal, including an experienced non-executive Chair, and recognition of the increased workload and management of complexity and growth for the non-executive Chair and Directors. Further details are described in section 7 of the Report.

Afterword

TechnologyOne remains focused on delivering sustainable long-term growth. We believe that our remuneration policies continue to position us well for providing our shareholders with strong returns via effective executive attraction, retention and focus on performance.



Dr Jane Andrews
Chair, Remuneration Committee

Brisbane
21 November 2023

Remuneration Report

(Audited)

Contents

The remuneration report contains the following sections.

1 About this report	19
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1 About this report

1.1 Basis for preparation of FY23 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 identifies each KMP, their position and term as KMP.

Name	Position	Period
NON-EXECUTIVE DIRECTORS		
Pat O'Sullivan	Independent Non-Executive Chair	Full year
Ron McLean	Independent Director	1 October 2022 – 22 February 2023
John Mactaggart	Non-independent Director Major shareholder	Full year
Richard Anstey	Independent Director	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 Nomination and Governance Committee Chair Remuneration Committee	Full year
Peter Ball	Independent Director Audit and Risk Committee Chair Remuneration Committee	Full year
EXECUTIVE DIRECTORS		
Edward Chung	Managing Director and Chief Executive Officer	Full year (Managing Director from 15 August 2023)
EXECUTIVE KMP		
Stuart MacDonald	Chief Operating Officer	Full year
Paul Jobbins	Chief Financial Officer	1 October 2022 – 17 July 2023
Cale Bennett	Chief Financial Officer	1 August – 30 September 2023

Remuneration Report

(Audited)

2 Remuneration governance

The Remuneration Committee (the Committee) is responsible for developing the remuneration framework for TechnologyOne KMPs and making recommendations for KMP's remuneration to the Board. The Committee sets the remuneration philosophy and policies for Board approval.

The responsibilities of the Committee are further 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 KMP's remuneration.
- Making recommendations to the Board on the remuneration arrangements for KMP 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 KMP 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 considers whether there are any irregularities or other factors (including ESG matters) that would affect the payment or vesting of that award. This is a formal agenda item for the Remuneration Committee and it is conducted without the executives present.

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 "making life simple for our community". The Board believes that in order to deliver on our vision and build sustainable 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 and global software companies.

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

- 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 Company performance, and individual financial reward.
- Reward superior performance, while managing risks.
- Provide flexibility to meet changing needs and emerging competitive market practices.
- Commit to diversity, reflecting a fair and equitable remuneration framework.
- Commit to simplicity.

Our Executive remuneration framework aligns with common practices for ASX 100 companies, with adaptations to meet the demands of a growing company in the enterprise software market. The structure of our Executive remuneration comprises:

- Comparatively low fixed remuneration to enable a greater emphasis on performance.
- Relatively large at-risk STI portion aligning focus to current year performance.
- A deferred STI component to help further drive long-term shareholder wealth and retention.
- LTIs linked to long-term strategy, targets, and shareholder wealth creation.

Due to the nature of our SaaS revenue generation, the winning of new business and driving continued profit growth in the current year is the key to our long-term success. It is for this reason, our short-term incentive (**STI**), as a percentage of the total remuneration, tends to be higher than our ASX-listed peers. Correspondingly, 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, therefore securing long-term success and shareholder wealth.

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

TechnologyOne Executives are focused on, and rewarded for, the long-term outcomes of the business through the Deferred STI and a generally larger LTI proportion of remuneration 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.

Target remuneration mix

Target granted remuneration mix at the beginning of the contract for the CEO (Figure 1), and other Executive KMP (Figure 3) is represented below, based on target STI achievement and maximum LTI achievement. Over time, the remuneration changes 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 (Figure 1) and demonstrates how the remuneration mix changes over time (Figure 2). The below graphs show the accounting expense of the remuneration mix, excluding the expense related to the one-off retention LTIs granted in FY22.

Figure 1. Target CEO remuneration mix (contract target started in FY17)

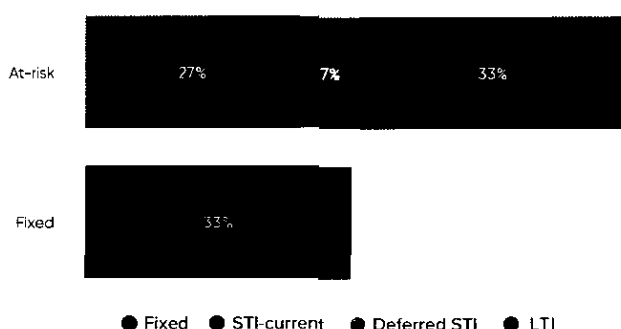
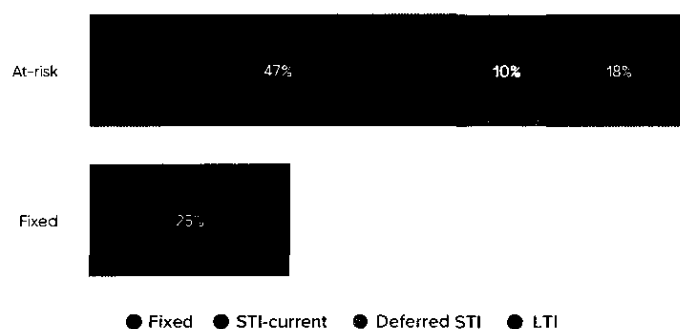


Figure 2. CEO remuneration mix FY23



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

Figure 3. Target Executive KMP remuneration mix (contract target started in FY17)

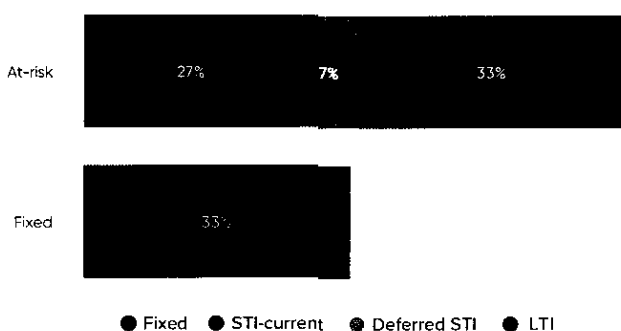
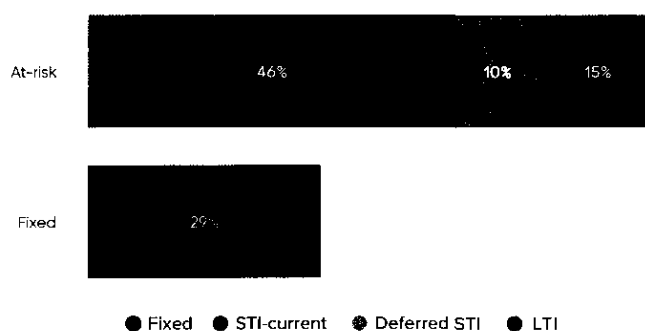


Figure 4. Executive KMP remuneration mix FY23



While the STI is the largest component of remuneration, Deferred STI encourages Executives to have a sustainable long-term mindset when approaching profit generation. The combination of STI for the current year, and deferred STI and LTI for future years, ensures the overall variable remuneration is balanced between achieving short-term and long-term outcomes for the business and shareholders.

The growth in STI-current and Deferred STI as a proportion of overall remuneration seen in the graphs above arises due to the STI being directly linked to profit, which has grown strongly over time. Refer to section 4.2 for more details on the STI-current.

Remuneration Report

(Audited)

4 How Executive Remuneration is structured

4.1 Fixed remuneration

Fixed remuneration comprises base salary plus superannuation.

Fixed base salary increased by 1% for FY23. The increase in the Superannuation Guarantee rate was paid for by the company for Executive KMP, in line with policy for all employees. This resulted in a further increase in fixed remuneration of 0.5% from July 1 2023.

4.2 Short-term incentive (STI)

Executives participate in an STI plan which is based on Executive NPBT¹. Key features of the STI plan are detailed below:

Feature	Description
Opportunity	<p>The value of the STI is based on a percentage of applicable Executive Net Profit Before Tax¹. 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 5.2 below for each Executive's agreed percentage.</p> <p>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 or less 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.</p>
Award vehicle	Cash.
Performance measures	<p>The STI is based on a percentage of applicable Executive Net Profit Before Tax¹. This effectively aligns the target incentive with shareholder return since share price has trended with the increase in earnings.</p> <p>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 to ensure that they best align with the Company's commitment to providing shareholder wealth.</p> <p>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 ARR² 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.</p>
STI cap	<p>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 also has a dramatic flow on effect in future years through the greater recurring revenues for the Company. Combined with the LTI, 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 results 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.</p> <p>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 large portion of their total remuneration. Just as the STI is uncapped on the upside, it is also uncapped on the downside. Given that our Executives' 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.</p> <p>The STI framework aligns performance with remuneration outcomes encouraging over performance and penalising under performance.</p>
Malus	The ability to apply Malus Provision 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 affected the payment of that award.
Controls	<p>To mitigate inappropriate actions that could increase short-term incentives, the Company has long-standing effective controls in place, including internal and external audits, and practice management reviews.</p> <p>Specific internal controls in place include strict pricing and discounting policies and processes; selling solutions into only six (6) specific markets reducing risk and complexity; maintaining robust approval processes for any non-standard or high-risk contractual terms; performing active management of outstanding debtors; and malus provisions for Deferred STIs.</p>
Termination	On termination, the Executive foregoes any further STI payments which would have otherwise been available for the remainder of the financial year under their STI plan.

TechnologyOne Executives have an STI set at the start of their contract which is typically 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.

Example 1: STI calculation and model over time

Consider a candidate who can command a remuneration package of \$900,000 in the open market. The TechnologyOne STI opportunity is determined as 1/3 of the total remuneration package and modelled as follows:

STI target	STI rate set 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 Company, applies for this employee and the forecast NPBT is \$100m then contract STI will be 0.30% of NPBT (\$300,000/\$100m).
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Assuming an ambitious profit target increase of 15% per annum and actual profit increases of 12% per annum, the following illustrates the operation of the STI.

Year	STI (%)	Profit target (\$m)	Actual profit (\$m)	STI target (STI % x profit target (\$))	Actual STI (STI % x actual profit (\$))
1	0.30	100.00	97.40	300,000	292,200
2	0.30	112.01	109.09	336,030	327,270
3	0.30	125.45	122.18	376,350	366,540

As can be seen in this example, growth is achieved in the STI, in line with growth in company profit. This leads to an increase, over time, of the proportion of STI to fixed remuneration.

4.3 Deferred STI

Feature	Description
Opportunity	TechnologyOne introduced a Deferred STI in the FY19 year. An additional 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 the financial year, on the condition that the Executive KMP remains employed with the Company for the entire deferral period.
Malus	The Deferred STI component is subject to a malus provision in that there must be no irregularities or other factors that would have affected the payment of that award.
Controls	The controls are in line with those in place for the STI. Refer section 4.2 for detail.
Termination	On termination, the Executive forgoes any accrued and Deferred STI.

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

Remuneration Report

(Audited)

4 How Executive Remuneration is structured (continued)

4.3 Deferred STI (continued)

Example 2: 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 of award plus the two years of deferral. The award is paid at the conclusion of the two-year period following the end of the financial year of the award. A reward granted in FY23 will be paid to the Executive following the conclusion of FY25.

FY	STI Measure	STI (%)	Financial result (\$m)	STI- received immediately (\$)	Deferred STI (%)	Deferred STI	Amounts expensed for Deferred STI				
							Year 1	Year 2	Year 3	Year 4	Year 5
1	NPBT	0.30	97.40	292,200	25	73,050	24,350	24,350	24,350	-	-
2	NPBT	0.30	112.01	336,030	25	84,008	-	28,003	28,003	28,003	-
3	NPBT	0.30	122.18	366,540	25	91,635	-	-	30,545	30,545	30,545
Total Expense							24,350	52,353	82,898	58,548	30,545
Cash Received by Executives							-	-	73,050	84,008	91,635

4.4 Long-term incentives (LTI)

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 KMP is typically set at 75% to 100% of fixed remuneration and is determined during contract negotiation when an KMP is hired.
Award vehicle	Each LTI entitles the KMP the right to purchase one TechnologyOne share in the future at an agreed strike price, subject to meeting specified performance targets. The KMP has a choice between Options or Equity Performance Rights (EPRs, rights).
Performance period	LTIs have a three-year performance period. 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 accounting purposes, the expense is recognised in accordance with AASB 2 <i>Share Based Payments</i> over the three-year period.
Performance measures	Performance measures for the most recent LTI grants are: <ul style="list-style-type: none"> 75% of the options / rights vest based on EPS Growth. See Vesting Conditions below. 25% of the options / rights vest based on Relative Total Shareholder Return (rTSR) compared against the constituents of the ASX All Technology (XTX) index. See Vesting Conditions below.

Feature	Description																
Vesting conditions	<p>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.</p> <table><thead><tr><th>Performance Metric</th><th>Growth <5%</th><th>Growth >=5%, <15%</th><th>Growth >=15%</th></tr></thead><tbody><tr><td>EPS growth¹</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></tbody></table> <table><thead><tr><th>Performance Metric</th><th>Percentile <50</th><th>Percentile >=50, <75</th><th>Percentile >=75</th></tr></thead><tbody><tr><td>Relative TSR²</td><td>0% vest</td><td>50% vest at 50th percentile relative TSR with linear vesting (50% to 100%) up to 75th percentile</td><td>100% vest</td></tr></tbody></table> <p>The number of options / rights that vest at the end of the relevant performance period is determined as follows:</p> <ul style="list-style-type: none">• Number of LTI options/rights earned per three-year performance period = Number of LTI options/rights granted x percentage earned x individual performance factor³ <p>Vesting conditions are applicable to KMP only.</p>	Performance Metric	Growth <5%	Growth >=5%, <15%	Growth >=15%	EPS growth ¹	0% vest	50% vest at 5% growth with linear vesting (50% to 100%) up to 15% growth	100% vest	Performance Metric	Percentile <50	Percentile >=50, <75	Percentile >=75	Relative TSR ²	0% vest	50% vest at 50th percentile relative TSR with linear vesting (50% to 100%) up to 75th percentile	100% vest
Performance Metric	Growth <5%	Growth >=5%, <15%	Growth >=15%														
EPS growth ¹	0% vest	50% vest at 5% growth with linear vesting (50% to 100%) up to 15% growth	100% vest														
Performance Metric	Percentile <50	Percentile >=50, <75	Percentile >=75														
Relative TSR ²	0% vest	50% vest at 50th percentile relative TSR with linear vesting (50% to 100%) up to 75th percentile	100% vest														
Allocation methodology	The LTI is allocated based on the fair value of the option or right with no discount for the likelihood of non-market performance conditions being met.																
Board discretion	<p>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.</p> <p>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.</p>																
Change of control	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.																
Termination	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 termination of employment.																
Expiry	Any LTIs that have vested will expire 5 years after vesting.																
Revision	We do not revise our LTIs over the relevant performance period.																
Malus	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. 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.																

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4 How Executive Remuneration is structured (continued)

4.4 Long-term incentives (LTI) (continued)

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

Given an LTI grant value of \$300,000, the KMP has the following two choices or a 50:50 mixture of each. The value remains the same in all three choices.

Feature	Description	Description
Award vehicle	Options	Equity Performance Rights
Vesting period	3 years	3 years
LTI grant value	\$300,000	\$300,000
LTI metrics and weighting	EPS (75% weighting) and relative TSR (25% weighting)	EPS (75% weighting) and relative TSR (25% weighting)
Fair value of option at grant date	\$1.50	\$7.50
Share price at grant date	\$7.65	\$7.65
Exercise price	\$7.39	\$0.00

In this example, we assume the KMP makes a 100% choice of Options.

Amounts recognised for LTI, given 100% weighting to a choice of Options

FY	LTI metrics	Weighting	Grant number of units	Expense of Grant	Share price at grant	Exercise price per share
1	EPS growth %	75%	150,000	\$225,000	\$7.65	\$7.39
2	Relative TSR	25%	50,000	\$75,000	\$7.65	\$7.39
			200,000	\$300,000		

For the Year 1 tranche of LTIs, the fair value is \$300,000, recognised over 3 years. For the purposes of this worked example, we have assumed that the fair value of options granted with each metric is the same.

