

2021 Full Year Results

Ended 30 September 2021

technologyone
Transforming business, making life simple

1

Disclosure Statement

TechnologyOne Ltd Full Year Presentation – 23 November 2021

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

These slides have been lodged with the ASX and are also available on the company's website: www.TechnologyOneCorp.com

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

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

2

Agenda

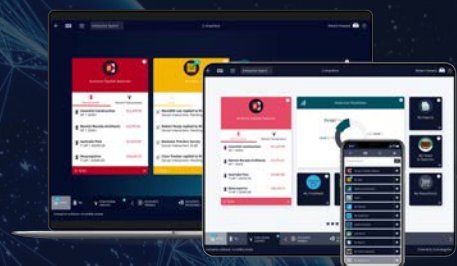
- Highlights
- Results
- Significant Achievements
- Outlook for Next Year
- Long Term Outlook



3

Transforming business, making life simple

**TechnologyOne Global
SaaS ERP Solution**



Enabling a digital revolution
Any device, Anywhere, Anytime

Continuing strong demand

4

↗ Organic SaaS growth powers
our business

SaaS ARR \$192.3m up 43%

5

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



6

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

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

7

Record Profit

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

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

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

8

**SaaS continues
to drive our growth**

**Outlook for
FY22 is strong**



Discussed later in more detail

9

Dividend up 8% Full year dividend increased

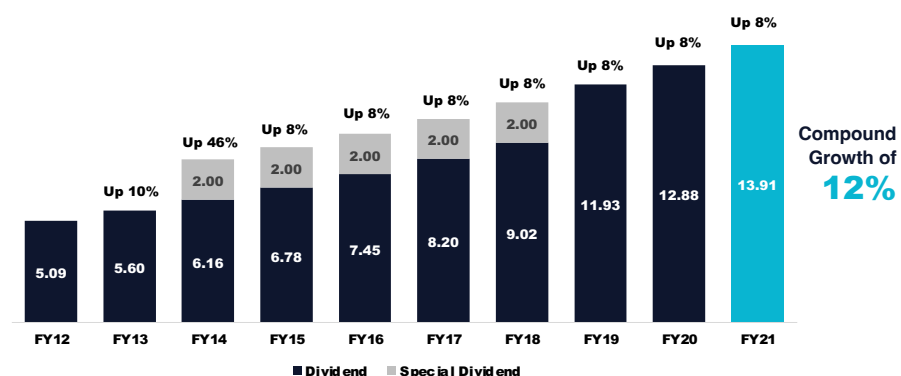
Half 1 3.82 cps,
up 10% (60% franked¹)

Half 2 10.09 cps,
up 7% (60% franked¹)

Total 13.91 cps, up 8%

**Payout
ratio of
62%**

Dividend last ten years



Notes:

