

# 2023 Half Year Results

Ended 31 March 2023

**technologyone**  
Transforming business, making life simple



23 May 2023  
Commercial in confidence

## **Disclosure Statement**

### **TechnologyOne Ltd Half Year Presentation – 23 May 2023**

TechnologyOne Ltd (ASX: TNE) today conducted a series of presentations relating to its 2023 Half 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 comparative Balance Sheet for March FY22 has been updated to include finalised balances for the acquisition of Scientia.



# Agenda.

- Highlights
- Financial Results
- Significant Achievements
- Outlook for Full Year
- Long Term Outlook

# Clear Strategy



## ERP software – Mission critical products

In 2008, we had 11 products, in 2023, 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



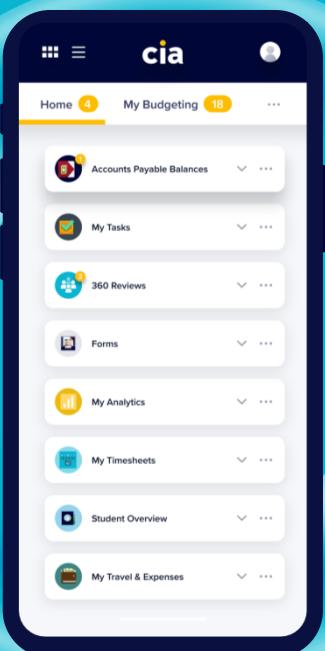
## Power of one – One Vendor, One Experience

Solution as a Service



## Innovation Driven Company

Leveraging new and emerging technology in each generation of product

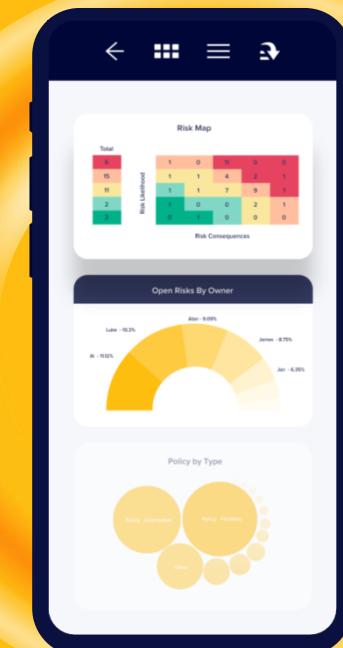


**SaaS ARR  
growth of  
40%**

**Record SaaS ARR  
\$316.3m**

**Total ARR  
Growth of 22%**

**Record Total ARR  
\$350.6m**



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

**Net Profit  
Before Tax  
Growth of 24%**

**Record Net  
Profit before tax  
\$52.7m**



**SaaS is the foundation of  
our growth**

**Outlook for  
FY23 is strong**

**Discussed later in more detail**

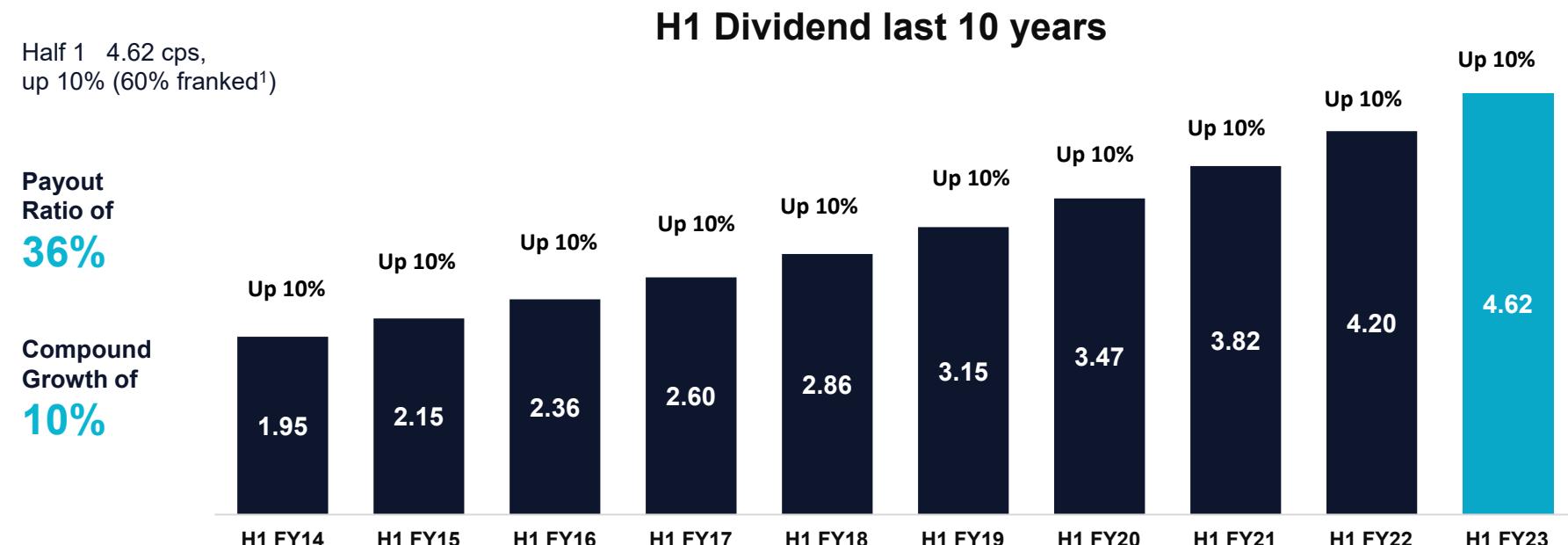


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## Interim Dividend up 10%

**Confidence in the outlook  
Retaining significant fire power to invest in growth**



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

# H1 Results Summary

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

|  | H1 FY23<br>\$'000 | H1 FY22<br>\$'000 | VAR<br>\$'000  | VAR<br>%     |   |
|--|-------------------|-------------------|----------------|--------------|---|
| ► Revenue – SaaS & Continuing Business               | <b>200,037</b>    | <b>169,480</b>    | <b>30,557</b>  | <b>18%</b>   | In line with expectations   |
| SaaS Fees Recognised <sup>1</sup>                    | 145,005           | 96,249            | 48,756         | 51%          | Our SaaS business continues to grow strongly  |
| Annual Licence Fees <sup>1</sup>                     | 21,284            | 39,084            | (17,800)       | (46%)        | As expected, our strategy to move customers from On-premise to SaaS   |
| Consulting Services                                  | 33,748            | 34,148            | (400)          | (1%)         | Refer Appendix A  |
| <b>Revenue - Legacy Licence Business</b>             | <b>968</b>        | <b>2,515</b>      | <b>(1,547)</b> | <b>(61%)</b> | We accelerated reduction in legacy licence fees (lower quality revenue)   |
| Legacy Licence Fees                                  | 895               | 2,433             | (1,538)        | (63%)        |   |
| Associated Annual Licence Fees <sup>1</sup>          | 73                | 82                | (9)            | (11%)        |   |
| Other Revenue  | 9,297             | 459               | 8,838          | 100%+        | \$7.4m relates to the reversal of contingent consideration (earnout). Refer to Appendix F                           |
| ► Total Revenue                                      | <b>210,302</b>    | <b>172,454</b>    | <b>37,848</b>  | <b>22%</b>   | Exceeded ARR targets (highest quality revenue) enabling us to drive legacy licence fees down faster (lower quality) |
| Variable Costs (excl capitalisation)                 | 37,110            | 28,296            | 8,814          | 31%          |   |
| Capitalised Costs - Commission (net of amortisation) | (3,126)           | (1,633)           | (1,493)        | 91%          | As required by AASB15   |
| Operating Costs (excl capitalisation)                | 133,194           | 114,590           | 18,604         | 16%          | \$6.8m due to the derecognition of acquired intangible assets Refer to Appendix F                                   |
| Capitalised Costs - Development                      | (9,624)           | (11,369)          | 1,745          | (15%)        |   |
| Capitalisation                                       | (25,701)          | (22,062)          | (3,639)        | 16%          |   |
| Amortisation   | 16,077            | 10,693            | 5,384          | 50%          |   |
| <b>Total Expenses</b>                                | <b>157,555</b>    | <b>129,884</b>    | <b>27,671</b>  | <b>21%</b>   | In line with expectations   |
| ► Profit Before Tax                                  | <b>52,747</b>     | <b>42,570</b>     | <b>10,177</b>  | <b>24%</b>   | In line with expectations   |
| Profit Before Tax Margin                             | 25.1%             | 24.7%             |                |              |   |
| <b>Profit After Tax</b>                              | <b>41,281</b>     | <b>33,191</b>     | <b>8,090</b>   | <b>24%</b>   | In line with expectations, reflects new R&D tax incentives  |
| <b>Other</b>   |                   |                   |                |              |   |
| Cash Flow Generation <sup>2</sup>                    | 1,329             | 1,579             | (250)          | (16%)        | As expected, with strong Cash Flow Generation by year end   |
| Cash and Cash Equivalents                            | 139,130           | 116,368           | 22,762         | 20%          |   |
| ARR Recognised <sup>1</sup>                          | 166,363           | 135,414           | 30,949         | 23%          | ARR Recognised includes SaaS Fees & On-Premise Licence Fees   |
| <b>Total Annual Recurring Revenue (ARR)</b>          | <b>350,571</b>    | <b>288,476</b>    | <b>62,095</b>  | <b>22%</b>   |   |
| ► SaaS ARR   | <b>316,254</b>    | <b>225,096</b>    | <b>91,158</b>  | <b>40%</b>   | Our SaaS business continues to grow strongly  |
| Annual Licence ARR                                   | 34,316            | 63,380            | (29,064)       | (46%)        | Expected as customers move from On-premise to SaaS  |