5 Relationship between remuneration and Company performance

5.1 TechnologyOne's five-year performance

The below table sets out information showing the creation of shareholder wealth for the years ended 30 September 2019 to 30 September 2023. Profits and dividends have grown over the last five years, and growth in the fair value of Executive KMP's remuneration has not exceeded growth in profits over the period.

		2019	2020	2021	2022	2023
Net Profit before Tax reported	(\$'000)	76,389	82,470	97,843	112,320	129,854
Profit before tax growth	(%)	15	8	19	15	16
Total dividend, including special	(cps)	11.93	12.88	13.91	17.02	19.52
Share price for the year (closing)	(\$)	7.18	7.94	11.36	10.60	15.51
Earnings per share (basic)	(cps)	18.43	19.75	22.64	27.51	31.71
EPS growth	(%)	14	8	15	22	15
Annual Total Shareholder Return (TSR)	(%)	31	12	45	(5)	48
Rolling 3-year TSR	(%)	35	58	97	61	97
Continuing Executive STI	(\$,000)	1,047	1,136	1,343	1,537	1,767
Continuing Executive STI Growth	(%)	16	9	18	14	15
Continuing Executive STI % of NPBT	(%)	1	1	1	1	1
LTI vesting as a % of maximum	(%)	72	98	99	97	100
Continuing Executive KMP remuneration growth ¹	(%)	12	12	12	8	5
Executive Remuneration % of NPBT	(%)	6	7	6	5	4

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.

As can be seen from the tables above, the Executive Remuneration Framework has successfully driven performance and the creation of shareholder wealth over the longer term.

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5 Relationship between remuneration and Company performance (continued)

5.2 Detail of Executive remuneration and performance

The remuneration for Executives comprises the amounts outlined in the following tables.

Refer to section 6 below for details of service agreements with Executive KMP.

Edward Chung

Managing Director and Chief Executive Officer

	2023 (\$)	2022 (\$)	Variance (%)	Notes
Fixed remuneration				
Base salary	521,250	513,358		
Superannuation	27,500	27,500		
Total fixed remuneration	548,750	540,858		1 Increase includes statutory increase for superannuation.
STI				
STI - profit ¹	134,562,612	117,090,048	15	
STI %	0.78%	0.78%		
Total STI	1,049,588	913,302	15	Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	230,081	198,851	16	Deferred STI (refer to section 4.3)
LTI				
Fair value of options recognised	391,346	508,468		The value included for FY23 includes one third of the FY21 LTI fair value plus one third of the FY22 LTI fair value plus one third of the FY23 LTI fair value.
Fair value of options forfeited	-	(18,684)		
Fair value of EPRs recognised	-	-		
Fair value of EPRs forfeited	-	-		
Total LTI	391,346	489,784	(20)	
Fair value of Retention LTI recognised	305,710	152,855	100	Grant in FY22 to encourage retention of key executive during critical growth phase through to November 2026 and the transition from a founder led company. This is not an annual grant. The fair value of the grant will be recognised over the five year vesting term FY22 to FY26. The increase year on year here is reflective of a partial year in the year of grant versus a full year of expense in FY23.
Total remuneration	2,525,475	2,295,650	10	Total remuneration has grown by 10%, less than reported net profit before tax growth of 16%.

Stuart MacDonald
Chief Operating Officer

	2023 (\$)	2022 (\$)	Variance (%)	Notes
Fixed remuneration				
Base salary	432,592	425,976		
Superannuation	27,500	27,500		
Total fixed remuneration	460,092	453,476		1 Increase includes statutory increase for superannuation.
STI				
STI - profit ¹	134,562,612	117,090,048	15	
STI %	0.533%	0.533%		
Total STI	717,219	624,090	15	Growth in STI is consistent with growth in NPBT, the primary measure of STI.
Total Deferred STI	157,222	135,882	16	Deferred STI (refer to section 4.3)
LTI				
Fair value of options recognised	234,040	272,214		The value included for FY23 includes one third of the FY21 LTI fair value plus one third of the FY22 LTI fair value plus one third of the FY23 LTI fair value.
Fair value of options forfeited	-	(9,258)		
Fair value of EPRs recognised	-	-		
Fair value of EPRs forfeited	-	-		
Total LTI	234,040	262,956	(11)	
Fair value of Retention LTI recognised	173,138	76,181	127	Grant in FY22 to encourage retention of key executive during critical growth phase through to November 2026 and the transition from a founder led company. This is not an annual grant. The fair value of the grant will be recognised over the five year vesting term FY22 to FY26. The increase year on year here is reflective of a partial year in the year of grant versus a full year of expense in FY23.
Total remuneration	1,741,710	1,552,585	12	Total remuneration has grown by 12%, less than reported net profit before tax growth of 16%.

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5 Relationship between remuneration and Company performance (continued)

5.2 Detail of Executive remuneration and performance (continued)

Paul Jobbins

Chief Financial Officer (resigned 17 July 2023)

	2023 (\$)	2022 (\$)	Variance (%)	Notes
Fixed remuneration				
Base salary	227,023	223,363		
Superannuation	27,500	27,500		
Total fixed remuneration	254,523	250,863		1 Increase includes statutory increase for superannuation.
STI				
STI – profit ¹	134,562,612	117,090,048	15	
STI %	0.343%	0.343%		
STI forfeit	(92,310)	–	(100)	Mr Jobbins forfeited the 20% retention element of his STI on resignation.
Total STI	369,240	401,619		(8) Mr Jobbins resigned on the 17th of July 2023. His service continued for the full FY23.
Total Deferred STI	(91,960)	87,444		(205) The Deferred STI recognised in prior years was forfeited on resignation.
LTI				
Fair value of options recognised	98,736	262,304		The value in FY23 includes only the final year of expense for the FY21 grant.
Fair value of options forfeited	(40,457)	(9,557)		The value represents 191,015 share options that were awarded as LTI in previous and current financial years and were forfeited on resignation.
Fair value of EPRs recognised	–	–		
Fair value of EPRs forfeited	–	–		
Total LTI	58,279	252,747		(77)
Fair value of Retention LTI recognised	(29,115)	29,115	(200)	Grant in FY22 to encourage retention of key executive during critical growth phase through to November 2026 and the transition from a founder led company. This is not an annual grant. The retention LTI recognised in prior period represented 205,761 share options that were forfeited on Paul's resignation.
Post-employment benefits	247,000	–		
Total remuneration	807,967	1,021,788		(21)

Cale Bennett
Chief Financial Officer (commenced 01 August 2023)

	2023 (\$)	2022 (\$)	Variance (%)	Notes
Fixed remuneration				
Base salary	60,060	-		The value included the salary in relation to two months of the current year.
Superannuation	6,607	-		
Total fixed remuneration	66,667	-	100	The value included the remuneration in relation to two months of the current year.
STI				
STI - profit ¹	41,970,337	-		
STI %	0.297%	-		
Total STI	124,652	-	100	The value included is in relation to two months of the FY23 STI.
Total Deferred STI	10,388	-	100	Deferred STI (refer to section 4.3)
LTI				
Fair value of one-off LTI options	96,153	-		FY23 value for buyout of equity held from previous employment.
Total LTI	96,153	-	100	
Total remuneration	297,860	-	100	

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5 Relationship between remuneration and Company performance (continued)

5.3 Options and EPRs that became eligible to vest during FY23

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 FY21 and vesting in FY23. 100% of the Relative TSR options and 100% of the EPS Options became eligible to vest, resulting in 100% 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	Testing	Testing year	Target	Performance measure achieved	Number forfeited	LTIs vested	% LTI vested
FY21	Relative TSR	Option	63,730	3 year	FY23	75th percentile	88.63%	-	63,730	100%
	EPS Growth	Option	191,189	3 year	FY23	15%	17.10%	-	191,189	100%
			254,919						254,919	100%

Stuart MacDonald

Grant year	Performance measure	Option or EPR	Number of LTIs available	Testing	Testing year	Target	Performance measure achieved	Number forfeited	LTIs vested	% LTI vested
FY21	Relative TSR	Option	38,113	3 year	FY23	75th percentile	88.63%	-	38,113	100%
	EPS Growth	Option	114,339	3 year	FY23	15%	17.10%	-	114,339	100%
			152,452						152,452	100%

Paul Jobbins

Grant year	Performance measure	Option or EPR	Number of LTIs available	Testing	Testing year	Target	Performance measure achieved	Number forfeited	LTIs vested	% LTI vested
FY21 ¹	Relative TSR	Option	33,359	3 year	FY23	75th percentile	88.63%	-	33,359	100%
	EPS Growth	Option	100,077	3 year	FY23	15%	17.10%	-	100,077	100%
			133,436						133,436	100%

5.4 Options/EPRs that have been granted in FY22 and FY23 and not yet vested

Edward Chung

Grant year	Performance measure	Number of LTIs available	Testing	Testing year	LTIs due to vest
FY22	Relative TSR	48,104	3 year	FY24	Nov 2024
	EPS Growth	144,312	3 year	FY24	Nov 2024
FY23	Relative TSR	43,126	3 year	FY25	Nov 2025
	EPS Growth	129,378	3 year	FY25	Nov 2025

Stuart MacDonald

Grant year	Performance measure	Number of LTIs available	Testing	Testing year	LTIs due to vest
FY22	Relative TSR	28,768	3 year	FY24	Nov 2024
	EPS Growth	86,304	3 year	FY24	Nov 2024
FY23	Relative TSR	25,791	3 year	FY25	Nov 2025
	EPS Growth	77,373	3 year	FY25	Nov 2025

Paul Jobbins

Grant year	Performance measure	Number of LTIs available ¹	Testing	Testing year	LTIs due to vest
FY22	Relative TSR	-	3 year	FY24	Nov 2024
	EPS Growth	-	3 year	FY24	Nov 2024
FY23	Relative TSR	-	3 year	FY25	Nov 2025
	EPS Growth	-	3 year	FY25	Nov 2025

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5 Relationship between remuneration and Company performance (continued)

5.5 LTI Retention options granted during the prior year that will vest on 30 November 2026

Edward Chung

Grant year	Performance measure	Number of options available for vesting	Vesting	Vesting year	Total grant value
FY22	Service	720,165	Nov 2026	FY27	\$2,038,066

Stuart MacDonald

Grant year	Performance measure	Number of options available for vesting	Vesting	Vesting year	Total grant value
FY22	Service	475,000	Nov 2026	FY27	\$1,154,250

Paul Jobbins

Grant year	Performance measure	Number of options available for vesting ¹	Vesting	Vesting year	Total grant value
FY22	Service	–	Nov 2026	FY27	\$582,305

6 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
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. Typically, no other additional termination or post-employment benefits are provided on termination of employment. Refer to sections 4.3 and 4.4 for treatment of STIs and LTIs on cessation of employment.

7 Non-executive Director fees

Determination of Non-executive Director fees

Director fees are set to enable TechnologyOne to attract and retain high calibre Directors and in recognition of the workload for Directors. Director fee levels and fee pool are reviewed every three years by an independent consultant to remain competitive with comparable companies based on market capitalisation, operational scope and key geographical areas. Fee increases between independent reviews are capped at CPL.

In FY22, Board fees were \$145,230 per Director, including statutory superannuation contributions. This was increased to \$175,000 in FY23. An additional fee of \$27,500 was paid to each committee chair. The Independent Chair's fee was \$300,000 in FY23 (FY22: \$145,230).

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 \$2,000,000, which was approved by shareholders at the Annual General Meeting on 22 February 2023.

FY23 aggregate fee pool and Non-Executive Director fees

An independent market review of Non-Executive Director (NED) fees was conducted in the prior year. Consequently, the board determined that an increase in the Board and Committee fees was appropriate given:

- **The need to appropriately compensate an Independent Non-Executive Chair** in recognition of the additional workload of Pat O'Sullivan who was appointed to the position on 30 June 2022.
- **Increased workload of Directors** due to significant growth in size over the last 3 years, additional responsibilities transitioning from a founder-led company, and international expansion in the UK.
- **NED fees were below market** and inconsistent with market practice where additional fees are paid to recognise the additional workload in chairing a committee.

Shareholder approval was obtained at the FY22 AGM to increase the fee pool to \$2,000,000, from \$1,500,000. This will allow the Board to attract and retain high calibre directors (including overseas directors) in a competitive technology market, provide flexibility for Board succession planning and appointment of new directors.

The table below sets out the Non-Executive Director Fees paid during FY23.

Board and Committee Fees (inclusive of superannuation)	FY23 Fees
Board Chair – all-inclusive fee	\$300,000
Non-Executive Director – base board fee	\$175,000
Audit and Risk Committee Chair	\$27,500
Audit and Risk Committee Member	-
Remuneration Committee Chair	\$27,500
Remuneration Committee Member	-
Nomination and Governance Committee Chair	\$27,500
Nomination and Governance Committee Member	-

The Board Chair does not receive any additional committee fees.

Non-Executive Director shareholdings and requirements

Non-Executive Directors (NEDs) are required to hold a minimum shareholding of one year's NED fees (pre-tax) in TechnologyOne shares. NEDs are required to rectify any short fall within a 12-month period. New NEDs are allowed 36 months to meet this requirement. The Board in total holds 25,060,592 shares representing 8% of the total shares outstanding of the Company. Individual holdings are as shown below. The share price as at the end of the reporting period was \$15.51.

2023	Balance at the end of the year	% of Mandatory Shareholding Requirement
Non-Executive Directors of Technology One Limited		
P O'Sullivan	39,779	100%
J Mactaggart	24,902,500	100%
R Anstey	20,000	100%
Dr J Andrews	30,600	100%
S Doyle	18,280	100%
C Rosenberg	27,533	100%
P Ball	21,900	100%

2022	Balance at the end of the year	% of Mandatory Shareholding Requirement
Non-Executive Directors of Technology One Limited		
P O'Sullivan	39,779	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%

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8 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.