- ¹ 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

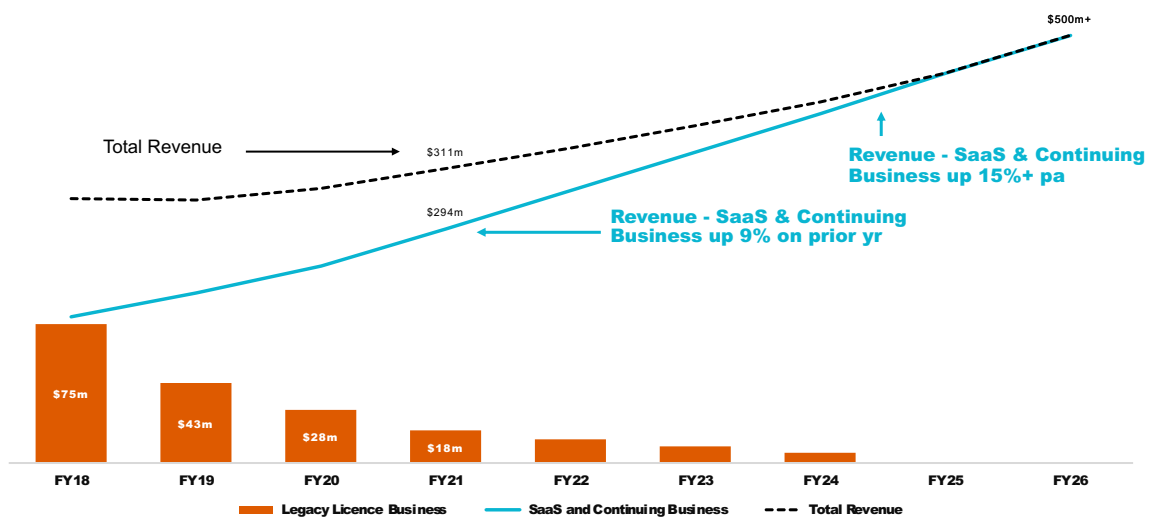
10

End of On Premise October 2024



11

Our future state business expected to grow at 15%+ pa



12

Agenda

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- Long Term Outlook

13

FY21 Results Summary

	FY21 \$'000	FY20 \$'000	VAR \$'000	VAR %	
► Revenue - SaaS & Continuing Business	293,553	269,773	23,779	9%	In line with expectations. We expect this to grow to ~15% pa in the next 4 years Our SaaS business continues to grow strongly As expected - our strategy to move customers from on premise to SaaS
SaaS Fees Recognised ¹	151,052	106,171	44,881	42%	
Annual Licence Fees ¹	77,993	101,121	(23,128)	(23%)	
Consulting Services	64,507	62,482	2,025	3%	
Revenue - Legacy Licence Business	17,742	28,494	(10,751)	(38%)	In line with expectations, as we pro-actively move our customers to SaaS In previous years before the SaaS transition was ~\$75m
Legacy Licence Fees	16,770	27,342	(10,573)	(39%)	
Associated Annual Licence Fees ¹	973	1,151	(178)	(15%)	
Other Revenue	717	751	(35)	(5%)	
Total Revenue	312,012	299,018	12,993	4%	In line with expectations
► Total Expenses	214,168	216,548	(2,380)	(1%)	In line with expectations. R&D investment up ~13% As expected, demonstrates margin increase and scale with SaaS revenue growth As required by AASB15
Variable Costs (excl capitalisation)	52,809	43,582	9,227	21%	
Capitalised Costs - Commission (net of amortisation)	(4,631)	(2,479)	(2,152)	87%	
Operating Costs (excl capitalisation)	194,419	206,412	(11,993)	(6%)	Reflects efficiencies of transition to SaaS
Capitalised Costs - Development	(28,429)	(30,966)	2,537	(8%)	Refer slide: R&D Disciplined and Transparent
Capitalisation	(41,858)	(37,069)	(4,789)	13%	
Amortisation	13,429	6,103	7,327	100%+	
► Profit Before Tax	97,844	82,470²	15,374	19%	Top end of guidance Margin expansion from scale benefits of SaaS Increased tax rate (25.7% v 23.7% pcp) due to reduced R&D tax benefits
Profit Before Tax Margin	31%	28%			
Profit After Tax	72,691	62,945	9,746	15%	
Other					
Cash Flow Generation ³	63,901	56,958	6,943	12%	Refer: Cashflow
Cash and Cash Equivalents	142,853	125,244	17,609	14%	After initial payment for Scientia acquisition of ~\$12m in FY21
ARR Recognised ¹	230,018	208,443	21,575	10%	ARR Recognised includes SaaS Fees & on premise Annual Licence Fees
Total Annual Recurring Revenue (ARR)	257,495	221,908	35,587	16%	
► SaaS ARR	192,294	134,565	57,729	43%	Our SaaS business continues to grow strongly Expected as customers move from on premise to SaaS
Annual Licence ARR	65,201	87,343	(22,143)	(25%)	

