

# 2021 Full Year Results

Ended 30 September 2021

technologyone  
Transforming business, making life simple

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## Disclosure Statement

### TechnologyOne Ltd Full Year Presentation – 23 November 2021

TechnologyOne Ltd (ASX: TNE) today conducted a series of presentations relating to its 2021 Full Year results.

These slides have been lodged with the ASX and are also available on the company's website: [www.TechnologyOneCorp.com](http://www.TechnologyOneCorp.com)

The information contained in this presentation is of a general nature and has been prepared by TechnologyOne in good faith. TechnologyOne makes no representation or warranty, either express or implied, in relation to the accuracy or completeness of the information. This presentation may also contain certain 'forward looking statements' which may include indications of, and guidance on financial position, strategies, management objectives and performance. Such forward looking statements are based on current expectations and beliefs and are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of TechnologyOne. TechnologyOne advises that no assurance can be provided that actual outcomes will not differ materially from those expressed in this presentation.

This presentation includes the following measures used by the Directors and management in assessing the on-going performance and position of TechnologyOne: Profit before tax – Underlying, EBITDAR, EBITDA, EBIT, ARR, Churn, Cash Flow Generation. These measures are non-IFRS under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by the Australian Securities and Investment Commission and have not been audited or reviewed.

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## Agenda

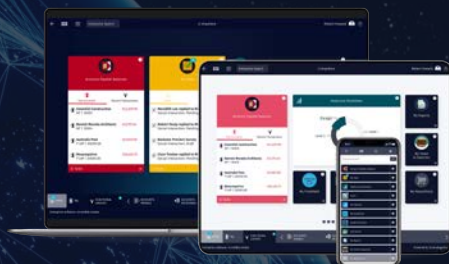
- Highlights
- Results
- Significant Achievements
- Outlook for Next Year
- Long Term Outlook



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**Transforming business, making life simple**

**TechnologyOne Global  
SaaS ERP Solution**



**Enabling a digital revolution  
Any device, Anywhere, Anytime**

**Continuing strong demand**

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↗ **Organic SaaS growth powers our business**

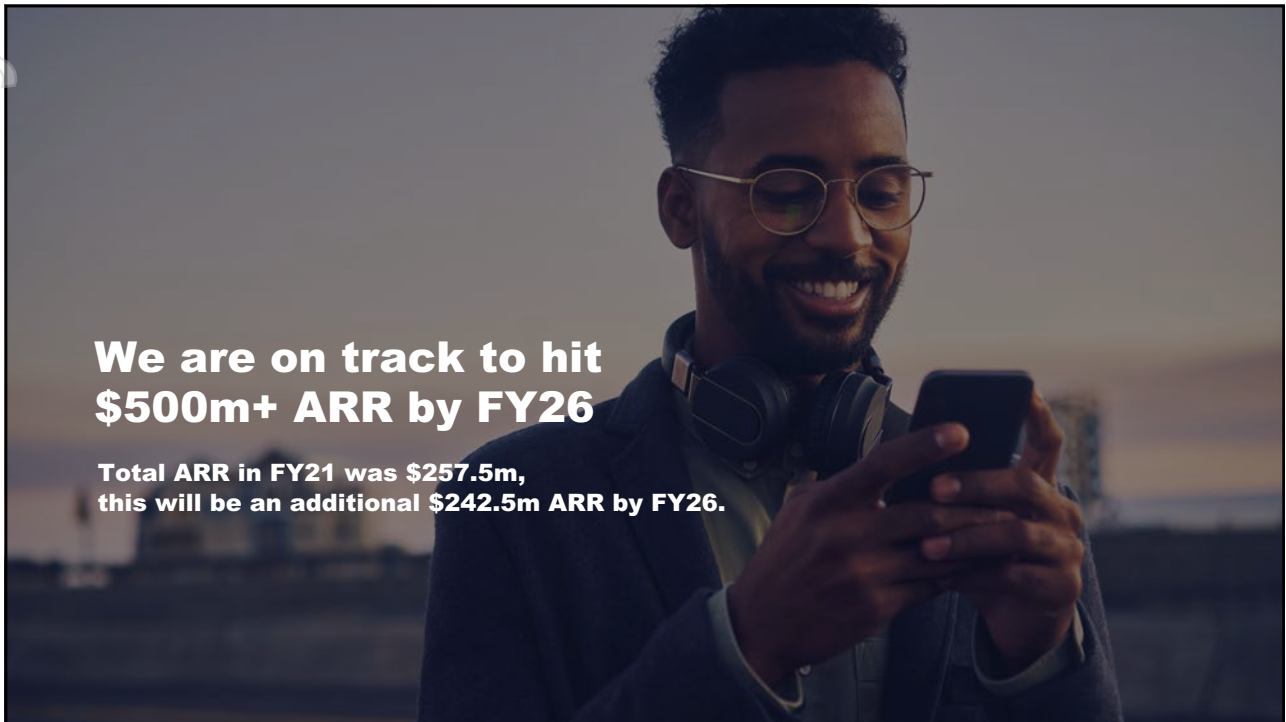
**SaaS ARR \$192.3m up 43%**

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**637 Enterprise customers on TechnologyOne SaaS up 18% from 539 enterprise customers pcp**

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**We are on track to hit  
\$500m+ ARR by FY26**

**Total ARR in FY21 was \$257.5m,  
this will be an additional \$242.5m ARR by FY26.**

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**Record Profit**

**Net Profit Before Tax  
of \$97.8m up 19%**

**Top End of Guidance  
12 consecutive years of Record Profit**

Guidance provided was Net Profit Before Tax of \$94.3m to \$98.6m

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## SaaS continues to drive our growth

## Outlook for FY22 is strong



Discussed later in more detail

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## Dividend up 8% Full year dividend increased

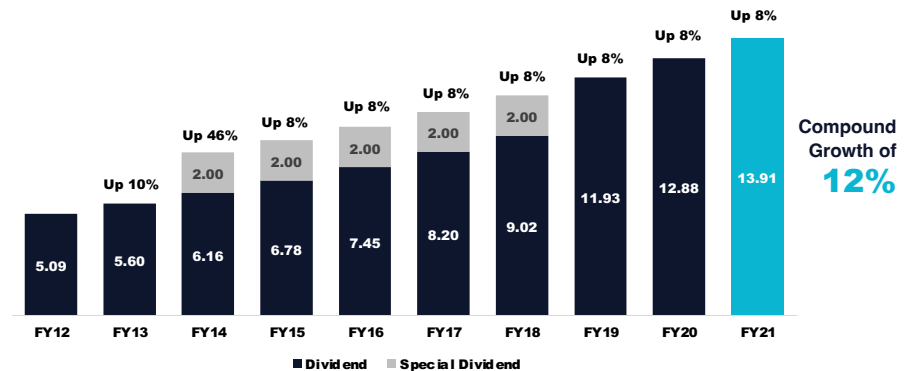
**Half 1** 3.82 cps,  
up 10% (60% franked<sup>1</sup>)