Name		Short-term employee benefits				Post-employment benefits	Long-term incentives (including Retention LTIs)				Total	% growth on prior year excl LTI	% growth on prior year incl LTI	
		Fixed remuneration	Director and Chair fees	Superannuation	Total fixed remuneration		Short-term Incentive	Employment benefits	Deferred STI	share options				Value of retention LTIs
Non-Executive Directors														
Pat O'Sullivan	2023	-	271,493	28,507	300,000	-	-	-	-	-	-	300,000	107%	107%
	2022	-	132,027	13,203	145,230	-	-	-	-	-	-	145,230	-	-
J Macgarrig (Non-executive Director)	2023	-	158,371	16,629	175,000	-	-	-	-	-	-	175,000	20%	20%
	2022	-	132,027	13,203	145,230	-	-	-	-	-	-	145,230	-	-
R Anstey (Non-executive Director)	2023	-	158,371	16,629	175,000	-	-	-	-	-	-	175,000	20%	20%
	2022	-	132,027	13,203	145,230	-	-	-	-	-	-	145,230	-	-
Dr J Andrews (Non-executive Director)	2023	-	183,258	19,242	202,500	-	-	-	-	-	-	202,500	39%	39%
	2022	-	132,027	13,203	145,230	-	-	-	-	-	-	145,230	-	-
S Doyle (Non-Executive Director)	2023	-	158,371	16,629	175,000	-	-	-	-	-	-	175,000	20%	20%
	2022	-	132,027	13,203	145,230	-	-	-	-	-	-	145,230	-	-
C Rosenberg (Non-Executive Director)	2023	-	183,258	19,242	202,500	-	-	-	-	-	-	202,500	39%	39%
	2022	-	132,027	13,203	145,230	-	-	-	-	-	-	145,230	-	-
P Ball (Non-Executive Director)	2023	-	183,258	19,242	202,500	-	-	-	-	-	-	202,500	39%	39%
	2022	-	132,027	13,203	145,230	-	-	-	-	-	-	145,230	-	-
R McLean (Non-executive Director)	2023	-	62,481	6,560	69,041	-	-	-	-	-	-	69,041	-52%	-52%
	2022	-	132,027	13,203	145,230	-	-	-	-	-	-	145,230	-	-
Total Non-Executive Directors		-	1,358,861	142,680	1,501,541	-	-	-	-	-	-	1,501,541	29%	29%
		-	1,056,218	105,622	1,161,840	-	-	-	-	-	-	1,161,840	-	-
Executive KMP														
A Di Marco (Executive Chair)	2023	-	-	-	-	-	-	-	-	-	-	-	-100%	-100%
	2022	245,573	107,773	25,780	379,126	828,633	-	-	-	-	-	1,207,759	-	-
E Chung (Managing Director & Chief Executive Officer)	2023	521,250	-	27,500	548,750	1,049,588	-	-	230,081	391,346	305,710	2,525,475	11%	10%
	2022	513,358	-	27,500	540,858	913,302	-	-	198,851	489,784	152,855	2,295,650	-	-
S MacDonald (Chief Operating Officer)	2023	432,592	-	27,500	460,092	717,219	-	-	157,222	234,040	173,138	1,741,711	10%	12%
	2022	425,976	-	27,500	453,476	624,090	-	-	135,882	262,956	76,181	1,552,585	-	-
P Jobbins(Chief Financial Officer)	2023	227,023	-	27,500	254,523	369,240	-	-	(91,960)	58,279	(29,115)	807,967	-28%	-21%
	2022	223,363	-	27,500	250,863	401,619	-	-	87,444	252,747	29,115	1,021,788	-	-
C Bennett (Chief Financial Officer)	2023	60,060	-	6,607	66,667	124,452	-	-	10,388	96,153	-	297,860	100%	100%
	2022	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Executive KMP		-	1,240,925	89,107	1,330,032	2,260,699	247,000	247,000	305,731	779,818	449,733	5,373,013	-12%	-12%
		-	1,408,270	107,773	1,624,323	2,767,644	-	-	422,177	1,005,487	258,151	6,077,782	-10%	-10%
Total (Non-Executive Directors and Executive KMP)		-	1,240,925	231,787	2,831,573	2,260,699	247,000	247,000	305,731	779,818	449,733	6,874,554	-5%	-5%
		-	1,408,270	213,902	2,786,163	2,767,644	-	-	422,177	1,005,487	258,151	7,239,622	-	-

9 Additional statutory disclosures

9.1 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

2023

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 period ¹	Other movements ²	Closing balance of share options	Vested and exercisable	Unvested
Edward Chung	1,425,033	172,504	(257,535)	-	-	1,340,002	254,917	1,085,085
Stuart MacDonald	905,425	103,164	(54,000)	-	-	954,589	152,450	802,139
Paul Jobbins	582,497	90,298	(142,583)	(396,776)	(133,436)	-	-	-

9.2 Fair value of options granted in FY23

2023

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	Metrics
Edward Chung	129,378	2.65	01/10/2022	11.03	30/11/2025	30/11/2030	342,852	EPS
	43,126	2.32	01/10/2022	11.03	30/11/2025	30/11/2030	100,052	Relative TSR
Stuart MacDonald	77,373	2.65	01/10/2022	11.03	30/11/2025	30/11/2030	205,038	EPS
	25,791	2.32	01/10/2022	11.03	30/11/2025	30/11/2030	59,835	Relative TSR
Paul Jobbins ³	67,722	2.65	01/10/2022	11.03	30/11/2025	30/11/2030	179,463	EPS
	22,574	2.32	01/10/2022	11.03	30/11/2025	30/11/2030	52,372	Relative TSR

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

- (a) Options are granted for no consideration. Each tranche vests subject to meeting performance hurdles
- (b) Dividend yield – 1.35%
- (c) Expected volatility – 33.89%
- (d) Risk-free interest rate – 3.61%
- (e) Price of shares on grant date – \$10.60
- (f) Fair value of options – \$2.32–\$2.65

The performance measures for LTI grants made in FY23 are presented below while the Retention LTIs vest based on service conditions. 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.

Remuneration Report

(Audited)

9 Additional statutory disclosures (continued)

9.2 Fair value of options granted in FY23 (continued)

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%	Growth >=5%, <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	Percentile >=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	100% vest

XTX

9.3 Equity instruments held by Directors and Key Management Personnel

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

2023	Balance at the start of year	Purchased during the year	Sold during the year	Other movements ¹	Balance at the end of the year
Directors of Technology One Limited					
P O'Sullivan	39,779	-	-	-	39,779
R McLean	69,737	-	(20,000)	(49,737)	-
J Mactaggart	26,902,500	-	(2,000,000)	-	24,902,500
R Anstey	30,000	4,000	(14,000)	-	20,000
Dr J Andrews	30,600	-	-	-	30,600
S Doyle	18,280	-	-	-	18,280
C Rosenberg	27,533	-	-	-	27,533
P Ball	21,900	-	-	-	21,900

2023	Balance at the start of year	Purchased during the year	Sold during the year	Other movements ¹	Balance at the end of the year
Senior Executives of the Group					
E Chung	900,068	257,535	(457,535)	-	700,068
S MacDonald	46,367	54,000	(100,367)	2,862	2,862
P Jobbins	68	142,583	(142,583)	(68)	-
C Bennett	-	-	-	-	-

2022	Balance at the start of year	Purchased during the year	Sold during the year	Other movements ¹	Balance at the end of the year
Directors of Technology One Limited					
A Di Marco	17,378,500			(17,378,500)	-
R McLean	69,737	-	-	-	69,737
J Mactaggart	26,902,500	-	-	-	26,902,500
R Anstey	30,000	-	-	-	30,000
Dr J Andrews	30,600	-	-	-	30,600
S Doyle	18,280	-	-	-	18,280
C Rosenberg	27,533	-	-	-	27,533
P Ball	21,900	-	-	-	21,900
P O'Sullivan	15,509	24,270	-	-	39,779

2022	Balance at the start of year	Purchased during the year	Sold during the year	Other movements ²	Balance at the end of the year
Senior Executives of the Group					
E Chung	900,068	172,876	(172,876)	-	900,068
S MacDonald	55,068	46,299	(55,000)	-	46,367
P Jobbins	68	212,763	(212,763)	-	68

9.4 Loans to Directors and Key Management Personnel

There have been no loans to Directors or Key Management Personnel during the financial year (2022: nil).

9.5 Other transactions with Key Management Personnel

During the year there were no transactions with the Key Management Personnel (2022: nil).

Remuneration Report

(Audited)

10 Key questions

Key questions	TechnologyOne approach
Why does our remuneration framework have such a high weighting towards variable remuneration?	<p>Our Executive Remuneration Framework aligns with many common practices for ASX 100 companies but has been adapted to meet the demands of the enterprise software market. Relative to our ASX-listed peers, our Executives receive:</p> <ul style="list-style-type: none"> (a) Relatively low fixed remuneration to enable a greater emphasis on performance. (b) Relatively large at-risk short-term incentive (STI) portion aligning Executives to current year performance. (c) Deferred STI component to help further drive long-term shareholder wealth and ensure that we retain high performing Executives. (d) Long-term incentives (LTI) linked to long-term strategy, targets, and shareholder wealth creation. (e) FY22 Retention LTI grants to ensure the retention of high performing technology industry executives during a critical phase of growth and to ensure smooth transition from a founder-led company. <p>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.</p> <p>TechnologyOne Executives are aligned to the long-term outcomes of the business through the Deferred STI and a large long-term incentive (LTI and FY22 retention LTI) component.</p> <p>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.</p>
Why is the KMP LTI based on EPS growth and Relative TSR?	<p>Earnings per share (EPS) growth and relative total shareholder return (rTSR) have been selected as appropriate performance measures. The rationale for the selection of these two measures is as follows:</p> <ul style="list-style-type: none"> • 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. <p>These two measures ensure we have LTI targets which are directly aligned with trends in shareholder wealth over the long term.</p> <p>There is debate among proxy advisors and investors about the use of rTSR 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 of 75%) 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) ensuring that performance is better than that of our peers (rTSR).</p>

Key questions	TechnologyOne approach
Why does the Relative TSR performance hurdle not have a gate for positive TSR?	<p>Relative TSR considers the relative performance of the Company's share price, relative to the share price of its market peers. For instruments to vest, the Company's performance needs to be better than that of our peers.</p> <p>If relative TSR is better than market peers, but represents a negative return, it is unlikely that there will be any intrinsic value in the equity instrument, so the Executive is unlikely to realise any increased value at the time of vesting. Further, the value of the instrument is aligned with shareholder experience, either positive or negative.</p> <p>We believe that this framework is consistent with our remuneration principle of commitment to simplicity.</p>
Is our STI plan sufficiently challenging with only one performance measure?	<p>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 leveraging opportunities to meet their targets.</p> <p>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.</p>
What is the rationale for having an uncapped STI?	<p>An important element of the success of our STI has been that it is uncapped on the upside and downside.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Remuneration Report

(Audited)

10 Key questions (continued)

Key questions	TechnologyOne approach
Why did we introduce a Deferred STI?	<p>A Deferred STI component was introduced in FY19 where an additional 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).</p> <p>The award is only paid out to the Executive if they remain in employment with the Company for the entire deferral period. This deferral:</p> <ul style="list-style-type: none">• 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 considers whether there are any irregularities or other factors that would affect the payment or vesting of that award (Malus Provision).
What is the rationale for deferring 20% of the total STI award, and not a higher amount?	<p>Our Executives receive:</p> <ul style="list-style-type: none">• 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 <p>Given the low fixed remuneration, and emphasis on performance related at-risk remuneration, it is not considered appropriate to defer greater than 20% of the total STI.</p>
Were Retention LTIs granted?	No retention LTIs were granted in FY23.
Does our remuneration framework align our executives with shareholders?	<p>TechnologyOne Executive remuneration continues to be clearly aligned with shareholder value creation. Our Executives have the greatest percentage of their remuneration at risk and aligned with Company performance when compared to our peers.</p> <p>Refer section 3.1 for our remuneration strategy and principles, and section 5.1 showing the creation of shareholder wealth for the years ended 30 September 2023 compared to executive remuneration growth.</p> <p>The Executive Remuneration Framework has successfully driven performance and the creation of shareholder wealth over the longer term.</p>

Corporate Governance Statement

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Corporate Governance Statement

1 Corporate Governance Statement

The Board of Directors of the Company is responsible for its corporate governance. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Directors have established guidelines for the operation of the Board and its Committees. Set out below are the Company's main corporate governance practices.

The TechnologyOne Board routinely considers industry governance initiatives of benefit to the Company and its many stakeholders. The Board has adopted the 4th Edition of the ASX Corporate Governance Principles and Recommendations.

The Corporate Governance Statement, as well as supporting documents are available on the Company's internet site:

www.technologyonecorp.com/company/investors/corporate-governance

2 Board of Directors

The Board of the Company currently comprises eight Directors and includes:

Pat O'Sullivan	Non-Executive Chair – Independent Board (appointed 30/06/2022)
Edward Chung	Managing Director (appointed 15/08/2023) (CEO since 23 May 2017)
John Mactaggart	Non-Executive Director – Major shareholder (appointed 08/12/1999)
Richard Anstey	Non-Executive Director – Independent (appointed 02/12/2005)
Dr Jane Andrews	Non-Executive Director – Independent (appointed 22/02/2016)
Sharon Doyle	Non-Executive Director – Independent (appointed 28/02/2018)
Cliff Rosenberg	Non-Executive Director – Independent (appointed 27/02/2019)
Peter Ball	Non-Executive Director – Independent (appointed 02/03/2020)

The following information is provided in the Corporate Governance section of the Company's Annual Report:

- Details of names, qualifications, skills, experience and dates of appointment of each Board member.
- The number of meetings of the Board and the names of attendees.
- Explanation of any departures from the ASX Corporate Governance Principles and Recommendations.

The role of the Board is as follows:

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

The Board has the authority to delegate any of their powers to committees consisting of such Directors and external consultants, as the Board think fit. The Board has established the following committees:

- Audit & Risk Committee
- Remuneration Committee
- Nomination & Governance Committee

Board papers are prepared for the Directors, containing detailed operational reports from each region and department in the Company, highlighting:

- Operational performance.
- Initiatives undertaken/completed.
- Identified problems/risks and proposed solutions.

The Chief Executive Officer / Managing Director also prepares a summary report that highlights:

- Financial performance year to date, and forecast for the full year.
- Key matters and significant issues.
- Significant changes proposed.
- Proposed strategic initiatives.
- Risk Management.

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

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

Matters Reserved to the Board

Matters that are reserved to the Board are as follows:

- Communications with shareholders and the market in general, including ASX announcements, through the Board Chair.
- Input into and subsequent approval of corporate strategy and performance objectives.
- Oversight of the Company's governance policies, including the Company's Code of Business Conduct.
- Oversight and monitoring of the internal compliance with legal and regulatory obligations (e.g. ASX, ASIC, ATO, Whistleblower, Workplace Health Safety)
- Input into and subsequent approval of significant organisational structure/restructure.
- Review of the Chief Executive Officer / Managing Director and Company Secretary to the relevant Code of Conduct established by the Board.
- Appointing and removing the Managing Director and / or Chief Executive Officer and monitoring their performance respectively.
- Input into and subsequent approval of the budget including Operating Expenditure and Capital Expenditure, and any significant variations.
- Oversight of the Company, including its control and accountability systems.
- Input into and subsequent approval of changes to internal systems and controls.
- Review, and accept/reject recommendations from sub-committees such as Audit & Risk, Remuneration and Nomination & Governance committees.
- Input into and ratifying any acquisitions and divestitures.

All other matters are referred to management via the Chief Executive Officer / Managing Director. The Chief Executive Officer / Managing Director are authorised to sub-delegate their authority for the day-to-day operation of the Company.

Board Skills

As a collective, the Board has extensive commercial skills and experience which provide a solid base for the governance of the Company. The Board has a combination of experience in the following core areas:

- Strategic and Commercial Acumen
- Finance and Taxation
- Risk and Compliance
- IT and Communications Industry
- Software and Product Development
- Start-ups and Early Stage Investments
- Corporate Governance and ESG
- Sales and Marketing
- People, Culture and Conduct
- Executive Management and Leadership
- Listed Entities
- International Business.

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

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

The Board assesses its level of skills annually and will address any requirements for additional skills that it feels would be in the best interest of the Company in response to wider market factors and the growth of the Company. The Board has determined the core skills for its governance of the Company. The Board has the authority to appoint Directors and will consider the recommended appointments as proposed by the Nomination & Governance Committee. The Board will assess whether to recommend / not recommend endorsement of a Director at each General Meeting.

Director Principles

The Directors operate in accordance with the following broad principles:

- The Board should comprise of at least three members, but no more than 10.
- The Board may increase the number of Directors where it is felt that additional expertise in specific areas is required. The size of the Board is to be appropriate to all it to be effective and to react quickly to opportunities and mitigate threats.
- The Board should be comprised of Directors with an appropriate mix of skills, qualifications, expertise, experience and diversity. The skills, experience and expertise which the Board considers to be particularly relevant include those listed above. In respect of diversity, the Board recognises that diversity includes, but is not limited to gender, age, ethnicity and cultural background. The Board values diversity and acknowledges the individual contribution that people can make and the opportunity for innovation that diversity brings.
- The Board shall meet on both a planned basis and an unplanned basis when required and have available all necessary information to participate in an informed discussion of agenda items.
- The Directors are entitled to be paid expenses incurred in connection with the execution of their duties as Directors. Each Director is therefore able to seek independent professional advice at the Company's expense, where it is in connection with their duties and responsibilities as Director. The Company policy is that a Director wishing to seek independent professional advice should advise the Board Chair at least 48 hours before doing so.
- The Directors and Officers will not engage in Short-Term trading of the Company's shares. Furthermore, the Directors and Officers will not buy or sell shares at a time when they possess information which, if disclosed publicly, would be likely to materially affect the market price of the Company's shares. Information is not considered to be generally available until a reasonable time has elapsed to allow the market to absorb these announcements. A detailed policy exists on this matter – refer below, section: Trading in Company Securities.
- Directors have a clear understanding of the corporate and regulatory expectations of them. To this end, formal letters of appointment are made for each Director setting out the key terms and conditions, any special duties or arrangements, remuneration and expenses, their rights and entitlements, confidentiality and rights of access to corporate information, as well as Indemnity and Insurance cover provided.
- Newly appointed Directors undertake an induction course covering the Company's strategy, products and operations. They are also provided a copy of the Company's constitution, charters and key policies.