¹ ARR Recognised includes SaaS Fees recognised & Annual Licence Fees

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

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

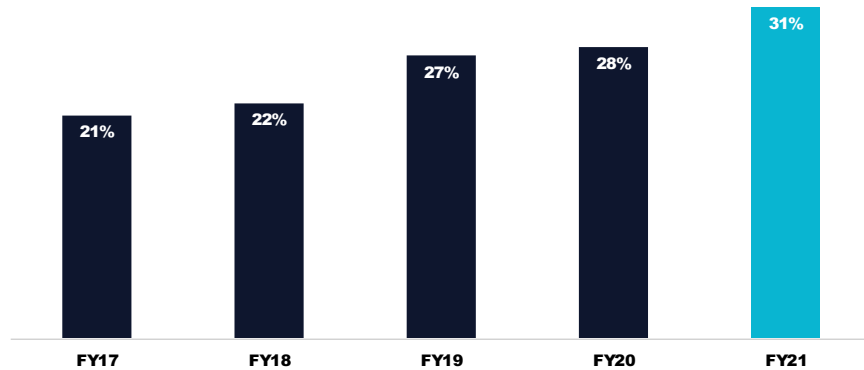
14

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

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

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

FY21 Profit Before Tax Margin was 31%



15

Expenses down 1% R&D investment up 13%

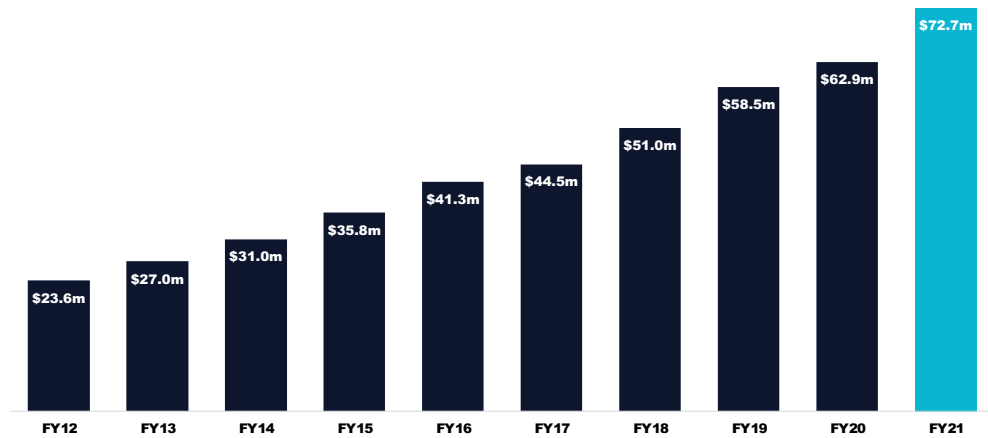
We are extending the functionality and capabilities of our Global SaaS ERP solution including our new and exciting Local Government Digital Experience Platform (LG DXP)

Refer slide: R&D Significant Investment for future growth

16

We will double in size every 5 years

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



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

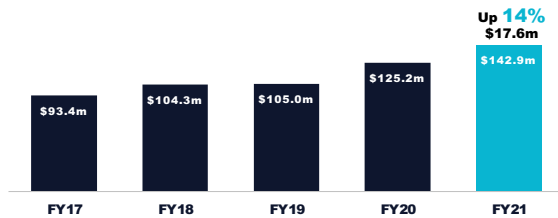
17

Balance Sheet Strong

Cash & Equivalents \$142.9m, up 14%

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

Cash and Equivalents \$142.9m



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

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

³AASB16 Leases requires the recognition of Right of Use Assets and Lease Liabilities

⁴Increase due to acquisition of Scientia

⁵Increase represents the development activities capitalised during the year less amounts amortised

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

⁷Deferred consideration for acquisition of Scientia

- ▶ Cash & cash equivalents
- ▶ Prepaid expenses
- ▶ Trade and other receivables¹
- ▶ Contract assets²
- Other current assets
- Current tax assets
- Contract acquisition costs
- Current assets**

- Property, plant and equipment
- Right-of-use assets³
- Intangible assets⁴
- Contract assets²
- Capitalised development⁵
- Deferred tax assets
- Contract acquisition costs
- Non-current assets**

Total Assets

- Trade and other payables
- Provisions
- Deferred revenue⁶
- Deferred consideration payable⁷
- Current tax liability
- Lease liability³
- Current liabilities**

- Provisions
- Deferred consideration payable⁷
- Other non-current liabilities
- Lease liability³
- Non-current liabilities**

Total Liabilities

Net Assets

- Issued capital
- Other Reserves
- Retained Earnings
- Equity**

	Sep-21 \$'000	Sep-20 \$'000	Var \$'000	Var %
Cash & cash equivalents	142,853	125,244	17,609	14%
Prepaid expenses	13,429	10,851	2,578	24%
Trade and other receivables ¹	50,580	37,396	13,184	35%
Contract assets ²	22,709	22,051	658	3%
Other current assets	238	397	(159)	(40%)
Current tax assets	-	8,077	(8,077)	(100%)
Contract acquisition costs	5,001	2,956	2,045	69%
Current assets	234,810	206,972	27,838	13%
Property, plant and equipment	7,279	8,969	(1,690)	(19%)
Right-of-use assets ³	20,971	23,786	(2,815)	(12%)
Intangible assets ⁴	61,696	37,986	23,710	62%
Contract assets ²	2,962	-	2,962	100%
Capitalised development ⁵	90,985	62,556	28,429	45%
Deferred tax assets	26,349	28,605	(2,256)	(8%)
Contract acquisition costs	9,676	7,035	2,641	38%
Non-current assets	219,918	168,937	50,981	30%
Total Assets	454,728	375,909	78,819	21%
Trade and other payables	36,567	37,123	(556)	(1%)
Provisions	21,219	20,548	671	3%
Deferred revenue ⁶	160,015	144,148	15,867	11%
Deferred consideration payable ⁷	3,842	-	3,842	100%
Current tax liability	2,677	-	2,677	100%
Lease liability ³	3,342	2,148	1,194	56%
Current liabilities	227,662	203,967	23,695	12%
Provisions	2,067	2,430	(363)	(15%)
Deferred consideration payable ⁷	7,576	-	7,576	100%
Other non-current liabilities	120	147	(27)	(18%)
Lease liability ³	27,069	27,197	(128)	(0%)
Non-current liabilities	36,832	29,774	7,058	24%
Total Liabilities	264,494	233,741	30,753	13%
Net Assets	190,234	142,168	48,066	34%
Issued capital	51,645	40,551	11,094	27%
Other Reserves	72,717	63,524	9,193	14%
Retained Earnings	65,872	38,093	27,779	73%
Equity	190,234	142,168	48,066	34%

