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20 May 2025

Technology One Limited (ASX: TNE)

SaaS+ Delivers - Upgrades full year Profit Growth to 13%–17%

BRISBANE, 20 May 2025 – TechnologyOne (ASX: TNE), Australia's largest ERP Software as a Service (SaaS) company and the world's first SaaS+ company, today announced its financial results for the half year ended 31 March 2025, showing record first half profit, record revenues, and record SaaS fees for the 16th consecutive year.

Key results were as follows:

- Profit Before Tax of \$81.9m, up 33%
- Profit After Tax of \$63.0m, up 31%
- Total Annual Recurring Revenue (ARR)¹ of \$511.1m, up 21%
- Net Revenue Retention (NRR) of 118%, above our long-term target of 115%
- UK ARR¹ of \$43.1m, up 50%
- Rule of 40 result of 49.4%²
- SaaS and Recurring Revenue of \$265.0m, up 19%
- Total Revenue of \$291.3m, up 19%
- Total Expenses of \$209.4m, up 14%
- Free Cash Flow³ (previously Cash Flow Generation) of \$24.0m, up 100%+
- Cash and Investments of \$211.9m, up 23%
- Record Interim Dividend of 6.6 cps, up 30%
- R&D Investment (before capitalisation) of \$68.8m, up 21%, which is 24% of revenue⁴
- Step-up in Profit Guidance for FY25 to a range of 13% to 17%

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

² Rule of 40 is defined as the sum of ARR growth and the 12-month rolling free cash flow margin post tax (free cash flow as a percentage of ARR). This is a non-IFRS financial measure and is unaudited.

³ Free Cash Flow (previously Cash Flow Generation) is cash flow from operating activities less capitalised development costs, capitalised commission costs and lease payments. This is a non-IFRS financial measure and is unaudited.

⁴ Revenue excluding interest and other income.

Highlights

TechnologyOne CEO, Ed Chung, said: “Once again we have delivered record first half ARR, revenue and profit for the 16th consecutive year. We have a new ambitious goal of \$1b+ ARR by FY30 as we surpassed \$500 million in ARR eighteen months earlier than planned, an incredible achievement for our Company. SaaS+, our game changing offering which combines our vertical specific and mission critical SaaS ERP and implementation with the fastest implementation times in

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our market, is delivering. It is fuelling our growth and enabled us to deliver a first half profit before tax of \$81.9 million, underpinned by ARR growth of 21%.

"Two years ago, we established our visionary SaaS+ offering, becoming the world's first SaaS+ ERP company. By combining our mission-critical 19 products that power our communities' operations in 6 vertical markets and implementation in one single fee, we are removing the need for the traditional, complex, long, risky and expensive consulting implementations, providing faster go-lives and therefore unlocking value for our customers more quickly. SaaS+ delivers faster time to value as we continue to dramatically drive down implementation timeframes with an ambitious goal of ERP in 30 days. Through the 'Power of One', TechnologyOne is the only SaaS ERP provider able to deliver on this compelling proposition as we own all parts of the value chain with mission-critical products, industry-specific IP built over 38 years, and our highly skilled in-house consulting team."

"We secured significant customer wins that fuelled our organic growth in the first half, with particularly strong momentum in the local government sector globally enabling 20% ARR growth. In the UK, these wins included Islington London Borough Council, our first London Borough, demonstrating our success in moving up to the larger-scale local governments in the UK. Our strategic focus in the UK has been to establish our brand in the more complex and larger councils. And our success with Islington, validates this strategy."

"In the Education Sector, ARR grew 27% with strong wins including TasTAFE, which demonstrates our strength in the TAFE sector. Our mission critical Student Management product now powers TAFEs in every state excluding SA and NSW. In our growing Government Sector, ARR grew 28%, including an industry first win with The Australian Energy Regulator (AER), which became the first Federal Government agency to choose TechnologyOne's world-leading OneGovernment SaaS+ solution under the Digital Transformation Agency's new ERP panel. These organisations are selecting TechnologyOne as their ERP provider due to our deep industry knowledge, local presence, innovative delivery models and our focus on putting our customers and community first."

"Net Revenue Retention (NRR), which is the net amount of new ARR from existing customers, was 118% for the 12 months to 31 March 2025. This is an outstanding result given that best-in-class in the ERP market is considered between 115% and 120%. This NRR result, together with our low churn of only 0.3% for the half, shows the value our customers see in our SaaS ERP solutions and underpins our confidence in future growth."