Corporate Governance Statement

2 Board of Directors (continued)

Director Principles (continued)

- Directors are required to disclose Directors' interests and any matters that may affect the Director's independence. This includes disclosure of conflicts of interest, which may include transactions with family members or related entities.
- If there is a potential conflict of interest, conflicted Directors must immediately inform the Board and abstain from deliberations on such matters. Such Directors are not permitted to exercise any influence over other Board members. If the Board believes the conflict of interest is material or significant, the Directors concerned will not be allowed to attend the meeting or receive the relevant Board papers.

Director Independence

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

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

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

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

TechnologyOne has aligned its Committee composition strategy to comply with the ASX Corporate Governance Principles and Recommendations, ensuring that newly appointed Directors are made members of the appropriate Committees once they have had sufficient time to develop a comprehensive understanding of TechnologyOne's operations. All Committees are comprised of independent Non-Executive Directors.

Director Appointments

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

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

All Directors and Senior Executives are required to comply with key corporate policies which include, but are not limited to, Code of Business Conduct, Share Trading Policy, Insider Trading Policy, Privacy Policy and Diversity Policy.

All new Directors and Senior Executives participate in the Company's formal on-boarding program which includes an induction program which incorporates meetings with key Senior Executives.

The Board has the authority to appoint Directors and will consider the recommended appointments as proposed by the Nomination & Governance Committee. The Board will assess whether to recommend / not recommend endorsement of a Director at each General Meeting.

3 Company Secretary

Company Secretaries are appointed by the Board by resolution.

Company Secretaries are accountable directly to the Board, through the Board Chair.

The role of the Company Secretary is as follows:

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

4 Audit & Risk Committee

The Board has established an Audit & Risk Committee.

The committee is comprised of:

Peter Ball (Chair)	Independent Non-Executive Director
Dr Jane Andrews	Independent Non-Executive Director
Sharon Doyle	Independent Non-Executive Director

The role of the committee is to assist the Board in discharging its obligations with respect to the following areas:

1. Financial Reporting

- Ensure the integrity in financial reporting (refer section below – Safeguard Integrity in Financial Reporting).
- Review for accuracy financial statements for each reporting period prior to approval by the Board, and publishing.
- Ensure required declarations from the Company's Chief Executive Officer and Chief Financial Officer are received for each reporting period.
- Ensure that the financial statements for each reporting period comply with appropriate accounting standards.
- Regularly review Accounting Standards and Company Policies in conjunction with the Auditors and recommend adoption/ changes to the Board.
- Directly follow-up action where considered necessary.
- Relay any matters of concern to the Board.

2. Tax Governance

- Oversight of the Company's group taxation matters and ongoing development.
- Review of taxation governance processes, policies, control framework and reporting.

3. Internal Audit

- Ensure that systems of internal control are functioning effectively and economically and that these systems and practices contribute to the achievement of the Company's corporate objectives.
- Ensure the Internal Audit Function maintains a high standard of performance.

4. External Audit

- Receive and review reports from the external Auditor.
- Oversight of the process to ensure the independence and competence of the Company's external auditors.
- Review the performance of the external auditor on an annual basis.
- Recommend the selection and the appointment of the external Auditors, based on specified criteria.

5. Compliance

- Monitor compliance with the requirements of the *Corporations Act*, Listing Rules, Australian and Foreign Taxation Offices and other related legal obligations.

6. Risk Management

- Oversee the ongoing development by management of an enterprise-wide risk management framework for management of material risks.
- Periodically review the adequacy and effectiveness of the Company's policies and procedures relating to risk management and compliance.
- Make recommendations to the Board on key risk management matters and levels of risk appetite.
- Oversight of the insurance portfolio with consideration of material risks, including cyber risk and information security.

The committee meets at least four times per year, with full minutes being kept, and reports to the Board on a regular basis. The number of meetings held during the year and the attendance of the members is provided in the Annual Report.

The Audit & Risk Committee Charter is available on the Company's website.

Principles of the Audit & Risk Committee

The committee operates in accordance with the following broad principles:

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

Corporate Governance Statement

5 Remuneration Committee

The Board has established a Remuneration Committee.

The committee is comprised of:

Dr Jane Andrews (Chair)	Independent Non-Executive Director
Cliff Rosenberg	Independent Non-Executive Director
Peter Ball	Independent Non-Executive Director

The role of the committee is:

- To advise the Board with regard to the Company's broad policy for Senior Executive and Director remuneration.
- To determine, on behalf of the Board, the individual remuneration packages for Senior Executives and Directors.
- To give the Company's Senior Executives encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contribution.
- To consider the vesting of any deferred remuneration including deferred STI & LTI to assess whether there are any irregularities or other factors that would affect the payment or vesting of that award (that is, consider whether to apply malus provision or utilise discretion).

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

Executives are not present for Committee discussions on Senior Executive remuneration.

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

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

Principles of the Remuneration Committee

The Committee operates in accordance with the following broad principles:

- The Committee should provide the packages needed to attract, retain and motivate Senior Executives, but avoid paying more than is necessary.
- The Committee should judge where to position the Company relative to other companies. Be aware of comparable companies' pay, but exercise caution.
- The Committee should be sensitive to the wider scene, especially regarding salary increases.
- Performance related elements should form a significant proportion of the package; should align interests with those of shareholders; and should provide keen incentives.
- The Committee should ensure that the framework remains largely consistent year on year with any changes designed to motivate executives rather than destabilise them.

6 Nomination & Governance Committee

The Board has established a Nomination & Governance Committee.

The Committee is comprised of:

Cliff Rosenberg (Chair)	Independent Non-Executive Director
Sharon Doyle	Independent Non-Executive Director
Dr Jane Andrews	Independent Non-Executive Director

The role of the Committee is as follows:

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

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

The Nomination & Governance Committee Charter is available on the Company's website.

Principles of the Nomination & Governance Committee

The committee operates in accordance with the following broad principles:

- The Nomination & Governance Committee is entitled to seek the advice of an external consultant.
- The Nomination & Governance Committee will make recommendations to the Board. The Board is responsible to appoint the most suitable candidate, after receiving recommendations from the Nomination & Governance Committee. The nominated appointee upon acceptance will hold office until the next Annual General Meeting, where the appointee will stand for election.
- The name of all candidates submitted for election as Director is accompanied with necessary information required by shareholders to make an informed decision including biographical details, competencies, qualifications, details of relationships between the Company, the candidate and incumbent Directors; other directorships held, particulars of other positions held which involve significant time commitments, and any other particulars required by law or good corporate governance. For existing Directors standing for re-election, the number of years as a Director of TechnologyOne will also be provided in the Annual Report.
- Directors (with the exception of a Managing Director if appointed by the Board) must stand for re-election every three years in accordance with the Company's Constitution. One third of the Directors retire from office at each Annual General Meeting and are eligible to nominate for re-election.
- A structured process has been established to review and evaluate the performance of the Board and its Committees. This process also identifies ways to improve their performance, interaction with management, and quality of information provided.

The following information is provided in the Annual Report:

- The skills, experience and expertise relevant to the position of Director.
- The names of Directors considered by the Board to constitute independent Directors and the Company's materiality thresholds.
- The term of office held by each Director at the date of the Annual Report.
- The number of meetings held by the Nomination & Governance Committee and the names of attendees.
- Explanation of any departures from the ASX Corporate Governance Principles and Recommendations.

Assessment of Director Independence

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

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

Corporate Governance Statement

7 Corporate Governance Principles & Recommendations

7.1 Ethical Standards and Code of Business Conduct

All Directors, Senior Executives and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics, and always strive to enhance the reputation and performance of the Company.

A Code of Business Conduct has been established which is applicable to each of the following:

- Directors
- Chief Executive Officer / Managing Director
- Chief Financial Officer
- Chief Operating Officer
- Senior Executives
- Employees

The Code of Business Conduct has been approved by the Board and given their full support.

The Code of Business Conduct addresses:

- Responsibilities to shareholders and customers.
- "The TechnologyOne Way", which refers to the success of the Company coming from our shared values, our entrepreneurial spirit and innovation.
- Employment practices (including diversity, inclusiveness, anti-discrimination, workplace health and safety).
- Responsibilities to the community.
- Responsibilities to the individual.
- Compliance with the codes.

In addition, all employees have employment agreements, which include job descriptions that describe their duties, rights and responsibilities.

In conjunction with the Code of Business Conduct, TechnologyOne has developed a Whistleblower Policy, Modern Slavery Policy, Supply Chain Policy and Bribery & Corruption Policy. The Whistleblower Policy encourages employees to come forward with concerns that the entity is not acting lawfully, ethically or in a socially responsible manner and provides suitable protections if they do. The Board will be informed of any material concerns raised that call into question the culture of TechnologyOne or have been raised under the Bribery & Corruption Policy. The Whistleblower Hotline is facilitated by an external, independent third party and they provide translation services for those where English is not their primary language.

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

Diversity Policy

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

The Board has developed and has oversight of the following diversity objectives:

- Ensuring compliance with the published Diversity Policy.
- Not less than 30% of the Board to be of each gender by 2025 (to allow for the Board transition)
- 70% of all vacant roles are to have at least one female candidate shortlisted.
- Maintain reporting measures that are in compliance with both the ASX guidelines and Workplace Gender Equality Agency.
- Continue to identify employee feedback mechanisms through the review of existing forums and information provided as well as the identification of appropriate new mechanisms for employee consultation.
- Maintain existing educational programs that support diversity including but not limited to induction, on boarding and leadership programs.

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

A summary of the Diversity Policy is following:

- Diversity is one of TechnologyOne's strengths. TechnologyOne values this diversity and recognises the individual contribution our people can make and the opportunity for innovation such diversity brings.
- TechnologyOne believes that we will achieve greater success by providing our people with an environment that respects the dignity of every individual, fosters trust, and allows every person the opportunity to realise their full potential.
- TechnologyOne is committed to providing an inclusive workplace and our commitment to diversity extends to our interactions with customer and suppliers.
- TechnologyOne's remuneration policy includes a commitment to equal pay for men and women. We conduct a gender pay gap analysis annually, following which we investigate any potential gender bias in performance pay, and correct like-for-like gaps.

The Company's 2023 Workplace Gender Equality Agency report can be found on the 'Corporate Governance' section of the Company's website.

TechnologyOne continues its strong support for the involvement of women in the technology sector, including building on strong relationships with groups such as Women in Digital and being the proud sponsors of the Women in Digital Transformation Leader of the Year award.

TechnologyOne has policies in place in relation to anti-discrimination, workplace gender equality, diversity, sexual harassment, flexible working arrangements and paid parental leave.

Further details are available in the TechnologyOne Sustainability Report, published on the Company website each year.

7.2 Safeguard Integrity in Financial Reporting

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

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

The Company put the external audit services to tender in 2020 which is another example of how the Company expresses its dedication to ensuring integrity of the financial reporting is maintained.

7.3 Continuous Disclosure

The Company Secretary working closely with the Board Chair, CEO and CFO have been delegated responsibility for the continuous disclosure of information to the market, to ensure:

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

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

7.4 Risk Assessment Management

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

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

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

The Company performs risk reviews at least semi-annually and has identified several key risk categories for the business.

Material Risks

Cyber Risk

TechnologyOne has successfully completed the Information Security Registered Assessors Program (IRAP) assessment for PROTECTED classified data. This provides our SaaS customers with an increased cyber security posture and greater certainty in a constantly evolving cyber security landscape. This was achieved by leveraging the strong compliance and security foundations established over recent years and is a testament to TechnologyOne's mature security practices, accountability mechanisms and belief in continuous assessment and improvement.

The Company has a robust data security and privacy program developed to meet the requirements set out in Australia's Privacy Amendments (Notifiable Data Breaches) Act 2017, UK Data Protection Act 2018 (DPA Act) and the EU General Data Protection Regulation. This program ensures security is considered throughout the day-to-day operations of the Company and is backed by an independently verified process for dealing promptly with matters should they arise. The Company also is certified to the standards required in ISO27000, ISO9001, SOC1, SOC2 and SOC3 (Service Organisation Controls).

Corporate Governance Statement

7 Corporate Governance Principles & Recommendations (continued)

7.4 Risk Assessment Management (continued)

People Risk

The Company needs to ensure we attract, retain, develop and foster the talent, skills and knowledge needed to deliver ambitious goals.

The Company manages people risk through:

- Education of the Company's mission, values and purpose.
- Career progression and succession, remuneration and achievement and reward initiatives.
- Wellbeing initiatives – physical, mental, and financial (including provision of an Employee Share Plan and gym facilities for employees).
- Leadership training and coaching.
- eNPS surveys and retention / turnover reporting and analysis.
- Promotion of the success of the Company internally and externally.
- Alignment of education of the Company's and departmental strategies, and empowerment to deliver.
- Graduate, intern and global mobility program.

The Board is provided with a summary of these initiatives at each board meeting.

Building the Future Risk

The Company sets ambitious goals for its future growth which are delivered on through:

- Alignment and education of the Company's and department strategies and empowerment to deliver.
- Product success, Practice Management, Customer Success Teams, and tribes and 'Brains Trust' groups established.
- Ongoing and frequent engagement with customers and user groups and early adopter programs.
- Continuous investment in R&D and 'tribal days' including Hack Day.
- Ongoing monitoring of operating environment and competitors.

Other Risks

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

Contract Risk

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

Financial Risk

The Chief Financial Officer, in conjunction with the Chief Executive Officer / Managing Director, review the Company's financial exposure with a particular focus in the area of Outstanding Debtors, with oversight by the Board.

Software Risk

The Company has a rigorous product development process that reviews Software Release management, including resourcing and development issues.

Insurance Risk

The Audit & Risk Committee reviews the Company's insurance requirements on an annual basis and compares this to the level of cover provided to ensure it is adequately covered. A recommendation is then provided to the Board for the placement of the Company's insurance policies.

Project Risk

The Board requires the Chief Executive Officer / Managing Director to report on any customer implementation project that may be at significant risk of either incurring substantial penalties or incurring substantial over-runs. In addition, the Company has established a Customer Experience Team that reviews current projects and consulting activities to provide an early detection mechanism to ensure that any activities that pose a significant risk to the Company are identified and resolved before exposing the Company to potential liabilities.

Sustainability Risk

The Company believes that it does not have material exposure to specific economic, environmental, or social sustainability risks due to controls implemented. However, the company recognises the importance of these to its stakeholders and has developed a Sustainability Report to outline the Company's position and initiatives across several sustainability risks.

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

- Diversity
- Customer satisfaction
- Employee satisfaction
- Corporate culture
- Ethical business practices
- Supply chain
- Community support
- Environmental sustainability practices

The Company has engaged external subject matter experts to assist in the preparation of environmental risk reporting aligned with the Taskforce for Climate-related Financial Disclosure (TCFD) recommendations. The Board acknowledges that climate change is both an environmental and economic issue. TCFD disclosures are now provided in the Financial Statements and in the annually published Sustainability Report.

Suppliers to TechnologyOne are expected to comply with all applicable local, national and international laws and regulations, including in relation to bribery and corruption, modern slavery and ethical conduct. TechnologyOne undertakes due diligence of all new suppliers and has initiated an annual supplier attestation process to ensure our suppliers continue to comply.

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

7.5 Accounting Standards and Company Policies

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

Internal Controls and Compliance

The Company has an internal control framework that consists of:

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

TechnologyOne undertakes Internal Audits in accordance with the Internal Audit schedule as approved by the Audit & Risk Committee. These audits are undertaken by the Governance, Risk & Compliance Team and reported directly through to the Audit & Risk Committee. The scope of the Internal Audits includes evidencing the responses to the semi-annual Management Attestations, ensuring the controls listed in the Enterprise Risk Register are operational, confirming findings from the previous audit are complete and to ensure that company-wide processes are being complied with.

