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# 2022 Full Year Results

Ended 30 September 2022

**technologyone**  
Transforming business, making life simple



22 November 2022  
Commercial in confidence

# Disclosure Statement

## TechnologyOne Ltd Full Year Presentation – 22 November 2022

TechnologyOne Ltd (ASX: TNE) today conducted a series of presentations relating to its 2022 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: 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.

All information reported is inclusive of Scientia unless otherwise stated. The FY21 Balance Sheet has been updated to include finalised balances for the acquisition of Scientia.

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# Agenda

- Highlights
- Financial Results
- Significant Achievements
- Building the Future
- Outlook for FY23



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# Clear Strategy



## ERP software – Mission critical products

In 2008, we had 11 products, in 2022, we have 16 products and over 400 modules.



## Deepest functionality for the markets we serve

Mission critical products which power our customers



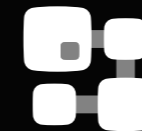
## Global SaaS Solution – One Global Code Line

Our SaaS customers unlock significant benefits



## Any device anywhere anytime

Delivered our 4<sup>th</sup> Generation ERP, CiA



## Power of one – One Vendor, One Experience

Solution as a Service



## Innovation Driven Company

Leveraging new and emerging technology in each generation of product



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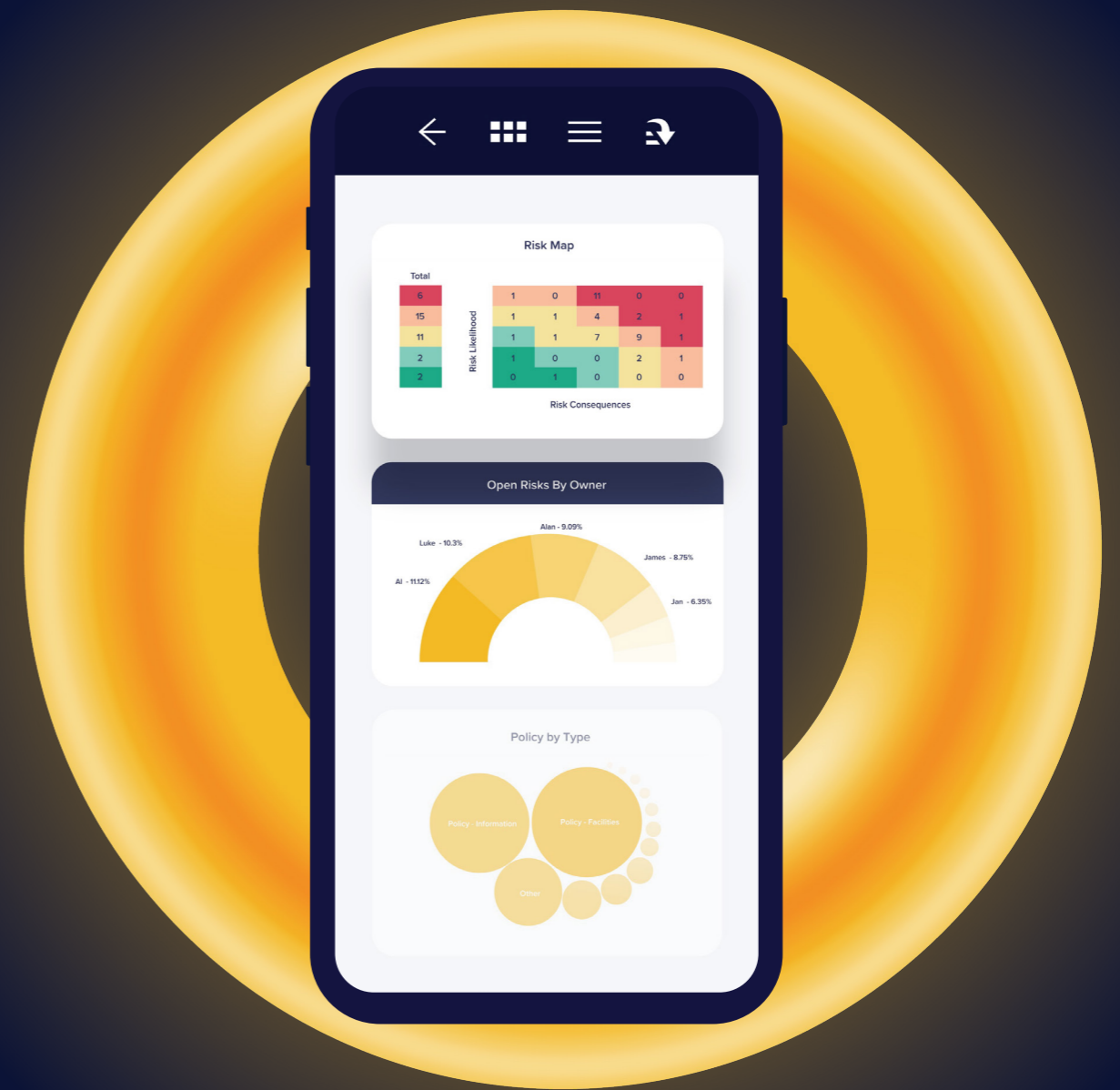
**Record SaaS  
ARR growth  
of 43%**

**SaaS ARR  
\$274.2m**

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**Record Total  
ARR Growth of  
25%**

**Total ARR  
\$320.7m**



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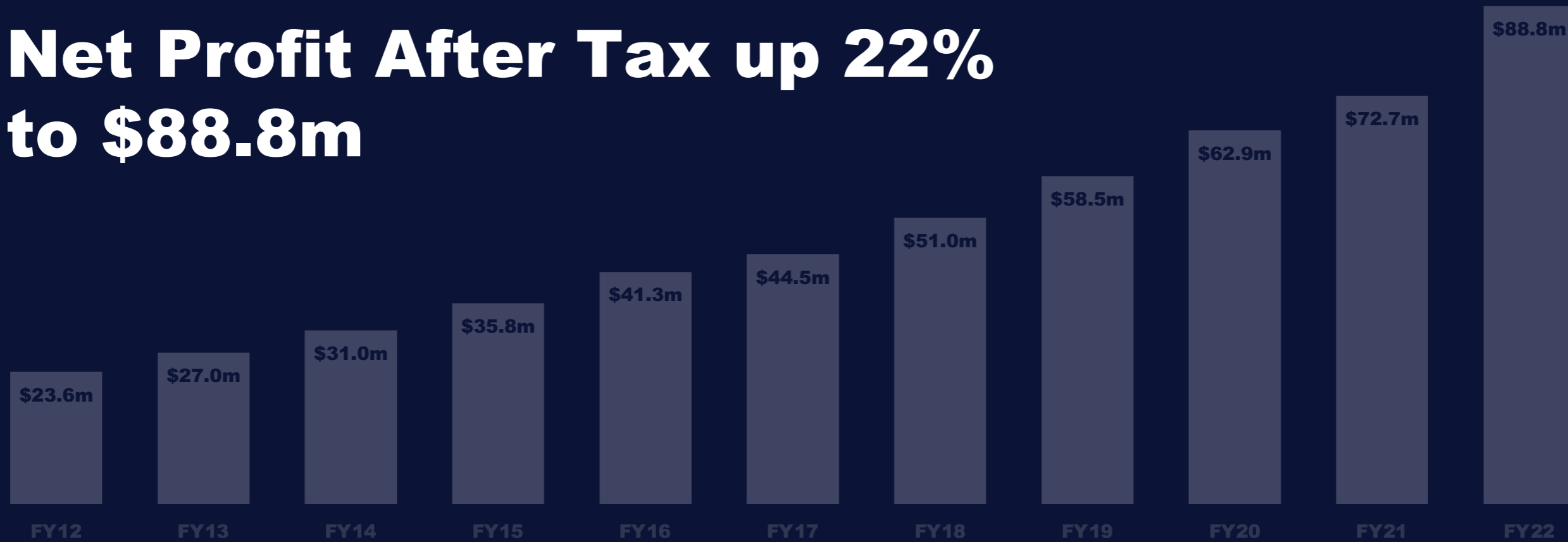
# Customers on TechnologyOne SaaS Platform is up 27% pcp

## Large scale enterprise customers – Mission critical software Millions of users



# Record Profit

**Net Profit After Tax up 22%  
to \$88.8m**



**Net Profit Before Tax up 15% to \$112.3m**  
**Top End of Guidance, 13 consecutive years of Record Profit**

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**Surpass \$500m+ ARR by FY26**

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**We continue to invest in R&D to build future platforms for growth**

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

**Discussed later in more detail**

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**SaaS is the foundation of our growth**

**Outlook for FY23 is strong**

**Discussed later in more detail**

# Dividend up 22%

## Full year dividend increased

### Confidence in the outlook

### Retaining significant free power to invest in growth

Half 1 4.20 cps, up 10% (60% franked<sup>1</sup>)

Half 2 10.82 cps, up 7% (60% franked<sup>1</sup>)

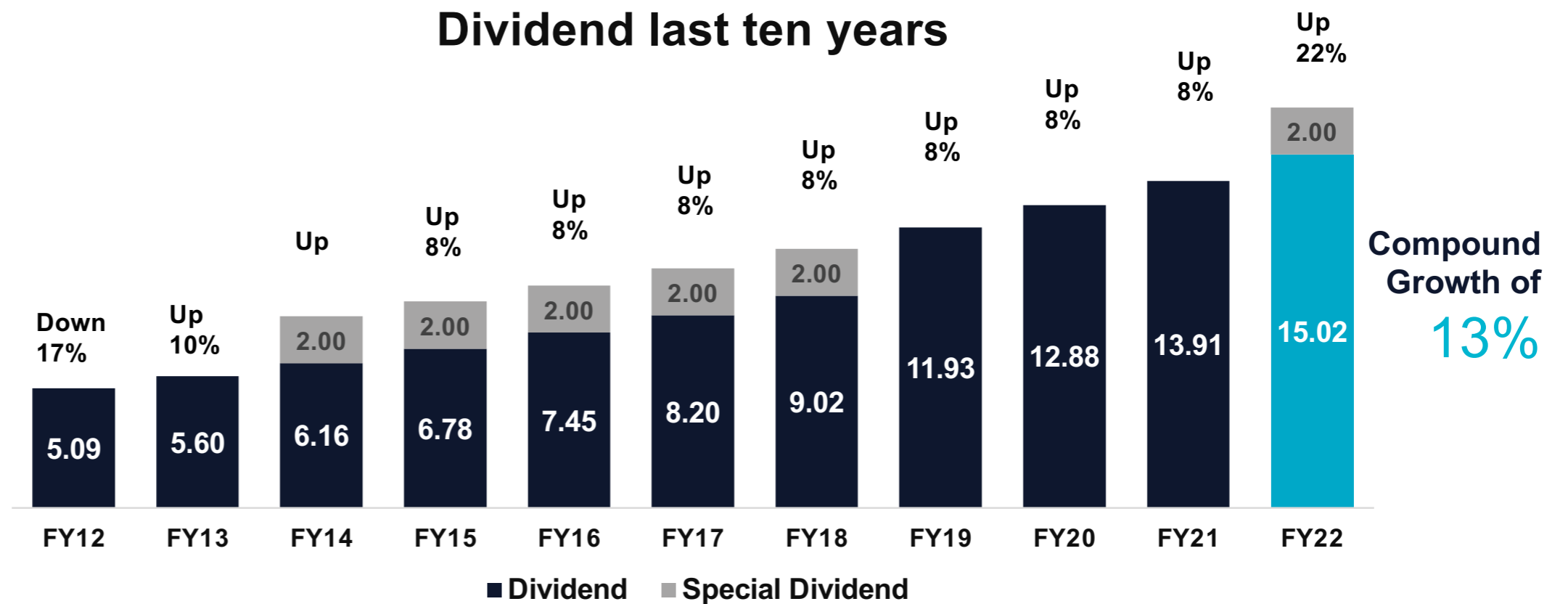
**Total 15.02 cps, up 8%**

Special 2.00 cps, (60% franked<sup>1</sup>)

**Total 17.02 cps, up 22%**

Payout ratio of **62%**

### Dividend last ten years



**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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# FY22 Results Summary