**Half 2** 10.09 cps,  
up 7% (60% franked<sup>1</sup>)

**Total** 13.91 cps, up 8%

**Payout ratio of 62%**

Dividend last ten years



Compound Growth of **12%**

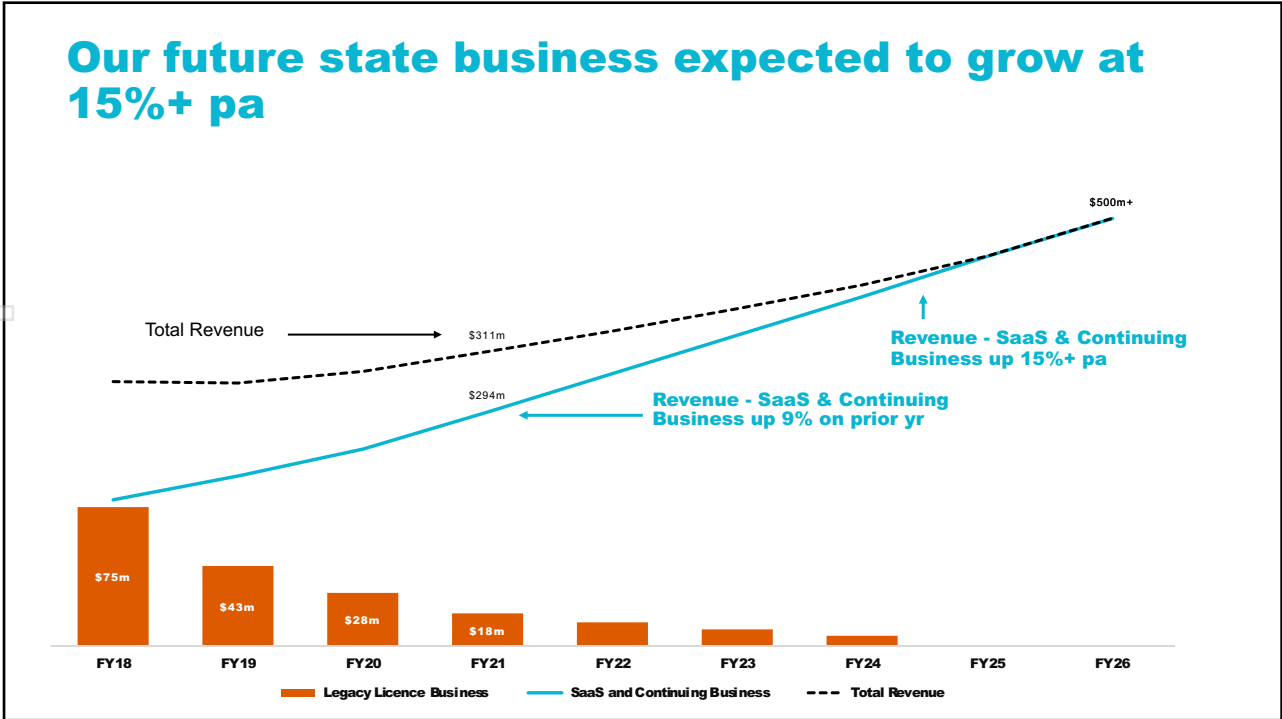
**Notes:**

- <sup>1</sup> Dividends are not fully franked as a result of tax benefits from the R&D Tax Concession and the TechnologyOne Share Trust
- We have continuously paid a dividend since 1996 (through Dot-Com and GFC)
- The Board considers the payment of a Special Dividend at the end of each year taking into consideration franking credits and other factors
- The Board continues to consider other Capital Management initiatives including acquisitions

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- Highlights
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## FY21 Results Summary

	FY21 \$'000	FY20 \$'000	VAR \$'000	VAR %	
<b>▶ Revenue – SaaS &amp; Continuing Business</b>	<b>293,553</b>	<b>269,773</b>	<b>23,779</b>	<b>9%</b>	In line with expectations. We expect this to grow to ~15% pa in the next 4 years Our SaaS business continues to grow strongly
SaaS Fees Recognised <sup>1</sup>	151,052	106,171	44,881	42%	As expected - our strategy to move customers from on premise to SaaS
Annual Licence Fees <sup>1</sup>	77,993	101,121	(23,128)	(23%)	
Consulting Services	64,507	62,482	2,025	3%	
<b>Revenue - Legacy Licence Business</b>	<b>17,742</b>	<b>28,494</b>	<b>(10,751)</b>	<b>(38%)</b>	In line with expectations, as we pro-actively move our customers to SaaS In previous years before the SaaS transition was ~\$75m
Legacy Licence Fees	16,770	27,342	(10,573)	(39%)	
Associated Annual Licence Fees <sup>1</sup>	973	1,151	(178)	(15%)	
Other Revenue	717	751	(35)	(5%)	
<b>Total Revenue</b>	<b>312,012</b>	<b>299,018</b>	<b>12,993</b>	<b>4%</b>	In line with expectations
<b>▶ Total Expenses</b>	<b>214,168</b>	<b>216,548</b>	<b>(2,380)</b>	<b>(1%)</b>	In line with expectations. R&D investment up ~13%
Variable Costs (excl capitalisation)	52,809	43,582	9,227	21%	As expected, demonstrates margin increase and scale with SaaS revenue growth
Capitalised Costs - Commission (net of amortisation)	(4,631)	(2,479)	(2,152)	87%	As required by AASB15
Operating Costs (excl capitalisation)	194,419	206,412	(11,993)	(6%)	Reflects efficiencies of transition to SaaS
Capitalised Costs - Development	(28,429)	(30,966)	2,537	(8%)	Refer slide: R&D Disciplined and Transparent
Capitalisation	(41,858)	(37,069)	(4,789)	13%	
Amortisation	13,429	6,103	7,327	100%+	
<b>▶ Profit Before Tax</b>	<b>97,844</b>	<b>82,470<sup>2</sup></b>	<b>15,374</b>	<b>19%</b>	Top end of guidance Margin expansion from scale benefits of SaaS Increased tax rate (25.7% v 23.7% pcp) due to reduced R&D tax benefits
Profit Before Tax Margin	31%	28%			
Profit After Tax	72,691	62,945	9,746	15%	
<b>Other</b>					
Cash Flow Generation <sup>3</sup>	63,901	56,958	6,943	12%	Refer: Cashflow
Cash and Cash Equivalents	142,853	125,244	17,609	14%	After initial payment for Scientia acquisition of ~\$12m in FY21
ARR Recognised <sup>1</sup>	230,018	208,443	21,575	10%	ARR Recognised includes SaaS Fees & on premise Annual Licence Fees
Total Annual Recurring Revenue (ARR)	257,495	221,908	35,587	16%	
<b>▶ SaaS ARR</b>	<b>192,294</b>	<b>134,565</b>	<b>57,729</b>	<b>43%</b>	Our SaaS business continues to grow strongly
Annual Licence ARR	65,201	87,343	(22,143)	(25%)	Expected as customers move from on premise to SaaS

<sup>1</sup> ARR Recognised includes SaaS Fees recognised & Annual Licence Fees

<sup>2</sup> Profit Before Tax of \$97.8m is up 14% on FY20 Underlying Profit Before Tax

<sup>3</sup> Cash Flow Generation is Operating Cash Flow less capitalised development costs, capitalised commission costs and lease payments. Refer: Cash flow

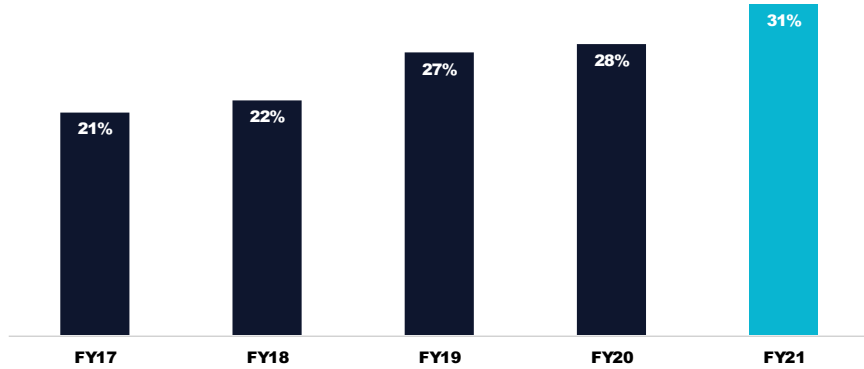
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## Profit margin to improve to 35%+ in the next few years