Independent auditors are engaged to review the Company's internal controls and compliance and to provide a report to the Audit & Risk Committee. The Audit & Risk Committee oversees the Company's compliance program with relevant international standards (including ISO 9001, 27001, 27017 and 27018, SOC 1, 2 & 3, IRAP and UK Cyber Essentials).

The Company has established Practice Management teams in each business area to undertake reviews of compliance with certain operational policies and procedures. Each Practice Management Team provides quarterly reporting of their findings to the Audit & Risk Committee. An independent audit of the Practice Management reviews is undertaken by the Internal Audit team annually.

7.6 Remuneration Principles

TechnologyOne believes in the full disclosure of remuneration of its Directors and Key Management Personnel to the market, on at least an annual basis. Disclosure includes all monetary and non-monetary remuneration including salary, fees, non-cash benefits, bonuses or profit share accruing each year irrespective of payment, superannuation contributions, entitlements at termination or retirement, value of shares or options issued and sign-on payments.

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

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

Corporate Governance Statement

7 Corporate Governance Principles & Recommendations (continued)

7.7 Performance Evaluation

Board

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

The following areas were considered by the Board in its 2023 annual review:

- Performance evaluation of Directors and Senior Executives.
- Review of skills and experience of the Board for current operations of the Company and identification of any shortfalls.
- Board Chair, Director and CEO succession planning.
- Review of each Director's independence status.
- Review of skills matrix to ensure relevance of required skills.

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

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

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

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

Senior Executives

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

7.8 Trading in Company Securities

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

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

The Directors and Senior Executives are not permitted to use the Company's shares as security for margin loans. To assist Directors and Senior Executives in abiding by these principles Trading Windows have been established, relating to when Directors and Senior Executives can buy and sell the Company's shares. These Trading Windows are open for 50 days following the full and half year result releases.

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

The Directors and Senior Executives must advise the Company Secretary of any completed trades immediately once each transaction is done. This will allow the Company Secretary sufficient time to notify the ASX of the change in shareholding within the required period.

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

This policy applies to Directors and Senior Executives (including their nominee companies) and the entities which they control.

For the purpose of this Policy, Senior Executive is deemed to include the following parties:

- (a) persons named by the Chief Executive Officer / Managing Director from time to time who may be involved in strategic issues
- (b) persons named by the Chief Executive Officer / Managing Director from time to time who are involved in financial reporting
- (c) Senior Executives of the Company as defined as Officers in section 9 of the *Corporations Act* being: 'any person by whatever name called who is concerned or takes part in the management of the Company'.

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

7.9 Shareholders' Rights and Communication

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

- By ensuring that all shareholders can elect to receive information and communications from the Company's share registry either physically or electronically and can update their preferences through the share registry.
- By the Annual Report being distributed to all shareholders. The Board ensures the Annual Report contains all relevant information about the operations of the Company during the financial year, together with details of future developments and other disclosures required under the *Corporations Act 2001*.
- By publishing its Notice of Meeting and Explanatory Memorandum for each Annual General Meeting (**AGM**) or other such meetings as required from time to time.
- By encouraging shareholders to attend and participate in the Company's Annual General Meeting.
- By encouraging shareholders to participate in proxy voting *should they be unable to attend the Company's AGM*.
- By enabling shareholders to pose questions to the Company in the lead up to the AGM for responding during the meeting.
- By facilitating polls for each resolution voted during an AGM.
- By the Half Year results released to the market;
- By disclosures forwarded to the ASX under the Company's continuous disclosure obligations.
- Through the Company's website, under a special area called Investor Relations.
- By the Company's participation in scheduled briefings with institutional shareholders and security analysts.
- By the participation of the Company's Auditors and Solicitors at the AGM.

TechnologyOne held its inaugural hybrid technology AGM in February 2023 with favourable feedback from its shareholders. TechnologyOne informed its shareholders at that meeting that it will continue to utilise this hybrid technology whenever possible for future AGMs, to encourage shareholder participation for those unable to attend in person. TechnologyOne does value the opportunity to meet with our shareholders face-to-face so will continue to offer that also for AGMs.

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

Legislative changes to the *Corporations Act 2001* (Cth) effective from 1 April 2022, means that companies are no longer required to send shareholder communications by mail unless specifically requested.

TechnologyOne aims to continually reduce our carbon emissions and to maintain carbon-neutrality, while continuing to provide effective communications to shareholders. By no longer sending shareholder communications by mail as the default position, we save time and cost, and it helps reduce our carbon footprint. *Shareholders can still elect to receive some, or all, communications by mail if they choose.*

Shareholders are encouraged to review or update their communication preferences through the Company's share registry provider. Contact details are available on the Company's website through the Investor Relations area.

8 ASX Corporate Governance Principles and Recommendations 4th Edition Compliance

The Company has complied with all the recommendations outlined in the Corporate Governance Principles and Recommendations 4th Edition.

Voluntary Tax Transparency Report

TechnologyOne has a strong commitment to transparency and compliance. TechnologyOne supports the objectives of the Government and the Board of Taxation to provide stakeholders with additional information and confidence that a company is compliant with their statutory obligations.

The information provided complies with the standard of disclosure expected of 'large businesses' under the Voluntary Tax Transparency Code.

The requirements of the Code are broken into Part A, which forms part of the tax notes as referenced below and Part B as disclosed below. The make-up of the respective parts is as follows:

(a) Part A:

- Effective company tax rates for our Australian and global operations (Note 7). The effective tax rate of the Australian Group for FY23 is 21%
- A reconciliation of accounting profit to tax expense and to income tax payable (Note 7)
- Identification of material temporary and non-temporary differences (Note 7)

(b) Part B

- Tax policy, tax strategy and governance
- Information about international related party dealings
- A tax contribution summary of income tax paid.

Information in relation to the year ended 30 September 2023 is set out below.

Our Approach to Tax

TechnologyOne has a tax governance framework which has been approved by the Board. Tax falls under the oversight of the Audit and Risk Committee.

Tax is one of a broad range of commercial factors that is taken into account when assessing and undertaking investment activities.

TechnologyOne is conservative in its approach to tax risk. TechnologyOne aims to achieve full compliance with tax obligations in each tax jurisdiction in which it operates. In accordance with its commitment to best practice corporate governance and a culture of excellence, TechnologyOne will not enter into any arrangements that may be regarded as tax evasion.

The Tax Risk Governance Policy includes a framework for the internal escalation process for referring matters to the CFO. The CFO must report any material tax issues to the Board. TechnologyOne will not pursue aggressive tax positions or strategies or adopt positions that are not able to be supported or defended in a court of law. Where the tax law is unclear or subject to interpretation, advice is obtained and when necessary, the Australian Taxation Office (ATO) (or other relevant tax authority) is consulted to ensure certainty.

TechnologyOne has a strong history of compliance and an open engagement with relevant tax authorities. We seek to be co-operative and transparent and to maintain collaborative relationships.

International related party dealings

TechnologyOne seeks to ensure all intercompany transactions are undertaken in accordance with the arm's length principle.

TechnologyOne has an Advanced Pricing Arrangement (APA) with the Australian Taxation Office.

As an Australian headquartered company, we have created and maintained significant intellectual property in Australia which has been successfully utilised in our overseas operations. Our engagement with the ATO through the APA process, seeks to ensure Australia receives a commercial return for the use of intellectual property by our overseas businesses. These returns are taxable in Australia.

In addition, loans are made to and received from foreign controlled entities for short-term, medium-term and long-term funding requirements. As a large global group, these transactions assist with managing cash flow and funding requirements.

Tax Contribution Summary

Below is a summary of the taxes paid, collected and remitted by TechnologyOne to the relevant revenue authorities during the financial year ended 30 September 2023.

Year ended 30 September 2023	Consolidated Global Group AUD
Corporate income taxes	16,425,205
Fringe benefit taxes	1,021,940
Payroll taxes	9,502,510
Net GST/VAT taxes	44,673,070
Employee taxes remitted	62,337,444
Total	133,960,169

Financial Report

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Financial Statements

Consolidated income statement

For the year ended 30 September 2023

	Notes	30-Sep-23 (\$'000)	30-Sep-22 (\$'000)
Revenue - SaaS and continuing business		426,379	358,668
Revenue - Legacy licence business		2,999	9,566
Revenue from contracts with customers	5	429,378	368,234
Other income	5	11,985	1,157
Total Revenue		441,363	369,391
Variable costs		(21,031)	(20,701)
Variable customer SaaS costs		(34,863)	(26,350)
Total variable costs		(55,894)	(47,051)
Occupancy costs		(3,304)	(2,539)
Corporate costs		(32,305)	(20,370)
Depreciation and amortisation	6	(53,502)	(38,110)
Computer and communication costs		(9,715)	(10,458)
Marketing costs		(13,724)	(8,685)
Employee costs	6	(135,115)	(124,661)
Share-based payments	6	(5,827)	(3,353)
Finance expense		(2,123)	(1,844)
Total operating costs		(255,615)	(210,020)
Profit before income tax		129,854	112,320
Income tax expense	7	(26,978)	(23,477)
Profit for the year		102,876	88,843
		Cents	Cents
Basic earnings per share	31	31.71	27.51
Diluted earnings per share	31	31.54	27.38

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

Consolidated statement of comprehensive income

For the year ended 30 September 2023

	30-Sep-23 (\$'000)	30-Sep-22 (\$'000)
Profit for the year (from above)	102,876	88,843
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	3,500	(3,196)
Other comprehensive income/(loss) for the period, net of tax	3,500	(3,196)
Total comprehensive income for the period	106,376	85,647

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

Consolidated statement of financial position

As at 30 September 2023

	Notes	30-Sep-23 (\$'000)	30-Sep-22 (\$'000)
ASSETS			
Current assets			
Cash and cash equivalents	8	198,265	175,865
Financial assets	9	25,000	–
Prepayments		25,151	20,379
Trade and other receivables	10	62,416	57,266
Contract assets	11	22,891	21,540
Other current assets	12	1,127	600
Contract acquisition costs	14	9,576	6,505
Total current assets		344,426	282,155
Non-current assets			
Property, plant and equipment	13	13,315	8,505
Right-of-use assets	21	22,641	23,110
Intangible assets	14	59,510	59,452
Capitalised development	14	148,618	126,909
Deferred tax assets	15	21,382	21,060
Contract assets	11	3,618	4,881
Contract acquisition costs	14	23,227	13,873
Total non-current assets		292,311	257,790
Total assets		636,737	539,945
LIABILITIES			
Current liabilities			
Trade and other payables	16	49,247	48,559
Provisions	18	21,277	20,902
Contingent consideration	19	–	6,997
Deferred revenue	17	214,495	184,008
Current tax liabilities		9,923	2,784
Lease liability	21	8,894	7,897
Total current liabilities		303,836	271,147
Non-current liabilities			
Provisions	20	2,565	2,200
Other non-current liabilities		68	94
Lease liability	21	24,262	27,407
Total non-current liabilities		26,895	29,701
Total liabilities		330,731	300,848
Net assets		306,006	239,097
EQUITY			
Contributed equity	22	67,466	57,635
Other reserves	23	99,604	81,875
Retained earnings		138,936	99,587
Total equity		306,006	239,097

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

Financial Statements

Consolidated statement of changes in equity

For the year ended 30 September 2023

	Note	Contributed equity (\$'000)	Retained earnings (\$'000)	Dividend reserve (\$'000)	FOREX reserve (\$'000)	Share option reserve (\$'000)	Total equity (\$'000)
Balance as at 1 October 2022		57,635	99,587	41,455	(1,238)	41,658	239,097
Profit for the period		-	102,876	-	-	-	102,876
Exchange differences on translation of reserves		-	-	-	3,500	-	3,500
Total comprehensive income for the period		-	102,876	-	3,500	-	106,376
Dividends paid	24	-	-	(56,605)	-	-	(56,605)
Transfer to dividends reserve		-	(63,527)	63,527	-	-	-
Exercise of share options	22	8,139	-	-	-	-	8,139
Employee share-based compensation	22	1,692	-	-	-	244	1,936
Share based payments	32	-	-	-	-	3,907	3,907
Tax impact of share trust		-	-	-	-	3,156	3,156
		9,831	(63,527)	6,922	-	7,307	(39,467)
Balance at 30 September 2023		67,466	138,936	48,377	2,262	48,965	306,006
Balance as at 1 October 2021		51,645	65,872	32,454	1,958	38,305	190,234
Profit for the period		-	88,843	-	-	-	88,843
Exchange differences on translation of reserves		-	-	-	(3,196)	-	(3,196)
Total comprehensive income for the period		-	88,843	-	(3,196)	-	85,647
Dividends paid	24	-	-	(46,127)	-	-	(46,127)
Transfer to dividends reserve		-	(55,128)	55,128	-	-	-
Exercise of share options	22	5,990	-	-	-	-	5,990
Share based payments	32	-	-	-	-	3,353	3,353
Tax impact of share trust		-	-	-	-	-	-
		5,990	(55,128)	9,001	-	3,353	(36,784)
Balance at 30 September 2022		57,635	99,587	41,455	(1,238)	41,658	239,097

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

Consolidated statement of cash flows

For the year ended 30 September 2023

	Notes	30-Sep-23 (\$'000)	30-Sep-22 (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		501,247	413,885
Payments to suppliers and employees (inclusive of GST)		(292,567)	(251,407)
Interest received		3,536	423
Net income taxes paid		(16,434)	(18,339)
Interest paid		(2,123)	(1,844)
Net cash inflow / (outflow) from operating activities	30	193,659	142,718
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	13	(7,770)	(3,767)
Payments for development expenditures and intangibles	14	(82,356)	(63,515)
Payments for investment in short-term deposits	9	(25,000)	-
Net cash inflow / (outflow) from investing activities		(115,126)	(67,282)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		8,139	5,920
Principal repayments of lease liabilities	21	(7,757)	(3,652)
Dividends paid to shareholders	24	(56,605)	(46,127)
Net cash inflow / (outflow) from financing activities		(56,223)	(43,859)
Net increase / (decrease) in cash and cash equivalents		22,310	31,577
Cash and cash equivalents at the beginning of the period		175,865	144,210
Effects of exchange rate changes on cash and cash equivalents		90	78
Cash and cash equivalents at the end of the period	8	198,265	175,865

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 2023 was authorised for issue in accordance with a resolution of Directors on 20 November 2023.

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 as no new or amended Standards or Interpretations were applicable in the current year.

Certain comparative items have been reclassified in the financial statements to align with the 30 September 2023 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.

(i) Issued but not yet effective

No new standards or amendment to an existing Standard have been issued that will have a material impact to 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 2023 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 2023, the Group had 161,813 treasury shares (2022: 260,813).

Treasury shares are shares in the Group that the Employee Share Trust holds for the purpose of transferring 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 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.

Notes to the consolidated financial statements

1 Summary of significant accounting policies (continued)

(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 17 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 14 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 daily 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 received or receivable are disclosed as deferred revenue in the consolidated statement of financial position. Refer to note 17 for details of deferred revenue.

3. Consulting Services

Consulting services includes services for 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

Consistent with AASB 15 *Revenue from Contracts with Customers*, 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. 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:

i. 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 fees, Annual Licence Fees and Consulting Services.

ii. Revenue – Legacy licence business

The legacy licence fee business encompasses the sale of initial licence fees 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 based on 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 based on 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 except for transactions that, on initial recognition give rise to equal taxable and deductible temporary differences such as recognition of an ROU Asset and a lease liability. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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. Consequently, 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.

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 *Income Taxes*.

The Group created an Employee Share Trust in 2009 which allows an employee on the exercise of an option to hold the resultant share in the Trust. In accordance with AASB 112, on granting the option, the Group 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.