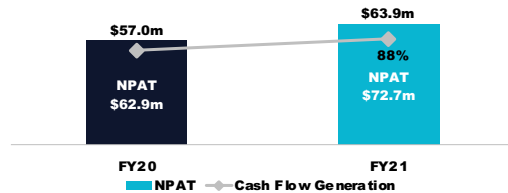
18

Cash Flow

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

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

NPAT versus Cash Flow Generation



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

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

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

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

⁵ Includes interest expense related to lease liabilities recognised under AASB16 Leases

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

⁷ Payment for tranche 1 of acquisition of Scientia in FY21

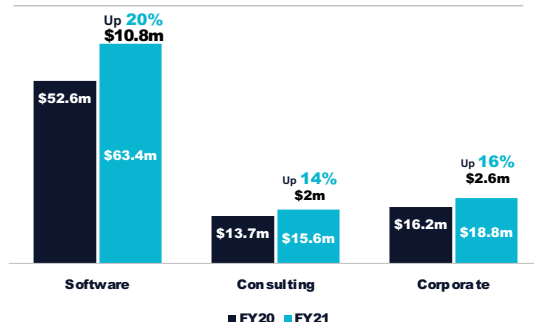
	FY21 \$'000	FY20 \$'000	Var \$'000	Var %
Profit Before Tax	97,843	82,470	15,373	19%
Depreciation & Amortisation ¹	25,832	18,638	7,194	39%
Share based payments and other non-cash items	4,652	3,305	1,347	41%
Changes in working capital:				
(Increase) / Decrease in Trade and other Receivables ²	(13,184)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

19

FY21 Profit by Segment

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

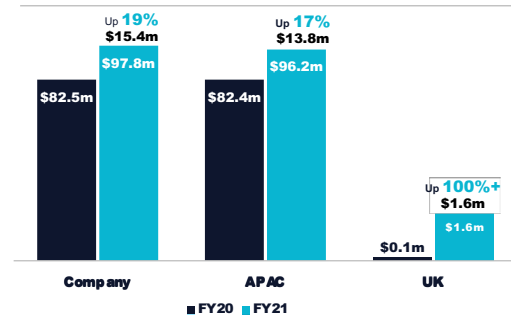
Operating segment analysis



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

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

Geographic segment analysis



UK delivered \$1.6m profit

Refer to later slides

20

Results Analysis and Key Metrics, FY21

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

**Full year
ROE (adjusted)³**

60%+

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

21

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22

Total ERP Solution

Power of a single integrated solution

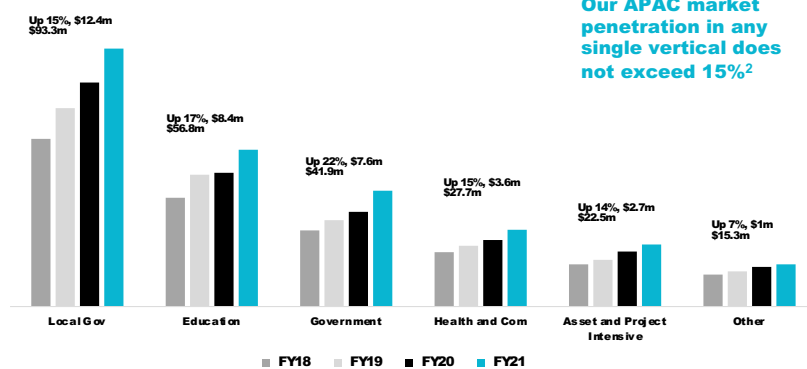


23

All verticals performed strongly Significant room to grow in future years

Vertical Market Analysis

ARR of \$257.5m¹, Up 16% | From \$221.9m, FY20



Our APAC market penetration in any single vertical does not exceed 15%²



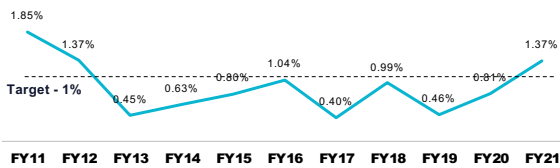
¹ Balance is as at 30 September 2021 and growth is for the 12 months from 30 September 2020