## Exceeded ARR targets (highest quality revenue). End of legacy licence business

	FY22 \$'000	FY21 \$'000	Var \$	Var %	
<b>Revenue – SaaS &amp; Continuing Business</b>	<b>358,668</b>	<b>293,553</b>	<b>65,115</b>	<b>22%</b>	In line with expectations
SaaS Fees Recognised <sup>1</sup>	216,812	151,052	65,760	44%	Our SaaS business continues to grow strongly
Annual Licence Fees <sup>1</sup>	69,186	77,993	(8,807)	(11%)	As expected - our strategy to move customers from On-premise to SaaS
Consulting Services	72,670	64,507	8,163	13%	Refer Appendix A
<b>Revenue - Legacy Licence Business</b>	<b>9,566</b>	<b>17,742</b>	<b>(8,176)</b>	<b>(46%)</b>	We accelerated reduction in legacy licence fees (lower quality revenue)
Legacy Licence Fees	8,531	16,770	(8,239)	(49%)	
Associated Annual Licence Fees <sup>1</sup>	1,035	973	62	6%	
Other Revenue	1,157	717	440	61%	
<b>Total Revenue</b>	<b>369,391</b>	<b>312,012</b>	<b>57,379</b>	<b>18%</b>	Exceeded ARR targets (highest quality revenue) enabling us to drive legacy licence fees down faster (lower quality)
Variable Costs (excl capitalisation)	63,095	52,809	10,286	19%	
Capitalised Costs - Commission (net of amortisation)	(6,069)	(4,631)	(1,438)	(31%)	As required by AASB15
Operating Costs (excl capitalisation)	226,722	194,419	32,303	17%	Reflects efficiencies of transition to SaaS
Capitalised Costs - Development	(26,677)	(28,429)	1,752	6%	Refer slide: R&D Disciplined and Transparent Appendix B
Capitalisation	(50,060)	(41,858)	(8,202)	(20%)	
Amortisation	23,383	13,429	9,954	74%	
<b>Total Expenses</b>	<b>257,071</b>	<b>214,168</b>	<b>42,903</b>	<b>20%</b>	Impacted by Scientia acquisition (refer Appendix E). Synergies delivered in FY22 will reduce Scientia expenses in FY23
<b>Profit Before Tax</b>	<b>112,320</b>	<b>97,844</b>	<b>14,476</b>	<b>15%</b>	Top end of Guidance
Profit Before Tax Margin	30%	31%			Organic margin of 32%. Group margin of 30% reflects impact of Scientia's lower margin. Margin growth to return in FY23
<b>Profit After Tax</b>	<b>88,843</b>	<b>72,691</b>	<b>16,152</b>	<b>22%</b>	Reflects new R&D tax incentives
<b>Other</b>					
Cash Flow Generation <sup>2</sup>	77,176	63,901	13,275	21%	In line with expectations (Refer to Cash Flow)
Cash and Cash Equivalents	175,865	144,210	31,655	22%	
ARR Recognised <sup>1</sup>	287,033	230,018	57,015	25%	ARR Recognised includes SaaS Fees & On-Premise Licence Fees
Total Annual Recurring Revenue (ARR)	320,694	257,495	63,199	25%	
<b>SaaS ARR</b>	<b>274,186</b>	<b>192,294</b>	<b>81,892</b>	<b>43%</b>	Our SaaS business continues to grow strongly
Annual Licence ARR	46,508	65,201	(18,693)	(29%)	Expected as customers move from On-premise to SaaS

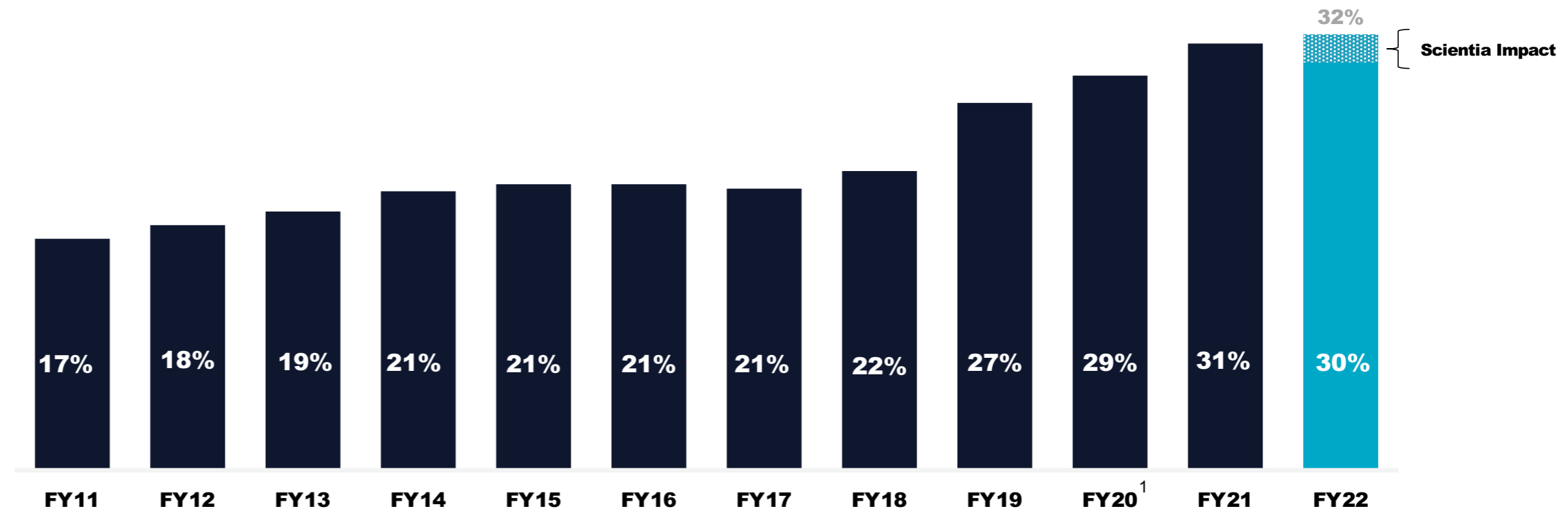
<sup>1</sup> ARR Recognised includes SaaS Fees recognised & Annual Licence Fees

<sup>2</sup> Cash Flow Generation is Operating Cash Flow less capitalised development costs, capitalised commission costs and lease payments. Refer: Cash Flow

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

## FY22 Profit Before Tax Margin was 30%

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



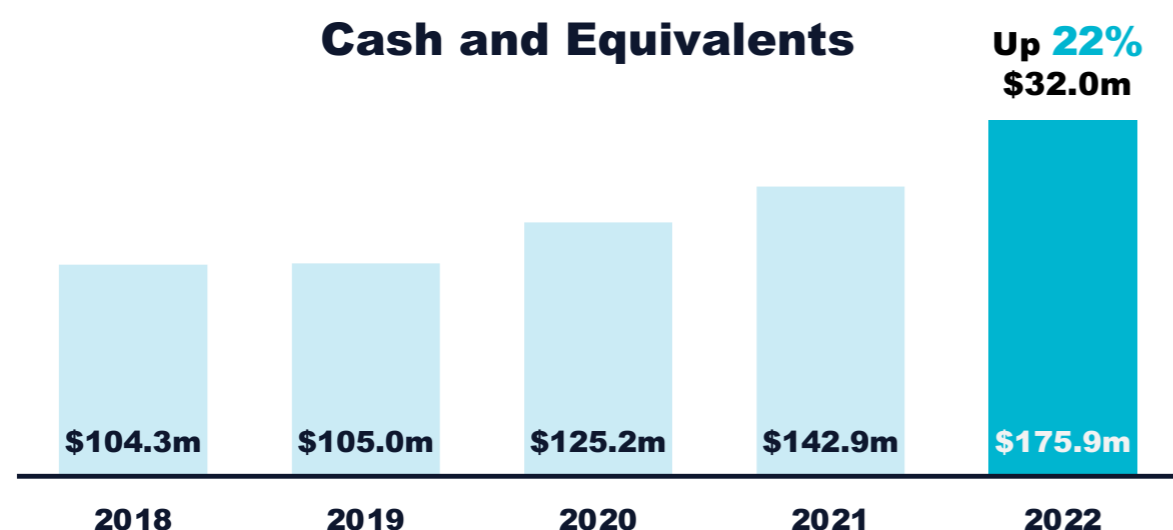
**Profit margin excluding Scientia was 32%, compared to 31% PCP Group Profit margin was impacted by the Scientia acquisition. Profit margin growth to return in FY23 and beyond.**

1. FY20 Profit Before Tax excludes a one-off increase in provision of \$3.6m as a result of a civil employment case.

# Balance Sheet Strong

## Cash & Equivalents \$175.9m, up 22%

- Net Cash: 54.0 cps vs 44.4 cps, up 22%
- Net Assets: \$239.1m vs \$190.2m, up \$48.9m, up 26%
- We have no debt



<sup>1</sup> Trade and other receivables increase relates to new deals signed late in the period.

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

<sup>3</sup> Include goodwill and identified intangible assets from acquisitions. Reduction represents amortisation during the period.

<sup>4</sup> Increase represents development activities capitalised during the period, less amounts amortised.

<sup>5</sup> Contingent consideration for acquisition of Scientia, dependent on achieving earnout targets.

<sup>6</sup> This amount represents cash received/receivable in advance, which will be recognised as revenue in future periods for SaaS fees and annual licence fees.

<sup>7</sup> Cash rent abatement ended April 2022.

	Sep-22 \$'000	Sep-21 \$'000	Var \$'000	Var %
▶ Cash & cash equivalents	175,865	144,210	31,655	22%
Prepaid expenses	20,379	13,811	6,568	48%
Trade and other receivables <sup>1</sup>	57,266	51,108	6,158	12%
Contract assets <sup>2</sup>	21,540	22,846	(1,306)	(6%)
Other current assets	600	283	317	100%
Current tax assets	-	-	-	-
Contract acquisition costs	6,505	5,001	1,504	30%
<b>Current assets</b>	<b>282,155</b>	<b>237,259</b>	<b>44,896</b>	<b>19%</b>
Property, plant and equipment	8,505	7,377	1,128	15%
Right-of-use assets	23,110	22,442	668	3%
Intangible assets <sup>3</sup>	59,452	60,774	(1,322)	(2%)
Capitalised development <sup>4</sup>	126,909	101,008	25,901	26%
Deferred tax assets	21,060	25,790	(4,730)	(18%)
Contract assets <sup>2</sup>	4,881	2,962	1,919	65%
Contract acquisition costs	13,873	9,676	4,197	43%
<b>Non-current assets</b>	<b>257,790</b>	<b>230,029</b>	<b>27,761</b>	<b>12%</b>
<b>Total Assets</b>	<b>539,945</b>	<b>467,288</b>	<b>72,657</b>	<b>16%</b>
Trade and other payables	48,559	40,425	8,134	20%
Provisions	20,902	21,521	(619)	(3%)
Contingent consideration <sup>5</sup>	6,997	-	6,997	100%
▶ Deferred revenue <sup>6</sup>	184,008	169,322	14,686	9%
Current tax liability	2,784	2,632	152	6%
Lease liability <sup>7</sup>	7,897	3,342	4,555	100%
<b>Current liabilities</b>	<b>271,147</b>	<b>237,242</b>	<b>33,905</b>	<b>14%</b>
Provisions	2,200	2,069	131	6%
Contingent consideration <sup>5</sup>	-	7,576	(7,576)	(100%)
Other non-current liabilities	94	120	(26)	(22%)
Lease liability	27,407	30,047	(2,640)	(9%)
<b>Non-current liabilities</b>	<b>29,701</b>	<b>39,812</b>	<b>(10,111)</b>	<b>(25%)</b>
<b>Total Liabilities</b>	<b>300,848</b>	<b>277,054</b>	<b>23,794</b>	<b>9%</b>
<b>Net Assets</b>	<b>239,097</b>	<b>190,234</b>	<b>48,863</b>	<b>26%</b>
Issued capital	57,635	51,645	5,990	12%
Other reserves	81,875	72,717	9,158	13%
Retained earnings	99,587	65,872	33,715	51%
<b>Equity</b>	<b>239,097</b>	<b>190,234</b>	<b>48,863</b>	<b>26%</b>

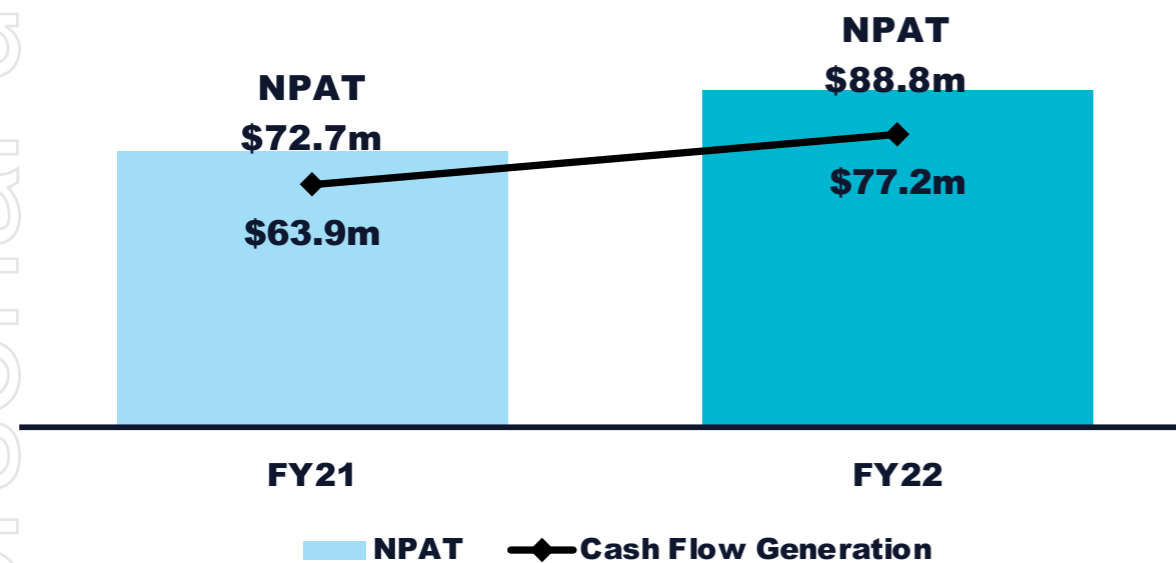


# Cash Flow

## Strong Cash Flow Generation (CFG) \$77.2m, up 21%, \$13.3m

- ✓ CFG to NPAT Ratio 87% as previously forecast
- ✓ Cash Flow Generation will progressively grow to match NPAT again from FY24 onwards

### NPAT versus Cash Flow Generation



<sup>1</sup> Depreciation & amortisation includes amortisation of Right of Use Asset under AASB16 Leases of \$5.1m. It also includes amortisation of capitalised commissions of \$5.8m, capitalised development of \$23.4m, \$2.6m for depreciation of plant and equipment and \$1.2m for amortisation of acquired intangible assets.