The Group is entitled to claim special tax offsets in relation to qualifying expenditure (namely the Research and Development Tax Incentive regime). In relation to non-refundable tax offsets, the Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

Notes to the consolidated financial statements

1 Summary of significant accounting policies (continued)

(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 Managing Director and Chief Executive Officer.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 *Operating Segments* 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 values.

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.

In the absence of borrowings the Group uses the relevant interest rate swap curve as the starting point in determining the incremental borrowing rate. In line with the accounting standard the Group ensures the swap curve rate reflects 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 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 are recognised on a straight-line basis as an expense in profit or loss.

(h) Variable costs

The components of variable costs comprise:

- 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 consumed.

(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, lease liabilities, 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 Group's business model for managing its financial instruments and the contractual terms of the cash flows.

(ii) Measurement

Amortised cost

Financial assets are initially measured at fair value. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price. Financial assets and liabilities at amortised cost are subsequently measured using the effective interest method. 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.

Fair value through profit and loss (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 *Financial Instruments*' 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, 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.

(i) 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. Investments with original maturities over three months are classified as financial assets in the statements of financial position. 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.

Notes to the consolidated financial statements

1 Summary of significant accounting policies (continued)

(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

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 14).

(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 recognised in 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	5 – 8 years
Customer contracts	6 – 12 years
Trade names	8 – 12 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 *Intangible Assets* 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 are recognised as an intangible asset where the following criteria are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Intention to complete the intangible asset and use or sell it;
- Ability to use or sell the intangible asset;
- 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;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- 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 expenditure under AASB 138 involves a detailed analysis of all timesheet data available regarding 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 five 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 14). 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 benefits

(i) Short-term obligations

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

(ii) Deferred STI

An amount equal to an additional 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 from the annual performance period in which it is determined and deferred for a two-year period following the end of the financial year.

(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 32.

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.

Notes to the consolidated financial statements

2 Financial Risk Management

Financial instruments recognised in the consolidated statement of financial position include; cash and cash equivalents, investments, trade and other receivables, lease liabilities, trade payables and contingent consideration.

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

The Group holds the following financial instruments:

(a) Interest rate risk

At balance sheet date, some of the Group's cash and investment assets are exposed to movements in variable interest rates. The Group does not hedge this exposure. Interest rate risk on cash and investments is not material.

(b) Foreign currency risk

As a result of operations in New Zealand, Malaysia, Papua New Guinea, the United Kingdom and Europe, and sales contracts denominated in different currencies, the consolidated 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 hedged:

	2023 PGK (\$'000)	2023 EUR (\$'000)	2023 USD (\$'000)	2023 HKD (\$'000)	2022 USD (\$'000)	2022 PGK (\$'000)	2022 EUR (\$'000)
Trade receivables	1,193	344	191	65	11	104	106

(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 historic experience of credit loss is not significant. Information on credit risk exposures is contained in note 10.

(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 (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total contractual cash flows (\$'000)
AT 30 SEPTEMBER 2023				
FINANCIAL ASSETS				
Cash and cash equivalents	198,265	-	-	198,265
Financial assets	25,000	-	-	25,000
Trade and other receivables	62,416	-	-	62,416
Total	285,681	-	-	285,681
FINANCIAL LIABILITIES				
Trade and other payables	49,247	-	-	49,247
Contingent consideration	-	-	-	-
Lease liabilities ¹	10,609	24,867	1,640	37,116
Total	59,856	24,867	1,640	86,363
Net inflow / (outflow)	225,825	(24,867)	(1,640)	199,318

	Less than 12 months (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total contractual cash flows (\$'000)
AT 30 SEPTEMBER 2022				
FINANCIAL ASSETS				
Cash and cash equivalents	175,865	-	-	175,865
Trade and other receivables	57,266	-	-	57,266
Total	233,131	-	-	233,131
FINANCIAL LIABILITIES				
Trade and other payables	41,562	-	-	41,562
Contingent consideration	6,997	-	-	6,997
Lease liabilities ¹	9,715	27,276	2,635	39,626
Total	58,274	27,276	2,635	88,185
Net inflow / (outflow)	174,857	(27,276)	(2,635)	144,946

Notes to the consolidated financial statements

2 Financial Risk Management (continued)

(e) Fair value measurement

Contingent consideration was classified as Level 3 in the prior year. The release of the contingent consideration that does not represent payment is recognised within the other income line of the consolidated income statement while any payment would be applied against this provision. For further details please refer to note 19.

Contingent consideration

	2023 (\$'000)	2022 (\$'000)
Opening balance	6,997	7,576
Reversal of contingent consideration	(7,378)	-
Foreign Exchange movement	381	(579)
Closing balance	-	6,997

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.

(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 Group's current conservative capital structure does not include debt 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 judgments

Estimates and judgments 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 14 for details of these assumptions and the potential impact of changes to the assumptions.

All other assets are reviewed for indicators or objective 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 32.

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) 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 five years.

(iv) 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.

4 Segment information

(a) Description of segments

The Group's chief operating decision maker (**CoDM**), being the Managing Director and Chief Executive Officer 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 the Group. 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

2023	Software (\$'000)	Consulting (\$'000)	Corporate (\$'000)	Total (\$'000)
REVENUE				
SaaS fees ¹	316,181	-	-	316,181
Annual licence fees ¹	37,203	-	-	37,203
Consulting services ¹	-	73,183	-	73,183
Initial licence fees ²	2,811	-	-	2,811
Intersegment revenue	(555)	738	(183)	-
Net royalty	(72,372)	(7,738)	80,110	-
Total revenue from contracts with customers	283,268	66,183	79,927	429,378
Other income	377	-	11,608	11,985
EXPENSES				
Total external expenses	(185,876)	(52,360)	(73,273)	(311,509)
Profit before tax	97,769	13,823	18,262	129,854
Income tax expense				(26,978)
Profit for the year				102,876
Total assets				636,737
Total liabilities				330,731
Total depreciation and amortisation				(53,502)

Notes to the consolidated financial statements

4 Segment information (continued)

2022	Software (\$'000)	Consulting (\$'000)	Corporate (\$'000)	Total (\$'000)
REVENUE				
SaaS fees ¹	216,812	-	-	216,812
Annual licence fees ¹	70,221	-	-	70,221
Consulting services ¹	-	72,670	-	72,670
Initial licence fees ²	8,531	-	-	8,531
Intersegment revenue	(443)	602	(159)	-
Net royalty	(66,320)	(7,300)	73,620	-
Total revenue from contracts with customers	228,801	65,972	73,461	368,234
Other income	583	-	574	1,157
EXPENSES				
Total external expenses	(151,902)	(49,121)	(56,048)	(257,071)
Profit before tax	77,482	16,851	17,987	112,320
Income tax expense				(23,477)
Profit for the year				88,843
Total assets				539,945
Total liabilities				300,848
Total depreciation and amortisation				(38,110)

(c) Other segment information

(i) Segment revenue

	2023 (\$'000)	2022 (\$'000)
Australia	350,364	302,486
New Zealand and Asia Pacific	47,185	40,482
APAC total	397,549	342,968
United Kingdom	31,829	25,266
Total segment revenues from sales to external customers	429,378	368,234

(ii) Segment assets

	2023 (\$'000)	2022 (\$'000)
Australia	547,467	442,497
New Zealand and Asia Pacific	23,444	37,901
APAC total	570,911	480,398
United Kingdom	44,444	38,487
Total segment assets¹	615,355	518,885

(iii) Major customers

No Group customer contributes greater than 10% of external revenue.

5 Revenue

	2023 (\$'000)	2022 (\$'000)
REVENUE FROM CONTRACTS WITH CUSTOMERS		
SaaS fees ¹	316,181	216,812
Annual licence fees ¹	37,015	69,186
Consulting services ¹	73,183	72,670
Revenue - SaaS and continuing business	426,379	358,668
Initial licence fees ²	2,811	8,531
Annual licence fees associated with initial licence fees ^{2 3}	188	1,035
Revenue - Legacy licence business	2,999	9,566
Total revenue from contracts with customers	429,378	368,234

	2023 (\$'000)	2022 (\$'000)
OTHER INCOME		
Foreign exchange gains / (losses)	21	34
Interest received	4,139	423
Reversal of contingent consideration (note 19)	7,378	-
Other	447	700
Total other income	11,985	1,157
Total revenue	441,363	369,391

Notes to the consolidated financial statements

6 Expenses

	2023 (\$'000)	2022 (\$'000)
PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:		
DEPRECIATION		
Plant and equipment	2,957	2,627
Total depreciation	2,957	2,627
AMORTISATION		
Other intangible assets amortisation	1,933	1,185
Contract acquisition costs amortisation	8,574	5,839
Capitalised development amortisation	34,055	23,383
Amortisation of right-of-use assets	5,983	5,076
Total amortisation	50,545	35,483
Total depreciation and amortisation	53,502	38,110
Wages and salaries	98,840	94,048
Defined contribution plan expense	12,182	10,680
Payroll tax	9,562	8,588
Other employee benefits	1,079	415
Other	13,452	10,930
Total employee costs¹	135,115	124,661
Share based payments	3,907	3,353
Employee Share Purchase Plan	1,920	-
Share-based payments	5,827	3,353
Profit and loss movement in expected credit loss	498	639
Foreign exchange (gain) / loss	(106)	(68)
(Gain) / loss on sale of property, plant and equipment	(3)	(6)

7 Income tax expenses

(a) Income tax expense

	2023 (\$'000)	2022 (\$'000)
Current tax	26,549	19,374
Relating to origination and reversal of temporary differences	672	5,717
Adjustments for tax expense of prior periods	(243)	(1,614)
Income tax expense	26,978	23,477
DEFERRED INCOME TAX EXPENSE / (REVENUE) INCLUDED IN INCOME TAX EXPENSE COMPRISES:		
(Increase) / decrease in deferred tax assets (note 15)	(4,955)	(1,786)
Increase / (decrease) in deferred tax liabilities (note 15)	7,789	6,447
Adjustments for deferred taxes of prior periods	(2,162)	1,056
Deferred tax expense	672	5,717

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

	2023 (\$'000)	2022 (\$'000)
Profit from continuing operations before income tax expense	129,854	112,320
Tax at the Australian tax rate of 30% (2022: 30%)	38,956	33,696
Adjustments for current tax of prior periods	(244)	(1,614)
Research and development tax concession	(10,214)	(8,453)
Non-taxable income	(1,584)	-
Expenditure not allowable for income tax purposes	218	279
Current year tax losses not recognised	16	(35)
Tax rate variance in subsidiaries	(858)	(396)
Change in foreign tax rate	688	-
Income tax expense	26,978	23,477

(c) Amounts recognised directly in equity

	2023 (\$'000)	2022 (\$'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	(3,156)	-

Notes to the consolidated financial statements

8 Current assets – Cash and cash equivalents

	2023 (\$'000)	2022 (\$'000)
Cash and cash equivalents	198,265	175,865

The Group has a \$2 million overdraft facility to assist with working capital requirements. The facility is unused at 30 September 2023.

Cash at bank earns interest at floating rates based on daily bank deposit rates (ranging from 0.0% to 4.45%). Included in the Cash and cash equivalents amount are term deposits invested for periods ranging from one day to three months (earning interest from 4.47% to 5.67%). Given the short-term nature of these term deposit accounts, the fair value of cash assets at 30 September are their carrying values.

9 Current assets – Financial assets

	2023 (\$'000)	2022 (\$'000)
Term deposits	25,000	-

Term deposits with original maturities over three months, but less than twelve months, are classified as current financial assets (earning interest of 5.02%).

10 Current assets – Trade and other receivables

	2023 (\$'000)	2022 (\$'000)
Trade and other receivables	62,764	59,917
Allowance for expected credit losses	(1,849)	(3,172)
Sundry receivables	1,501	521
	62,416	57,266

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 receivables balance are debtors with a carrying amount of \$2.8m (2022: \$4.2m) which are past due at the reporting date for which the consolidated entity has not provided a specific allowance as there has not been a significant change in credit quality. The Company believes that the amounts are still recoverable. The Company 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 expected credit losses are as follows:

	2023 (\$'000)	2022 (\$'000)
Opening balance – 1 October	3,172	4,158
Increase/(decrease) in expected credit loss allowance	176	(387)
Amounts reversed/written off	(1,499)	(599)
Closing balance – 30 September	1,849	3,172

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 2023 (\$'000)	Expected credit loss 2023 (\$'000)	Trade Debtors 2022 (\$'000)	Expected credit loss 2022 (\$'000)
0 – 30 days	58,751	(664)	47,234	(433)
31 – 60 days	1,687	(175)	4,742	(44)
61 – 90 days	360	(26)	1,135	(262)
91+ days	1,966	(984)	6,806	(2,433)
	62,764	(1,849)	59,917	(3,172)

11 Contract assets

	2023 (\$'000)	2022 (\$'000)
Contract assets – current	23,134	21,781
Contract assets – non-current	3,618	4,881
Allowance for expected credit losses	(243)	(241)
	26,509	26,421

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 accordance with customer contracts.

Expected credit loss for contract assets

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

	2023 (\$'000)	2022 (\$'000)
Opening balance – 1 October	241	209
Increase/(decrease) in expected credit loss allowance recognised in profit and loss during the year	2	32
Closing balance – 30 September	243	241

12 Current assets – Other current assets

	2023 (\$'000)	2022 (\$'000)
Refundable deposits	1,127	600
	1,127	600

Notes to the consolidated financial statements

13 Non-current assets – Property, plant and equipment

	Office furniture & equipment (\$'000)	Other (\$'000)	Total (\$'000)
YEAR ENDED 30 SEPTEMBER 2023			
Opening net book amount	8,501	4	8,505
Additions	7,752	18	7,770
Disposals	(3)	-	(3)
Depreciation charge	(2,955)	(2)	(2,957)
Make good movement	(17)	-	(17)
Exchange difference	17	-	17
Closing net book amount	13,295	20	13,315
AT 30 SEPTEMBER 2023			
Cost	50,975	4,789	55,764
Accumulated depreciation	(37,680)	(4,769)	(42,449)
Net book amount	13,295	20	13,315
YEAR ENDED 30 SEPTEMBER 2022			
Opening net book amount	7,323	54	7,377
Additions	3,767	-	3,767
Disposals	(13)	-	(13)
Depreciation charge	(2,577)	(50)	(2,627)
Make good movement	(54)	-	(54)
Exchange difference	55	-	55
Closing net book amount	8,501	4	8,505
AT 30 SEPTEMBER 2022			
Cost	46,311	4,770	51,081
Accumulated depreciation	(37,810)	(4,766)	(42,576)
Net book amount	8,501	4	8,505

14 Intangible assets

	Goodwill (\$'000)	Intellectual property/ source code (\$'000)	Customer contracts (\$'000)	Contract acquisition costs ¹ (\$'000)	Software under development (\$'000)	Software- in use (\$'000)	Total (\$'000)
YEAR ENDED 30 SEPTEMBER 2023							
Opening net book amount	46,580	6,792	6,080	20,378	33,947	92,962	206,739
Additions	-	987	-	20,764	60,605	-	82,356
Transfers to software - in use	-	-	-	-	(51,574)	51,574	-
Amortisation charge	-	(802)	(1,131)	(8,574)	-	(34,055)	(44,562)
Derecognition	-	(916)	-	-	-	(5,022)	(5,938)
Foreign Exchange difference	1,371	62	487	235	149	32	2,336
Closing net book amount	47,951	6,123	5,436	32,803	43,127	105,491	240,931
AT 30 SEPTEMBER 2023							
Cost	54,704	15,949	7,626	56,347	43,127	188,038	365,791
Accumulated amortisation	-	(6,233)	(2,190)	(23,544)	-	(77,525)	(109,492)
Accumulated impairment	(6,753)	(3,593)	-	-	-	(5,022)	(15,368)
Net book amount	47,951	6,123	5,436	32,803	43,127	105,491	240,931
YEAR ENDED 30 SEPTEMBER 2022							
Opening net book amount	47,694	5,900	7,180	14,677	30,295	70,713	176,459
Additions	-	1,547	-	11,908	50,060	-	63,515
Transfers to software - in use	-	-	-	-	(46,369)	46,369	-
Amortisation charge	-	(569)	(616)	(5,839)	-	(23,383)	(30,407)
Derecognition	-	-	-	-	-	-	-
Foreign Exchange difference	(1,114)	(86)	(484)	(368)	(39)	(737)	(2,828)
Closing net book amount	46,580	6,792	6,080	20,378	33,947	92,962	206,739
AT 30 SEPTEMBER 2022							
Cost	53,333	14,900	7,139	35,348	33,947	136,432	281,099
Accumulated amortisation	-	(5,431)	(1,059)	(14,970)	-	(43,470)	(64,930)
Accumulated impairment	(6,753)	(2,677)	-	-	-	-	(9,430)
Net book amount	46,580	6,792	6,080	20,378	33,947	92,962	206,739

Notes to the consolidated financial statements

14 Intangible assets (continued)

(a) Review of intangible asset carrying values in relation to the contingent consideration

The events and circumstances leading to the reduction in the provision for contingent consideration (note 19) have also been considered in terms of whether there are indicators of impairment in the carrying value of the goodwill and other intangibles acquired.