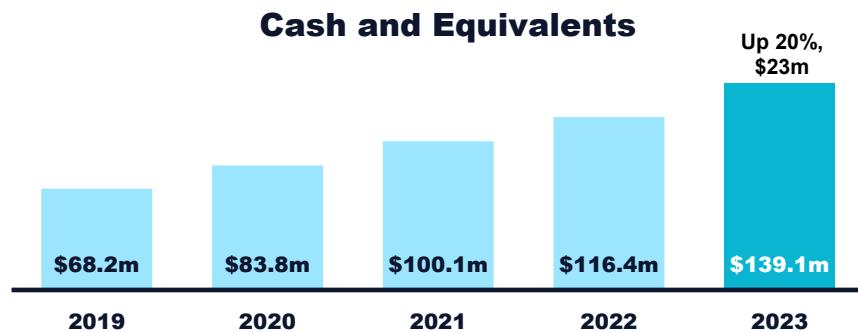
<sup>1</sup>ARR Recognised includes SaaS Fees recognised & Annual Licence Fees

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

## Balance Sheet Strong

### Cash & Equivalents \$139.1m, up 20%

- Net Cash: 43.0 cps vs 36.0 cps, up 19%
- Net Assets: \$253.5m vs \$198.3m, up \$55.2m, up 28%
- We have no debt



<sup>1</sup> Increase expected as more customers move to SaaS.

<sup>2</sup> Increase relates to new deals signed late in the period.

<sup>3</sup> Increase in line with strong SaaS ARR growth.

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

<sup>5</sup> Increase relates to invoices from creditors (notably office fit-out) received late in the quarter.

<sup>6</sup> Reduction relates to reversal of contingent consideration payable (refer to appendix F).

<sup>7</sup> This represents cash received/receivable in advance of revenue recognition for SaaS fees and annual licence fees.

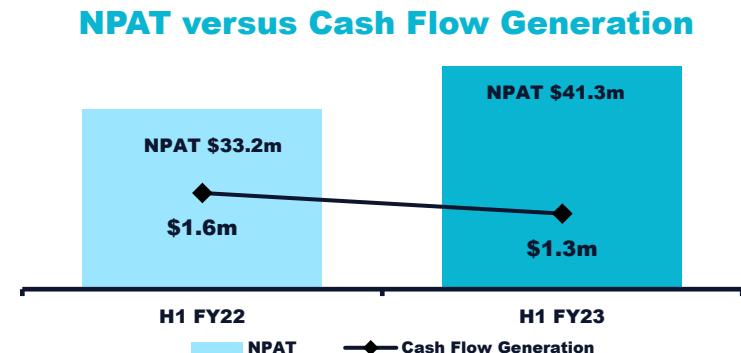
|  | Mar-23<br>\$'000 | Mar-22<br>\$'000 | Var<br>\$'000  | Var<br>%     |
|--|------------------|------------------|----------------|--------------|
| Cash & cash equivalents                  | 139,130          | 116,368          | 22,762         | 20%          |
| Prepaid expenses <sup>1</sup>            | 24,106           | 15,975           | 8,131          | 51%          |
| Trade and other receivables <sup>2</sup> | 46,793           | 33,570           | 13,223         | 39%          |
| Contract assets                          | 24,040           | 24,392           | (352)          | (1%)         |
| Other current assets                     | 2,017            | 213              | 1,804          | 100%+        |
| Current tax assets                       | 6,922            | 4,233            | 2,689          | 64%          |
| Contract acquisition costs <sup>3</sup>  | 7,399            | 5,285            | 2,114          | 40%          |
| <b>Current assets</b>                    | <b>250,407</b>   | <b>200,036</b>   | <b>50,371</b>  | <b>25%</b>   |
| Property, plant and equipment            | 10,080           | 7,599            | 2,481          | 33%          |
| Right-of-use assets                      | 23,640           | 21,268           | 2,372          | 11%          |
| Intangible assets                        | 59,105           | 59,721           | (616)          | (1%)         |
| Capitalised development <sup>4</sup>     | 131,475          | 111,757          | 19,718         | 18%          |
| Deferred tax assets                      | 9,264            | 18,035           | (8,771)        | (49%)        |
| Contract assets                          | 4,613            | 3,137            | 1,476          | 47%          |
| Contract acquisition costs <sup>3</sup>  | 16,296           | 10,920           | 5,376          | 49%          |
| <b>Non-current assets</b>                | <b>254,473</b>   | <b>232,437</b>   | <b>22,036</b>  | <b>9%</b>    |
| <b>Total Assets</b>                      | <b>504,880</b>   | <b>432,473</b>   | <b>72,407</b>  | <b>17%</b>   |
| Trade and other payables <sup>5</sup>    | 41,409           | 30,778           | 10,631         | 35%          |
| Provisions                               | 21,039           | 16,384           | 4,655          | 28%          |
| Contingent consideration <sup>6</sup>    | -                | 7,118            | (7,118)        | (100%)+      |
| Deferred revenue <sup>7</sup>            | 151,396          | 138,358          | 13,038         | 9%           |
| Lease liability                          | 8,146            | 6,842            | 1,304          | 19%          |
| <b>Current liabilities</b>               | <b>221,990</b>   | <b>199,480</b>   | <b>22,510</b>  | <b>11%</b>   |
| Provisions                               | 2,433            | 7,318            | (4,885)        | (67%)        |
| Other non-current liabilities            | 81               | 105              | (24)           | (23%)        |
| Lease liability                          | 26,918           | 27,279           | (361)          | (1%)         |
| <b>Non-current liabilities</b>           | <b>29,432</b>    | <b>34,702</b>    | <b>(5,270)</b> | <b>(15%)</b> |
| <b>Total Liabilities</b>                 | <b>251,422</b>   | <b>234,182</b>   | <b>17,240</b>  | <b>7%</b>    |
| <b>Net Assets</b>                        | <b>253,458</b>   | <b>198,291</b>   | <b>55,167</b>  | <b>28%</b>   |
| Issued capital                           | 64,918           | 57,203           | 7,715          | 13%          |
| Other Reserves                           | 62,822           | 55,567           | 7,255          | 13%          |
| Retained Earnings                        | 125,718          | 85,521           | 40,197         | 47%          |
| <b>Equity</b>                            | <b>253,458</b>   | <b>198,291</b>   | <b>55,167</b>  | <b>28%</b>   |

# Cash Flow

## Cash Flow Generation will be strong for full year

### H1 Cash Flow Generation of \$1.3m, lineball

- ✓ CFG is weighted to the second half
- ✓ CFG to NPAT Ratio in H1 as expected and not indicative of the full year
- ✓ Cash Flow Generation will progressively grow to match NPAT again from FY24 onwards



<sup>1</sup>The increase is due to the capitalisation of development assets and contract acquisition costs.

<sup>2</sup> Decrease in FY23 Trade and other receivables impacted by new deals signed late in the period.

<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> Decrease due to timing of creditors and office fit-out costs.

<sup>6</sup> Includes interest expense related to lease liabilities recognised under AASB16 Leases offset by higher interest revenue on cash balances.