**Driven by the significant economies of scale from our single instance global SaaS ERP solution**

- ✓ Cost reductions reflect the efficiencies from the transition to SaaS
- ✓ Rebalancing investment and headcount from on-premise to growth areas including SaaS and DXP
- ✓ We will maintain our COVID inspired remote implementations and digital user groups

**FY21 Profit Before Tax Margin was 31%**



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## Expenses down 1% R&D investment up 13%

We are extending the functionality and capabilities of our Global SaaS ERP solution including our new and exciting Local Government Digital Experience Platform (LG DXP)

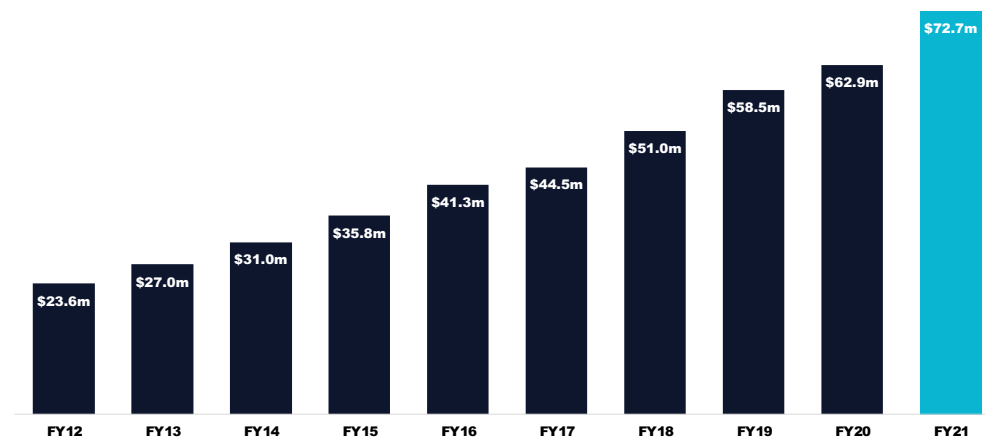
*Refer slide: R&D Significant Investment for future growth*

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## We will double in size every 5 years

FY21 NPAT was \$72.7m Up 15% on FY20 NPAT



This graph shows previously reported NPAT to FY18 and has not been restated for AASB15

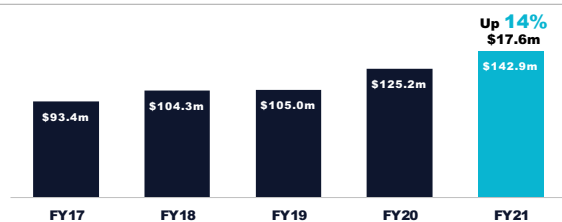
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## Balance Sheet Strong

### Cash & Equivalents \$142.9m, up 14%

- After initial payment for Scientia acquisition of \$11.6m
- Net Cash: 44.4 cps vs 39.2 cps, up 14%
- Net Assets: \$190.2m vs \$142.2m, up \$48.1m, up 34%
- We have no debt

### Cash and Equivalents \$142.9m



- ▶ Cash & cash equivalents
- ▶ Prepaid expenses
- ▶ Trade and other receivables<sup>1</sup>
- ▶ Contract assets<sup>2</sup>
- Other current assets
- Current tax assets
- Contract acquisition costs
- Current assets**
- Property, plant and equipment
- Right-of-use assets<sup>3</sup>
- Intangible assets<sup>4</sup>
- Contract assets<sup>2</sup>
- Capitalised development<sup>5</sup>
- Deferred tax assets
- Contract acquisition costs
- Non-current assets**
- Total Assets**
- Trade and other payables
- Provisions
- ▶ Deferred revenue<sup>6</sup>
- Deferred consideration payable<sup>7</sup>
- Current tax liability
- Lease liability<sup>3</sup>
- Current liabilities**
- Provisions
- Deferred consideration payable<sup>7</sup>
- Other non-current liabilities
- Lease liability<sup>3</sup>
- Non-current liabilities**
- Total Liabilities**
- Net Assets**
- Issued capital
- Other Reserves
- Retained Earnings
- Equity**

	Sep-21 \$'000	Sep-20 \$'000	Var \$'000	Var %
Cash & cash equivalents	142,853	125,244	17,609	14%
Prepaid expenses	13,429	10,851	2,578	24%
Trade and other receivables <sup>1</sup>	50,580	37,396	13,184	35%
Contract assets <sup>2</sup>	22,709	22,051	658	3%
Other current assets	238	397	(159)	(40%)
Current tax assets	-	8,077	(8,077)	(100%)
Contract acquisition costs	5,001	2,956	2,045	69%
<b>Current assets</b>	<b>234,810</b>	<b>206,972</b>	<b>27,838</b>	<b>13%</b>
Property, plant and equipment	7,279	8,969	(1,690)	(19%)
Right-of-use assets <sup>3</sup>	20,971	23,786	(2,815)	(12%)
Intangible assets <sup>4</sup>	61,696	37,986	23,710	62%
Contract assets <sup>2</sup>	2,962	-	2,962	100%
Capitalised development <sup>5</sup>	90,985	62,556	28,429	45%
Deferred tax assets	26,349	28,605	(2,256)	(8%)
Contract acquisition costs	9,676	7,035	2,641	38%
<b>Non-current assets</b>	<b>219,918</b>	<b>168,937</b>	<b>50,981</b>	<b>30%</b>
<b>Total Assets</b>	<b>454,728</b>	<b>375,909</b>	<b>78,819</b>	<b>21%</b>
Trade and other payables	36,587	37,123	(536)	(1%)
Provisions	21,219	20,548	671	3%
▶ Deferred revenue <sup>6</sup>	160,015	144,148	15,867	11%
Deferred consideration payable <sup>7</sup>	3,842	-	3,842	100%
Current tax liability	2,677	-	2,677	100%
Lease liability <sup>3</sup>	3,342	2,148	1,194	56%
<b>Current liabilities</b>	<b>227,662</b>	<b>203,967</b>	<b>23,695</b>	<b>12%</b>
Provisions	2,067	2,430	(363)	(15%)
Deferred consideration payable <sup>7</sup>	7,576	-	7,576	100%
Other non-current liabilities	120	147	(27)	(18%)
Lease liability <sup>3</sup>	27,069	27,197	(128)	(0%)
<b>Non-current liabilities</b>	<b>36,832</b>	<b>29,774</b>	<b>7,058</b>	<b>24%</b>
<b>Total Liabilities</b>	<b>264,494</b>	<b>233,741</b>	<b>30,753</b>	<b>13%</b>
<b>Net Assets</b>	<b>190,234</b>	<b>142,168</b>	<b>48,066</b>	<b>34%</b>
Issued capital	51,645	40,551	11,094	27%
Other Reserves	72,717	63,524	9,193	14%
Retained Earnings	65,872	38,093	27,779	73%
<b>Equity</b>	<b>190,234</b>	<b>142,168</b>	<b>48,066</b>	<b>34%</b>

<sup>1</sup> Trade and other receivables increase relates to many deals closed late in the financial year.

<sup>2</sup> Contract Assets relate to extended payment terms provided to some customers typically with large implementations or term licences for on premise customers.

<sup>3</sup> AASB16 Leases requires the recognition of Right of Use Assets and Lease Liabilities

<sup>4</sup> Increase due to acquisition of Scientia

<sup>5</sup> Increase represents the development activities capitalised during the year less amounts amortised

<sup>6</sup> This amount represents cash received/receivable in advance of revenue recognition for SaaS fees and annual licence fees. This amount was previously referred to as prepaid subscription revenue.