<sup>2</sup> The lower increase in Trade and other receivables reflects improved collections from customers in FY22 and inflows in H1 FY22 from large invoicing to customers late in FY21.

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

<sup>4</sup> Payments received 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 lease liabilities recognised under AASB16 Leases. Cash rent abatement ended April 2022.

### Profit Before Tax

Depreciation & amortisation<sup>1</sup>

Share based payments and other non-cash items

### Changes in working capital:

(Increase) / Decrease in Trade and other receivables<sup>2</sup>

(Increase) / Decrease in Contract assets<sup>3</sup>

(Increase) / Decrease in Prepaid expenses

Increase / (Decrease) in Payables

Increase / (Decrease) in Deferred revenue<sup>4</sup>

Increase / (Decrease) in Staff entitlements

Net interest paid<sup>5</sup>

Income taxes paid

Other

### Operating Cash Flow

Capitalised development costs

Capitalised commission costs

Payments of lease liabilities<sup>6</sup>

### Cash Flow Generation

Payments for property, plant & equipment

Payment for purchase of business net of cash acquired

Payments for other intangible assets

### Free Cash Flow

Dividends paid

Proceeds from shares issued

### Increase in Cash & Cash equivalents

Cash at beginning of the period

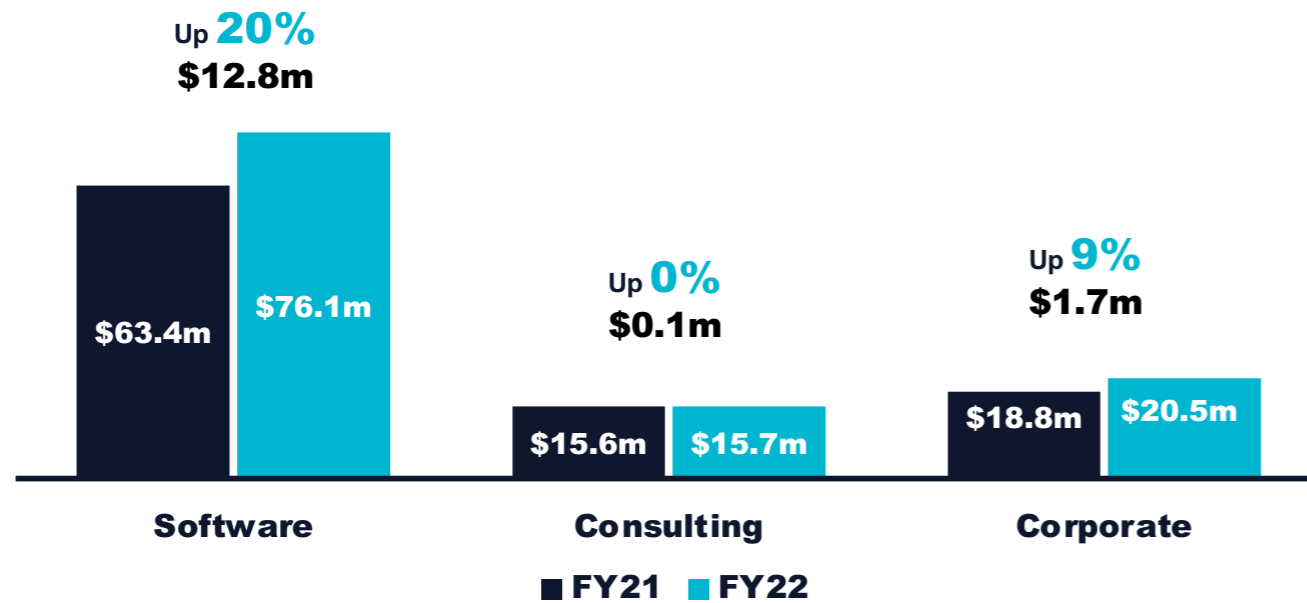
### Cash & Cash equivalents at end of period

	FY22 \$'000	FY21 \$'000	Var \$'000	Var %
<b>Profit Before Tax</b>	112,320	97,843	14,477	15%
Depreciation & amortisation <sup>1</sup>	38,110	25,832	12,278	48%
Share based payments and other non-cash items	3,353	4,652	(1,299)	(28%)
<b>Changes in working capital:</b>				
(Increase) / Decrease in Trade and other receivables <sup>2</sup>	(6,158)	(13,184)	7,026	53%
(Increase) / Decrease in Contract assets <sup>3</sup>	(613)	(3,620)	3,007	83%
(Increase) / Decrease in Prepaid expenses	(6,569)	(2,579)	(3,990)	(100%)
Increase / (Decrease) in Payables	8,232	(1,659)	9,891	100%
Increase / (Decrease) in Deferred revenue <sup>4</sup>	14,686	15,867	(1,181)	(7%)
Increase / (Decrease) in Staff entitlements	(488)	705	(1,193)	(100%)
Net interest paid <sup>5</sup>	(1,421)	(1,267)	(154)	(12%)
Income taxes paid	(18,339)	(7,762)	(10,577)	(100%)
Other	(317)	159	(476)	(100%)
<b>Operating Cash Flow</b>	<b>142,796</b>	<b>114,987</b>	<b>27,809</b>	<b>24%</b>
Capitalised development costs	(50,060)	(41,858)	(8,202)	(20%)
Capitalised commission costs	(11,908)	(8,270)	(3,638)	(44%)
Payments of lease liabilities <sup>6</sup>	(3,652)	(957)	(2,695)	(100%)
<b>Cash Flow Generation</b>	<b>77,176</b>	<b>63,902</b>	<b>13,274</b>	<b>21%</b>
Payments for property, plant & equipment	(3,767)	(1,658)	(2,109)	(100%)
Payment for purchase of business net of cash acquired	-	(10,228)	10,228	100%
Payments for other intangible assets	(1,548)	(1,141)	(407)	(36%)
<b>Free Cash Flow</b>	<b>71,861</b>	<b>50,875</b>	<b>20,986</b>	<b>41%</b>
Dividends paid	(46,127)	(42,504)	(3,623)	(9%)
Proceeds from shares issued	5,921	10,595	(4,674)	(44%)
<b>Increase in Cash &amp; Cash equivalents</b>	<b>31,655</b>	<b>18,966</b>	<b>12,689</b>	<b>67%</b>
Cash at beginning of the period	144,210	125,244	18,966	15%
<b>Cash &amp; Cash equivalents at end of period</b>	<b>175,865</b>	<b>144,210</b>	<b>31,655</b>	<b>22%</b>

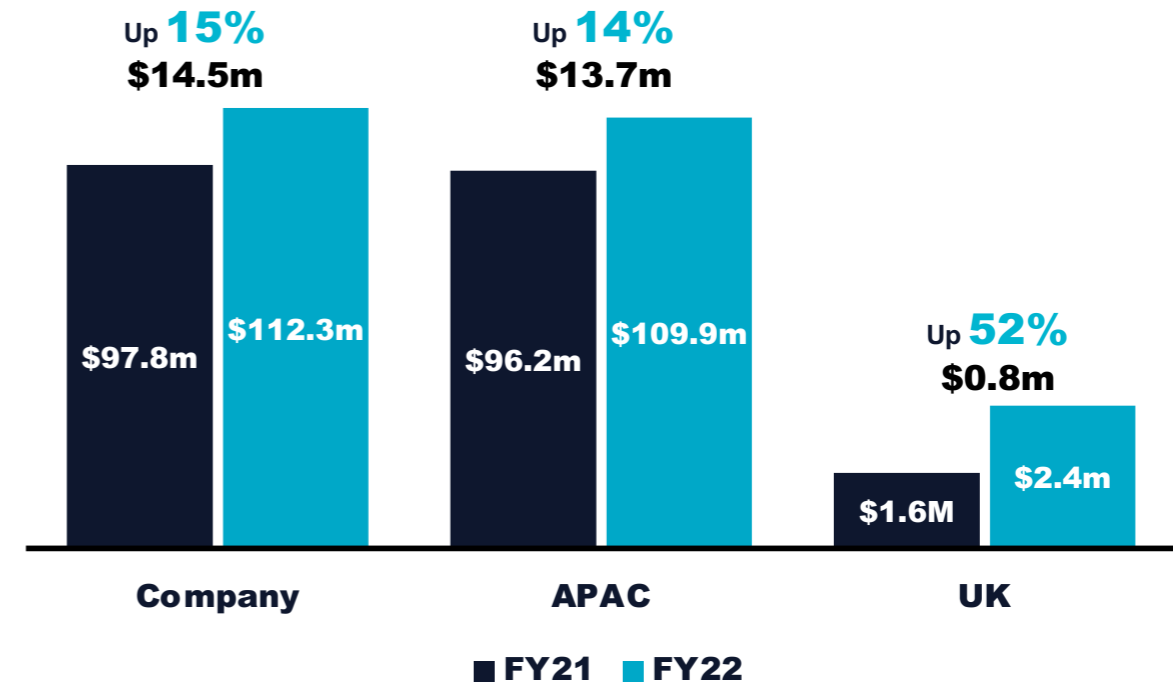
# FY22 Profit by Segment

## Profit Before Tax \$112.3m, up 15% \$14.5m

### Operating segment analysis



### Geographic segment analysis



### FY22 Profit in line with expectations

1. Software Profit up 20%, driven by strong SaaS growth.
2. Consulting Profit up slightly from last year, as planned, from driving efficiency of customer projects.
3. Corporate Profit up 9% from increased royalties generated by strong product sales.

### UK delivers \$2.4m profit

Refer to later slides.

# Results Analysis and Key Metrics, FY22

	FY22	FY21	Var
	\$'000	\$'000	%
<b>Revenue excl interest</b>	<b>368,968</b>	<b>311,787</b>	<b>18%</b>
<b>Expenses (excl R&amp;D, interest, D &amp; A)</b>	<b>174,980</b>	<b>151,697</b>	<b>15%</b>
<b>EBITDAR</b>	<b>193,988</b>	<b>160,090</b>	<b>21%</b>
EBITDAR Margin	53%	51%	
R&D Expenditure (before capitalisation)	92,197	77,005	20%
R&D as % of Total Revenue <sup>1</sup>	25%	25%	
R&D Capitalisation	50,060	41,858	20%
<b>EBITDA</b>	<b>151,851</b>	<b>124,943</b>	<b>22%</b>
EBITDA Margin	41%	40%	
Depreciation	2,627	3,331	(21%)
Amortisation	35,483	22,500	58%
<b>EBIT</b>	<b>113,741</b>	<b>99,111</b>	<b>15%</b>
Net Interest Expense	1,421	1,267	12%
<b>Profit Before Tax</b>	<b>112,320</b>	<b>97,844</b>	<b>15%</b>
Profit Before Tax Margin	30%	31%	
<b>Profit After Tax</b>	<b>88,843</b>	<b>72,691</b>	<b>22%</b>

	FY22	FY21	Var
	\$'000	\$'000	%
<b>EPS (cents per share)</b>	<b>27.51</b>	<b>22.64</b>	<b>22%</b>
<b>Dividend (cents per share)</b>			
Ordinary dividend	15.02	13.91	8%
Special dividend	2.00	-	
<b>Total Dividend (cents per share)</b>	<b>17.02</b>	<b>13.91</b>	<b>22%</b>
Dividend Payout Ratio	62%	62%	
<b>ROE</b>	<b>37%</b>	<b>38%</b>	
<b>Balance Sheet</b>			
Net Assets	239,097	190,234	26%
Cash & Cash Equivalents	175,865	144,210	22%
Cash Flow Generation <sup>2</sup>	77,176	63,902	21%

**Full year  
ROE of 37%**

<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

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# Our 4th Generation Global SaaS ERP Dominates in our Key Verticals




16 Key products strategically focused over key industries

All systems fully integrated into the CiA platform. Anytime anywhere.

**UX**


One simple intuitive UX focused workplace for everything.



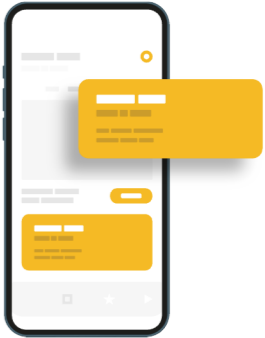
Highest level security accreditations in the industry.