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

24

99% customer retention across all markets

Customer Churn 10 years Based on Total ARR¹



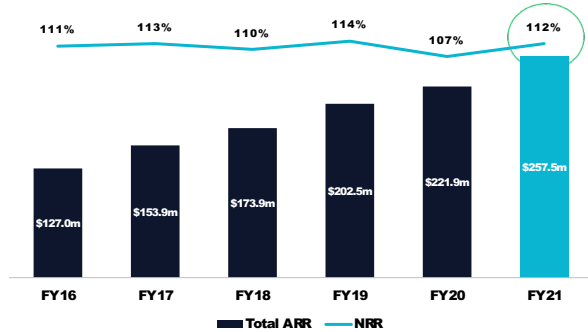
¹ Total ARR = SaaS ARR + On Premise Annual Licence ARR

Net Revenue Retention

Strong expansion performance of 112%

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

Net Revenue Retention (NRR)



Calculation of Net Revenue Retention

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

25

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

Compelling value proposition of TechnologyOne Global SaaS ERP



One global code line



Massive economies of scale



2 releases each year providing new functionality



8 active data centres



Defence-in-depth security



Always on the latest release



Always on the latest technology



Fast migration for existing on-premise customers



Customers save 30%+ on their total cost



Take-on additional products quickly



" TRC's seamless move to SaaS allowed it to harness more advanced software features including automation and self-service. That means we can eliminate a lot of manual processes that take up so much time. It's an efficiency gain for the community: we can deliver services faster. "

Tablelands Regional Council

Making life simple for our customers

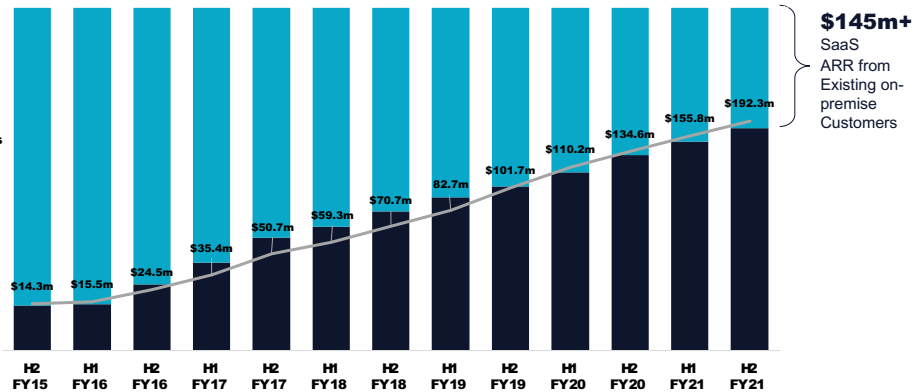
26

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

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

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

SaaS ARR vs on-premise



27

Quality of SaaS Revenue is very high

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

Today, 90% of Revenue is recurring

Target is 95% of Revenue recurring by FY27

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

28



Total Annual Recurring Revenue will increase to \$500m+ by FY26

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

29

Significant investment for future growth

R&D investment of **\$77.0m¹**

24%
of Revenue

UP  **13%**

Current

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

Future



For Local Government

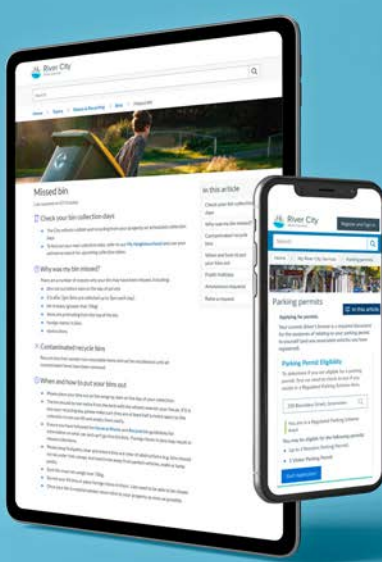


For Student

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

¹R&D expenditure before capitalisation

30



DXP 2.0

Excellent feedback

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



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

31

Defence in depth security

Only global SaaS ERP provider to be IRAP Protected



ISO/IEC 27001



ISO/IEC 27017



ISO/IEC 27018



ISAE 3402 SOC 1



SSAE 18 SOC 1



AT-C 205 SOC 2 + HIPPA



AT-C 205 SOC 3



IRAP



GDPR



Cyber Essentials & Cyber Essentials Plus (UK)