<sup>7</sup> Deferred consideration for acquisition of Scientia

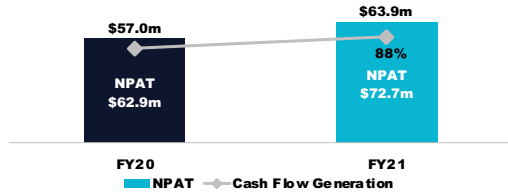
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# Cash Flow

## Cash Flow Generation of \$63.9m, up \$6.9m, up 12%

- ✓ 88% of NPAT of \$72.7m v Expectation set of 80% of NPAT
- ✓ Strong and disciplined cash collection
- Note: Cash Flow Generation for H1 FY21 was -\$3m

### NPAT versus Cash Flow Generation



<sup>1</sup> Depreciation & amortisation includes amortisation of Right of Use Asset under AASB16 Leases of \$5.0m. It also includes amortisation of capitalised development of \$13.4m. \$3.8m for depreciation of fitout and amortisation of intangible assets.

<sup>2</sup> Decrease in FY20 Trade and Other Receivables was due to large invoicing to customers late in FY19, collected in early FY20 (\$12m)

<sup>3</sup> Extended payment terms provided to some customers typically with large consulting projects or term licences for on premise customers

<sup>4</sup> Reflects growth in SaaS business. Payments received/receivable in advance from customers for SaaS fees and on-premise annual licence fees which will be recognised as revenue in future periods.

<sup>5</sup> Includes interest expense related to lease liabilities recognised under AASB16 Leases

<sup>6</sup> Payments for leases recognised under AASB16 Leases. Reduction is due to activation of a cash rent abatement which is in place until April 2022

<sup>7</sup> Payment for tranche 1 of acquisition of Scientia in FY21

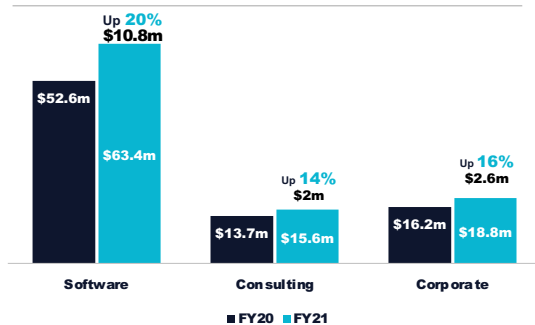
	FY21 \$'000	FY20 \$'000	Var \$'000	Var %
<b>Profit Before Tax</b>	97,843	82,470	15,373	19%
Depreciation & Amortisation <sup>1</sup>	25,832	18,638	7,194	39%
Share based payments and other non-cash items	4,652	3,305	1,347	41%
<b>Changes in working capital:</b>				
(Increase) / Decrease in Trade and other Receivables <sup>2</sup>	(13,184)	11,636	(24,820)	(100%+)
(Increase) / Decrease in Contract assets <sup>3</sup>	(3,620)	2,556	(6,176)	(100%+)
(Increase) / Decrease in Prepaid Expenses	(2,579)	1,960	(4,539)	(100%+)
Increase / (Decrease) in Payables	(1,659)	(1,204)	(455)	38%
Increase / (Decrease) in Deferred Revenue <sup>4</sup>	15,867	(3,041)	18,908	(100%+)
Increase / (Decrease) in Staff Entitlements	705	1,983	(1,278)	(64%)
Net Interest (Paid) / Received <sup>5</sup>	(1,267)	(1,142)	(125)	11%
Income Taxes Paid	(7,762)	(13,716)	5,954	(43%)
Other	159	66	93	100%+
<b>Operating Cash Flow</b>	<b>114,987</b>	<b>103,511</b>	<b>11,476</b>	<b>11%</b>
Capitalised development costs	(41,858)	(37,069)	(4,789)	13%
Capitalised commission costs	(8,270)	(4,972)	(3,298)	66%
Payments for principal repayments of lease liabilities <sup>6</sup>	(957)	(4,512)	3,555	(79%)
<b>Cash Flow Generation</b>	<b>63,902</b>	<b>56,958</b>	<b>6,944</b>	<b>12%</b>
Payments for Property, Plant & Equipment	(1,658)	(1,979)	321	(16%)
Payment for purchase of business <sup>7</sup>	(11,585)	(223)	(11,362)	100%+
Payments for other intangible assets	(1,141)	(818)	(323)	39%
<b>Free Cash Flow</b>	<b>49,518</b>	<b>53,938</b>	<b>(4,420)</b>	<b>(8%)</b>
Dividends Paid	(42,504)	(38,988)	(3,516)	9%
Proceeds from Shares Issued	10,595	5,248	5,347	100%
<b>Increase in cash &amp; cash equivalents</b>	<b>17,609</b>	<b>20,198</b>	<b>(2,589)</b>	<b>(13%)</b>
<b>Cash &amp; cash equivalents</b>	<b>142,853</b>	<b>125,244</b>	<b>17,609</b>	<b>14%</b>

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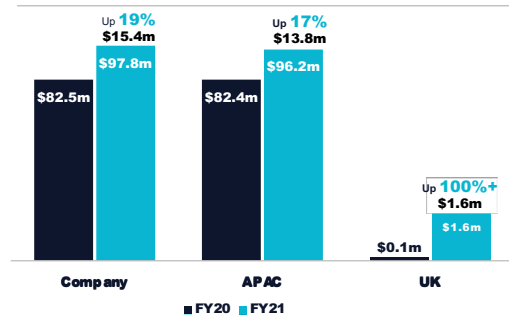
# FY21 Profit by Segment

## Net Profit Before Tax \$97.8m, up 19% \$15.4m

### Operating segment analysis



### Geographic segment analysis



### As a SaaS company we manage our business in 3 operating segments

- 1) Software Profit up 20%: Driven by SaaS.
- 2) Consulting Profit up 14%: Driven by improved execution. Refer Appendix A: Consulting Profit
- 3) Corporate Profit up 16%: Driven by growth in SaaS ARR and resultant royalties to Corporate Segment

### UK delivered \$1.6m profit

Refer to later slides

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## Results Analysis and Key Metrics, FY21

	FY21 \$'000	FY20 \$'000	Var %		FY21 \$'000	FY20 \$'000	Var %
<b>Revenue excl interest</b>	<b>311,787</b>	<b>298,666</b>	<b>4%</b>	<b>EPS (cents)</b>	<b>22.64</b>	<b>19.75</b>	<b>15%</b>
<b>Expenses (excl R&amp;D, interest, D &amp; A)</b>	<b>151,697</b>	<b>165,382</b>	<b>(8%)</b>	<b>Dividend (cents per share)</b>			
<b>EBITDAR</b>	<b>160,090</b>	<b>133,283</b>	<b>20%</b>	Standard dividend	13.91	12.88	8%
EBITDAR Margin	51%	45%		Dividend Payout Ratio	62%	65%	
R&D Expenditure (before capitalisation)	77,005	68,102	13%	<b>ROE</b>	<b>38%</b>	<b>44%</b>	
R&D as % of Total Revenue <sup>1</sup>	24%	23%		<b>Balance Sheet</b>			
R&D Capitalisation	41,858	37,069	13%	Net Assets	190,234	142,168	34%
<b>EBITDA</b>	<b>124,943</b>	<b>102,250</b>	<b>22%</b>	Cash & Cash Equivalents	142,853	125,244	14%
EBITDA Margin	40%	34%		Cash Flow Generation <sup>2</sup>	63,902	56,958	12%
Depreciation	3,331	3,905	(15%)				
Amortisation	22,500	14,733	53%				
<b>EBIT</b>	<b>99,111</b>	<b>83,613</b>	<b>19%</b>				
Net Interest Expense	1,267	1,142	11%				
<b>Profit Before Tax</b>	<b>97,844</b>	<b>82,470</b>	<b>19%</b>				
<b>Profit Before Tax Margin</b>	<b>31%</b>	<b>28%</b>	<b>14%</b>				
<b>Profit After Tax</b>	<b>72,691</b>	<b>62,945</b>	<b>15%</b>				