**cia** *live*

We take care of the upgrade so you can focus on the future



400+ modules with over 10,000 capabilities

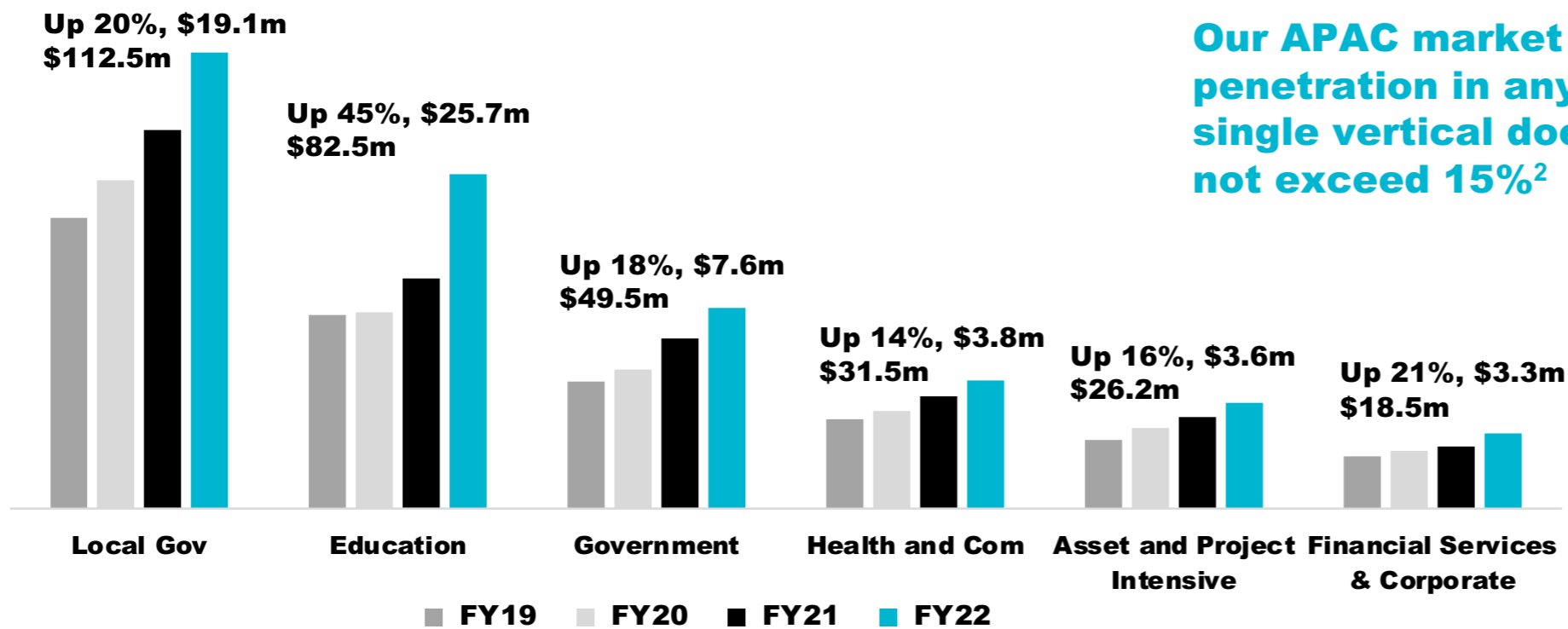


# All verticals performed strongly

## Significant room to grow in future years

### Vertical Market Analysis

ARR of \$320.7m<sup>1</sup>, Up 25% | From \$257.5m, FY21



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



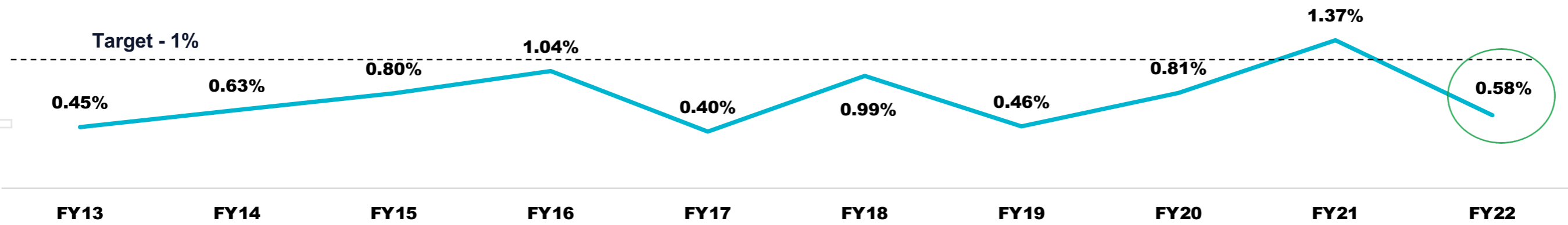
<sup>1</sup> Balance is at 30 September 2022 and growth is for the 12 months from 30 September 2021

<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

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

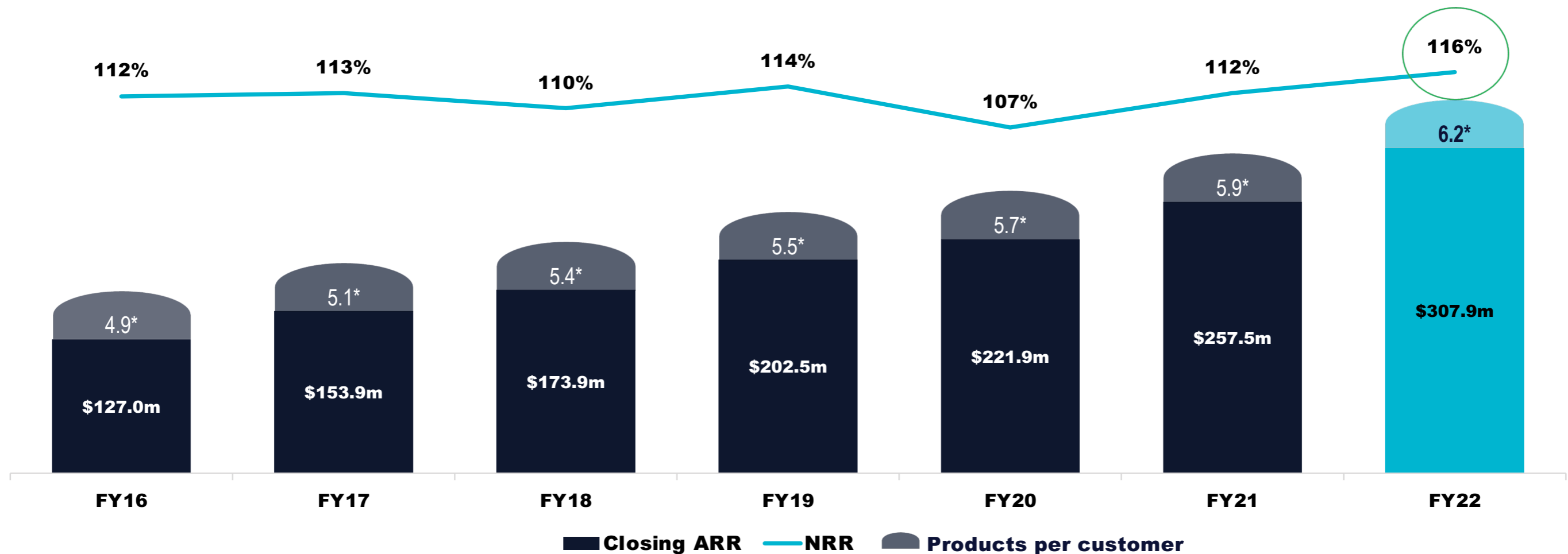


<sup>1</sup> Total ARR = SaaS ARR + On Premise Annual Licence ARR

# Record Net Revenue Retention of 116%

- Significant opportunity in our existing customer base
- Our Global SaaS ERP is very broad with 400+ modules
- Frictionless – open licence, all modules available on SaaS
- Predictable, non-competitive transactional sales
- Low cost selling to existing customers

**Net Revenue Retention (NRR) – excludes Scientia**



**Calculation of Net Revenue Retention**

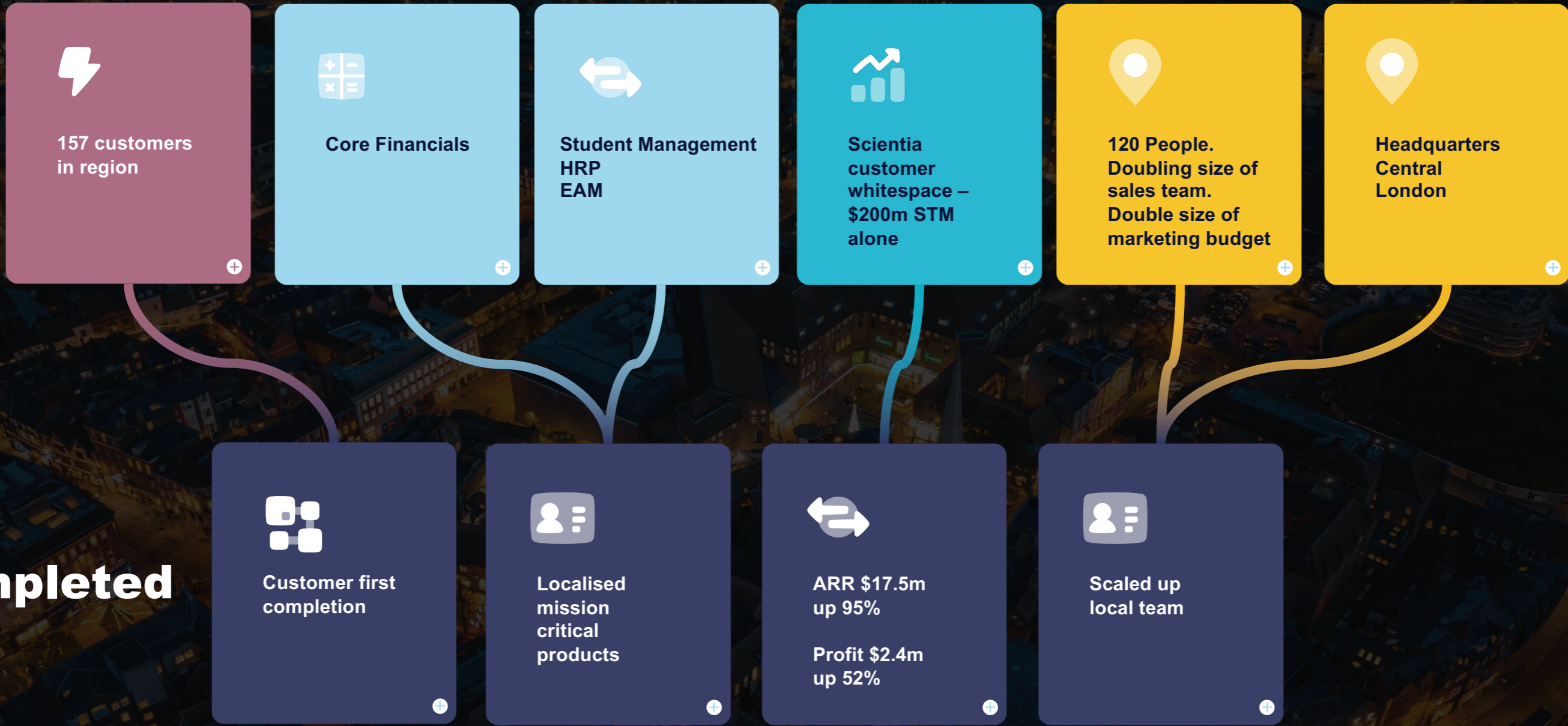
(Opening ARR + New ARR from existing customers - Lost ARR from existing customers + CPI impacts + foreign currency impacts) / Opening ARR = Net Revenue Retention

\* Products per customer



# United Kingdom

## Significant investment for future growth



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# R&D Significant Investment for future growth