An assessment of Goodwill and other intangible assets resulted in no impairment being recognised.

In addition, a review of the intangible assets acquired has been performed in the period that has resulted in the following:

- The carrying value of the acquired tradename has been derecognised in full (\$0.9m, £0.5m) as the tradename is no longer in use.
- Certain acquired software assets have been derecognised (\$5.0m, £2.7m).
- A portion of the acquired customer relationship asset has had accelerated amortisation due to a change in the assessed useful life (\$0.9m, £0.5m).

A total of \$5.9m (£3.2m) has been recognised as an expense within the Corporate costs line of the Consolidated Income Statement representing the carrying value of assets derecognised.

An amount of \$0.9m (£0.5m) has been recognised as an expense within the Depreciation and amortisation line of the Consolidated Income Statement representing the accelerated amortisation of a portion of acquired customer relationships.

These expenses have been recognised within the external expenses line of the Corporate segment (note 2).

(b) 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 (\$'000)	Consulting (\$'000)	Corporate (\$'000)	Total (\$'000)
2023				
Goodwill	38,343	9,608	-	47,951
Indefinite life intangible assets	1,362	660	-	2,022
	39,705	10,268	-	49,973
2022				
Goodwill	36,972	9,608	-	46,580
Indefinite life intangible assets	1,362	660	-	2,022
	38,334	10,268	-	48,602

The recoverable amounts of each CGU has been determined based on cash flow projections based on financial budgets approved by senior management covering a five-year period, with a value-in-use basis being used for all valuations.

The following table sets out the key assumptions for each cash-generating unit:

	Software	Consulting
2023		
Pre-tax nominal discount rate applied to the cash flow projections	11.5%	11.6%
Terminal growth rate	3%	3%
2022		
Pre-tax nominal discount rate applied to the cash flow projections	15%	15%
Terminal growth rate	3%	3%

15 Non-current assets – Deferred tax

(a) Deferred tax assets

	2023 (\$'000)	2022 (\$'000)
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:		
Employee benefits	5,434	5,097
Other provisions	2,042	2,450
Accrued expenses	981	1,384
Intangible assets	477	830
Copyright – software	31	37
Lease liability (net)	2,315	3,066
Employee share trust	4,738	2,952
Deferred revenue	58,259	50,621
Other	3,195	2,924
	77,472	69,361
Set-off of deferred tax liabilities pursuant to set-off provisions	(56,090)	(48,301)
Net deferred tax assets	21,382	21,060
Net deferred tax assets expected to be recovered within 12 months	53,120	48,688
Net deferred tax assets expected to be recovered after more than 12 months	(31,738)	(27,628)
	21,382	21,060

	2023 (\$'000)	2022 (\$'000)
MOVEMENTS:		
Opening balance at 1 October	69,361	67,643
Credited / (charged) to the consolidated income statement	4,955	1,718
Credited / (charged) to equity	3,156	-
Offset from deferred tax liabilities	(56,090)	(48,301)
Closing balance at 30 September	21,382	21,060

Notes to the consolidated financial statements

15 Non-current assets – Deferred tax (continued)

(b) Deferred tax liabilities

	2023 (\$'000)	2022 (\$'000)
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO		
Contract assets	(4,412)	(5,461)
Accelerated depreciation for tax purposes	(1,491)	(914)
Prepayments	(44)	(25)
Capitalised development	(42,685)	(36,176)
Contract acquisition costs	(7,458)	(5,725)
Total deferred tax liabilities	(56,090)	(48,301)
Set-off of deferred tax liabilities pursuant to set-off provisions	56,090	48,301
Net deferred tax liabilities	-	-

	2023 (\$'000)	2022 (\$'000)
MOVEMENTS		
Opening balance at 1 October	(48,301)	(41,854)
Charged/(credited) to the Consolidated income statement (note 7)	(7,789)	(6,447)
Offset to deferred tax assets	56,090	48,301
Closing balance at 30 September	-	-

16 Current liabilities – Trade and other payables

	2023 (\$'000)	2022 (\$'000)
Trade payables	39,733	40,331
Sundry creditors	9,340	8,163
Directors fees	174	65
	49,247	48,559

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.

17 Current liabilities – Deferred Revenue

	2023 (\$'000)	2022 (\$'000)
Carrying amount at 1 October	184,008	169,322
Carrying amount at 30 September	214,495	184,008
Revenue recognised from the opening balance	182,471	168,003

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 classified as a contract liability under AASB 15. These amounts do not result in a future cash outflow.

18 Current liabilities – Provisions

	2023 (\$'000)	2022 (\$'000)
Make good provision	-	76
Other provisions ¹	5,302	5,524
Annual leave	7,743	8,032
Long service leave	8,232	7,270
	21,277	20,902

19 Contingent consideration

	2023 (\$'000)	2022 (\$'000)
Contingent consideration – current	-	6,997
Contingent consideration– non-current	-	-
	-	6,997

On 15 September 2021, the Group acquired Scientia Resource Management Limited (Scientia), a United Kingdom company servicing the higher education sector. The total consideration at 30 September 2021 of £10.2m included an initial cash payment of \$11.5m (£6.1m) and contingent consideration payable of \$7.6m (£4.1m). The contingent consideration represented amounts potentially payable on the achievement of specified performance targets. The performance hurdles set were based on Net Profit Before Tax (NPBT) and Annual Recurring Revenue (ARR) results as of 31 December 2022.

The assessment period for these performance hurdles has now concluded and the Group notes that the NPBT and ARR targets set out in the acquisition agreement have not been met. Therefore, no contingent consideration payment in respect of the calendar year ending 31 December 2022 was required to be paid under the agreement.

Given the above, the Group released the provision held on the Balance Sheet at 30 September 2022. \$7.4m (£4.1m) has been credited to the profit and loss within the Other Income line of the Consolidated Income Statement. Movement of \$0.4m since 30 September 2022 is due to foreign exchange movements.

Notes to the consolidated financial statements

20 Non-current liabilities – Provisions

	2023 (\$'000)	2022 (\$'000)
Long service leave	2,359	2,066
Make good provision	206	134
	2,565	2,200

(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)	Legal provision (\$'000)	Contingent consideration (\$'000)	Other (\$'000)	Total (\$'000)
2023							
Carrying amount at 1 October 2022	8,032	9,336	210	5,221	6,997	303	30,099
Additional provisions recognised	3,451	2,498	130	-	-	42	6,121
Release of provision	-	-	(134)	-	(7,378)	-	(7,512)
Amount used during the year or Foreign Exchange movement	(3,740)	(1,243)	-	-	381	(264)	(4,866)
Carrying amount at 30 September 2023	7,743	10,591	206	5,221	-	81	23,842

21 Leases

Right-of-use assets	Property (\$'000)	Equipment (\$'000)	Total (\$'000)
YEAR ENDED 30 SEPTEMBER 2023			
Opening net book amount	23,071	39	23,110
Additions	1,912	167	2,079
Modifications during the year	2,809	-	2,809
Disposals	-	-	-
Depreciation charge	(5,932)	(51)	(5,983)
Exchange difference	626	-	626
Closing net book amount	22,486	155	22,641
AT 30 SEPTEMBER 2023			
Cost	43,510	367	43,876
Accumulated depreciation	(21,024)	(211)	(21,235)
Net book amount	22,486	156	22,641

Lease liability	Property (\$'000)	Equipment (\$'000)	Total (\$'000)
YEAR ENDED 30 SEPTEMBER 2023			
Opening liability	35,253	51	35,304
New leases entered into during the year	1,879	167	2,046
Modifications during the year	2,803	-	2,803
Payments	(9,765)	(55)	(9,820)
Interest expense	2,058	5	2,063
Exchange difference	760	-	760
Closing liability¹	32,988	168	33,156

The following are amounts recognised in profit or loss under AASB 16:	2023 (\$'000)	2022 (\$'000)
Amortisation on right-of-use assets	5,983	5,076
Interest expense on lease liabilities	2,063	1,724
Total amount recognised in profit or loss	8,046	6,800

Cashflow from leases	2023 (\$'000)	2022 (\$'000)
Total cash outflow as a lessee ²	9,820	5,376
	9,820	5,376

Notes to the consolidated financial statements

21. Leases (continued)

Leases Right-of-use assets	Property (\$'000)	Equipment (\$'000)	Total (\$'000)
YEAR ENDED 30 SEPTEMBER 2022			
Opening net book amount	22,385	57	22,442
Additions	4,558	40	4,598
Modifications during the year	1,292	-	1,292
Disposals	-	-	-
Depreciation charge	(5,018)	(58)	(5,076)
Exchange difference	(146)	-	(146)
Closing net book amount	23,071	39	23,110
AT 30 SEPTEMBER 2022			
Cost	38,164	199	38,363
Accumulated depreciation	(15,093)	(160)	(15,253)
Net book amount	23,071	39	23,110
Lease liability	Property (\$'000)	Equipment (\$'000)	Total (\$'000)
YEAR ENDED 30 SEPTEMBER 2022			
Opening liability	33,325	64	33,389
New leases entered into during the year	4,543	40	4,583
Modifications during the year	1,280	-	1,280
Payments	(5,322)	(54)	(5,376)
Interest expense	1,723	1	1,724
Exchange difference	(296)	-	(296)
Closing liability	35,253	51	35,304

22 Contributed Equity

(a) Share capital

	2023 Shares	2022 Shares	2023 (\$'000)	2022 (\$'000)
ORDINARY SHARES				
Fully paid	324,674,728	323,365,816	67,466	57,635

(b) Movements in ordinary share capital

Date	Details	Number of shares	(\$'000)
1-Oct-22	Opening balance	323,365,816	57,635
	Exercise of options	1,303,806	8,139
	Share grant to employees	108,912	1,692
	Movement in treasury shares	(103,806)	-
30-Sep-23	Closing balance	324,674,728	67,466
1-Oct-21	Opening balance	321,648,793	51,645
	Exercise of options	1,392,572	5,920
	Share grant to employees	4,607	70
	Movement in treasury shares	319,844	-
30-Sep-22	Closing balance	323,365,816	57,635

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 32.

23 Reserves

(a) Other reserves

	2023 (\$'000)	2022 (\$'000)
Share option reserve	48,965	41,658
Foreign currency translation	2,262	(1,238)
Dividend reserve	48,377	41,455
	99,604	81,875

(b) Nature and purpose of other reserves

(i) Share option reserve

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 consolidated 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.

Notes to the consolidated financial statements

24 Dividends

(a) Ordinary shares

	2023 (\$'000)	2022 (\$'000)
Final dividend for the year ended 30 September 2022 of 10.82 Cents (2021: 10.09 Cents) per fully paid share paid in December 2022 (2021 – December 2021)		
60% franked (2021: 60%) based on tax paid at 30%	35,119	32,454
Special dividend for the year ended 30 September 2022 of 2 Cents (2021: nil) per fully paid share paid in December 2022		
60% franked (2021: nil) based on tax paid at 30%	6,491	–
Interim dividend for the year ended 30 September 2023 of 4.62 Cents (2022: 4.2 Cents) per fully paid share paid in June 2023 (2022: June 2022)		
60% franked (2022: 60%) based on tax paid at 30%	14,995	13,673
Total dividends paid	56,605	46,127

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

Final	2023 (\$'000)	2022 (\$'000)
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 11.90 cents per fully paid ordinary share (2022: 10.82 cents) 60% franked (2022: 60%) based on tax paid at 30% (2022: 30%).	38,637	34,988
The directors have also recommended the payment of a special dividend of 3 cents per share, 60% franked (2022: 60% franked).	9,740	6,467
The aggregate amount of proposed dividend expected to be paid out of retained earnings, but not recognised as a liability at year end		
	48,377	41,455

(c) Franked Dividends

The franked portions of the final dividends recommended after 30 September 2023 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 2023.

	2023 (\$'000)	2022 (\$'000)
Franking account balance as at the end of the financial year at 30% (2022: 30%)	402	171
Franking credits that will arise from the payments of income tax payable as at the end of the financial year	6,712	1,197
Franking credits available for subsequent financial years based on a tax rate of 30%	7,114	1,368

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 \$12,439,681 (2022: \$10,659,985).

25 Directors and key management personnel disclosures

	2023 (\$)	2022 (\$)
Short-term employee benefits	5,339,272	5,553,807
Deferred STI	305,731	422,177
Share-based payments	1,229,551	1,263,638
	6,874,554	7,239,622

Equity instrument disclosures relating to key management personnel

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

26 Remuneration of auditors

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

(a) Ernst and Young (Australia)

	2023 (\$)	2022 (\$)
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	772,356	878,450
Fees for other assurance and agreed-upon-procedure services	223,300	214,987
Fees for other services ¹	948,484	197,241
Total remuneration of Ernst & Young Australia	1,944,140	1,290,678

27 Contingencies

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

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

Guarantees

At 30 September 2023, the Group had \$3,833,314 (2022: \$3,745,483) in outstanding bank guarantees issued to TechnologyOne. The total available guarantee facility is \$8,300,000 (2022: \$8,300,000). These guarantees relate primarily to office leases.

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

Notes to the consolidated financial statements

28 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) Subsidiary entities

Interest in subsidiary entities are set out in note 29.

29 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):

	Country of incorporation	Class of shares	Equity holding	
			2023 (%)	2022 (%)
TechnologyOne Corporation Sdn Bhd	Malaysia	Ordinary	100	100
TechnologyOne New Zealand Ltd	New Zealand	Ordinary	100	100
TechnologyOne 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	100
Cyon Knowledge Computing Pty Ltd	Australia	Ordinary	100	100
Scientia Limited	England	Ordinary	100	100
Scientia P3M	England	Ordinary	100	100
Cyon Knowledge Computing SDN BHD	Malaysia	Ordinary	100	100
Scientia GmbH	Germany	Ordinary	100	100
Cyon S.E Asia PTE Limited	Singapore	Ordinary	100	100
Procyon Research Ltd	England	Ordinary	100	100

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

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

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

	2023 (\$'000)	2022 (\$'000)
Profit for the year	102,876	88,843
Depreciation and amortisation	53,502	38,110
Non-cash employee benefits expense - share-based payments	5,827	3,353
Finance costs	602	1,844
Other non-cash	(608)	-
Net (gain) / loss on sale of non-current assets	-	(6)
Movement in ECL through profit or loss	498	639
(increase) / decrease in trade and other receivables and contract assets	(5,237)	(6,771)
(increase) / decrease in prepayments and other current assets	(5,901)	(6,568)
(increase) / decrease in tax assets and liabilities	10,544	(3,466)
Increase / (decrease) in trade creditors	2,252	11,206
Increase / (decrease) in provisions	965	(1,067)
Increase / (decrease) in lease liabilities	(2,148)	1,915
Increase / (decrease) in deferred revenue	30,487	14,686
Net cash inflow / (outflow) from operating activities	193,659	142,718

Notes to the consolidated financial statements

31 Earnings per share

(a) Basic earnings per share

	2023 (cents)	2022 (cents)
Basic earnings per share (cents per share)	31.71	27.51
Diluted earnings per share (cents per share)	31.54	27.38
Profit used for calculating basic and diluted earnings per share (\$'000)	102,876	88,843

(b) Weighted average number of shares used as denominator

	2023 (number)	2022 (number)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	324,422,822	322,953,789
Adjustments for calculation of diluted earnings per share:		
Options	1,799,585	1,526,148
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	326,222,406	324,479,937

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.