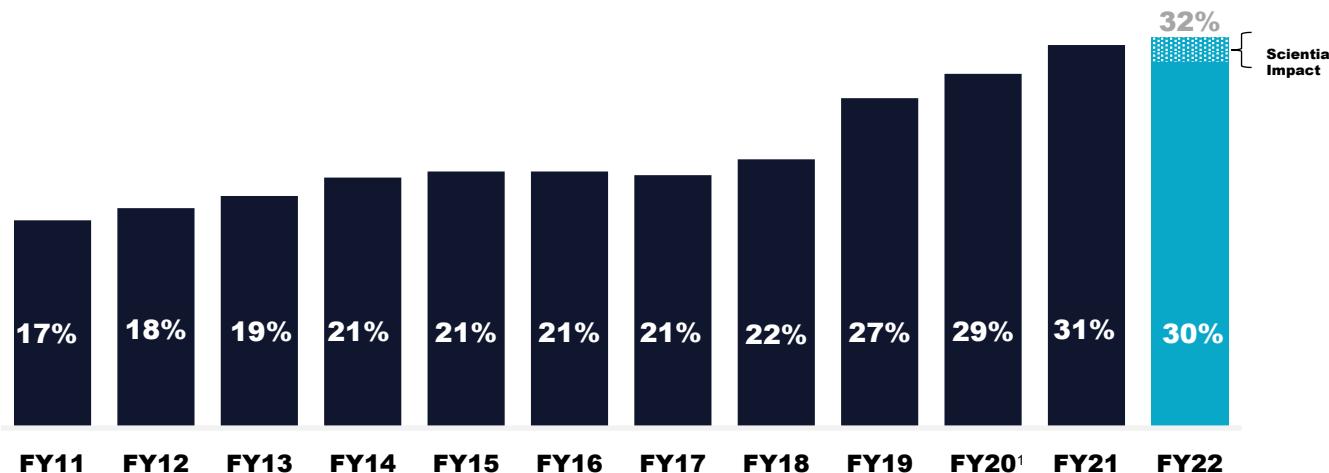
<sup>7</sup> Payments for leases recognised under AASB16 Leases. Cash rent for HQ abatement ended April 2022.

|   | H1 FY23         | H1 FY22         | Var            | Var            |
|---|-----------------|-----------------|----------------|----------------|
|   | \$'000          | \$'000          | \$'000         | %              |
| <b>Profit Before Tax</b>  | 52,747          | 42,570          | 10,177         | 24%            |
| Depreciation & Amortisation <sup>1</sup>                          | 25,480          | 17,870          | 7,610          | 43%            |
| Share based payments and other non-cash items                     | 2,378           | 2,564           | (186)          | (7%)           |
| <b>Changes in working capital:</b>                                |                 |                 |                |                |
| (Increase) / Decrease in Trade and other Receivables <sup>2</sup> | 10,474          | 17,637          | (7,163)        | (41%)          |
| (Increase) / Decrease in Contract assets <sup>3</sup>             | (2,233)         | (1,722)         | (511)          | (30%)          |
| (Increase) / Decrease in Prepaid Expenses                         | (3,727)         | (2,545)         | (1,182)        | (46%)          |
| Increase / (Decrease) in Deferred Revenue <sup>4</sup>            | (32,612)        | (25,207)        | (7,405)        | (29%)          |
| Increase / (Decrease) in Payables <sup>5</sup>                    | (7,193)         | (14,568)        | 7,375          | 51%            |
| Increase / (Decrease) in Staff Entitlements                       | 260             | (292)           | 552            | 100%+          |
| Net Interest Received <sup>6</sup>                                | 584             | (718)           | 1,302          | 100%+          |
| Income Taxes Paid   | (7,294)         | (7,270)         | (24)           | (0%)           |
| Other   | (1,417)         | 25              | (1,442)        | (100%+)        |
| <b>Operating Cash Flow</b>  | <b>37,447</b>   | <b>28,344</b>   | <b>9,103</b>   | <b>32%</b>     |
| Capitalised development costs                                     | (25,701)        | (22,062)        | (3,639)        | (16%)          |
| Capitalised commission costs                                      | (6,703)         | (4,355)         | (2,348)        | (54%)          |
| Payments of lease liabilities <sup>7</sup>                        | (3,714)         | (348)           | (3,366)        | (100%+)        |
| <b>Cash Flow Generation</b>                                       | <b>1,329</b>    | <b>1,579</b>    | <b>(250)</b>   | <b>(16%)</b>   |
| Payments for property, plant & equipment                          | (2,946)         | (1,507)         | (1,439)        | (95%)          |
| Payments for other intangible assets                              | (775)           | (911)           | 136            | 15%            |
| <b>Free Cash Flow</b>   | <b>(2,392)</b>  | <b>(840)</b>    | <b>(1,552)</b> | <b>(100%+)</b> |
| Proceeds from shares issued                                       | 7,267           | 5,488           | 1,779          | 32%            |
| Dividends paid  | (41,610)        | (32,492)        | (9,118)        | (28%)          |
| Net cash flow from financing activities                           | (34,343)        | (27,004)        | (7,339)        | (27%)          |
| <b>Decrease in Cash &amp; Cash equivalents</b>                    | <b>(36,735)</b> | <b>(27,844)</b> | <b>(8,891)</b> | <b>(32%)</b>   |
| <b>Cash at the beginning of the financial year</b>                | <b>175,865</b>  | <b>144,212</b>  | <b>31,653</b>  | <b>22%</b>     |
| <b>Closing cash</b>   | <b>139,130</b>  | <b>116,368</b>  | <b>22,762</b>  | <b>20%</b>     |

## 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



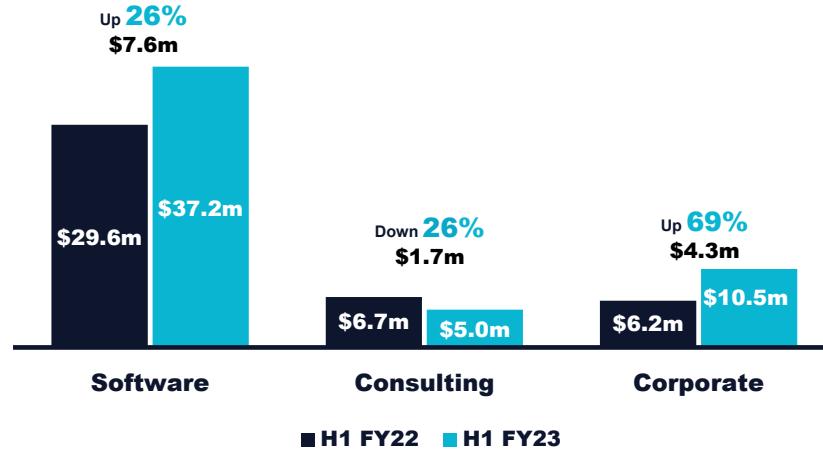
Profit margin excluding Scientia was 32%, compared to 31% PCP  
Group Profit margin was impacted by the Scientia acquisition  
Profit margin to improve to 35% in the next few years

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

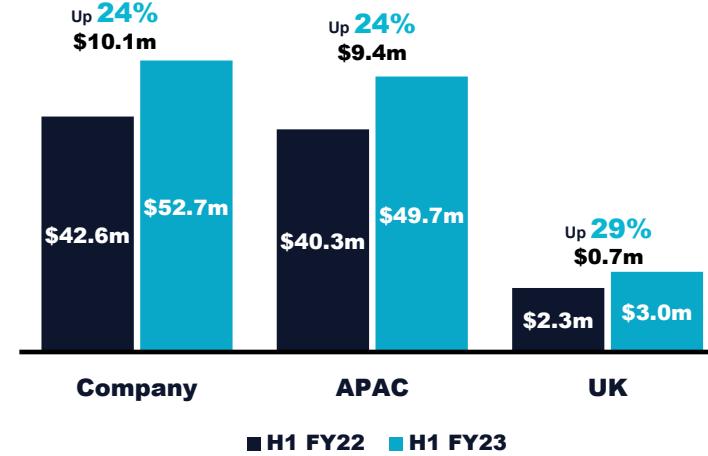
## H1 FY23 Profit by Segment

**Profit Before Tax \$52.7m, up 24% \$10.1m**

### Operating segment analysis



### Geographic segment analysis



**H1 FY23 Profit in line with expectations and not indicative of the Full Year results**

- Software Profit up 26%, driven by strong SaaS growth.
- Consulting Profit down 26% from last year, as expected due to the introduction of SaaS+.
- Corporate Profit up 69%, due to increased royalties generated by strong product sales, plus additional interest revenue received, in line with expectations.

