



Company	Technology One
Code	TNE
Meeting	AGM
Date	23 February 2022
Venue	Brisbane Convention and Exhibition Centre, plus streamed online
Monitor	Paul Donohue

Number attendees at meeting	53 Shareholders / 20 Visitors / 117 on webcast
Number of holdings represented by ASA	78
Value of proxies	\$6.3m
Number of shares represented by ASA	626,967
Market capitalisation	\$3.23b on day of meeting
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with <ul style="list-style-type: none">▪ Jane Andrews, Non-Executive Director / Chair of the Remuneration Committee.▪ Richard Anstey, Non-Executive Director / Chair of the Nomination and Governance Committee.▪ Edward Chung, Chief Executive Officer.▪ Paul Jobbins, Chief Financial Officer / EVP Corporate Services / Company Secretary.▪ Stephen Kennedy, Head of Governance, Risk & Compliance / Company Secretary.

Adrian Di Marco announces retirement after 31 years

Technology One's AGM was a hybrid meeting which was a welcome change from the online only meetings other companies have held during the pandemic. All but one of the directors were in attendance with John McTaggart absent due to health reasons.

Executive Chair and Founder, Adrian Di Marco started with a quick overview of the company's FY21 performance – Software as a Service (SaaS) revenue up 43%, net profit before tax (NPBT) up 19%, dividend up 8%, 10-year compound growth of 10%, etc.

The remainder of his presentation focussed on what makes Technology One different. Their "secret sauce" is clarity of purpose, non-negotiable technology principles, a focus on key vertical markets and a commitment to build, sell and support the product themselves. Mr Di Marco explained that the way they build and deploy their solution (a single code base delivered as SaaS) leads to massive economies of scale and the way they license it (annual subscription) leads to higher margins and profits.

Mr Di Marco stressed that their greatest risk is execution and mitigating that risk requires the best possible team with commensurate remuneration. He feels the pie has been more than fairly shared with total shareholder return up 113% over three years compared to executive remuneration up 12% over the same period.

The Chair's presentation wrapped up with the bombshell that after 31 years at the helm, he was retiring at the end of financial year. He explained that the company is set up to continue without him with a clear strategy, a market leading product, a strong executive team with Edward Chung clocking up five years as CEO, the board renewal process is complete, they now have a majority of independent directors and a Lead Independent Director has been appointed. Still, the share price dropped 3.5% on the news which is an indication of how instrumental Adrian has been to Technology One's success.

The CEO thanked Adrian for his outstanding contribution before launching into a presentation outlining the company's strengths. The key theme was the superior characteristics of the SaaS subscription model compared to their previous perpetual license model. There are benefits for the customer with two upgrades a year and no need to provision their own hardware and benefits for Technology One with economies of scale.

Most of their existing customers are expected to move to SaaS which represents a potential \$145m per annum increase in annual recurring revenue. His expectation is for SaaS annual recurring revenue (ARR) to increase to \$500m+ by FY26.

Mr Chung described their new "Digital Experience" product, code named DXP 2.0, which delivers an online experience for their customer's customer – students for higher education and rate payers for local government. As well as providing a valuable add on to their core ERP product, it makes customers more "sticky" or less inclined to change software vendors.

The UK division has completed a localised version of the core product and is now profitable. The recent acquisition of Scientia is progressing well and brings two benefits. Firstly, a valuable new module for academic scheduling and secondly an existing base of 150 higher education customers who might consider adopting the SaaS product. The UK market is three times the size of Asia Pacific and is seen as a significant area of future growth.

The outlook is for strong profit growth to continue and for the company to double in size within five years. Edward declined to give more specific guidance before their half year results are released in May 2022.

There was too much information to report it all here but both packs were released to the ASX and are worth a look.

In comparison, the formal part of the meeting was uneventful. Your ASA monitor was the only person to ask any questions and all of the answers were satisfactory. I am paraphrasing because I could not ask questions and take notes at the same time...

ASA: You mentioned 91% of customers will move to SaaS. What will happen to the other 9%?

Adrian Di Marco: The number moving to SaaS is likely to be higher, but we won't be supporting the on-premise version beyond October 2024 so they will be unsupported once their license expires.

ASA: Pat O'Sullivan appears to be very capable and well qualified for the position. However, he is currently Chair of carsales.com and SiteMinder and Deputy Chair of Calvary Health. Does he have bandwidth to take on another Deputy Chair role especially in light of Adrian's retirement?

Pat O'Sullivan: I am determined to do well in my new role as Technology One's Deputy Chair and am confident I can perform my duties in addition to my other commitments.

ASA: Mr Anstey has been on the board for 16 years now and, no doubt, has provided a wealth of experience during that term. However, I would be interested to hear his views on whether he still considers himself independent.

Richard Anstey: For the first five years I felt like the new guy, then before you know it 16 years have passed. I bring new ideas from my other appointments, and I always feel like I am acting independently. I don't think that long tenure automatically leads to a lack of independence.

Adrian Di Marco: The whole independent vs non independent divide is counter productive. There is a wealth of talent from previous executives that we are unable to benefit from because they would be considered non-independent.

ASA: The ASA voted for last year's remuneration report but obviously not everyone supported it which led to a "first strike". Has there been engagement with the dissenters and what positive outcomes have come from that dialog?

Adrian Di Marco: Yes, there has been engagement but nothing positive resulted from it!

He went on to restate his opposition to the notion that boards exercising discretion is a bad thing. Boards are there to oversee an organisation and they need to have courage. He thinks the 25% threshold for a remuneration report strike is too low and needs to be raised to a level at which a majority of shareholders agree.

After the meeting, Jane Andrews, Non-Executive Director and Chair of the Remuneration Committee explained there had been significant engagement with dissenters and a genuine effort was made to understand their concerns and respond accordingly.

After the meeting, your ASA monitor took the opportunity to discuss matters with the Chair, many of the Directors and some of the Executives. All were very open and cooperative which was greatly appreciated.

While ASA wasn't named in media articles on the AGM the "round of questioning" was, with a direct quote arising from the question on how Mr O'Sullivan would handle his new role as chairman while serving on the board of other companies, and his answer "In terms of workload, you've got nothing to worry about on my full commitment to this board as I did other boards."

ASA voted for all of the resolutions and the results are summarised in the following table.

Resolution	Percent in favour	Result
1. Election of Director – Pat O’Sullivan	97.93%	Passed
2. Re-Election of Director – Richard Anstey	93.68%	Passed
3. Re-Election of Director – Sharon Doyle	99.07%	Passed
4. Adoption of Remuneration Report	97.69%	Passed
5. Contingent Resolution to Spill the Board	N/A	Not Put