**Full year  
ROE (adjusted)<sup>3</sup>**

**60%+**

<sup>1</sup>R&D as % of total revenue based on R&D expenditure before capitalisation  
<sup>2</sup>Cash Flow Generation is Operating Cash Flow less capitalised development costs, capitalised commission costs and lease payments  
<sup>3</sup>ROE (adjusted) for net cash above required working capital

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# Total ERP Solution

Power of a single integrated solution

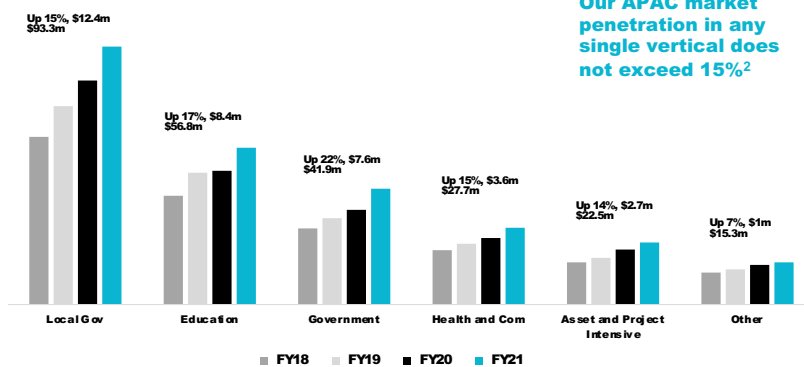


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## All verticals performed strongly Significant room to grow in future years

### Vertical Market Analysis

ARR of \$257.5m<sup>1</sup>, Up 16% | From \$221.9m, FY20



Our APAC market penetration in any single vertical does not exceed 15%<sup>2</sup>



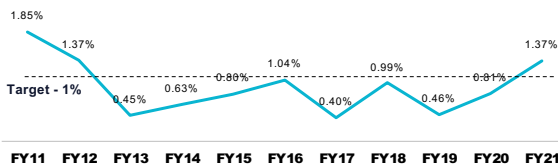
<sup>1</sup> Balance is as at 30 September 2021 and growth is for the 12 months from 30 September 2020

<sup>2</sup> Based on our existing customers and their use of TechnologyOne products and modules as a percentage of total addressable market.

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## 99% customer retention across all markets

### Customer Churn 10 years Based on Total ARR<sup>1</sup>



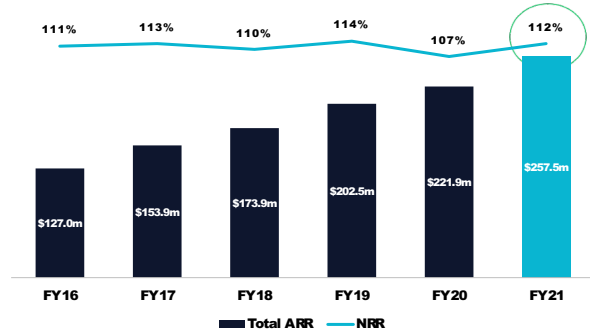
<sup>1</sup> Total ARR = SaaS ARR + On Premise Annual Licence ARR

## Net Revenue Retention

### Strong expansion performance of 112%

- Our Global SaaS ERP is very broad with 300+ modules
- Significant opportunity in our existing customer base
- Frictionless – open licence, all modules available on SaaS
- Predictable, non-competitive transactional sales
- Low cost selling to existing customers

### Net Revenue Retention (NRR)



#### Calculation of Net Revenue Retention

(Opening ARR + New ARR to existing customers - Lost ARR from existing customer) / Opening ARR = Net Revenue Retention

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## Our SaaS business is growing strongly SaaS ARR is growing at 43% organically

Compelling value proposition of TechnologyOne Global SaaS ERP



One global code line



Massive economies of scale



2 releases each year providing new functionality



8 active data centres



Defence-in-depth security



Always on the latest release



Always on the latest technology



Fast migration for existing on-premise customers



Customers save 30%+ on their total cost



Take-on additional products quickly



\* TRC's seamless move to SaaS allowed it to harness more advanced software features including automation and self-service.

That means we can eliminate a lot of manual processes that take up so much time. It's an efficiency gain for the community: we can deliver services faster. \*

Tablelands Regional Council

Making life simple for our customers

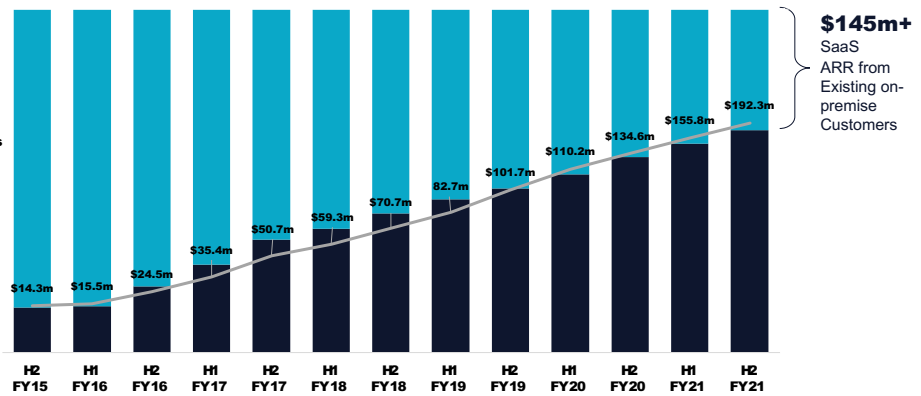
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## \$145m ARR Runway moving on-premise to SaaS by FY26

We expect **90%+** of on-premise to move to SaaS by FY26

■ % of on-premise customers  
 ■ % of SaaS customers  
 — SaaS ARR

SaaS ARR vs on-premise



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## Quality of SaaS Revenue is very high

Recurring contractual nature, combined with our very low churn rate of ~1%

**Today, 90% of Revenue is recurring**

**Target is 95% of Revenue recurring by FY27**

Based on FY21 opening ARR (\$221.9m) as percentage of total revenue excluding Consulting Revenue, which follows from business wins (\$312m - \$64.5m = \$247.5m).  
 Recurring subscription revenue includes SaaS Fees and Annual Licence Fees

28



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## Significant investment for future growth

**R&D investment of \$77.0m<sup>1</sup>**

**24%**  
of Revenue

**UP** **13%**

**Current**

- \$500m+ invested in R&D over the last 10 years to maintain our leadership in innovation
- We provide 2 releases per year
- Delivered 2021B to the market, with 308 product enhancements across our enterprise suite
- Under development is 2022A release for early 2022
- We continue to extend our SaaS platform
- Delivering on Artificial Intelligence and machine learning
- Delivering our new generation DXP *Digital Experience Apps*