## Results Analysis and Key Metrics, H1 FY23

|   | H1 FY23        | H1 FY22        | Var        |                                   | H1 FY23      | H1 FY22      | Var          |
|---|----------------|----------------|------------|-----------------------------------|--------------|--------------|--------------|
|   | \$'000         | \$'000         | %          |                                   | \$'000       | \$'000       | %            |
| <b>Revenue excl interest<sup>1</sup></b>                        | <b>208,710</b> | <b>172,362</b> | <b>21%</b> | <b>EPS (cents)</b>                | <b>12.73</b> | <b>10.29</b> | <b>24%</b>   |
| <b>Expenses (excl R&amp;D, interest, D &amp; A)<sup>2</sup></b> | <b>107,378</b> | <b>91,775</b>  | <b>17%</b> | <b>Dividend (cents per share)</b> |              |              |              |
| <b>EBITDAR</b>  | <b>101,332</b> | <b>80,587</b>  | <b>26%</b> | Interim dividend                  | 4.62         | 4.20         | <b>10%</b>   |
| EBITDAR Margin  | 49%            | 47%            |            | Dividend Payout Ratio             | 36%          | 41%          |              |
| R&D Expenditure (before capitalisation)                         | 49,388         | 41,494         | 19%        | <b>ROE</b>                        | <b>16%</b>   | <b>16%</b>   |              |
| R&D as % of Total Revenue <sup>3</sup>                          | 24%            | 24%            |            | <b>Balance Sheet</b>              |              |              |              |
| R&D Capitalisation  | 25,701         | 22,062         | 16%        | Net Assets                        | 253,458      | 198,291      | <b>28%</b>   |
| <b>EBITDA</b>   | <b>77,644</b>  | <b>61,158</b>  | <b>27%</b> | Cash & Cash Equivalents           | 139,130      | 116,368      | <b>20%</b>   |
| EBITDA Margin   | 37%            | 35%            |            | Cash Flow Generation <sup>4</sup> | 1,329        | 1,579        | <b>(16%)</b> |
| Depreciation  | 1,369          | 1,279          | 7%         |                                   |              |              |              |
| Amortisation  | 24,111         | 16,591         | 45%        |                                   |              |              |              |
| <b>EBIT</b>   | <b>52,164</b>  | <b>43,288</b>  | <b>21%</b> |                                   |              |              |              |
| Net Interest Income / (Expense)                                 | 584            | (718)          | 100%+      |                                   |              |              |              |
| <b>Profit Before Tax</b>  | <b>52,747</b>  | <b>42,570</b>  | <b>24%</b> |                                   |              |              |              |
| Profit Before Tax Margin  | 25%            | 25%            |            |                                   |              |              |              |
| <b>Profit After Tax</b>   | <b>41,281</b>  | <b>33,191</b>  | <b>24%</b> |                                   |              |              |              |

Full year  
ROE will be ~40%

<sup>1</sup> Revenue includes a gain of \$7.4m due to the reversal of contingent consideration (earnout) related to Scientia

<sup>2</sup> Expenses includes derecognition of acquired intangible assets of \$6.8m related to Scientia

<sup>3</sup> R&D as % of total revenue based on R&D expenditure before capitalisation

<sup>4</sup> Cash Flow Generation is Operating Cash Flow less capitalised development costs, capitalised commission costs and lease payments



# Agenda.

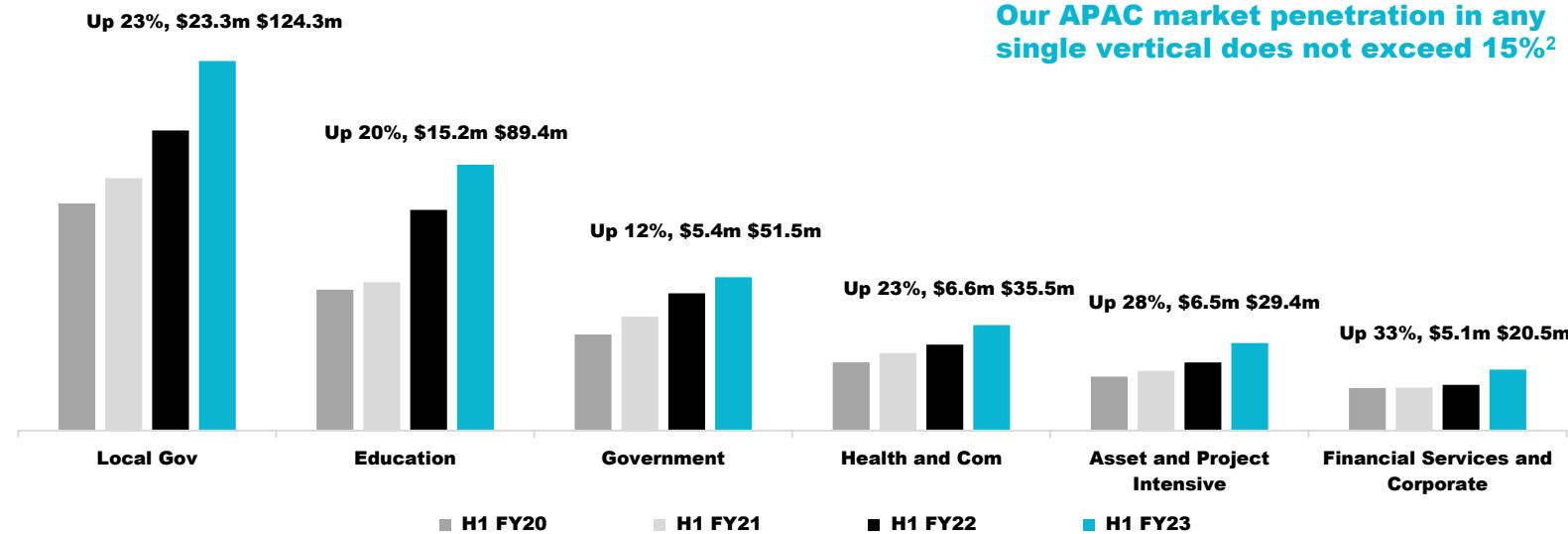
- Highlights
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- Outlook for Full Year
- Long Term Outlook

## All verticals performed strongly

### Significant room to grow in future years

#### Vertical Market Analysis

ARR of \$350.6m<sup>1</sup>, Up 22% | From \$288.5m, H1 FY22



<sup>1</sup> Balance is at 31 March 2023 and growth is for the 12 months from 31 March 2022

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



*"the product  
and SaaS+ is  
"revolutionary" and  
will help us move  
into the  
21<sup>st</sup> century."*



CITY OF  
PARRAMATTA

Opening ARR  
(before the March  
deal)

Current ARR  
(Post March deal)

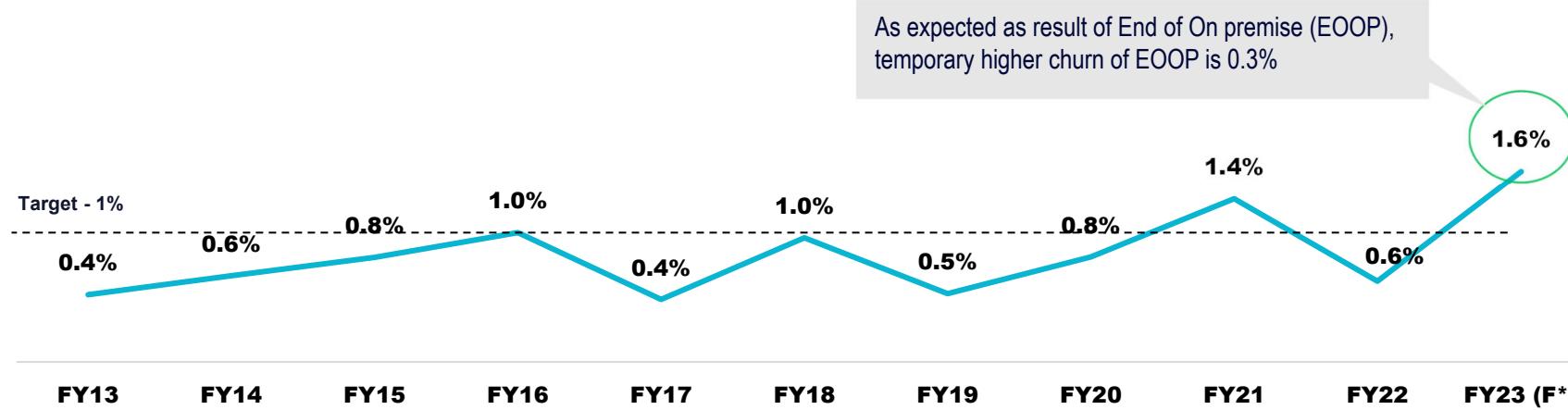
Total



- Asset & Fleet Booking
- Maintenance Scheduling
- eContractorWork
- Physical Asset Register
- Work Billing
- Work Requests
- Work Schedule & Dispatch