"With the key customers we secured in the UK during the half, our UK business continues to accelerate its growth with first half total UK ARR up 50% and UK Sales ARR up 61% compared to the prior comparative period. Our UK business is the pioneer for our SaaS+ strategy, where the value proposition continues to resonate with the market. We have successfully delivered implementations to many customers in very fast timeframes driving the sales pipeline and momentum continues to grow strongly," Mr Chung said.

Building the future, enabling us to continue to double in size every five years

"We have a strong track record of R&D investment and have invested \$68.8 million in R&D this half, up 21% on the previous comparative period. Our R&D team is focused on extending the functionality and capabilities of our global SaaS+ ERP solutions, which increases the whitespace in the verticals we serve. We continue to invest in new, exciting ideas and innovations, including Artificial Intelligence, App Builder and Digital Experience Platform (DxP) for Local Government and Higher Education. These R&D investments and SaaS+ build our future platforms for growth and enable us to continue to double in size every five years. As always, we manage this significant investment within our total cost base, continuing to balance strong profit growth with investment for future revenue growth."



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"Having reached our target of exceeding \$500 million in ARR in the first half, we are now focusing on achieving our new ambitious long-term target of exceeding \$1 billion in ARR by FY30. The diversity in our revenue streams which comes from multiple regions, multiple products and multiple vertical markets ensure we can maintain strong consistent growth. We have multiple platforms underpinning our growth, including investing in expanding our products and modules, SaaS+, the growth from the significant whitespace available in our existing customer base in APAC and the growth of new customers in the UK. Our strong balance sheet also enables us to execute strategic acquisitions where appropriate."

Acquisition of CourseLoop

In November 2024, TechnologyOne acquired CourseLoop, a company servicing the higher education sector with \$9.1 million of ARR for a total investment of \$60 million. This acquisition forms part of TechnologyOne's strategic focus to deliver the deepest functionality for the Higher Education market.

With the addition of CourseLoop's Curriculum Management product, TechnologyOne's OneEducation solution has become the world's first SaaS offering to encompass the entire student lifecycle – from course design to graduation – into a single unified ERP solution. Integrating a Curriculum Management capability with TechnologyOne's market-leading Student Management, Timetabling and Scheduling, Human Resource and Payroll, Enterprise Asset Management and Financials capabilities will provide, for the first time, complete visibility across the entire academic cycle.

Curriculum Management provides Higher Education institutions with data-driven insights via a single source of truth to create courses that meet market demands, that students want to study, that are financially sustainable and that deliver student success and institutional differentiation.

Mr Chung said "CourseLoop is delivering in line with our expectations and integration is tracking to plan."

TechnologyOne in the top global quartile of technology companies based on the Rule of 40 metric

Mr Chung said, "An increasingly common metric to assess SaaS companies is the Rule of 40. The Rule of 40 typically measures recurring revenue growth and cash profit margins although there is no strict definition and in fact many companies use slight variations of the Rule of 40. In TechnologyOne, we interpret the Rule of 40 conservatively as our ARR growth and our Free Cash Flow post tax margin."

"Strong profitable growth is nothing new to TechnologyOne and for the 12 months to 31 March 2025 we recorded a result of 49% which puts us in the top quartile globally against ERP peers. As Rule of 40 is a common metric and TechnologyOne is already measured on it, we have added it to our metrics and importantly we expect to remain as top of class - which is above 40%."

Investment in people and culture

Our people have a deep connection with our purpose and mission as they live, work and play in the communities we serve. They create and deliver the mission critical products and solutions that power our customers operations. We invest significantly in nurturing our people and their careers in TechnologyOne. Since 2017 we measure eNPS and it has grown from -17 to +37.

TechnologyOne was also recently recognised on LinkedIn's 2025 Top Companies List. "At TechnologyOne, we know that investing in our people is the key to our success. Over the past 2 years over 25% of our team have been promoted - and that's one of the reasons why LinkedIn has recognised us as one of the top 15 companies in Australia for career growth. We listen to our team,



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we act on their feedback, and we continuously evolve to make TechnologyOne a place where our people can do their best work - and build extraordinary careers." Mr Chung said.