**Future**

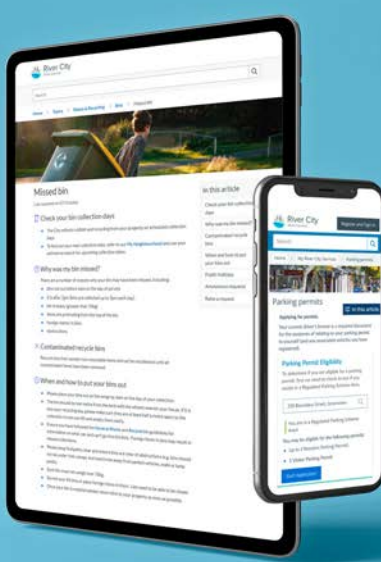
For Local Government

For Student

**R&D growth will revert to 8% over the next few years**

<sup>1</sup>R&D expenditure before capitalisation

30



**dxp**

**DXP 2.0**

**Excellent feedback**


- LG DXP – First customer live on phase one
- Student DXP – In research stage

*"My feedback is nothing but great! I see that there have been some thought that's gone into make our work easier for both ourselves and our customers. Super excited. Can't wait"*


*City of Canning*

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**Defence in depth security**  
**Only global SaaS ERP provider to be IRAP Protected**




ISO/IEC 27001




ISO/IEC 27017




ISO/IEC 27018




ISAE 3402 SOC 1




SSAE 18 SOC 1




AT-C 205 SOC 2 + HIPPA




AT-C 205 SOC 3




IRAP




GDPR



Cyber Essentials & Cyber Essentials Plus (UK)



Australian Cyber Security Centre (ACSC) Essential 8



National Cyber Security Centre (NCSC) Cloud Security Principles (UK)

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## United Kingdom Significant investment for future growth

Completing "customer first/remediation" phase, and focus is now on growth

### FY21 Achievements



**UK profit of \$1.6m v profit of \$0.1m pcp, an improvement of 100%+**  
Consulting profit of \$1.0m vs \$50k pcp loss - 100%+ improvement



**ARR of \$9m up 20%**



**Closed 8 new logos**  
7 Local Government and 1 Higher Education



**Closed 2 Unitary Councils**  
Which pushes up into the next tier of larger Councils

### Outlook



**Pipeline is strong for FY22**  
Many new logos and increasing ARR



**UK STM & HRP Regionalisation**  
on track for FY22 completion



**Appointed new Executive Vice President for UK**  
with proven track record and a focus on growth



**Acquired Scientia**  
Provides additional brand recognition, customers and scale in the UK

**We see significant upside in the UK in the coming years**  
**Total addressable market in the UK is 3 x APAC**

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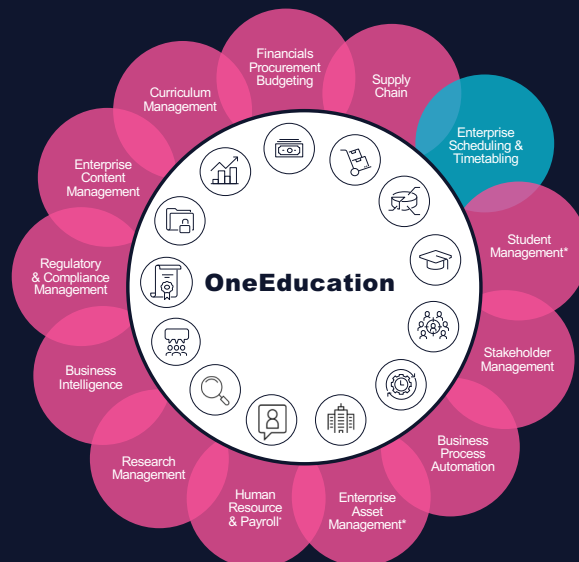
## Scientia Expands Enterprise Solution for OneEducation



*"The one thing that students care most about is their timetable. Being able to fully integrate a schedule into the full student experience is very important, and an exciting step for those universities that use TechnologyOne's student management system."*

Swinburne University

- ✓ A mission critical sticky product
- ✓ Provides deeper functionality in our Higher Education vertical market
- ✓ Higher Education is a key global vertical market
- ✓ In a key growth region - UK
- ✓ Demonstrates our deep commitment to both Higher Education and the UK



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**People and Culture**

Recognized as Employer of Choice

Award winning programs

**one. TALKS**

**Buddy**

**technologyone GRADS**  
Your Future Starts Here.

**technologyone HACK DAY**  
Ideate. Create. Celebrate.

**CKO.**

**technologyone eNPS**  
Shape our future

**technologyone MARVEL**  
Celebrating the extraordinary.

**technologyone O WEEK**  
Get involved. Get inspired.

**Town Halls**

**Regional Days**

**Strong culture of creativity and innovation**

35

**technologyone | foundation**

unite | donate | participate

*"TechnologyOne has more than exceeded my expectations through the Foundation and 1% Pledge focused on youth.*

*Now as an employed graduate with TechnologyOne I am still able to not only continue my own avenue of volunteering with the youth through the 1% of paid time they allow for such, but also proudly work for a company that is also strongly committed to giving back to at-risk and underprivileged youth by donating 1% of their annual profit and 1% of product license fee revenue to the Foundation Charities all around the world."*

*TechnologyOne graduate*

**500,000 children and their families out of poverty**

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## FY21 Summary

✓ Record profit and revenue, record SaaS ARR

✓ SaaS ARR of \$192.3m, up 43%

✓ Total ARR of \$257.5m, up 16%

✓ Revenue for our SaaS and continuing business of \$293.6m, up 9%

✓ Profit Before Tax of \$97.8m, up 19%

✓ Profit before tax margin of 31%, up from 28%

✓ UK profit \$1.6m, up 100%+

✓ Consulting profit of \$15.6m, up 14%

✓ Cash and Cash Equivalents of \$142.9m, up 14%

✓ Cash Flow Generation \$63.9m, up 12%

**We will double in size every 5 years**

**We are on track to hit \$500m+ ARR by FY26**

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## Agenda

- Highlights
- Results
- Significant Achievements
- Outlook for Next Year
- Long Term Outlook



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## Outlook for 2022 Year

### Strong Profit growth to continue in 2022

- The markets we serve are resilient. TechnologyOne provides mission critical software with deep functionality for the markets we serve
- Our Global SaaS ERP allows our customers to innovate and meet the challenges ahead with greater agility and speed, without having to worry about underlying technologies, making life simple for them
- SaaS is creating significant opportunities for us. The pipeline for 2022 is strong
- We expect to see strong continuing growth in SaaS ARR and profit
- We will provide further guidance at both the Annual General Meeting and with the first half results