## ~99% customer retention

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

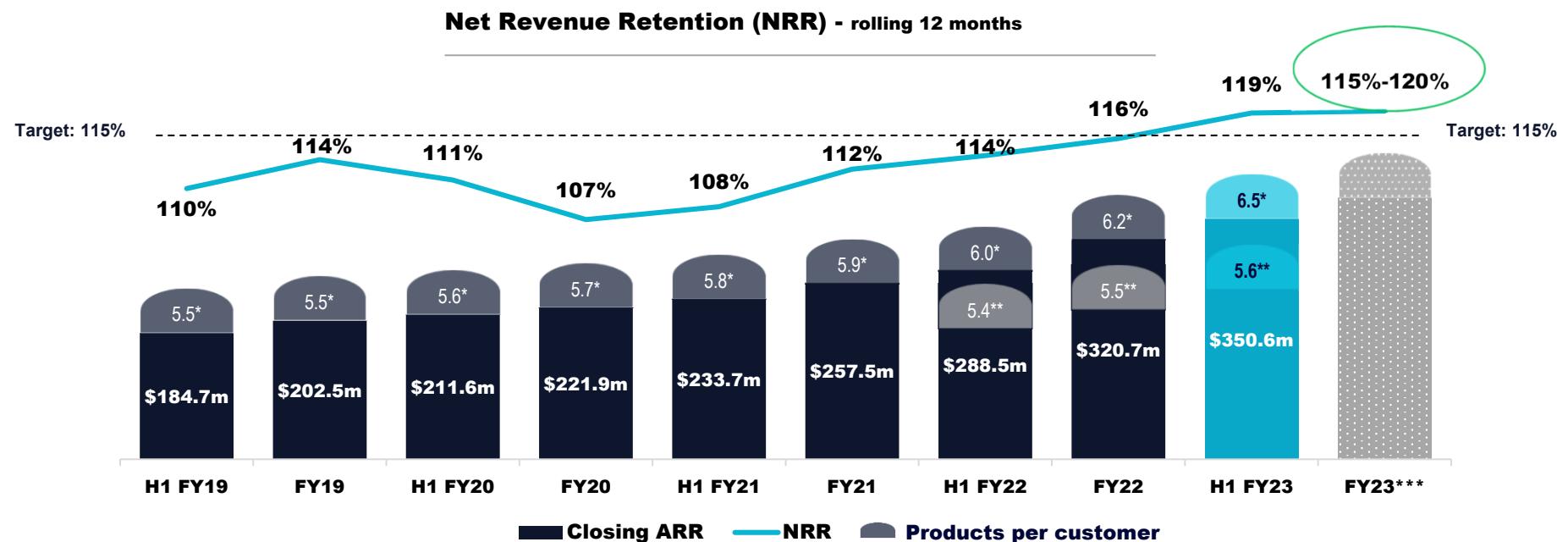


<sup>1</sup> Total ARR = SaaS ARR + On Premise Annual Licence ARR

\* FY23 full year forecast

## Full year Net Revenue Retention is expected to be 115% - 120%

- 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



### 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
- \*\*Product per customer including Timetable and Scheduling
- \*\*\* Estimated FY23 full year

# United Kingdom

## Significant investment for future growth

**UK ARR up 20% to \$21.2m**

**120  
People**

- Sales
- Marketing
- Finance
- Legal
- R&D

**15  
Products**



**157  
Customers**

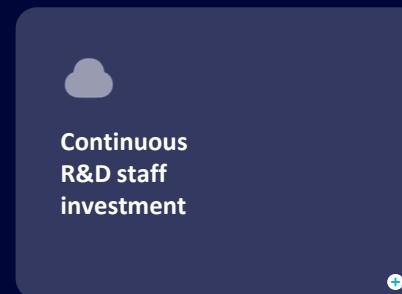
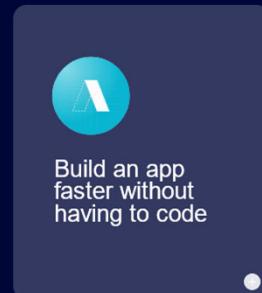
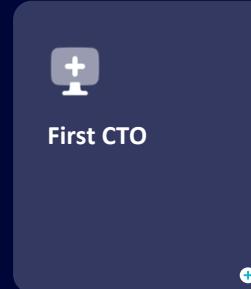
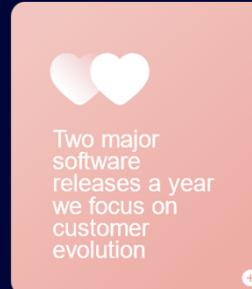


## R&D Significant Investment for future growth

R&D investment of  
**\$49.4m<sup>1</sup>**

**24.0%**  
of Revenue

UP  
 **19.0%**



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

# H1 FY23 Summary



Record H1 profit  
and revenue,  
record SaaS ARR



SaaS ARR  
up 40%  
to \$316.3m



Revenue – SaaS  
& Continuing  
Business up 18%  
to \$200.0m



Profit After Tax  
up 24%  
to \$41.3m



Profit Before  
Tax up 24%  
to \$52.7m



Profit before  
tax margin of  
25%



UK ARR  
up 20%  
to \$21.2m



Cash and Cash  
Equivalents  
up 20%  
to \$139.1m



Surpass \$500m+  
ARR by FY26



Total ARR  
up 22%  
to \$350.6m



NRR of 119%  
v 114% pcp



Cash Flow  
Generation \$1.3m



# Agenda.

- Highlights
- Financial Results
- Significant Achievements
- Outlook for Full Year
- Long Term Outlook



**Outlook for  
2023 Full Year**  
**We expect to see strong  
continuing growth**

**Net Profit Before  
Tax growth of 10%  
to 15%**

## Outlook for FY23

### Strong SaaS ARR growth of ~40%

**Investments in talent, UK growth and new initiatives such as SaaS+ (Solution as a Service)**

**Planned Legacy Licence fee reduction from \$10m to \$2m (\$8m reduction)**

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

We expect to do so again.

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

*"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)*

- 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  
double in  
size every  
5 years**

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



# Agenda.

- Highlights
- Financial Results
- Significant Achievements
- Outlook for Full Year
- Long Term Outlook