Australian Cyber Security Centre (ACSC) Essential 8



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

32

United Kingdom Significant investment for future growth

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

FY21 Achievements



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



ARR of \$9m up 20%



Closed 8 new logos
7 Local Government and 1 Higher Education



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

Outlook



Pipeline is strong for FY22
Many new logos and increasing ARR



UK STM & HRP Regionalisation
on track for FY22 completion



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



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

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

33

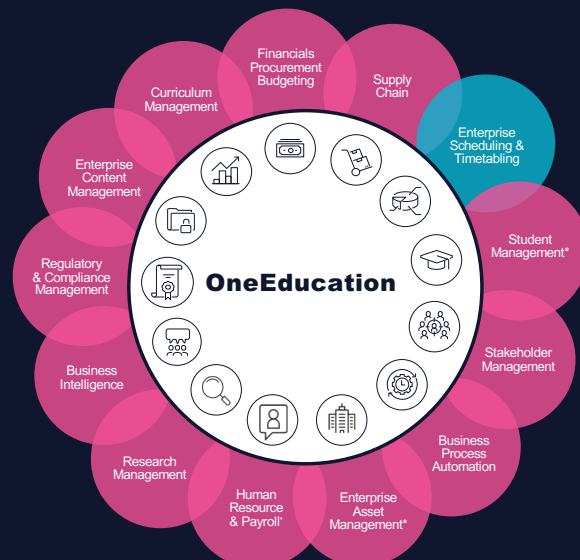
Scientia Expands Enterprise Solution for OneEducation



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

Swinburne University

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



34

People and Culture

Recognized as Employer of Choice

Award winning programs

one.
TALKS

Buddy

technologyone
GRADS
Your Future Starts Here.

technologyone
HACKDAY
Ideate. Create. Celebrate.

CKO.

technologyone
eNPS
Shape our future

technologyone
MARVEL
Celebrating the extraordinary.

technologyone
O WEEK
Get involved. Get inspired.

Town
Halls

Regional
Days

Strong culture of creativity and innovation

35

technologyone | foundation

unite | donate | participate

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

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

TechnologyOne graduate

500,000 children and their families out of poverty

36

FY21 Summary

✓ Record profit and revenue, record SaaS ARR

✓ SaaS ARR of \$192.3m, up 43%

✓ Total ARR of \$257.5m, up 16%

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

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

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

✓ UK profit \$1.6m, up 100%+

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

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

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

We will double in size every 5 years

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

37

Agenda

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

38

Outlook for 2022 Year

Strong Profit growth to continue in 2022

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

**Double in
size every
5 years**

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

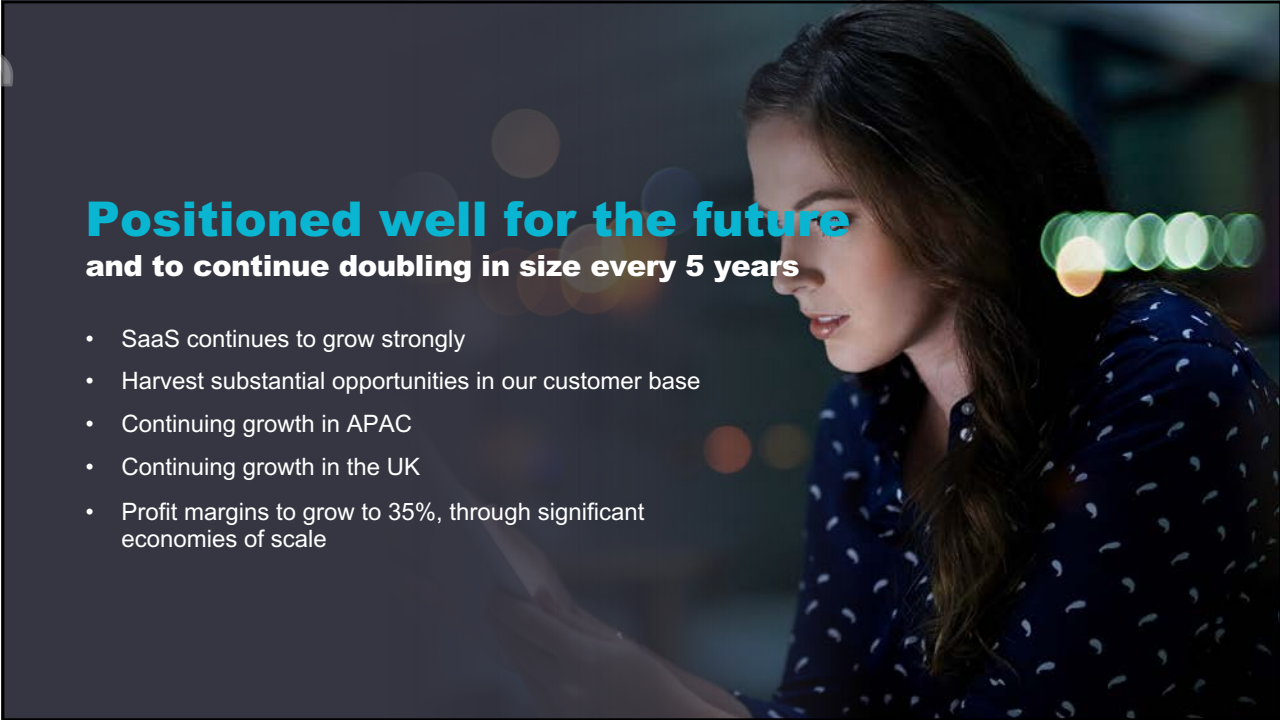
39

Agenda

- Highlights
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- Significant Achievements
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- Long Term Outlook