Strong Free Cash Flow generation

Traditionally, TechnologyOne's free cash flow generation is weighted to the second half, aligned with customer anniversary payment dates. This half year, TechnologyOne delivered strong free cash flow (previously referred to as cash flow generation) of \$24.0 million versus negative free cash flow of \$3.8 million in H1 FY24 with cash and investments up 23% versus the prior comparative period. This result was enabled by strong cash generation in FY24, which enabled us to bring forward payments where it made commercial sense, and continued discipline in our collections team.

"Free cash flow will remain strong over the full year, and we expect it to align with full year Net Profit After Tax, consistent with previous periods".

"In light of the Company's strong results, and our confidence going forward, the dividend for the half year has increased to 6.6 cents per share, up 30% on the prior year," Mr Chung said.

Step up in Guidance for FY25 – Profit up 13% to 17%, Underpinned by Strong ARR growth

We have become the world's first SaaS+ company, removing the need for traditional long, complex, expensive and risky implementations. We are driving down the days to implement our solution, reducing the risk for our customers by reducing their time to value, delivered in one single SaaS+ fee. As we continue to grow our SaaS+ business, we will also continue to transition our traditional new project implementation business to this new method of operation. While this will continue to impact our revenue, profit and margin in FY25, this is an integral part of our strategy to grow our SaaS+ business and the recurring revenue base in the long-term."

Over the past 38 years, TechnologyOne has continued to grow strongly through all types of economic and geo-political conditions, and it will continue to do so for the following reasons:

- The markets TechnologyOne serve, such as local government, higher education, and government, are resilient. TechnologyOne is not impacted by any of the current geo-political issues.
- TechnologyOne provides mission-critical software with deep functionality for these markets.
- TechnologyOne's Global SaaS+ ERP allows its customers to innovate and meet the challenges ahead with greater agility and speed, without worrying about underlying technologies, making life simple for them. They look to TechnologyOne to automate and streamline their business, and they save 40%+ by using TechnologyOne's global SaaS ERP.
- SaaS+ is creating significant opportunities for TechnologyOne. The pipeline for 2025 and into 2026 is strong.
- TechnologyOne will continue to benefit from improving margins because of the significant economies of scale from its single instance Global SaaS ERP solution.

"We have clear visibility and confidence in our pipeline, which enables us to continue to invest in talented staff and new areas of growth such as SaaS+, Artificial Intelligence, DXP, App Builder and our UK business," Mr Chung said.

"The Company is well positioned to deliver strong growth over the full year. We indicated that we would continue to step up our profit growth and for FY25, we have stepped up our Net Profit Before Tax growth guidance to growth of 13% to 17% from FY24."



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"We expect to see our ARR continuing to grow strongly over the full year, and the Company sees significant growth opportunities in the coming years driven by our global SaaS+ ERP solution, increased product adoption by existing customers, new customers, and global expansion."

"We are on track to double our business again and surpass total ARR of \$1 billion by FY30, from our current base of \$511 million. We will continue to invest for the long-term in R&D to build platforms for growth."

"The economies of scale from our global SaaS+ ERP solution will also see continuing Profit Before Tax margin expansion to 35%+ in the long-term."

Pat O'Sullivan
Chair

Edward Chung
*Chief Executive Officer
and Managing Director*

Further information

This market release should be read in conjunction with the TechnologyOne H1 FY25 Investor Presentation and the TechnologyOne Financial Report for the half-year ended 31 March 2025 attached to the Appendix 4D. All documents are available on the ASX Announcement platform.

Results teleconference

TechnologyOne will present the 2025 half year results to analysts on a conference call on Tuesday 20 May at 11am AEST. You can register for the webcast at the link [TechnologyOne H1 FY25 Results Call](#) or through the TechnologyOne Investor Relations website <https://www.technology1.com/company/investors>.

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Authorised for release by the CEO and Chair.

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About TechnologyOne

TechnologyOne (ASX: TNE) is Australia's largest enterprise software company and one of Australia's top 100 ASX-listed companies, with locations across six countries. We provide a global SaaS ERP solution that transforms business and makes life simple for our customers. Our deeply integrated enterprise SaaS solution is available on any device, anywhere and any time and is incredibly easy to use. Over 1,300 leading corporations, government agencies, local councils and universities are powered by our software.

For more than 36 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology. For further information, please visit: [Technology1.com](#)