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

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

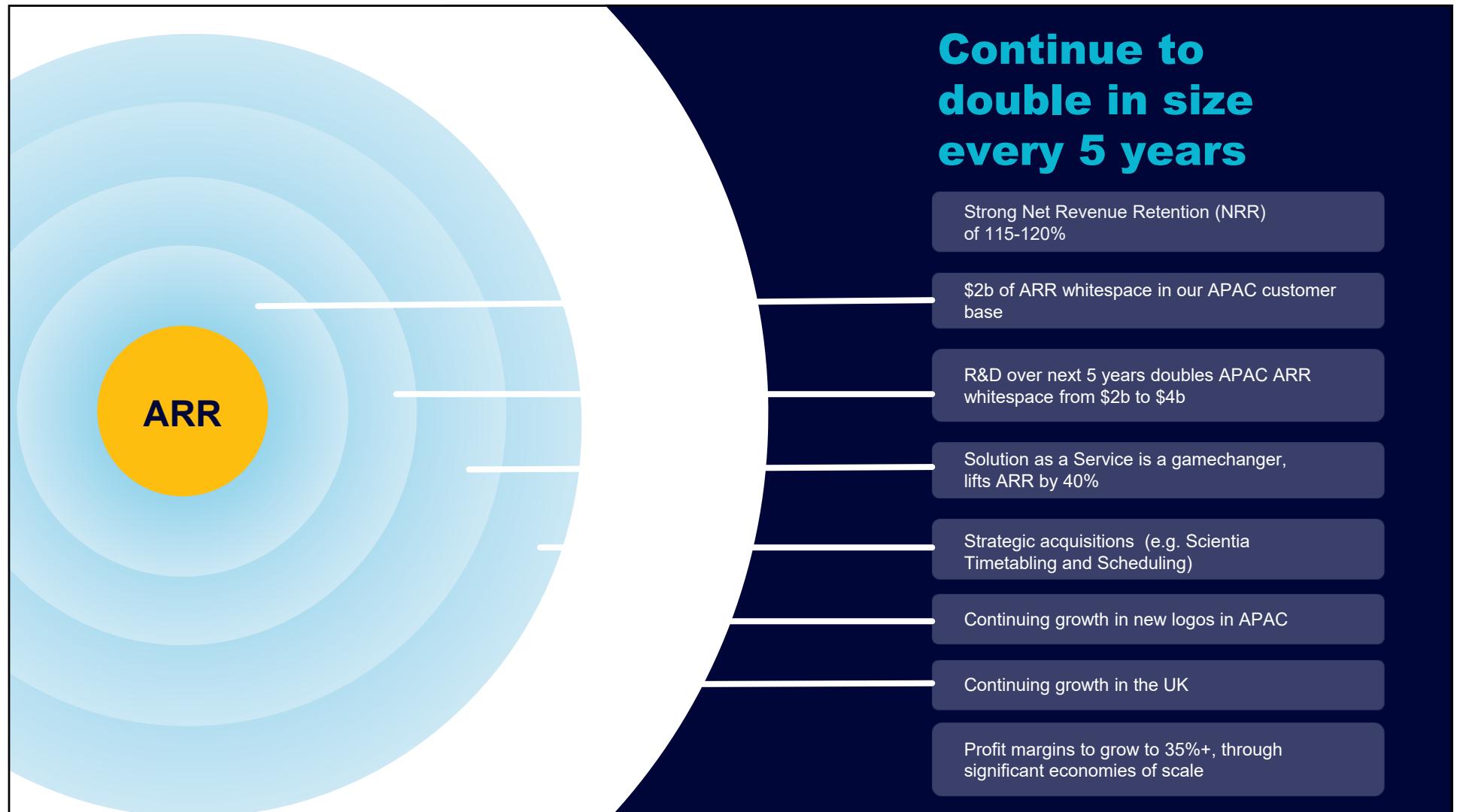
# SaaS+

Solution as a Service



SaaS+ lifts ARR  
by 40%





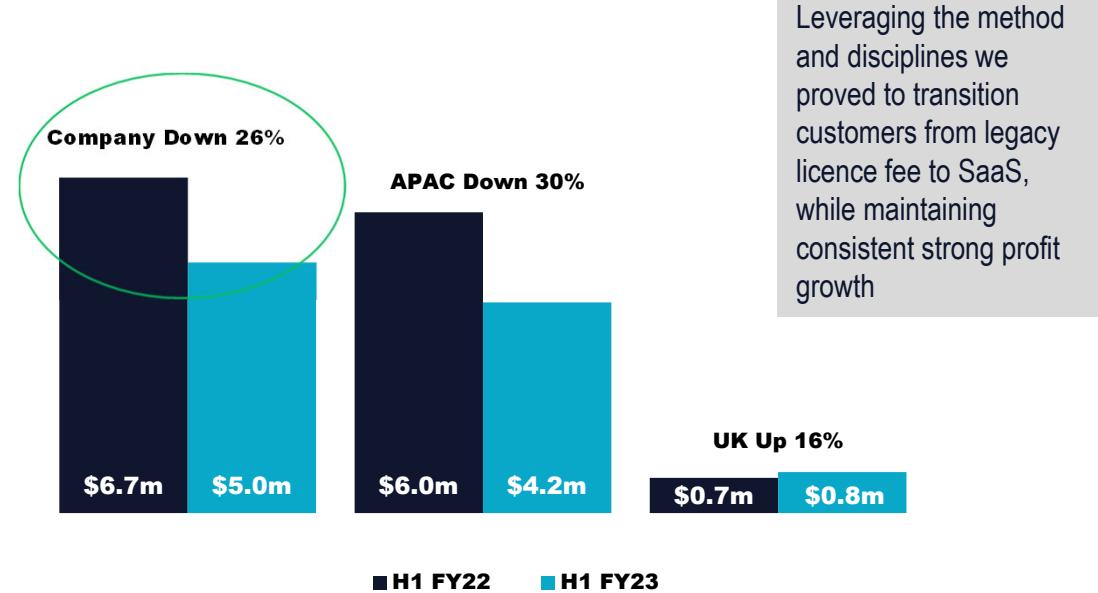
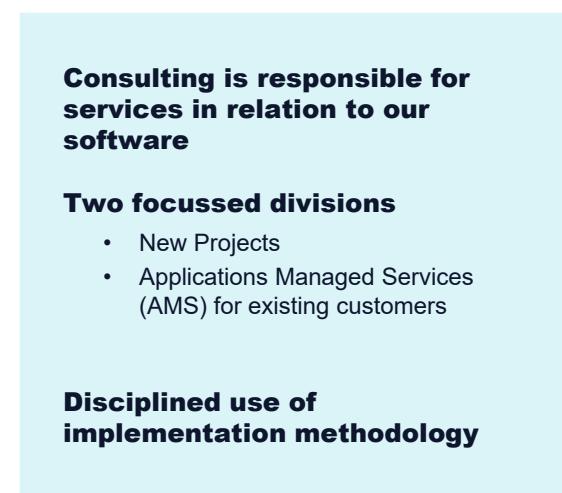
**technologyone**  
transforming business, making life simple

# 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 – Drivers for Long Term Growth
- Appendix F – Scientia Acquisition accounting impacts
- Appendix G – Balance Sheet including Scientia adjustments
- Appendix H – Glossary

## Appendix A: H1 FY23 Consulting Profit of \$5.0m

Profit as planned as we make the careful and strategic transition from traditional consulting to SaaS+

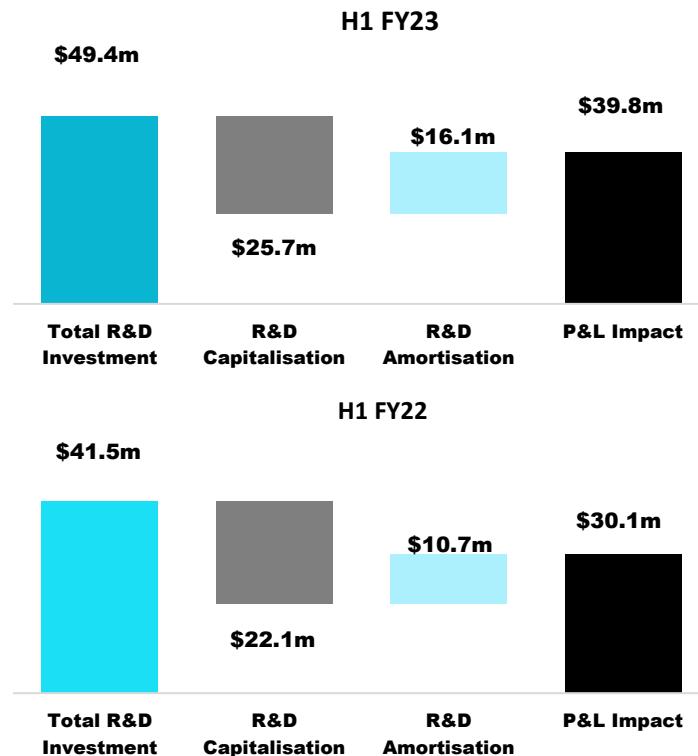


Leveraging the method and disciplines we proved to transition customers from legacy licence fee to SaaS, while maintaining consistent strong profit growth

The AMS business for our existing customers is also moving to recurring revenue. Now have \$24m locked in recurring revenue not included in our total ARR