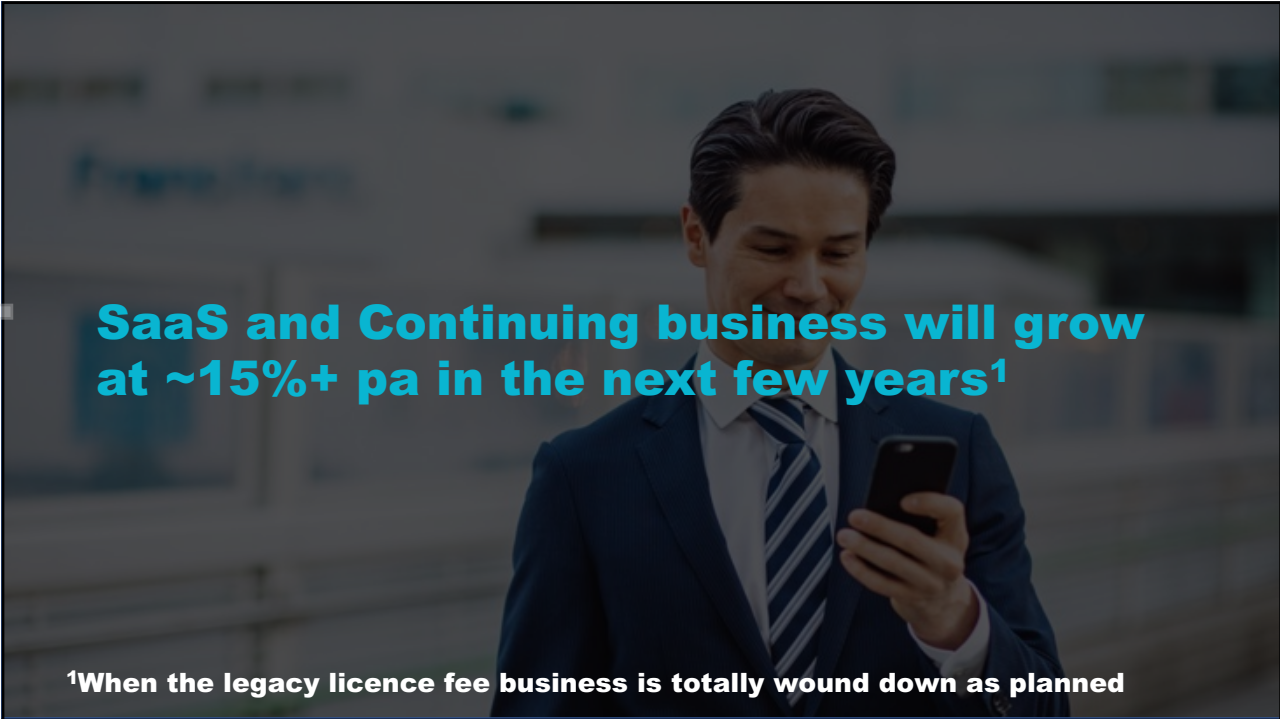
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Positioned well for the future and to continue doubling in size every 5 years

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

41



SaaS and Continuing business will grow at ~15%+ pa in the next few years¹

¹When the legacy licence fee business is totally wound down as planned

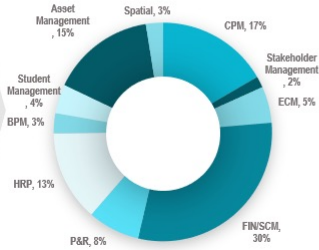
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Drivers for long term growth

Diversified revenue streams

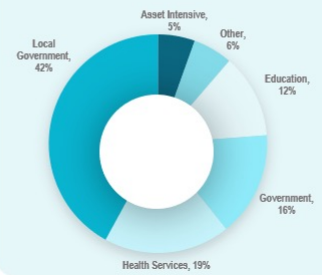
Increase Product Penetration

15 Licensable products¹
Over 325 Licensable modules



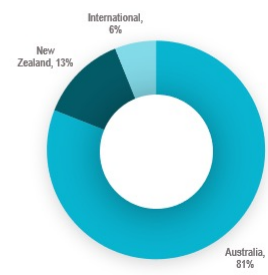
Increase Market Penetration

6 Vertical markets



Expand Geographies

APAC & UK



Strong, very loyal customer base

✓ Provides mission critical solution – 'sticky customer base'