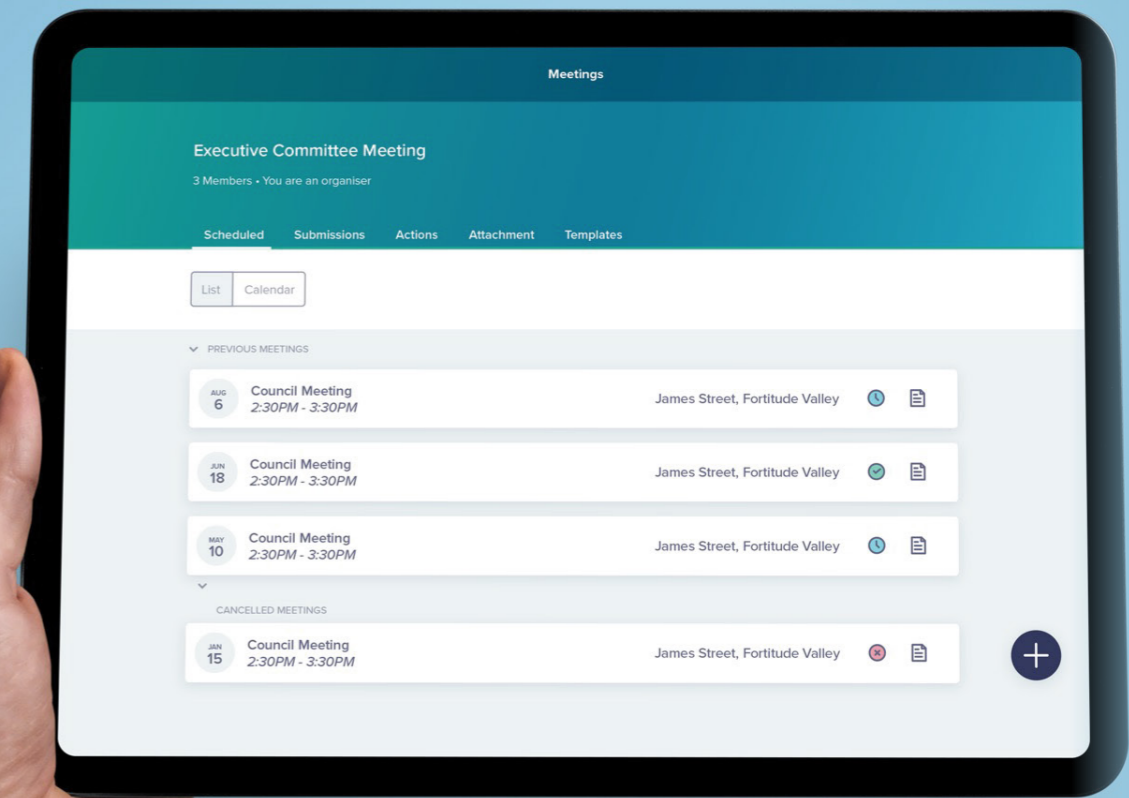
R&D investment of **\$92.2m<sup>1</sup>**

**25.0%** of Revenue

UP  **19.6%**

## Current

- \$500m+ invested in R&D over the last 10 years to maintain our leadership in innovation
- We provide 2 releases per year
- Delivered 2022B to the market, with 478 product enhancements across our enterprise suite
- Under development is the 2023A release, for early 2023 delivery
- We continue to extend our SaaS platform
- Delivering on Artificial Intelligence and machine learning
- Delivering our new generation DXP *Digital Experience Apps*



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

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We're stronger as one. People are our power. Simplicity is our compass. Customers are our true north. Make the impossible possible.

LEADERSHIP COMMUNITY

# Summit.

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# FY22 Summary



Record full year profit and revenue, record SaaS ARR



SaaS ARR up 43% to \$274.2m



Revenue – SaaS & Continuing Business up 22% to \$358.7m



Profit After Tax up 22% to \$88.8m



Profit Before Tax up 15% to \$112.3m



Profit margin before tax of 30%



UK ARR up 95% to \$17.5m



Cash and Cash Equivalents up 22% to \$175.9m



Surpass \$500m+ ARR by FY26



Total ARR up 25% to \$320.7m



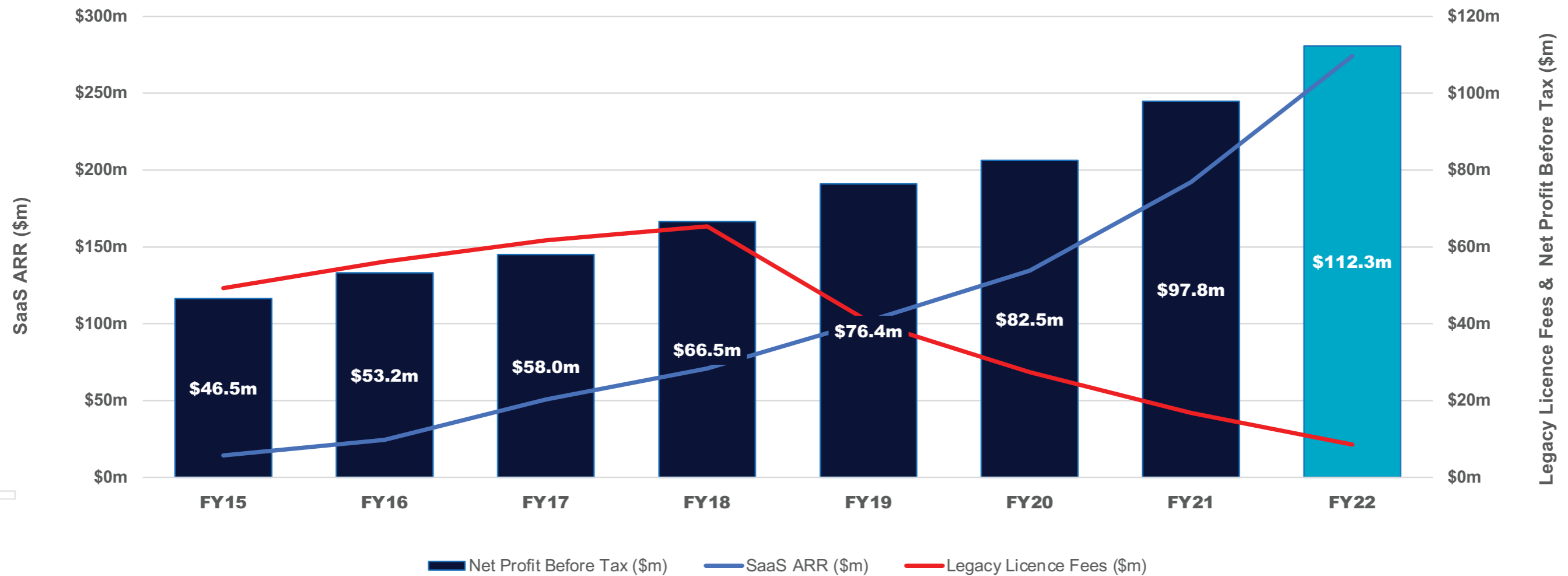
NRR of 116% v 112% pcp



Cash Flow Generation Up 21% to \$77.2m 87% of NPAT

# Delivered the strategy as detailed in 2018

SaaS ARR vs. Legacy Licence Fees vs. Net Profit Before Tax



**Successfully transitioned to SaaS with continued growth in profit and customers**

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# Agenda

- Highlights
- Financial Results
- Significant Achievements
- Building the Future
- Outlook for FY23



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**Surpass \$500m+ ARR by FY26**

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**Continue to double in size every 5 years**



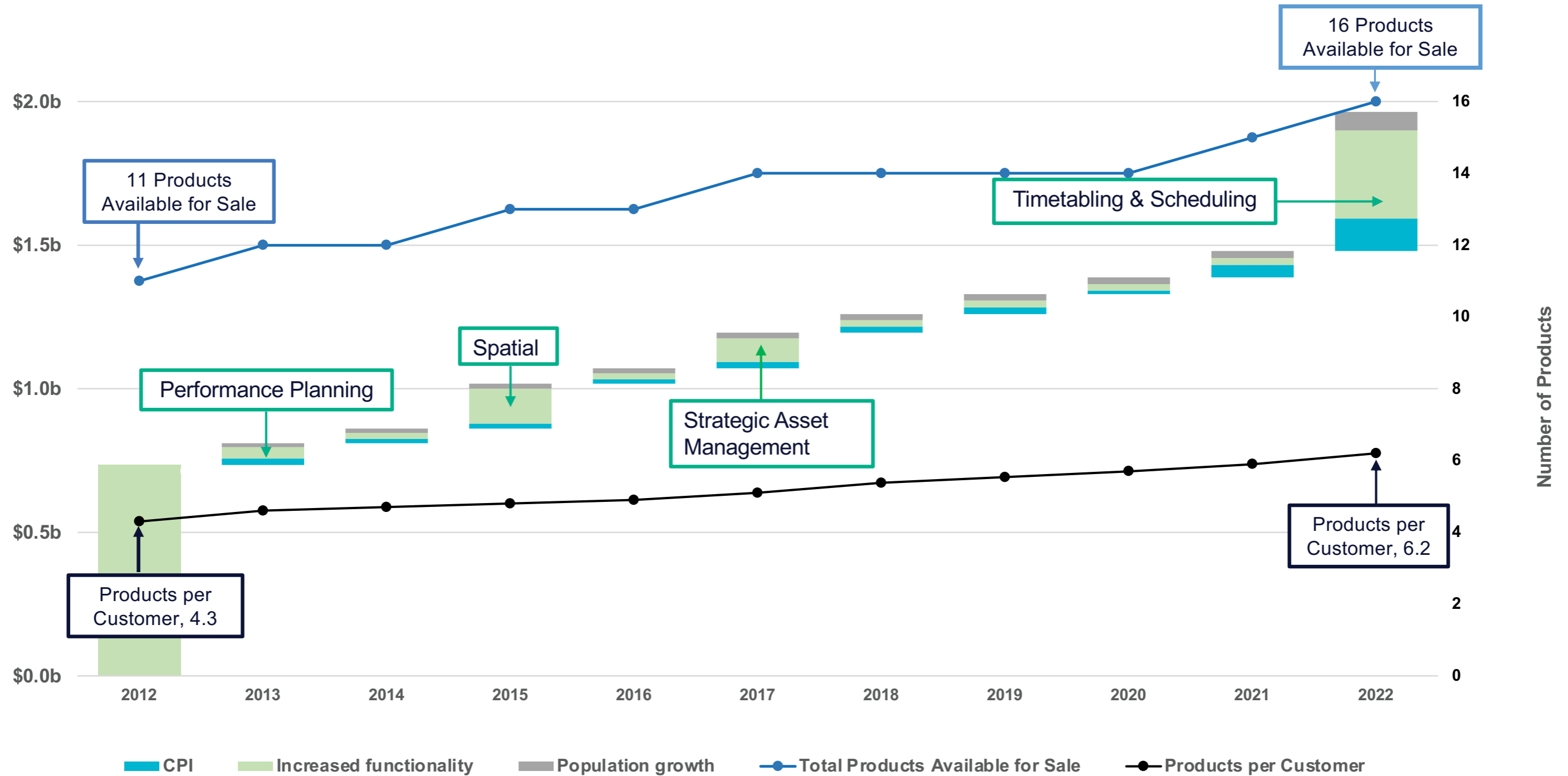
# NRR of 116%

 Financials	 Business Analytics	 Student Management	 Human Resources & Payroll	 Performance Planning	 Property & Rating	 Strategic Asset Management	 Timetable & Scheduling
 Enterprise Asset Management	 Spatial	 Enterprise Cash Receipting	 Enterprise Budgeting	 Enterprise Content Management	 Corporate Performance Management	 Supply Chain Management	 DXP Local Government

POWER OF A SINGLE INTEGRATED ERP SOLUTION

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# \$2b ARR whitespace in our APAC customer base



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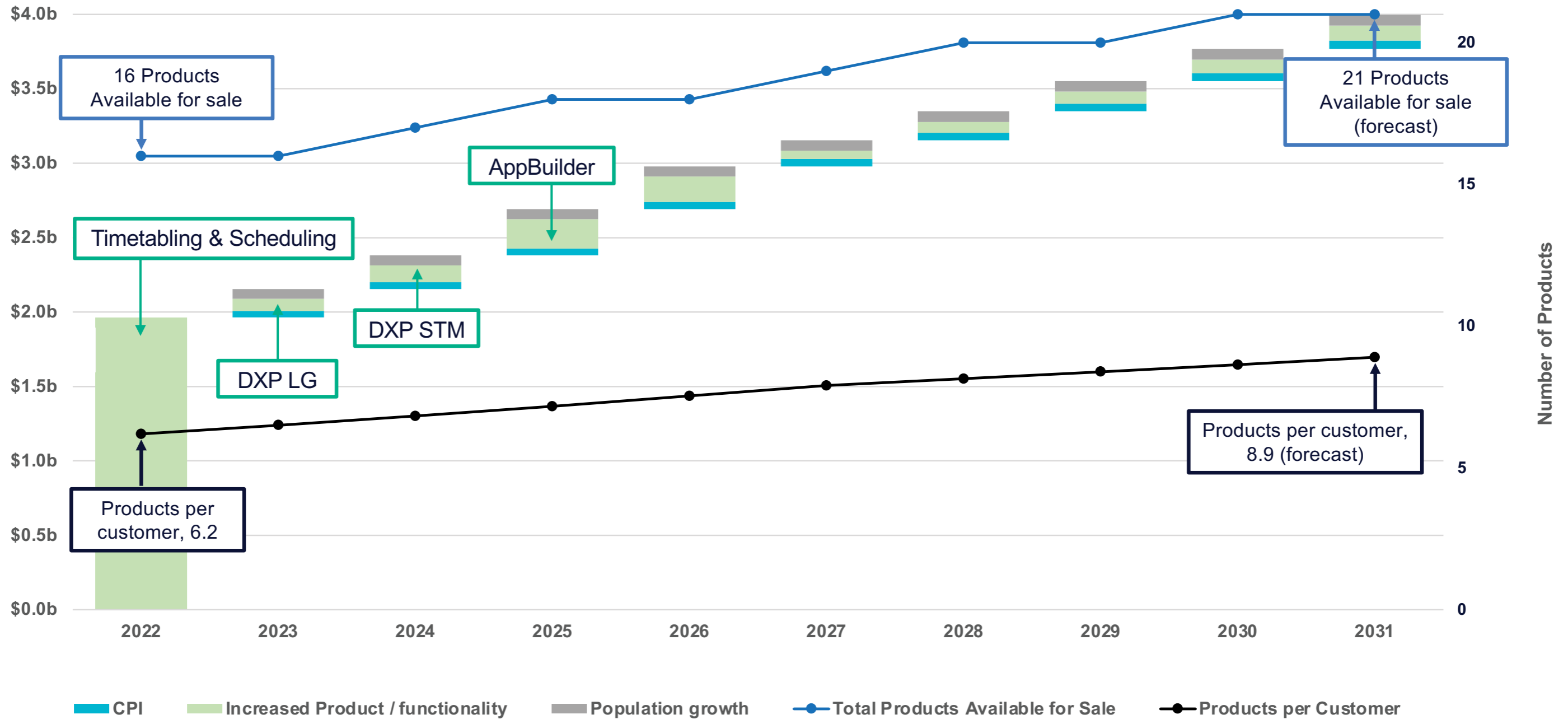
**R&D over next 5 years  
Increases ARR whitespace**