**Double in  
size every  
5 years**

**We are on track for \$500m+ ARR by FY26**

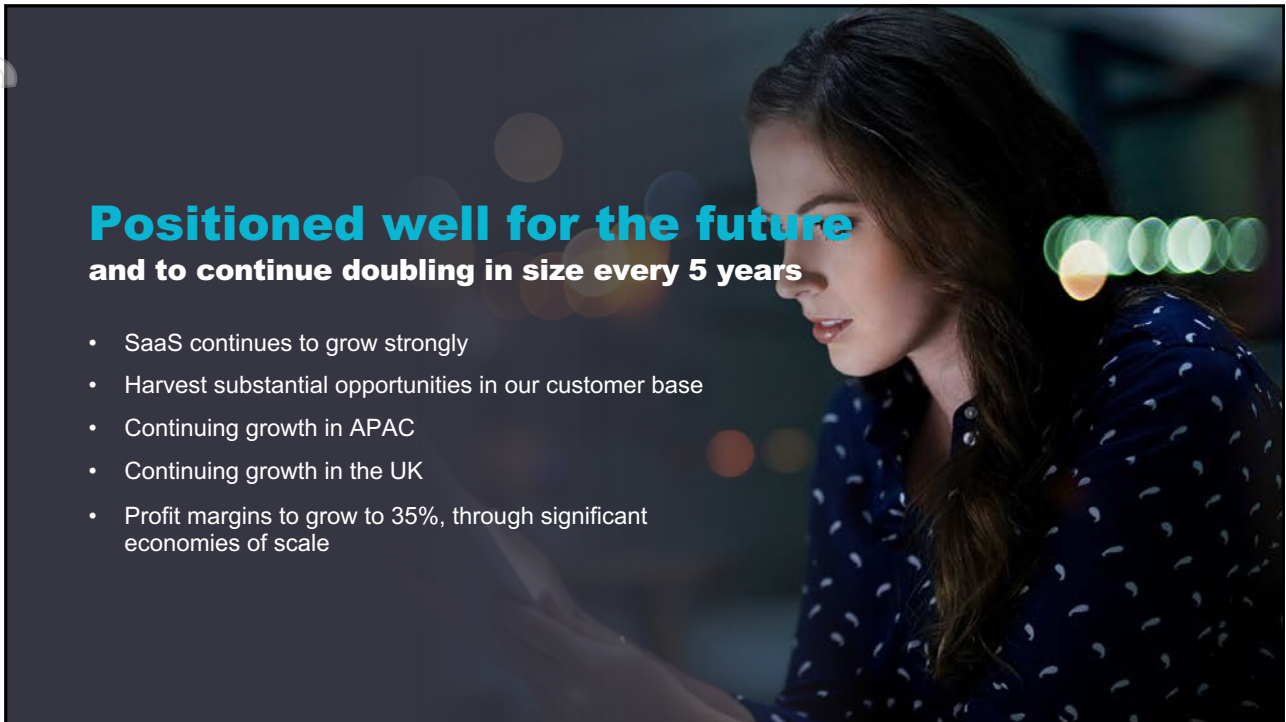
39

## Agenda

- Highlights
- Results
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- Long Term Outlook



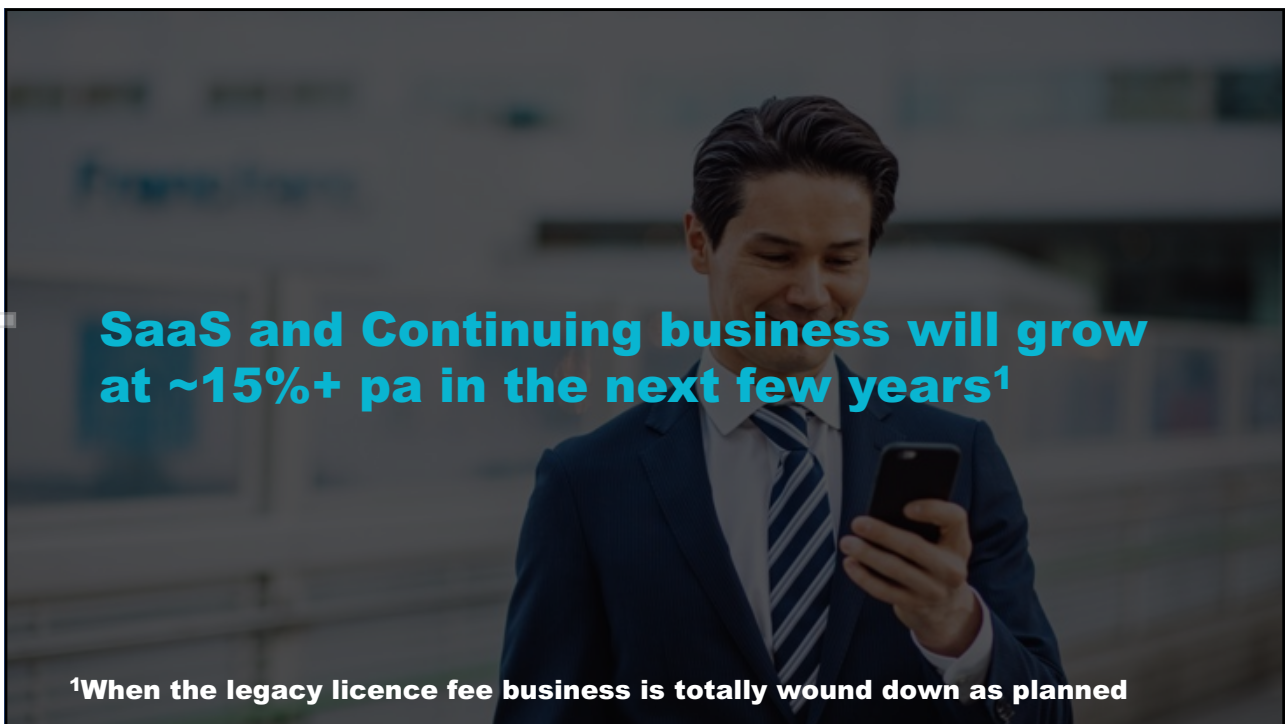
40



**Positioned well for the future**  
and to continue doubling in size every 5 years

- SaaS continues to grow strongly
- Harvest substantial opportunities in our customer base
- Continuing growth in APAC
- Continuing growth in the UK
- Profit margins to grow to 35%, through significant economies of scale

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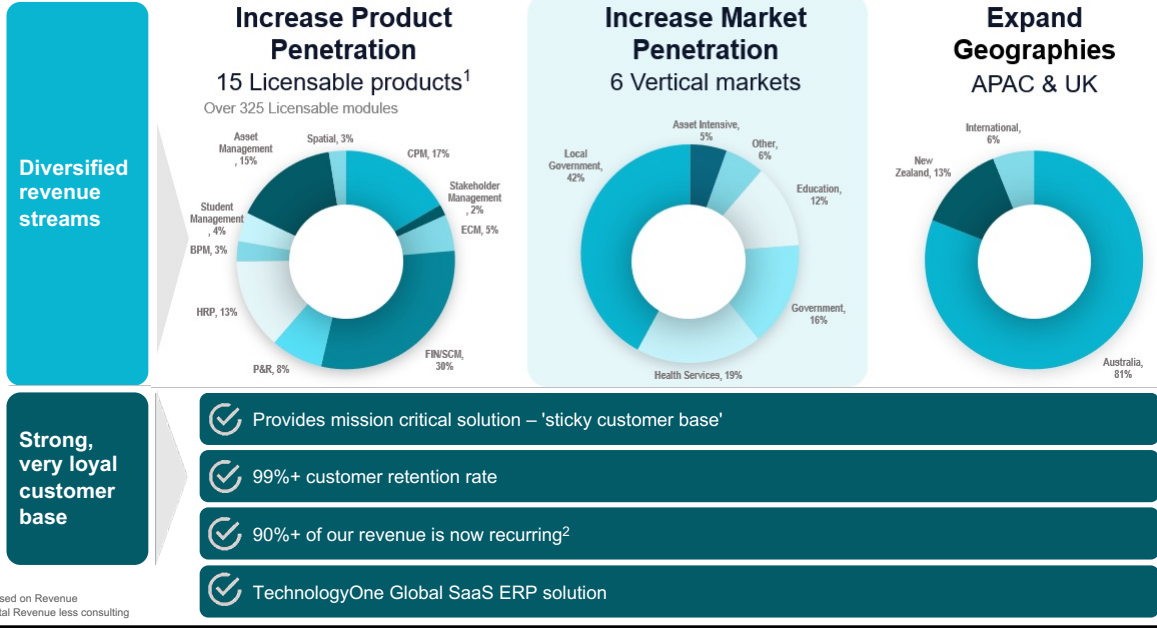


