



<b>Company</b>	<b>Technology One Ltd</b>
<b>Code</b>	<b>TNE</b>
<b>Meeting</b>	AGM
<b>Date</b>	23 February 2021
<b>Venue</b>	Brisbane Convention & Exhibition Centre, Merivale St
<b>Monitor</b>	Steven Mabb assisted by Sophie Plumridge

<b>Number attendees at meeting</b>	78 attendees (shareholders, third party proxies and guests combined)
<b>Number of holdings represented by ASA</b>	67
<b>Value of proxies</b>	\$5.72 million
<b>Number of shares represented by ASA</b>	687,776
<b>Market capitalisation</b>	\$2.67 billion – on day of meeting
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with Director Jane Andrews, CFO Paul Jobbins and Company Secretary Stephen Kennedy

## TNE keeps growing, but a first strike results in a frustrated Board.

Co-Founder and the Chairman of the Board, Adrian Di Marco commenced the meeting with a clear explanation on how to vote and ask questions appropriately in a formal face-to-face setting.

He then introduced and welcomed fellow members of the Board and advised that questions should be directed to himself and he would select the appropriate persons to answer the question.

Di Marco provided an informative explanation of their enterprise SaaS platform and presented a comprehensive review of TNE's results for FY20. The TNE team was recognised and thanked for their contributions which achieved solid results despite the challenges COVID-19 presented.

The Chairman mentioned that an ongoing legal case. TNE said they were confident the case will play out in their favour; however, this legal battle was the reason for the difference in underlying profit and net profit. In a 2 October 2020 ASX release, TNE explained there was an adverse judgement for the sum of \$5.2m, handed down by Justice Kerr in the case of Behnam Roohizadegan vs. Technology One for wrongful termination. TNE has provided \$1.6m in their accounts to cover possible liability, but they intend to pursue

the matter on appeal in the Full Federal Court as soon as practical. We will see if TNE's conveyed confidence is justified when the legal case is concluded.

Chief Executive Edward Chung presented FY20 results and achievements, an outlook for next year, and a long-term outlook. He explained the expectation of continuous growth in FY2021. The pipeline for growth was said to be looking strong, which will provide TNE with higher subscription-based revenue. However, it was noted that there was a \$14m reduction in the Profit and Loss statement because of this transition to a subscription-based revenue stream. Chung explained that TNE is expected to double in size in the next five years as previously achieved.

We asked the following question:

We note that presently the Board only has two female directors from a total of nine directors, meaning you have less than 30% female Directors. ASA and other bodies are strong advocates for this diversity in ASX200 companies to ensure optimal oversight and decision making. So, whilst Mr Ball looks well qualified, was it not possible to find a similarly qualified female candidate?

Di Marco responded that hard targets for diversity are being talked about. Despite an opportunity to introduce more diversity, Di Marco was confident in the election of Peter Ball stating that there was large distance between Ball and the other shortlisted candidates which included females. He also stated that there was a wide search for candidates. The Chairman said they will not give an undeserving candidate the position based on their gender.

Of course, ASA agrees with selecting the best director, but we find it surprising that they could not find a suitable female with the strong accounting and audit skills that Mr Ball is bringing to the Board.

Di Marco also stated that he cannot solve the world's problems and finished answering the question by stating that he would like to see more female representation. Mr Ball was elected with over 99% in favour.

Co-Founder and current Director John McTaggart was re-elected with over 98% voted shares in favour.

ASA had planned to question TNE's use of Board discretion in the remuneration report, however, Adrian Di Marco's presentation covered the matter comprehensively.

The adoption of the remuneration report received significant against votes from directed proxies and following the meeting, TNE's first strike was recorded with a 38% against vote. Di Marco strongly criticised the reasoning behind these proxy votes. He put the case that the Board used discretion appropriately as goals for FY20 were set prior to the knowledge of a global pandemic. Under-target results produced by executives were blamed on the company-wide movement to a virtual workplace. The Board believes that this transition hindered results and placed resistance on customers' willingness to sign contracts with TNE due to uncertain times. Di Marco claims that proxy voters did not consider any of this reasoning and voted against purely because of policy. He said that this strike has been an unnecessary distraction for the Board.

TNE has an STI and LTI incentive program, they designed, which is supposed to support excellent results by focusing on challenging goals. TNE has a long history of delivering high shareholder returns and did so again in FY20 with total TSR up 11%. It also doesn't have a history of excessive remuneration or using Board discretion, and we felt TNE had adequately explained their reasoning for why this exception was warranted. ASA supported the adoption of the remuneration report however this was an exception and we expect the Board to engage with shareholders including those who voted against it in order to avoid a possible second strike.

We thank the Board and company for their engagement throughout the process. We hope they are more receptive to our ongoing and reasonable concerns around Board composition moving forward and we look forward to monitoring their progress in the coming years.