

TechnologyOne SaaS up 41% and H1 FY21 Profit After Tax up 48%

BRISBANE, 25 May 2021 – One of Australia’s largest enterprise Software as a Service (SaaS) companies, TechnologyOne (ASX:TNE) today announced its financial results for the half year ending 31 March 2021, showing continuing growth with Profit After Tax up 48% underpinned by continuing strong demand for the TechnologyOne Global SaaS ERP Solution.

Key results were as follows:

- Profit After Tax of \$28.2m, up 48%
- Profit Before Tax of \$37.3m, up 44%
- SaaS Annual Recurring Revenue (ARR)¹ of \$155.8m, up 41%
- Revenue from our SaaS and Continuing Business of \$140.6m, up 7%
- Total Revenue of \$144.3m, up 5%
- Expenses of \$107.4m, down 5%
- Cash and Cash Equivalents of \$100.1m, up 20% from 31 March 2020
- Cash Flow Generation² of (\$2.9m) as expected, and will be strong over the full year
- Dividend of 3.82cps, up 10%
- R&D expenditure (before capitalisation) of \$34.6m, up 14%, which is 24% of revenue

¹ ARR represents future contracted annual recurring revenue at period end. This is a non-IFRS financial measure and is unaudited

² Cash Flow Generation is Cash flow from operating activities less capitalised development costs, capitalised commission costs and lease payments. This is a non-IFRS financial measure and is unaudited

TechnologyOne CEO, Edward Chung said: “I am pleased to announce that we have delivered our 12th year of record first half profit and revenue and record SaaS fees.

Our Profit After Tax for the half is up 48%. And our SaaS Annual Recurring Revenue (ARR) is up 41% as we increased the number of large-scale enterprise SaaS customers by 21 per cent, to 576. Our SaaS business continues to grow strongly.”

Our Global SaaS ERP is the future of enterprise software. It provides our enterprise customers a mission critical solution to run their entire business on any device, anywhere at anytime. It also allows them to innovate and meet the challenges ahead with greater agility and speed, without having to worry about underlying technologies. This makes life simple for them.

We had many significant wins in the first half. Momentum in the Federal Government sector continues with our Global SaaS ERP, chosen by the Australian Department of Agriculture, Water and the Environment to streamline and modernise their business. This was a significant win against SAP. In addition, TechnologyOne and the NZ Ministry of Business Innovation and Employment

announced a new procurement framework which will pave the way for 20+ NZ government agencies to transition to SaaS.

The UK has continued to improve, with profit before tax of \$500k for the half-year. We see significant growth opportunities in the coming years. TechnologyOne is on track to deliver continuing strong growth over the full year in the UK.

For the half-year, expenses were down 5%, but not to the detriment of R&D which was up 14%. The primary driver for lower expenses in the first half is the significant efficiencies we are delivering as we gain scale on our SaaS platform. As we continue to win more customers and our SaaS platform continues to scale globally, our margin will continue to grow even further.

Our significant R&D investment is extending the functionality and capabilities of our Global SaaS ERP solution including our new and exciting Local Government - Digital Experience Platform (LG DXP). LG DXP, will revolutionise how residents interact with councils. The initial feedback from our group of early adopters has been excellent and we believe our DXP strategy will create an additional long-term platform for future growth.

Cash flow generation is typically negative in the first half, however will be strong over the full year. This will be covered in more detail in the Half Year Results Presentation.

TechnologyOne Chairman, Adrian Di Marco added: "Our results are due to the continuing strong demand for our Global SaaS ERP solution. Today 85%+ of our revenue is recurring subscription revenue.¹"

"In light of the Company's strong results, and our confidence going forward, the dividend for the half year has increased to 3.82 cents per share, up 10% on the prior year," Mr Di Marco said.

Guidance for Continuing Strong Growth

Mr Chung said: "As in previous years, our first half result is not necessarily indicative of our full year. In particular, as we continue to aggressively grow our SaaS business we will also continue to reduce our legacy licence fee business, which will be down approximately \$7m over the full year. While this has a significant immediate impact on our P&L over the full year, this is an integral part of our strategy to grow our SaaS business and the recurring revenue base."

TechnologyOne is well positioned as the markets we serve are resilient. Our Global SaaS ERP solution is mission critical to our markets and enables any device, any time access from anywhere around the world. We expect to see our SaaS ARR continuing to grow strongly, up more than 35%+ over the full year" states Mr Chung.

[¹ 85%+ of FY20 total revenue excluding consulting, based on opening ARR]

We also expect full year expenses to be broadly in line with last year, as we invest in new areas of growth. We are well positioned to deliver continuing strong growth over the full year.

We have reflected this in our full year guidance of Net Profit Before Tax for FY21 of \$94.3m to \$98.6m. That is Profit Before Tax up 10%-15% per cent on FY20 Underlying Profit and up 14%-20% on FY20 Reported Profit," Mr Chung said.

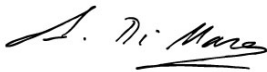
Long Term Outlook

We see long term continuing strong growth driven by our Global SaaS ERP solution as we continue to increase penetration with our existing customers, add new customers, and expand globally.


Over the next few years, our SaaS and Continuing Business is expected to grow by approximately 15%+ per annum, once we have wound down our legacy licence fee business.

We also see our Total ARR increasing to \$500+m by FY26, from the current base of \$233m.

The economies of scale from our Global SaaS ERP solution will also see continuing Profit Before Tax margin expansion to 35%.



Adrian Di Marco
Executive Chairman



Edward Chung
Chief Executive Officer

Further information

This market release should be read in conjunction with the TechnologyOne Investor Presentation and the TechnologyOne Financial Report attached to the Appendix 4D. All documents are available on the ASX Announcement platform.

Results teleconference

TechnologyOne will present the 2021 half year results to analysts on a conference call on Tuesday 25 May at 11am AEST. You can register for the webcast at TechnologyOneCorp.com/about-us/shareholders.

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Authorised for release by the CEO and Chairman.

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About TechnologyOne

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

For more than 34 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology.

For further information, please visit: TechnologyOneCorp.com

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