**SaaS and Continuing business will grow**  
at ~15%+ pa in the next few years<sup>1</sup>

<sup>1</sup>When the legacy licence fee business is totally wound down as planned

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## Drivers for long term growth



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## Appendixes

- Appendix A – Consulting Profit
- Appendix B – R&D Disciplined and Transparent
- Appendix C – Long History of Strong Cash Flow Generation
- Appendix D – Glossary

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## Appendix A: FY21 Consulting Profit of \$15.6m

up  14%

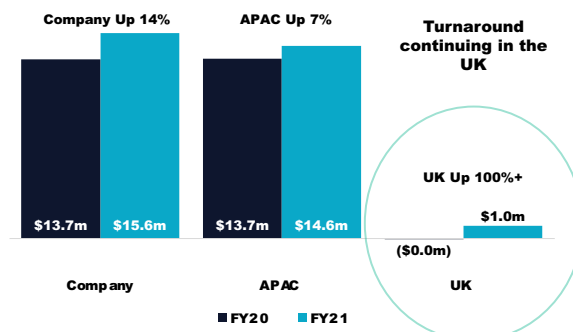
Our AMS business for our existing customers is also moving to recurring revenue. Now have \$19.7m locked in recurring revenue not included in our total ARR

**Consulting is responsible for services in relation to our software**

**Two focussed divisions**

New Projects  
Applications Managed Services (AMS) for existing customers

**Disciplined use of implementation methodology**



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## Appendix B: R&D, Disciplined and Transparent

### Highly disciplined approach to R&D

We expense maintenance and research

We capitalise development based on actual timesheets for eligible projects

Capitalisation and amortisation is independently audited along with financial statements

Because we are a SaaS ERP provider, we expect the norm to be as follows:

- Range of capitalisation of 50-55%
- 5 year amortisation period

If we vary from this we will provide detailed reasons

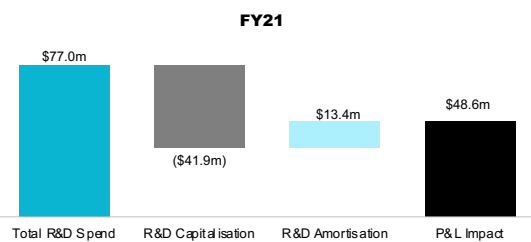
Published policy: Capitalisation in the range of 40-60%, Amortisation period in the range of 3-7 years

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## Appendix B: R&D Disciplined & Transparent

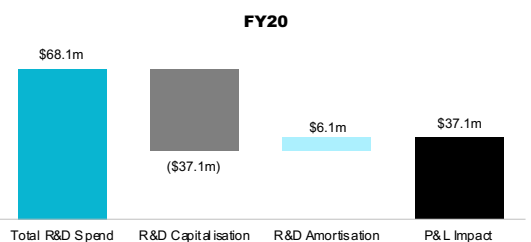
### Highly Disciplined approach to R&D

- We expense maintenance and research.
- We capitalise development based on actual timesheets for eligible projects.
- Capitalisation and amortisation is independently audited along with financial statements
- Because we are a SaaS ERP provider, we expect the norm to be as follows:
  - Range of capitalisation is 50-55%.
  - 5 year amortisation period
- If we vary from this we will provide detailed reasons.



### FY21

\$77.0m R&D investment before capitalisation (up 13%)  
 (\$41.9m) 54% capitalised development (in line with expected 54%)  
 \$13.4m Amortisation commenced in H2 FY19  
**\$48.6m Net expense through P&L, up 31% (\$11.5m) on pcp**



### FY20

\$68.1m R&D investment before capitalisation  
 (\$37.1m) 54% capitalised development  
 \$6.1m Amortisation commenced in H2 FY19  
**\$37.1m Net Expense through P&L**

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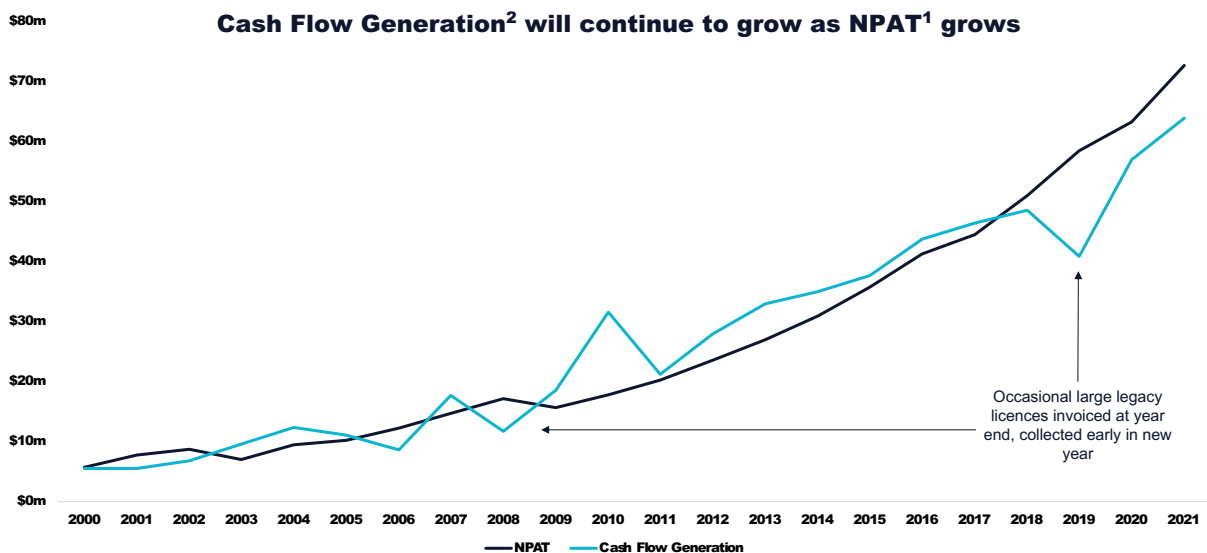


## Appendix B: R&D Disciplined & Transparent

	R&D Investment (\$'000)	Software Development - Capitalised (\$'000)	Percent Capitalised %	Amortisation Expense (\$'000)	Amortisation Period Years	Net Expense through P&L (\$'000)
<b>FY19</b>	60,083	32,145	53%	555	5	28,493
<b>FY20</b>	68,102	37,069	54%	6,103	5	37,136
<b>FY21</b>	77,005	41,858	54%	13,429	5	48,576

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## Appendix C: Long history of strong cash flow generation



<sup>1</sup> This graph shows previously reported NPAT to FY18 and has not been restated for AASB15

<sup>2</sup> Cash flow generation is operating cash flow from operations less capitalised development costs, capitalised commissions and lease payments

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## Appendix D: Glossary

APAC	Asia Pacific - Includes Australia, New Zealand, Malaysia and the South Pacific
ARR	Annual recurring revenue
Cash Flow Generation	Cash flow from Operating Cash Flow less capitalised development costs, capitalised commission costs and lease payments during the period
Churn	Lost customers
CPS	Cents per share
DXP	Digital Experience Platform
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
EBITDAR	Earnings before interest, taxes, depreciation, amortisation, and research and development costs
EPS	Earnings per share
ILF	Initial licence fees
Legacy Licence Fees	On-Premise licence fees / Perpetual licence fees
LG DXP	Local Government Digital Experience Platform
LTV	Lifetime value
NPAT	Net profit after tax
PBT	Profit before tax
PCP	Prior Corresponding Period
Profit before tax - Underlying	Profit before tax excluding the impact of increased provision for a civil employment matter
R&D	Research & Development
ROE	Return on equity
SaaS ARR	Annual recurring revenue relating to customers on the software as a service platform

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**technologyone**  
transforming business, making life simple

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