## 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 provide detailed reasons.

#### H1 FY23

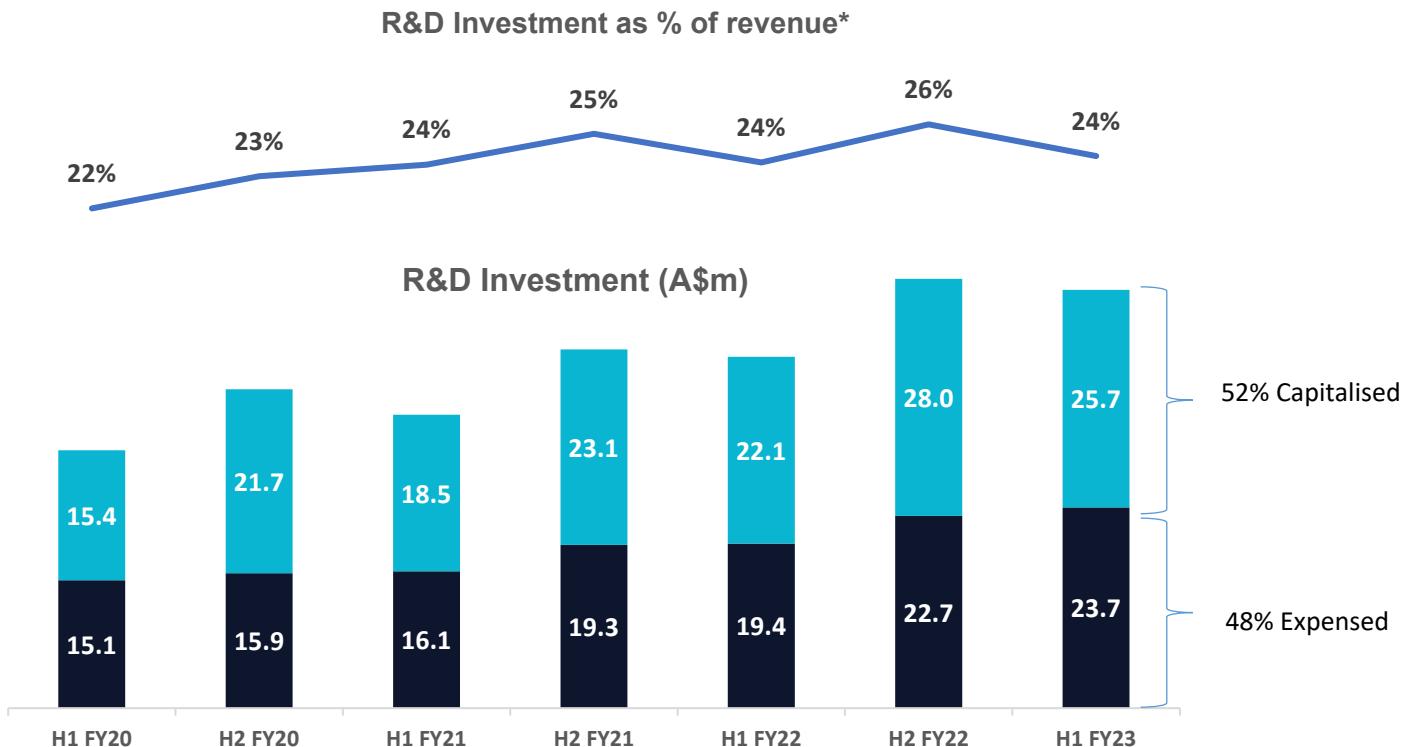
|           |  |
|-----------|--|
| \$49.4m   | R&D investment before capitalisation, (up 19%)             |
| (\$25.7m) | 52.0% capitalised, (in line with expected 54% for full yr) |
| \$16.1m   | Amortisation commenced in H2 FY19                          |
| \$39.8m   | <b>Net expense through P&amp;L, up 32% (\$9.7m) on pcp</b> |

#### H1 FY22

|           |                                      |
|-----------|--------------------------------------|
| \$41.5m   | R&D investment before capitalisation |
| (\$22.1m) | 53% capitalised                      |
| \$10.7m   | Amortisation commenced in H2 FY19    |
| \$30.1m   | <b>Net expense through P&amp;L</b>   |

## Appendix B:

### R&D Disciplined & Transparent



\* H1 FY23 revenue excludes one off contingent consideration write-off of \$7.4m

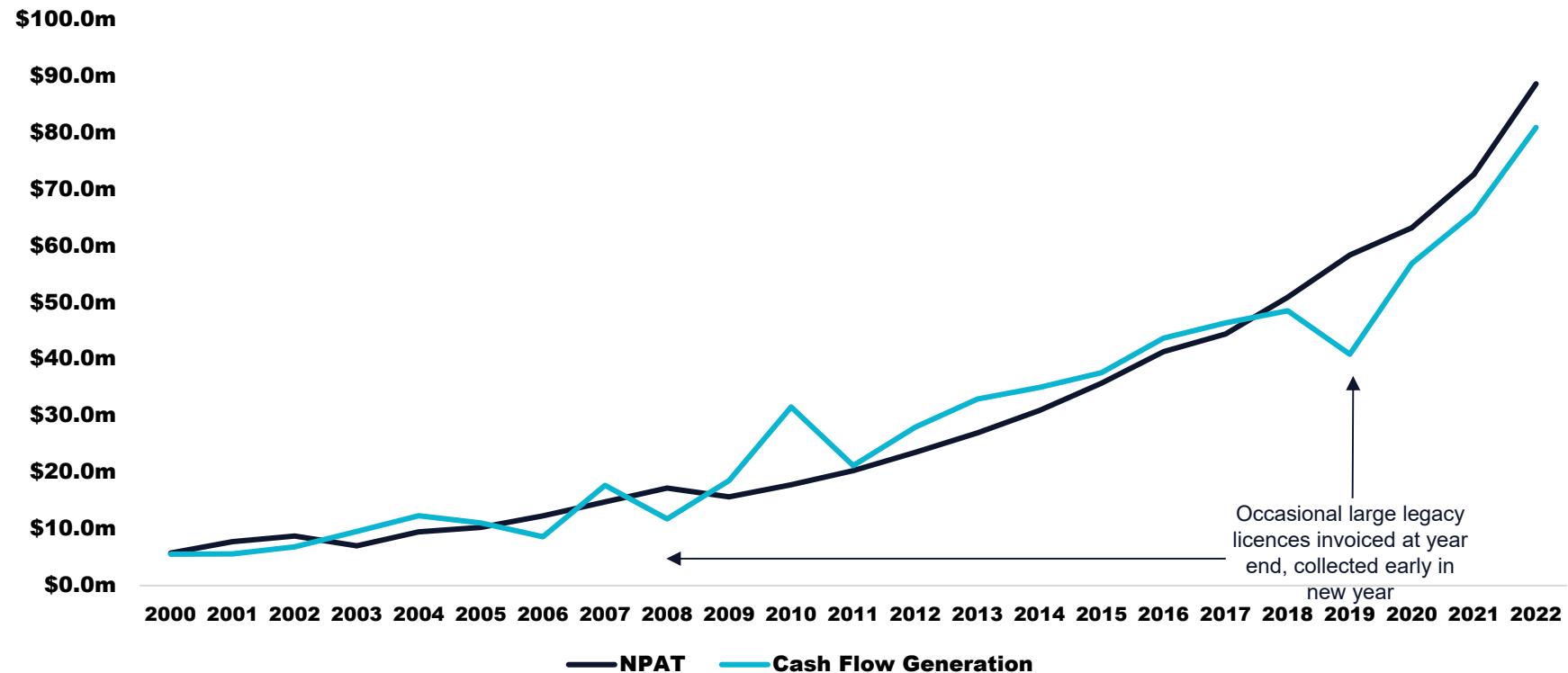
# Appendix B:

## R&D Disciplined & Transparent

|                | <b>R&amp;D Investment</b><br>(\$'000) | <b>Software Development - Capitalised</b><br>(\$'000) | <b>Percent Capitalised</b><br>% | <b>Amortisation Expense</b><br>(\$'000) | <b>Amortisation Period</b><br>Years | <b>Net Expense through P&amp;L</b><br>(\$'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                                   | 30,125   |
| <b>H1 FY23</b> | 49,388                                | 25,701  | 52.0%                           | 16,077                                  | 5                                   | 39,764   |

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

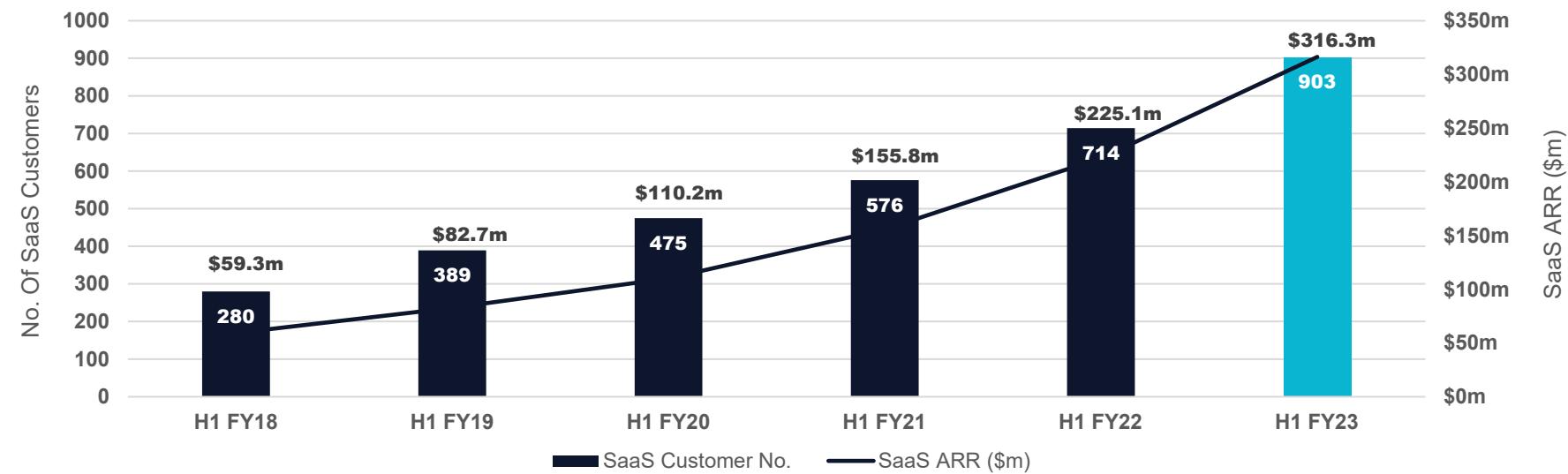
**Cash Flow Generation<sup>1</sup> will continue to grow as NPAT<sup>2</sup> grows**