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# We continue to invest in R&D to build future platforms for growth



# R&D over next 5 years doubles APAC ARR whitespace from \$2b to \$4b



Illustrative model only. Not to be used as guidance

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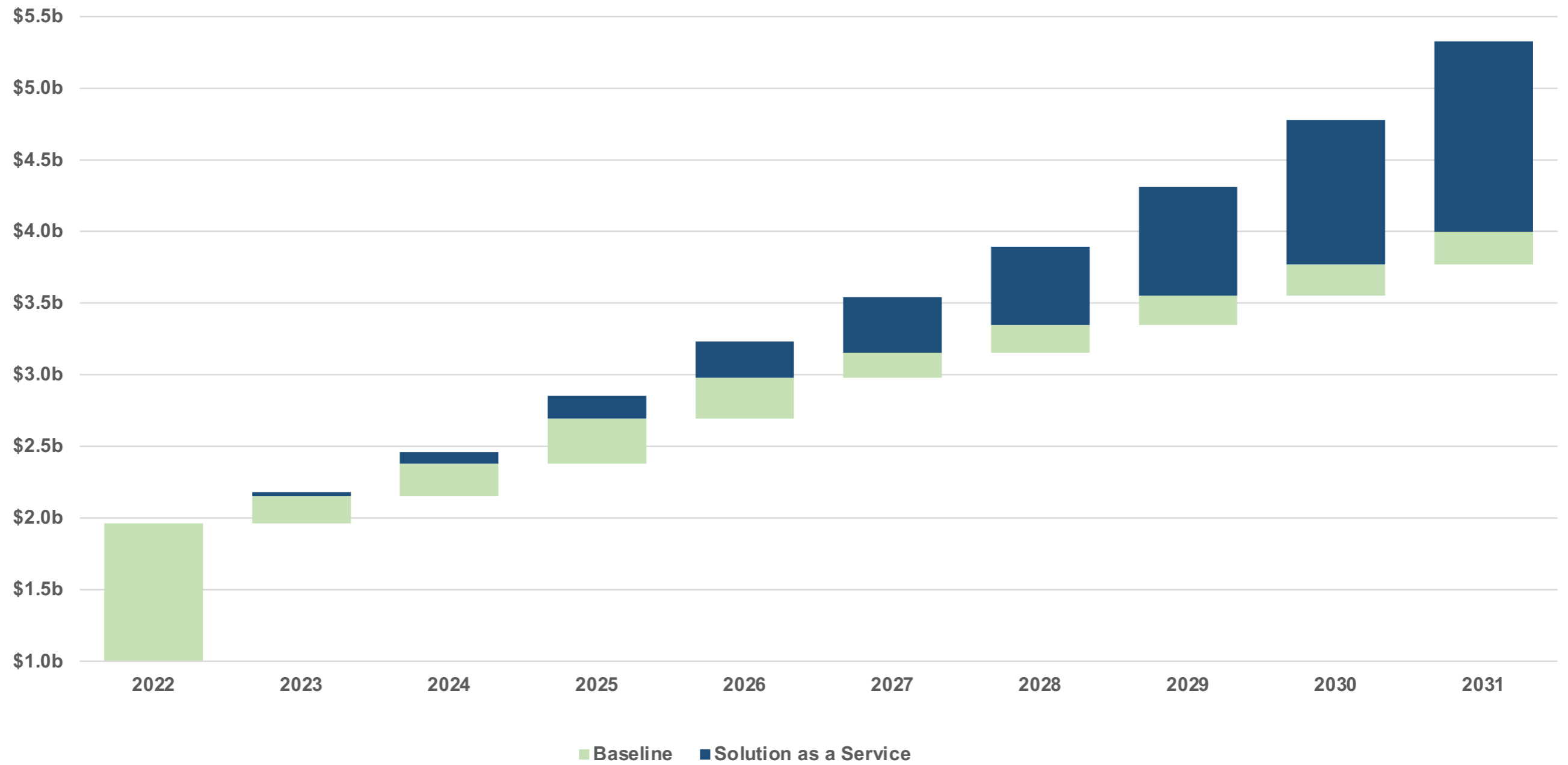
# Solution as a service.

**SaaS<sup>+</sup>**

Solution as a Service lifts ARR by 40%



# Solution as a Service creates 40% additional ARR whitespace



Illustrative model only. Not to be used as guidance

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# Continue to double in size every 5 years

Strong Net Revenue Retention (NRR) of 115-120%

\$2b of ARR whitespace in our APAC customer base

R&D over next 5 years doubles APAC ARR whitespace from \$2b to \$4b

Solution as a Service is a gamechanger, lifts ARR by 40%

Strategic acquisitions (eg Scientia Timetabling and Scheduling)

Continuing growth in new logos APAC

Continuing growth in the UK

Profit margins to grow to 35%+, through significant economies of scale



ARR



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# Agenda

- Highlights
- Financial Results
- Significant Achievements
- Building the Future
- Outlook for FY23



# Outlook for FY23

*“War, COVID-19 and floods have all interrupted the supply of certain goods, leading to price increases. But these interruptions and price increases have proved more long-lasting than expected...” (SMH May 7, 2022)*

**Over the past 35 years we have continued to grow strongly in challenging environments.**

We expect to do so again.

- The markets we serve such as Local Government, Higher Education and Government are resilient
- TechnologyOne provides mission critical software which powers our customer’s operations
- Customers turn to our Global SaaS ERP to save 30%+ and streamline their business
- Our subscription revenue contracts pass on CPI

**We will continue to benefit from improving margins because of the significant economies of scale from our single instance Global SaaS ERP solution**

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

**Surpass \$500m+ ARR by FY26**

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# technology**one**

transforming business, making life simple

# Appendices

- Appendix A – Consulting Profit
- Appendix B – R&D Disciplined and Transparent
- Appendix C – Long History of Strong Cash Flow Generation
- Appendix D – SaaS Customers and SaaS ARR
- Appendix E – FY22 Expenses Impacted by Scientia acquisition
- Appendix F – Drivers for Long Term Growth
- Appendix G – Glossary

# Appendix A: FY22 Consulting Profit of \$15.7m

Our AMS business for our existing customers is also moving to recurring revenue. Now have \$23m locked in recurring revenue not included in our total ARR

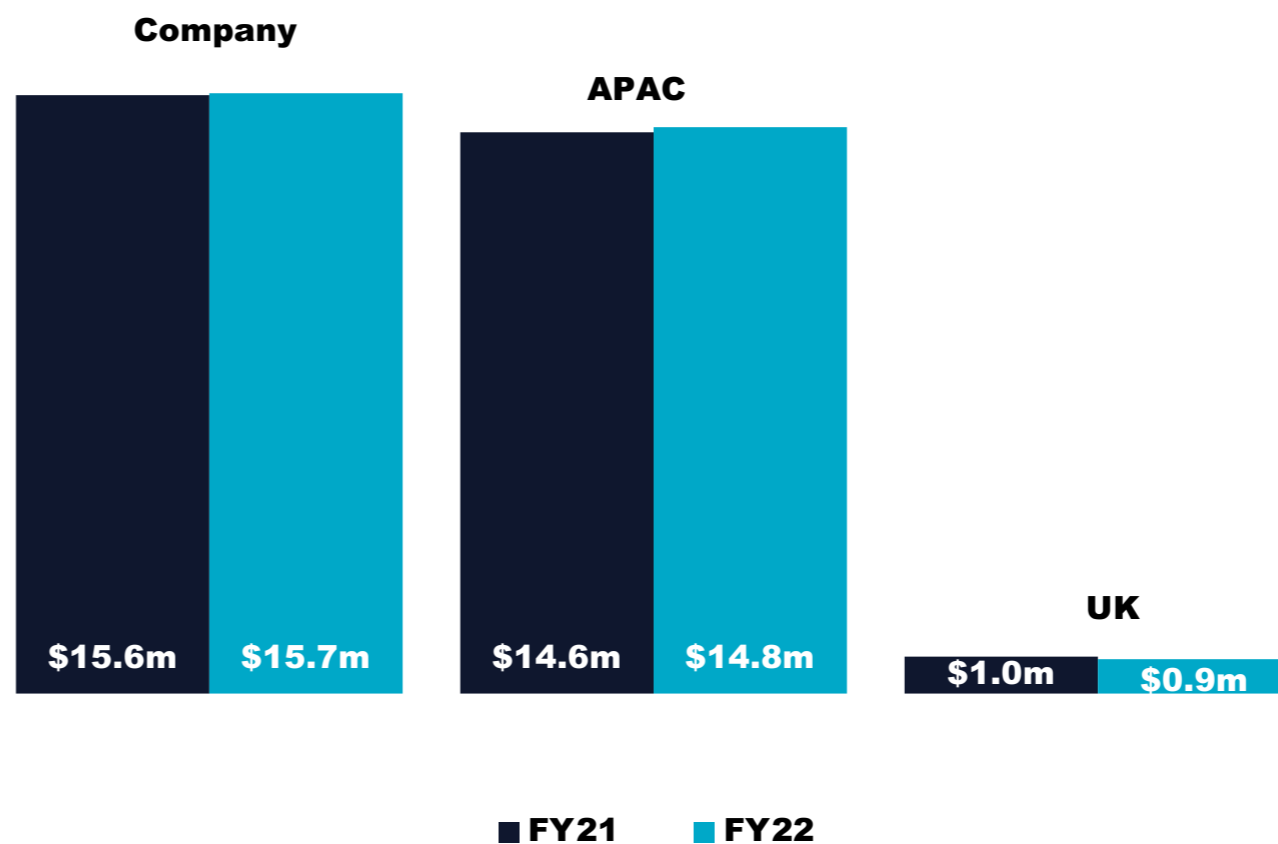
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**Consulting is responsible for services in relation to our software**

**Two focussed divisions**

- New Projects
- Applications Managed Services (AMS) for existing customers

**Disciplined use of implementation methodology**



# Appendix B: R&D Disciplined and Transparent

## Highly Disciplined approach to R&D

We expense maintenance and research.

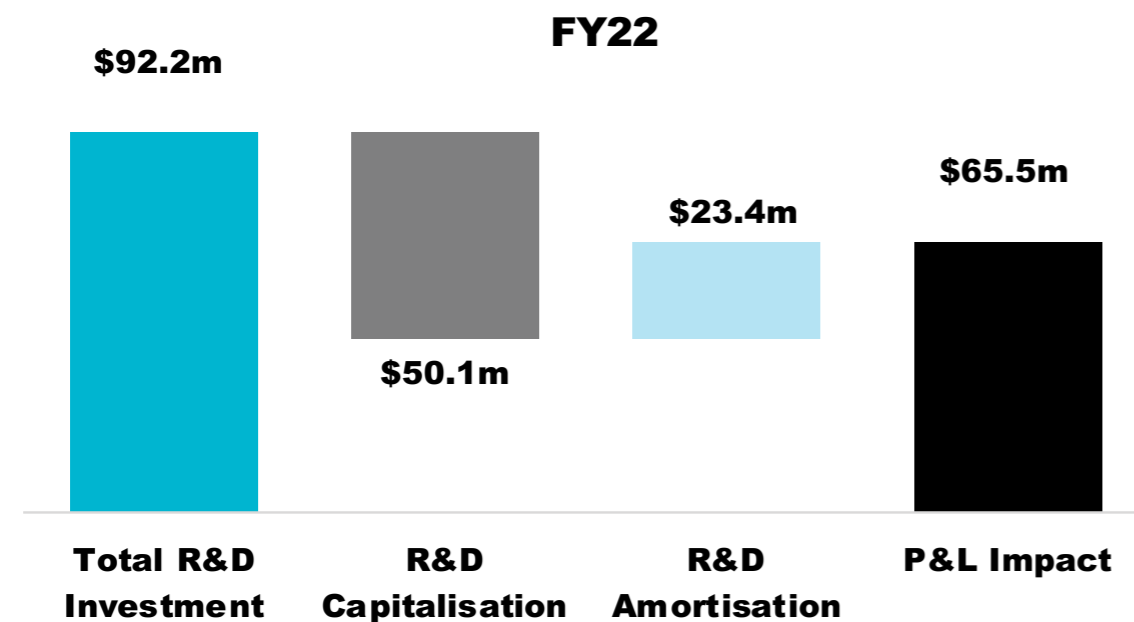
We only capitalise development based on actual timesheets for eligible projects.