32 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. For non-KMP employees, covered extensively the Remuneration Report, 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 outstanding¹ under the plan:

32 Share-based payments (continued)

2023								
25/11/2022	30/11/2030	9.4600	-	676,902	-	(18,663)	658,239	-
25/11/2022	30/11/2029	9.4600	-	51,553	-	-	51,653	-
25/11/2022	30/11/2028	9.4600	-	2,189	-	-	2,189	-
25/11/2022	30/11/2029	9.4600	-	134,302	-	-	134,302	-
1/10/2022	30/11/2030	11.0300	-	365,764	-	(90,296)	275,668	-
8/07/2022	30/11/2031	7.7800	468,022	-	-	(101,744)	366,278	-
23/02/2022	30/11/2031	10.3700	1,400,926	-	-	(205,761)	1,195,165	-
26/11/2021	30/11/2028	5.8850	37,593	-	-	-	37,593	-
26/11/2021	30/11/2027	9.2300	34,740	-	(34,740)	-	-	-
26/11/2021	30/11/2029	9.2300	510,401	-	-	(73,954)	436,447	-
26/11/2021	30/11/2029	12.3100	408,208	-	-	(100,719)	307,489	-
30/03/2021	30/11/2028	5.8850	11,064	-	-	-	11,064	-
22/01/2021	30/11/2028	5.8850	480,243	-	-	(68,229)	412,014	-
22/01/2021	30/11/2028	7.8467	540,801	-	-	-	540,801	-
22/01/2021	30/11/2027	5.8850	109,284	-	(109,284)	-	-	-
1/07/2020	1/10/2027	1.8914	50,000	-	-	-	50,000	50,000
1/10/2019	1/10/2027	7.3854	563,020	-	(454,118)	-	108,902	108,902
1/10/2019	1/10/2027	5.5391	698,919	-	(625,017)	-	73,902	73,902
1/10/2018	1/10/2026	4.1122	51,913	-	(27,128)	-	24,785	24,785
1/10/2018	1/10/2025	4.1166	20,000	-	(3,500)	-	16,500	16,500
1/10/2018	1/07/2025	1.8914	50,000	-	-	-	50,000	50,000
1/10/2017	1/10/2025	5.1456	15,989	-	(27,166)	-	(11,177)	(11,177)
1/10/2017	1/10/2025	5.7474	11,177	-	-	-	11,177	11,177
1/07/2018	1/10/2026	4.1122	22,853	-	(22,853)	-	-	-
Weighted average exercise price			5,485,153	1,231,010	(1,303,806)	(659,366)	4,752,991	324,089
			\$8.20	\$9.93	\$6.24	\$9.74	\$8.97	\$4.87

Notes to the consolidated financial statements

32 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
2022									
	8/07/2022	30/11/2031	7.7800	-	468,022	-	-	468,022	-
	23/02/2022	30/11/2031	10.3700	-	1,400,926	-	-	1,400,926	-
	26/11/2021	30/11/2028	5.8850	-	37,593	-	-	37,593	-
	26/11/2021	30/11/2027	9.2300	-	34,740	-	-	34,740	-
	26/11/2021	30/11/2029	9.2300	-	547,113	-	(36,712)	510,401	-
	26/11/2021	30/11/2029	12.3100	-	408,208	-	-	408,208	-
	30/03/2021	30/11/2028	5.8850	11,064	-	-	-	11,064	-
	22/01/2021	30/11/2028	5.8850	612,202	-	-	(131,959)	480,243	-
	22/01/2021	30/11/2028	7.8467	540,801	-	-	-	540,801	-
	22/01/2021	30/11/2027	5.8850	109,284	-	-	-	109,284	-
	1/07/2020	1/10/2027	1.8914	50,000	-	-	-	50,000	-
	1/10/2019	1/10/2027	7.3854	578,551	-	-	(15,531)	563,020	-
	1/10/2019	1/10/2027	5.5391	804,768	-	-	(105,849)	698,919	-
	1/10/2018	1/10/2026	4.1122	899,079	-	(847,166)	-	51,913	51,913
	1/10/2018	1/10/2026	5.4829	390,520	-	(385,639)	(4,881)	-	-
	1/10/2018	1/10/2025	4.1166	22,799	-	(2,799)	-	20,000	20,000
	1/10/2018	1/07/2025	0.8633	16,750	-	(16,750)	-	-	-
	1/10/2018	1/07/2025	1.8914	50,000	-	-	-	50,000	50,000
	1/10/2017	1/10/2025	5.1456	92,014	-	(48,268)	(27,757)	15,989	15,989
	1/10/2017	1/10/2025	5.7474	11,177	-	-	-	11,177	11,177
	1/07/2018	1/10/2026	4.1122	22,853	-	-	-	22,853	22,853
	1/07/2017	1/07/2024	0.8633	16,650	-	(16,650)	-	-	-
	1/07/2016	1/07/2023	0.8633	15,300	-	(15,300)	-	-	-
	25/08/2010	25/08/2023	0.3450	30,000	-	(30,000)	-	-	-
	25/08/2011	25/08/2024	0.3450	30,000	-	(30,000)	-	-	-
				4,303,812	2,896,602	(1,392,572)	(322,689)	5,485,153	171,932
			Weighted average exercise price	\$5.60	\$9.94	\$4.25	\$6.15	\$8.20	\$3.67

32 Share-based payments (continued)

A total of 1,231,010 options (2022: 2,896,602) were issued to employees during the year.

The weighted average strike price at the date of exercise of options exercised during the year ended 30 September 2023 was \$6.24 (2022: \$4.25).

The weighted average remaining contractual life of share options outstanding at the end of the period was 6.6 years (2022: 7.0 years).

(b) 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 \$2.32 and \$7.42 (2022: \$2.13 and \$3.65).

The model inputs for options granted during the year ended 30 September 2023 included:

- (i) Dividend yield of 1.35% (2022: 1.2%)
- (ii) Expected volatility 33.89% (2022: 33.15%)
- (iii) Risk-free interest rate 3.61% (2022: 1.24%)
- (iv) Expected life of option 3.3 years (2022: 3.3 years)
- (v) Option exercise price between \$9.46 and \$11.03 (2022: \$12.31 and \$9.23)
- (vi) Weighted average share price at grant date was \$12.64 (2022: \$11.56)

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.

(c) 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.

(d) 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:

	2023 (\$'000)	2022 (\$'000)
Options issued under employee option plan:		
Vested or yet to vest	4,085	3,589
Forfeited	(178)	(236)
Total share-based payment expense	3,907	3,353

(e) Employee share plan

During the year the Group launched an Employee Share Plan which provides 1 bonus share (fully paid ordinary share) for every 2 shares purchased by an employee.

An eligible employee under the plan is defined as a current permanent full-time or part-time Group employee who:

- (a) has completed their probation period,
- (b) is 18 years or older, and
- (c) reside in Australia, New Zealand, the United Kingdom or Malaysia.

Eligible employees can opt into the plan and choose an amount to be deducted from their post-tax salary each month during the contribution period (typically a 12-month period with the contribution capped at \$25,000 AUD per person. This equates to a monthly contribution cap of \$2,083. This post-tax deduction is used to purchase TechnologyOne shares at market value at the end of each contribution month.

Employees who participate in the plan will become entitled to one matched share for every two shares they acquire under the plan subject to vesting conditions. The vesting condition attached to the bonus shares is that the employee must remain employed for one month after the contribution period ends. A participant who satisfies the vesting conditions will become entitled to the matched shares on the last day of the vesting period.

The fair value of the matched share is estimated at the measurement date using Black-Scholes option pricing model and is recognised over the period that the matched share vests. FY23 was the first year that employees have been able to enter into the employee share plan. The contribution period for the first offering was 1 January 23 to 30 June 23, with the vesting date being 31 July 23 and the second offering is 1 July 23 to 30 June 2024, with the vesting date being 31 July 24.

Notes to the consolidated financial statements

33 Parent entity financial information

(a) Summary financial information

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

	2023 (\$'000)	2022 (\$'000)
BALANCE SHEET		
Current assets	313,297	227,751
Non-current assets	288,687	260,224
Total assets	601,984	487,975
Current liabilities	270,830	219,344
Non-current liabilities	19,254	14,207
Total liabilities	290,084	233,551
SHAREHOLDERS' EQUITY		
Contributed equity	67,466	57,635
Dividend reserve	48,377	41,455
Share option reserve	48,965	41,658
Retaining earnings	147,092	113,676
	311,900	254,424
Profit or loss before tax for the year	119,914	103,583
Total comprehensive income	119,914	103,583

At 30 September 2023, the statement of financial position shows a current liability balance of \$271m (30 September 2022: \$219m) 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 2023, the Group had \$3,833,314 (2022: \$3,745,483) in outstanding bank performance guarantees. The total available guarantee facility is \$8,300,000 (2022: \$8,300,000).

The parent entity, Technology One Limited, provides ongoing financial support to its subsidiaries in their operations.

(c) Contingent liabilities of the parent entity

At 30 September 2023, the Parent had no contingent liabilities. At 30 September 2022, the Parent had a provision for contingent consideration as disclosed in note 19.

34 Events after the reporting period

On 21 November 2023, the Directors of Technology One Limited declared a final and special dividend on ordinary shares in respect of the 2023 financial year. The total amount of the dividend is \$48,376,534 and is 60% franked.

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

Directors' Declaration

technology

Technology One Limited Directors' declaration 30 September 2023

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 57 to 98 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 2023 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 2023.

On behalf of the Board of Directors



Pat O'Sullivan
Chair

Brisbane
21 November 2023

Independent Auditor's Report



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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 2023, 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 2023 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.

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Measurement and recognition of revenue and associated assets and liabilities

Why significant

The Group applies AASB 15 *Revenue from Contracts with Customers* to account for the following key revenue streams:

- ▶ SaaS fees;
- ▶ Annual licence fees; and
- ▶ Consulting services

The measurement and recognition of revenue and associated assets and liabilities is considered to be a key audit matter due to the significance of revenue to the financial statements.

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 10 and Note 11 and associated liabilities in Note 17.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ For a sample of customer contracts related to SaaS fees and Annual licence fees, assessed whether the revenue has been recorded appropriately, by:
 - ▶ Agreeing the amounts recorded to contract, invoice and payment; and
 - ▶ Reperforming the recognition of revenue based on the satisfaction of performance obligations.
- ▶ For a sample of consulting services contracts, we assessed the Group's controls associated with the recording of consulting days delivered and the contracted fee rates applied to the days delivered.
- ▶ For deferred revenue (contract liabilities) and contract assets, we tested a sample of balances at year end, including:
 - ▶ Agreeing the amounts recorded to contract, invoice and payment, where appropriate; and
 - ▶ Recalculating the amount of the contract asset or contract liability balance at year end.
- ▶ Assessed the adequacy of the disclosures included in the financial report.

Independent Auditor's Report



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Accounting for software development costs

Why significant	How our audit addressed the key audit matter
<p>As set out in Note 14 to the financial statements the Group capitalises costs related to the development of software products in accordance with AASB 138 <i>Intangible Assets</i>.</p> <p>The accounting for software development costs is considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> ▶ Judgement on whether the costs incurred relate to research costs, which are required to be expensed, or development costs which meet the definition of an intangible asset that is required for capitalisation; ▶ The assessment of the useful life of the asset and the timing of amortisation; and ▶ The assessment of future economic benefits and indications of impairment of the capitalised software development costs. 	<p>We performed the following procedures in respect of the development costs capitalised:</p> <ul style="list-style-type: none"> ▶ Assessed the nature of the Group's projects and the policy of capitalisation of software development costs for compliance with the criteria in AASB 138 <i>Intangible Assets</i>. ▶ Held inquiries with R&D Directors and other team members, to understand the development activities undertaken. ▶ For capitalised salaries, we performed the following procedures: <ul style="list-style-type: none"> ▶ For a sample of employees, we agreed the salary rates used in the capitalisation calculation to underlying payroll records and employee contracts; and ▶ For a sample of time capitalised, agreed hours to the relevant timesheet and confirmed the associated work relates to activities eligible for capitalisation. ▶ For a sample of other directly attributable costs capitalised, agreed the amount to invoice or other supporting documentation and assessed the Group's determination that the service or goods received was attributable to development activities. ▶ Considered the appropriateness of the amortisation period including the commencement date of amortisation for the capitalised software development costs and the timing of amortisation. ▶ Assessed the Group's indicators of impairment of capitalised software development costs. ▶ Assessed the adequacy of the disclosures included in the financial report.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report, the Corporate Governance Statement and the Voluntary Tax Transparency 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.

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.

Independent Auditor's Report



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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 2023.

In our opinion, the Remuneration Report of Technology One Limited for the year ended 30 September 2023, 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

John Robinson
Partner
Sydney
21 November 2023

Jennifer Barker
Partner
Brisbane
21 November 2023

Shareholder information

The shareholder information set out below was applicable as at 27 October 2023.

(a) Distribution of Equity Securities

Number of Shares	Number of Shareholders	Percentage of Shareholders
1-1,000	7,659	51.06%
1,001 – 5,000	4,954	33.03%
5,001 – 10,000	1,214	8.09%
10,001 – 100,000	1,111	7.41%
100,001 and over	61	0.41%

There were 290 holders of less than a marketable parcel of ordinary shares (1.93% of shareholders).

(b) Equity Security Holders

Twenty largest quoted equity security holders

Name	Number Held	Percentage of Issued Shares
JL Mactaggart Holdings Pty Ltd ¹	24,902,500	7.67%
Masterbah Pty Ltd ¹	14,372,500	4.43%
Selector Funds Mgt (Sydney)	11,721,486	3.61%
State Street Global Advisors (Sydney)	11,152,446	3.44%
Vanguard Group (Philadelphia)	10,402,343	3.20%
Hyperion Investor Mgt (Brisbane)	8,740,149	2.69%
Macquarie Asset Management (Sydney)	7,788,446	2.40%
Blackrock Investment Management (San Francisco)	7,246,455	2.23%
Argo Investments (Sydney)	6,750,000	2.08%
First Sentier Investors (Sydney)	6,577,263	2.03%
Dimensional Fund Advisors (Sydney)	6,366,523	1.96%
Fundsmith (London)	6,339,946	1.95%
Alphinity Investment Mgt (Sydney)	6,082,859	1.87%
Acadian Asset Mgt (Boston)	6,069,950	1.87%
Vanguard Investments (Melbourne)	4,989,311	1.54%
Plato Investment Mgt (Sydney)	4,835,896	1.49%
Blackrock Investment Mgt (Australia)	4,577,703	1.41%
Walter Scott & Partners (Edinburgh)	4,426,290	1.36%
Wasatch Global Investors (Salt Lake City)	4,263,005	1.31%
Goldman Sachs Asset Mgt (New York)	4,256,091	1.31%

(c) Unquoted Securities

Details	Number on Issue	Number of Holders
TNEAI (Options)	5,278,909	99
TNEAJ (Performance Rights)	159,503	50

(d) Voting Rights

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

Corporate directory - Technology One Limited

Board of Directors

Pat O'Sullivan
Edward Chung
John Mactaggart
Richard Anstey
Jane Andrews
Sharon Doyle
Cliff Rosenberg
Peter Ball

Company Secretary

Stephen Kennedy

Australian Business Number (ABN)

84 010 487 180

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Branch Locations

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Canberra
Adelaide
Perth
Hobart
Auckland
Wellington
Kuala Lumpur
London

Auditor

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Lawyer

McCullough Robertson
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Share Registry

Link Market Services Limited
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Sydney NSW 1235
Phone: 02 8280 7454
Fax: 02 9287 0303
www.linkmarketservices.com.au

Stock Exchange Listing

Australian Securities Exchange
(ASX: TNE)