<sup>1</sup> Cash flow generation is operating cash flow from operations less capitalised development costs, capitalised commissions and lease payments

<sup>2</sup> This graph shows previously reported NPAT to FY18 and has not been restated for AASB15

## Appendix D: SaaS Customers and SaaS ARR

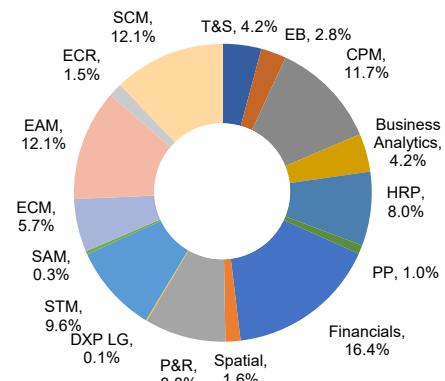


|                             | H1 FY18 | H1 FY19 | H1 FY20 | H1 FY21 | H1 FY22 | H1 FY23 |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| YoY SaaS ARR Growth         | 41%     | 39%     | 33%     | 41%     | 44%     | 40%     |
| SaaS ARR per Customer (\$m) | \$0.21m | \$0.21m | \$0.23m | \$0.27m | \$0.32m | \$0.35m |

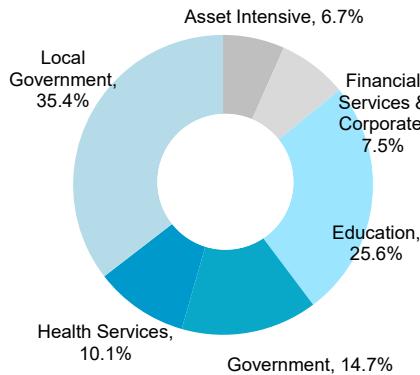
## Appendix E: Drivers for long term growth

Diversified revenue streams

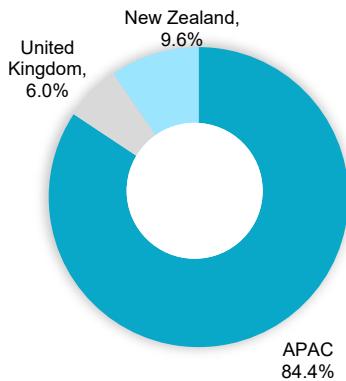
Increase Product Penetration  
16 Licensable products<sup>1</sup>  
Over 400+ licensable modules



Increase Market Penetration  
6 Vertical markets<sup>1</sup>



Expand Geographies  
APAC & UK<sup>1</sup>



Strong, very loyal customer base

PROVIDES MISSION CRITICAL SOLUTION – 'STICKY CUSTOMER BASE'

99 % + CUSTOMER RETENTION RATE

98 % + OF OUR REVENUE IS NOW RECURRING<sup>2</sup>

TECHNOLOGYONE GLOBAL SAAS ERP SOLUTION

1 Based on total ARR

2 Total revenue less consulting and reversal of contingent consideration

## Appendix F: Scientia Acquisition accounting impacts

Scientia was an excellent acquisition.

- ✓ A world class Timetable and Scheduling product, with a broad customer base and strong cash flows.
- ✓ The acquisition has opened the opportunity to sell our ERP (primary focus is Student Management) into the ~100 acquired Scientia customers in the UK alone
- ✓ Further enhances our Student DXP offering which is in development.

The sellers did not achieve their aggressive earnout targets, but exceed our business case on many facets

- contingent consideration reversed (\$7.4m gain)
- acquired intangible assets were derecognised (\$6.8m expense)

|                   | TechOne Reported<br>(incl acquisition accounting impacts) |         |        |       | Scientia<br>(acquisition accounting impacts) |         |        | TechOne<br>(excl acquisition accounting impacts) |         |         |        |       |
|-------------------|---|---------|--------|-------|--|---------|--------|--|---------|---------|--------|-------|
|                   | H1 FY23   | H1 FY22 | Var \$ | PCP % | H1 FY23                                      | H1 FY22 | Var \$ |  | H1 FY23 | H1 FY22 | Var \$ | PCP % |
| Total Revenue     | 210,302   | 172,454 | 37,847 | 22%   | 7,378  | -       | 7,378  |  | 202,924 | 172,454 | 30,470 | 18%   |
| Total Expenses    | 157,555   | 129,884 | 27,669 | 21%   | 6,767  | -       | 6,767  |  | 150,788 | 129,884 | 20,904 | 16%   |
| Profit before tax | 52,747  | 42,570  | 10,178 | 24%   | 611  |         | 611    |  | 52,136  | 42,570  | 9,566  | 22%   |

Reversal of contingent consideration

Derecognition of acquired intangible assets

## Appendix G: Balance Sheet including Scientia adjustments

**March FY22 Balance Sheet has been adjusted for the finalisation of acquisition accounting for Scientia.**

|                                | Reported<br>Mar-22<br>\$'000 | Adjusted<br>Mar-22<br>\$'000 | Var<br>\$'000 |
|--------------------------------|------------------------------|------------------------------|---------------|
| Cash & cash equivalents        | 116,368                      | 116,368                      | -             |
| Prepaid expenses               | 15,975                       | 15,975                       | -             |
| Trade and other receivables    | 33,570                       | 33,570                       | -             |
| Contract assets                | 24,392                       | 24,392                       | -             |
| Other current assets           | 213                          | 213                          | -             |
| Current tax assets             | 4,233                        | 4,233                        | -             |
| Contract acquisition costs     | 5,285                        | 5,285                        | -             |
| <b>Current assets</b>          | <b>200,036</b>               | <b>200,036</b>               | -             |
| Property, plant and equipment  | 7,599                        | 7,599                        | -             |
| Right-of-use assets            | 21,268                       | 21,268                       | -             |
| Intangible assets              | 62,035                       | 59,721                       | (2,314)       |
| Capitalised development        | 111,775                      | 111,757                      | (18)          |
| Deferred tax assets            | 14,738                       | 18,035                       | 3,297         |
| Contract assets                | 3,137                        | 3,137                        | -             |
| Contract acquisition costs     | 10,920                       | 10,920                       | -             |
| <b>Non-current assets</b>      | <b>231,472</b>               | <b>232,437</b>               | <b>965</b>    |
| <b>Total Assets</b>            | <b>431,508</b>               | <b>432,473</b>               | -             |
| Trade and other payables       | 30,453                       | 30,778                       | 325           |
| Provisions                     | 16,384                       | 16,384                       | -             |
| Contingent consideration       | 7,118                        | 7,118                        | -             |
| Deferred revenue               | 138,219                      | 138,358                      | 139           |
| Lease liability                | 6,842                        | 6,842                        | -             |
| <b>Current liabilities</b>     | <b>199,016</b>               | <b>199,480</b>               | <b>464</b>    |
| Provisions                     | 7,318                        | 7,318                        | -             |
| Other non-current liabilities  | 105                          | 105                          | -             |
| Lease liability                | 27,279                       | 27,279                       | -             |
| <b>Non-current liabilities</b> | <b>34,702</b>                | <b>34,702</b>                | -             |
| <b>Total Liabilities</b>       | <b>233,718</b>               | <b>234,182</b>               | <b>464</b>    |
| <b>Net Assets</b>              | <b>197,790</b>               | <b>198,291</b>               | <b>501</b>    |
| Issued capital                 | 57,203                       | 57,203                       | -             |
| Other Reserves                 | 55,133                       | 55,567                       | 434           |
| Retained Earnings              | 85,454                       | 85,521                       | 67            |
| <b>Equity</b>                  | <b>197,790</b>               | <b>198,291</b>               | <b>342</b>    |

# Appendix H: 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 (CFG)</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>R4Q</b>                        | Rolling Four (4) Quarters  |
| <b>SaaS ARR</b>                   | Annual Recurring Revenue relating to customers on SaaS   |

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