Capitalisation and amortisation are independently audited along with Financial Statements.

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

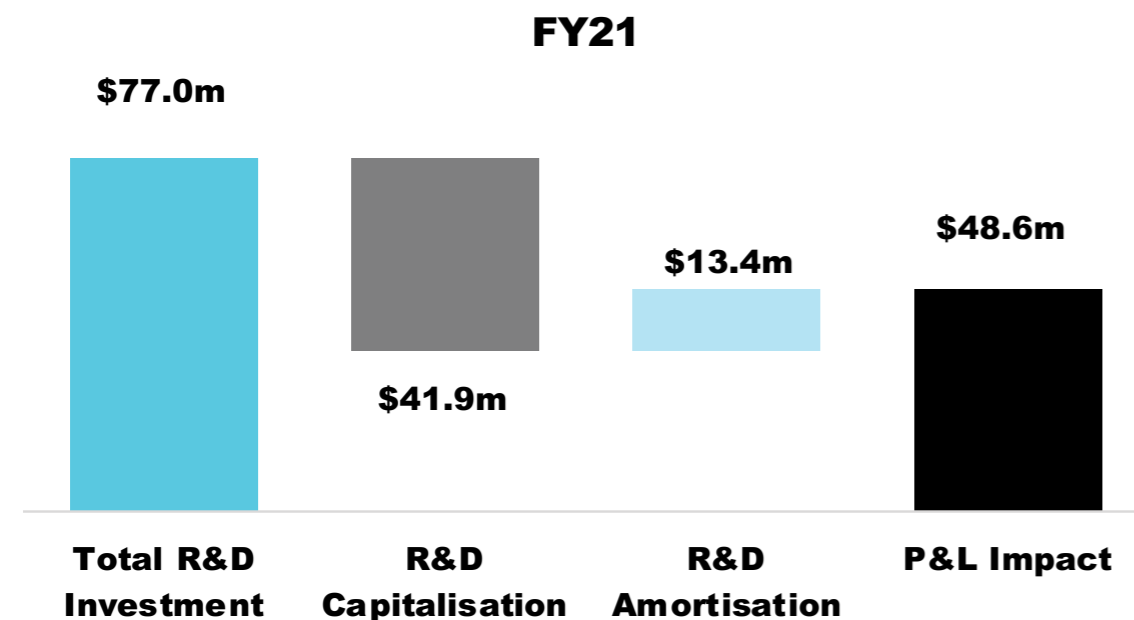
- The expected range of capitalisation is 50-55%
- Five year amortisation period

If we vary from this we will provided detailed reasons.



**FY22**  
\$92.2m  
(\$50.1m)  
\$23.4m  
\$65.5m

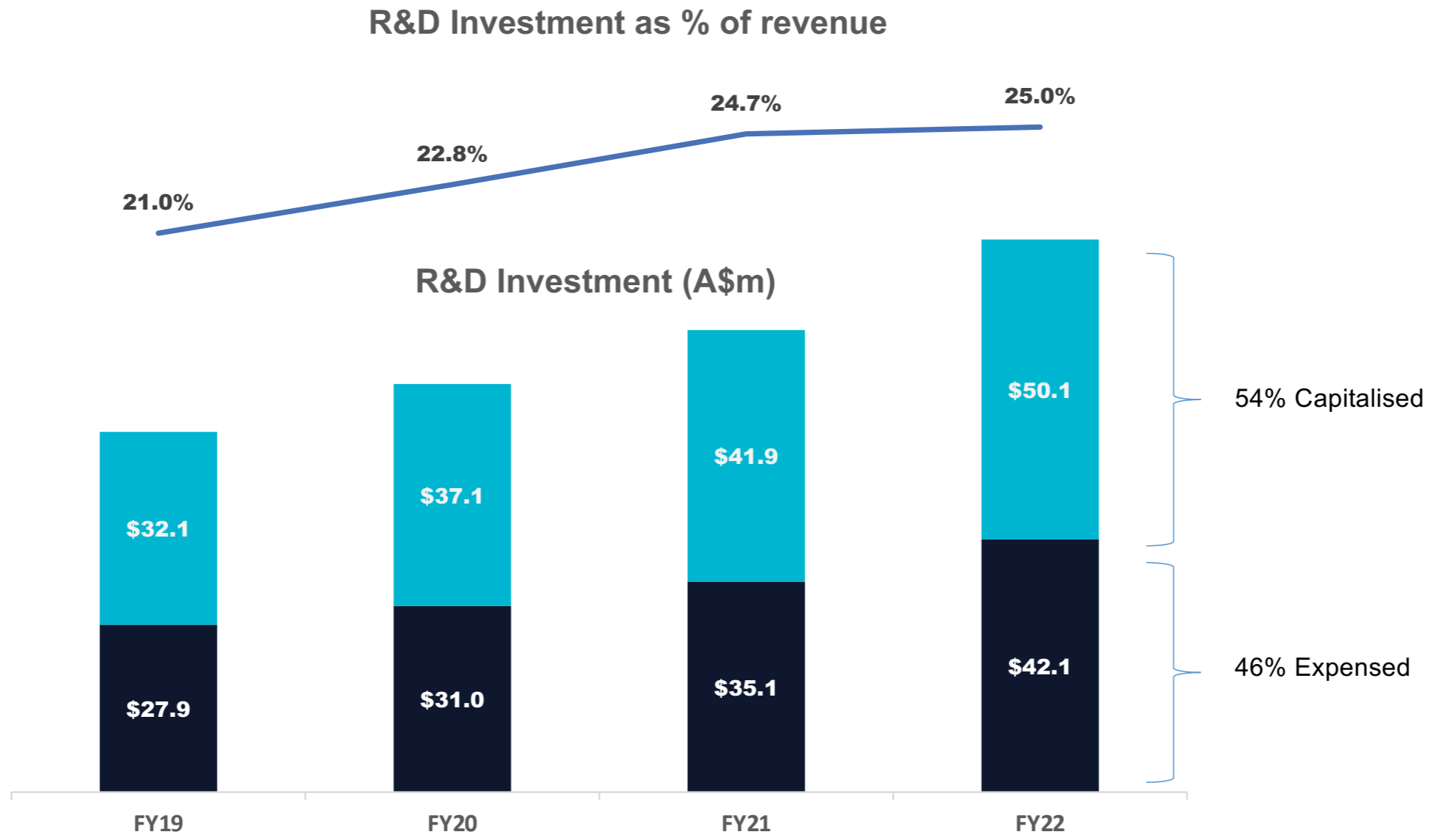
R&D investment before capitalisation, (up 19.6%)  
54% capitalised, in line with expectations  
Amortisation, up 74% on pcp  
**Net expense through P&L, up 35% (\$16.8m) on pcp**



**FY21**  
\$77.0m  
(\$41.9m)  
\$13.4m  
\$48.6m

R&D investment before capitalisation  
54% capitalised  
Amortisation commenced in H2 FY19  
**Net expense through P&L**

# Appendix B: R&D Disciplined & Transparent



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# Appendix B:

## R&D Disciplined & Transparent

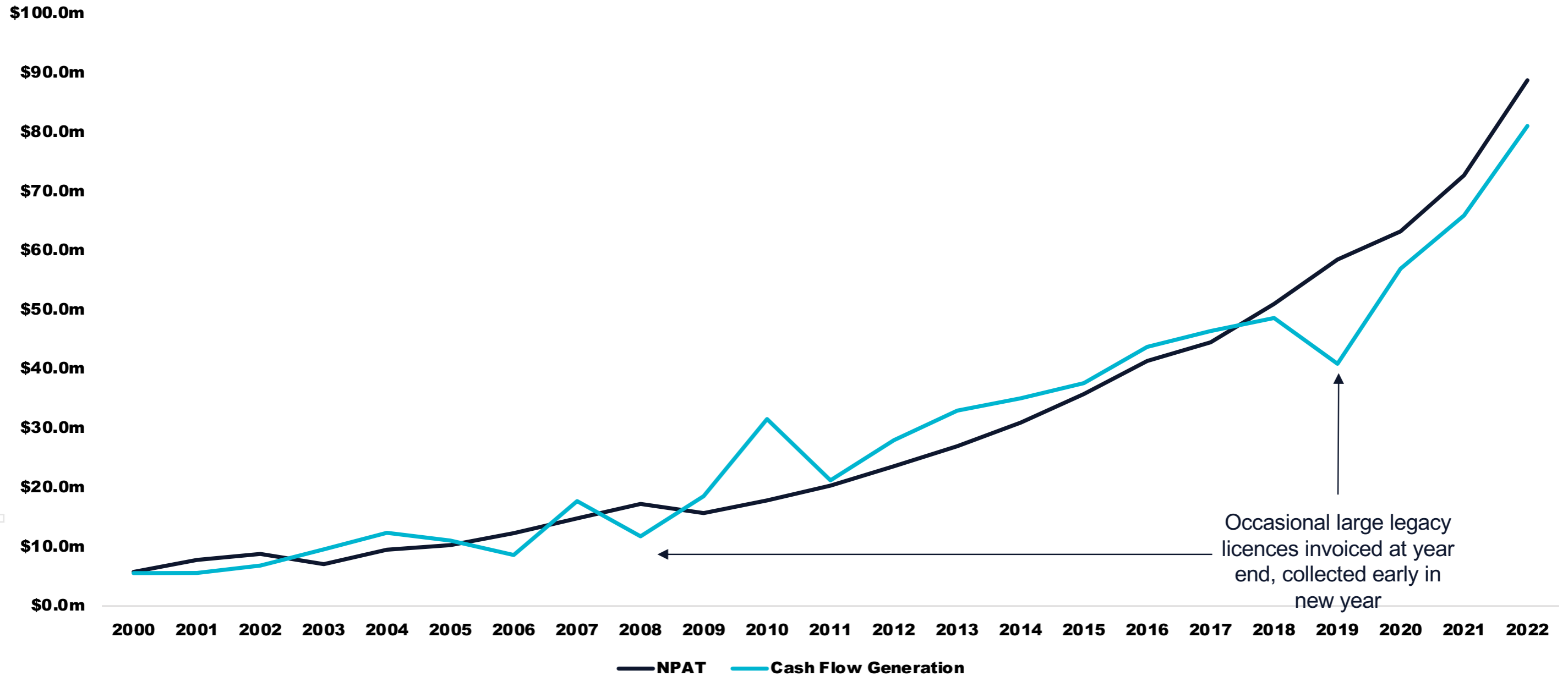
	<b>R&amp;D Investment</b> (\$'000)	<b>Software Development - Capitalised</b> (\$'000)	<b>Percent Capitalised</b> %	<b>Amortisation Expense</b> (\$'000)	<b>Amortisation Period</b> Years	<b>Net Expense through P&amp;L</b> (\$'000)
<b>FY19</b>	60,083	32,145	53.5%	555	5	28,493
<b>FY20</b>	68,102	37,069	54.4%	6,103	5	37,136
<b>FY21</b>	77,005	41,858	54.4%	13,429	5	48,576
<b>FY22</b>	92,197	50,060	54.3%	23,400	5	65,537
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>%</b>	<b>(\$'000)</b>	<b>Years</b>	<b>(\$'000)</b>
<b>H1 FY22</b>	41,494	22,062	53.2%	10,693	5	30,127
<b>H2 FY22</b>	50,703	27,998	55.2%	12,707	5	35,410



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# Appendix C: Long history of strong cash flow generation