✓ 99%+ customer retention rate

✓ 90%+ of our revenue is now recurring²

✓ TechnologyOne Global SaaS ERP solution

¹ Based on Revenue

² Total Revenue less consulting

43

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44

Appendixes

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

45

Appendix A: FY21 Consulting Profit of \$15.6m

up  14%

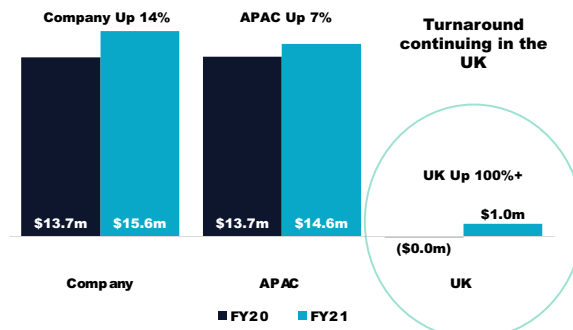
Our AMS business for our existing customers is also moving to recurring revenue. Now have \$19.7m locked in recurring revenue not included in our total ARR

Consulting is responsible for services in relation to our software

Two focussed divisions

New Projects
Applications Managed Services (AMS) for existing customers

Disciplined use of implementation methodology



46

Appendix B: R&D, Disciplined and Transparent

We expense maintenance and research

We capitalise development based on actual timesheets for eligible projects

Capitalisation and amortisation is independently audited along with financial statements

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

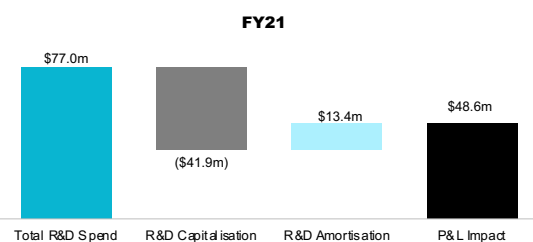
- Range of capitalisation of 50-55%
- 5 year amortisation period

If we vary from this we will provide detailed reasons

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

47

Appendix B: R&D Disciplined & Transparent



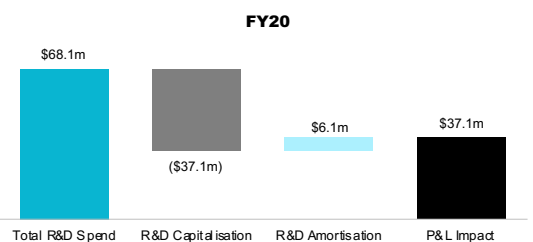
FY21

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

Highly Disciplined approach to R&D

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

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



FY20

\$68.1m
(\$37.1m)
\$6.1m
\$37.1m

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

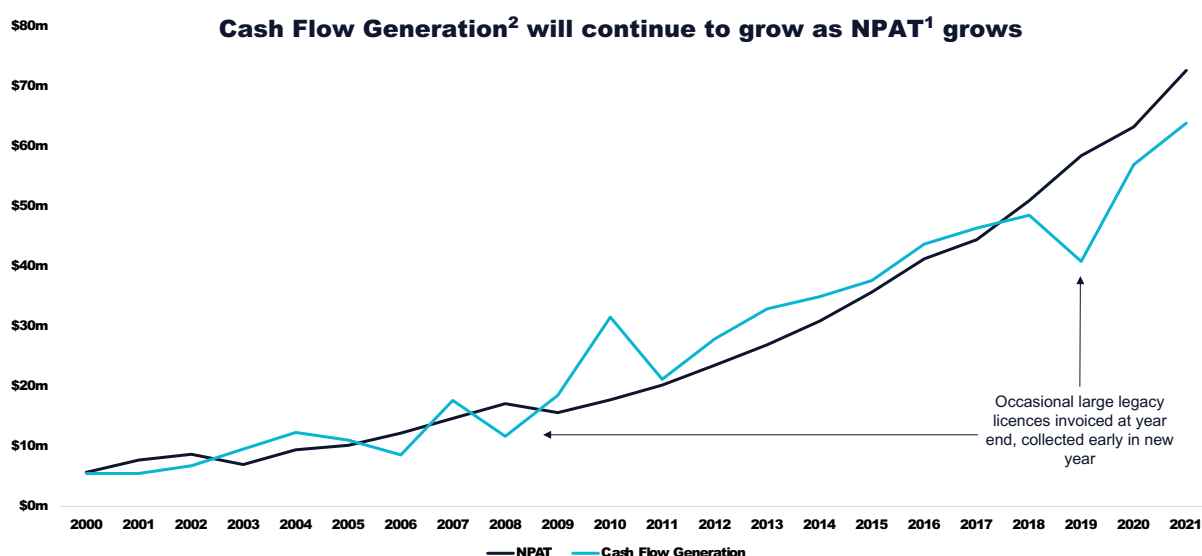
48

Appendix B: R&D Disciplined & Transparent

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

49

Appendix C: Long history of strong cash flow generation



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

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

50

Appendix D: Glossary

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

51

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52