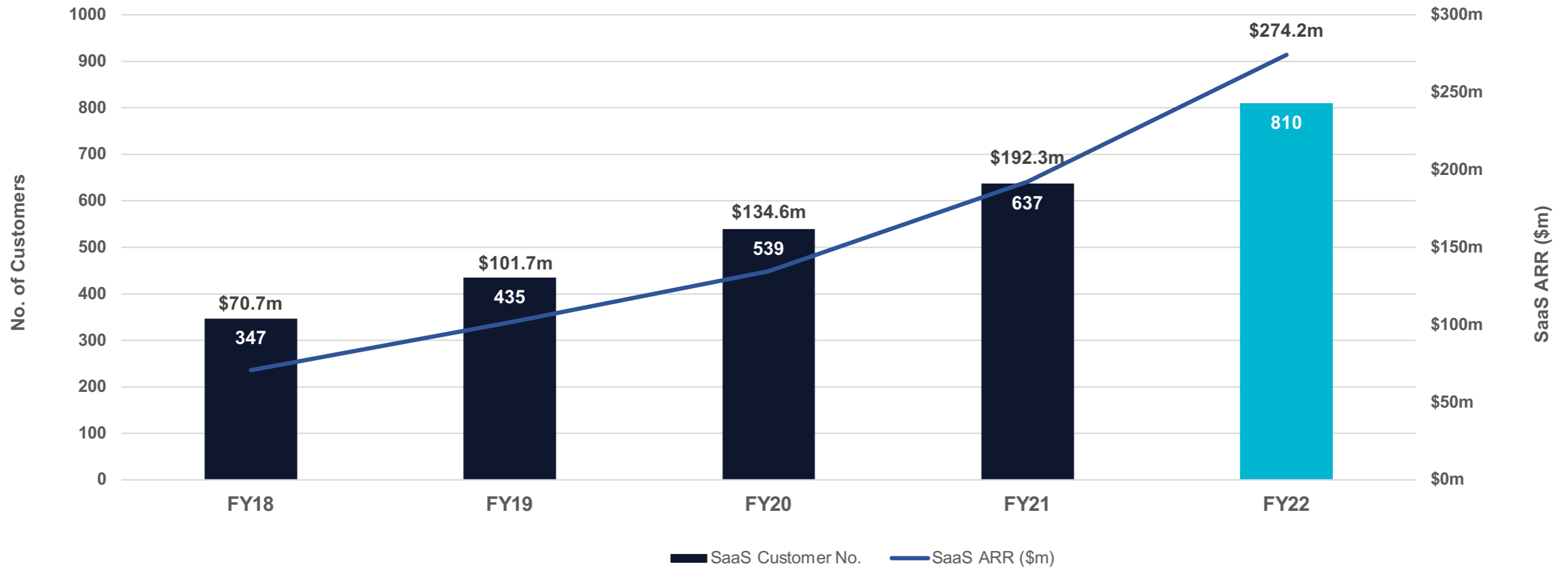
**Cash Flow Generation<sup>2</sup> will continue to grow as NPAT<sup>1</sup> grows**



<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

# Appendix D: SaaS Customers and SaaS ARR



	FY18	FY19	FY20	FY21	FY22
<b>YoY SaaS ARR Growth</b>	40%	44%	32%	43%	43%
<b>SaaS ARR per Customer (\$m)</b>	\$0.20m	\$0.23m	\$0.25m	\$0.30m	\$0.34m

# Appendix E: FY22 Expenses Impacted by Scientia acquisition

Synergies delivered in FY22 will reduce Scientia expenses in FY23

	TechOne (excl Scientia)		Scientia	TechOne (incl Scientia)	
	FY22	PCP %	FY22	FY22	PCP %
<b>Revenue - SaaS and continuing business</b>	<b>343,482</b>	<b>17%</b>	<b>15,186</b>	<b>358,668</b>	<b>22%</b>
SaaS fees recognised	216,370	43%	442	216,812	44%
Annual licence fees	58,394	(25%)	10,792	69,186	(11%)
Consulting	68,718	7%	3,952	72,670	13%
<b>Revenue - Legacy licence business</b>	<b>9,566</b>	<b>(46%)</b>	<b>-</b>	<b>9,566</b>	<b>(46%)</b>
Legacy (initial) licence fees	8,531	(49%)	-	8,531	(49%)
Associated annual licence fees	1,035	6%	-	1,035	6%
Other Revenue	1,036	45%	121	1,157	61%
<b>Total Revenue</b>	<b>354,084</b>	<b>13%</b>	<b>15,307</b>	<b>369,391</b>	<b>18%</b>
<b>Total Expenses</b>	<b>242,546</b>	<b>13%</b>	<b>14,525</b>	<b>257,071</b>	<b>20%</b>
Variable costs (inc capitalisation)	56,659	18%	367	57,026	18%
Operating costs (inc capitalisation)	185,887	12%	14,158	200,045	21%
<b>Profit before tax</b>	<b>111,538</b>	<b>14%</b>	<b>782</b>	<b>112,320</b>	<b>15%</b>
<i>Profit before tax margin</i>	32%		5%	30%	
	23,306	(7%)	172*	23,478	(7%)
<b>Profit after tax</b>	<b>88,233</b>	<b>21%</b>	<b>610</b>	<b>88,843</b>	<b>22%</b>

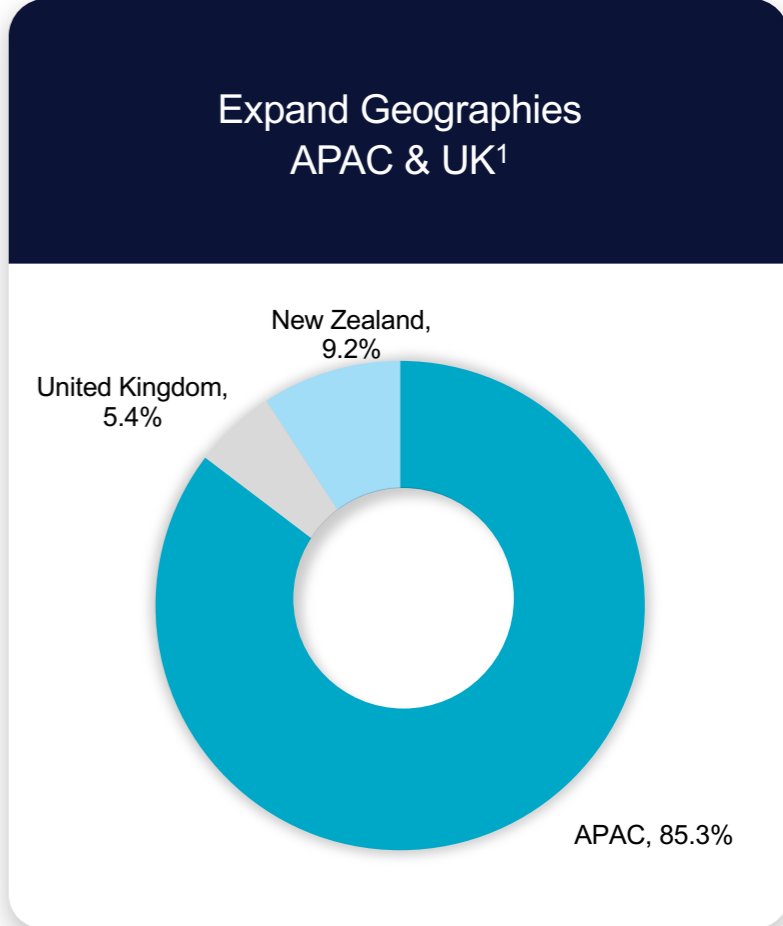
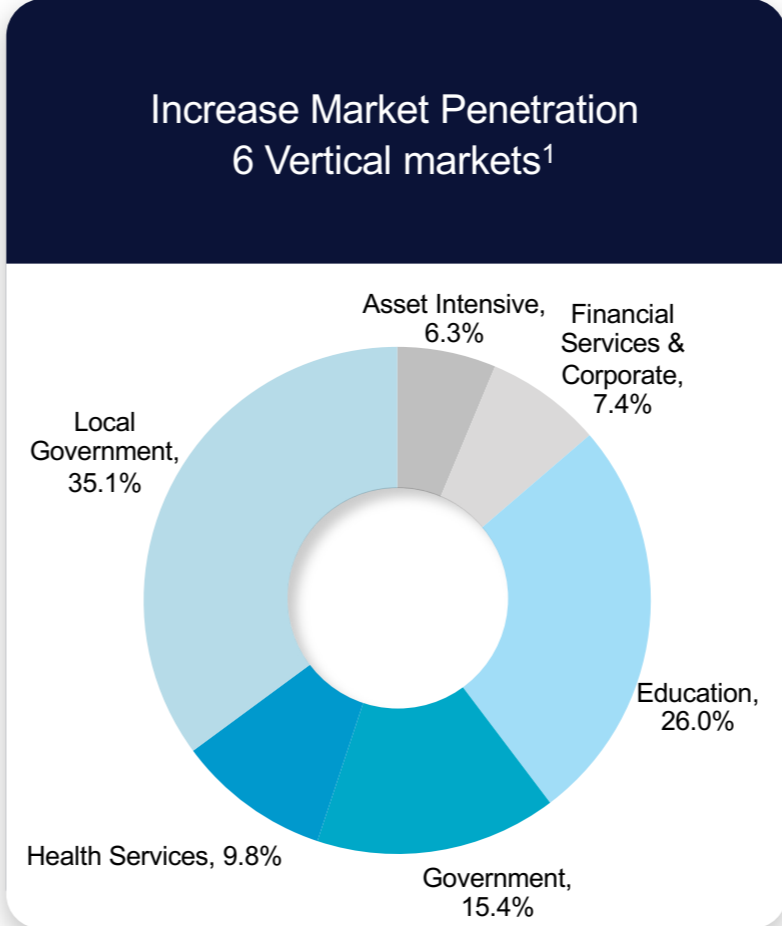
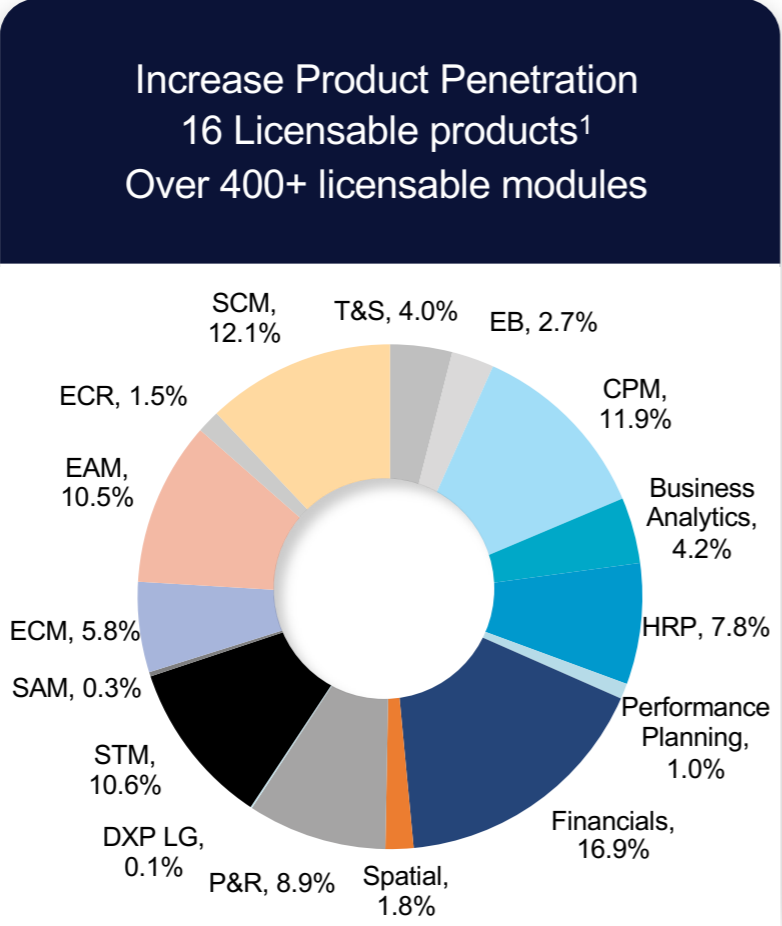
\* Based on an estimated tax rate of 22%

# Appendix F: Drivers for long term growth

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Diversified revenue streams

Strong, very loyal customer base



- PROVIDES MISSION CRITICAL SOLUTION – 'STICKY CUSTOMER BASE'
- 99%+ CUSTOMER RETENTION RATE
- 90%+ OF OUR REVENUE IS NOW RECURRING<sup>2</sup>
- TECHNOLOGYONE GLOBAL SAAS ERP SOLUTION

<sup>1</sup> Based on total ARR  
<sup>2</sup> Total Revenue less consulting

# Appendix G: Glossary

<b>Annual Licence ARR</b>	Annual Recurring Revenue relating to annual licence fees for On-premise customers
<b>APAC</b>	Asia Pacific - Includes Australia, New Zealand, Malaysia and the South Pacific
<b>ARR</b>	Annual Recurring Revenue
<b>Cash Flow Generation</b>	Cash flow from Operating Cash Flow less capitalised development costs, capitalised commission costs and lease payments
<b>Churn</b>	Lost customers
<b>CPS</b>	Cents per share
<b>DXP</b>	Digital Experience Platform
<b>EBIT</b>	Earnings before interest and taxes
<b>EBITDA</b>	Earnings before interest, taxes, depreciation, and amortisation
<b>EBITDAR</b>	Earnings before interest, taxes, depreciation, amortisation, and research and development costs
<b>EPS</b>	Earnings per share
<b>Legacy Licence Fees</b>	On-premise licence fees / Perpetual licence fees
<b>LG DXP</b>	Local Government Digital Experience Platform
<b>NPAT</b>	Net Profit After Tax
<b>NRR</b>	Net Revenue Retention
<b>PBT</b>	Profit Before Tax
<b>PCP</b>	Prior Corresponding Period
<b>R&amp;D</b>	Research & Development
<b>ROE</b>	Return on Equity
<b>SaaS ARR</b>	Annual Recurring Revenue relating to customers on SaaS

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