TECHNOLOGY ONE LIMITED

ABN 84 010 487 180

APPENDIX 4D

For the half-year ended 31 March 2023
(compared to the half-year ended 31 March 2022)

Information should be read in conjunction with the most recent Annual Report and Half-Year Financial Report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results				2023 $'000	2022 $'000
Revenue from ordinary activities	Up	17%	to	**201,005**	171,995
Profit from ordinary activities after tax attributable to members	Up	24%	to	**41,281**	33,191
Net profit for the period attributable to members	Up	24%	to	**41,281**	33,191

Dividends		
Dividends	**Amounts per security Cents**	**Franked amount per security Cents**
Current period		
Interim dividend	4.62	2.77
Final dividend	N/A	N/A
Previous corresponding period (**)		
Interim dividend	4.20	2.52
Final dividend	10.82	6.49
Special dividend	2.00	1.20

The Record date for determining entitlements to the dividend is 2 June 2023.
** Year ended 30 September 2022

Brief explanation of any of the figures reported above

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' report and the consolidated financial statements for the half-year ended 31 March 2023.

Earnings per share	Current period 2023 Cents	Previous corresponding period 2022 Cents
Basic EPS	12.73	10.29
Diluted EPS	12.67	10.24
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	324,218,611	322,630,158
Weighted average fully diluted number of shares used in the calculation of the diluted EPS	325,894,423	324,161,539

NTA backing	Current period 31 March 2023	Previous corresponding period 31 March 2022
	Cents	Cents
Net tangible asset backing per ordinary share[1]	12.07	2.41

[1] The increase in NTA year on year is due to the much larger increase in tangible assets such as cash, trade and other receivables, prepayments and property, plant and equipment when compared to the increase in liabilities and intangible assets.

The business combination adjustments discussed in notes 9 and 10 have also contributed to this outcome in the current year. The adjustments resulted in a decrease in both liabilities and intangible assets, improving the NTA.

Dividend Payable

The dividend is payable on 16 June 2023.

Dividend Reinvestment Plan

There is no dividend reinvestment plan in operation.

Total dividend per security (interim)	Current period Cents	Previous period Cents
Ordinary securities	4.62	4.20

Interim dividend on all securities	Current period	Previous corresponding period
	$'000	$'000
Total	14,995	13,571

Earnings per Security

The Earnings per Security (EPS) increase is similar to our net profit after tax increase. Refer to the Directors' Report in the attached half-year Financial Report for additional detail.

Returns to Shareholders

The dividend for the half-year has increased by 10% on the previous corresponding period.

Results of Segments

Refer to the attached half-year Financial Report.

Trends in performance

Refer to the attached half-year Financial Report.

Any other Significant Information

N/A.

COMPLIANCE STATEMENT

This report is based on the attached half-year Financial Report which has been reviewed.

Pat O'Sullivan
Chair
Date: 23 May 2023

Technology One Limited
Financial Report
for the half-year ended 31 March 2023

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group or Technology One) consisting of Technology One Limited and the entities it controlled for the half-year ended 31 March 2023.

Directors

The following persons were directors of Technology One Limited for the half-year and up to the date of this report:

Pat O'Sullivan – Chair
John Mactaggart - Non-executive Director
Richard Anstey - Non-executive Director
Dr Jane Andrews - Non-executive Director
Sharon Doyle – Non-executive Director
Clifford Rosenberg – Non-executive Director
Peter Ball – Non-executive Director
Ron McLean – Non-executive Director (Retired 22 February 2023)

Stephen Kennedy is the Group Company Secretary. Paul Jobbins is the Company Secretary and CFO.

Principal activities

The principal activity of the Group during the half-year was the development, marketing, sales, implementation and support of fully integrated enterprise business software solutions, including:

- Technology One Business Analytics
- Technology One Corporate Performance Management
- Technology One DXP Local Government
- Technology One Enterprise Asset Management
- Technology One Enterprise Budgeting
- Technology One Enterprise Cash Receipting
- Technology One Enterprise Content Management
- Technology One Financials
- Technology One Human Resources and Payroll
- Technology One Performance Planning
- Technology One Property and Rating
- Technology One Spatial
- Technology One Strategic Asset Management
- Technology One Student Management
- Technology One Supply Chain Management
- Technology One Timetabling and Scheduling

Review of operations

The financial results for the half-year ended 31 March 2023 show continuing growth, with SaaS ARR up 40% and profit after tax up 24% underpinned by continuing strong demand for the TechnologyOne global SaaS ERP solution.

TechnologyOne's SaaS and Continuing Business now has revenue of $200.0m for the half-year, up 18%, representing 98%+ of our business, reflecting a huge shift from our legacy licence business.

Key results were as follows:

- Profit After Tax of $41.3m, up 24%
- Profit Before Tax of $52.7m, up 24%
- SaaS Annual Recurring Revenue (ARR)[1] of $316.3m, up 40%
- Revenue from our SaaS and Continuing Business of $200.0m, up 18%
- Total Revenue of $210.3m, up 22%[2]
- Total Expenses of $157.6m, up 21%[3]
- Cash and Cash Equivalents of $139.1m, up 20% from 31 March 2022
- Cash Flow Generation[4] of $1.3m as expected, and will be strong over the full year
- Interim Dividend of 4.62cps, up 10%
- R&D expenditure (before capitalisation) of $49.4m, up 19%, which is 24% of revenue
- UK profit of $3.0m, up 29%

[1] ARR represents future contracted annual recurring revenue at period end. This is a non-IFRS financial measure and is unaudited.
[2]Total Revenue includes a gain of $7.4m as a result of the Scientia earn-out stretch targets not being achieved. However, the Scientia product is performing strongly, in line with our expectations and will continue to support UK growth.
[3] Total expenses include the partial derecognition of acquired Scientia intangible assets of $6.8m.
[4] 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.

We have delivered our 14th year of record first half profit, record revenue and record SaaS fees.

Our Profit After Tax for the half is up 24% and our SaaS Annual Recurring Revenue (ARR) is up 40%, as we increased the number of large-scale enterprise SaaS customers by 27% to 903. Our SaaS business continues to grow strongly.

We have a clear and consistent strategy, and our team are executing very well, delivering significant value for our customers.

We saw an acceleration of customers move to our global SaaS ERP solution, with more than 189 large enterprise customers committing to make the shift in the last 12 months, the highest number to date for any comparable period.

Our global SaaS ERP is the future of enterprise software. It provides our enterprise customers with a mission critical solution to run their entire business on any device, anywhere, at anytime. It also allows them to innovate and meet the challenges ahead with greater agility and speed, without having to worry about underlying technologies. This makes life simple for them.

These are strong half year results for TechnologyOne and validate the strength of our SaaS strategy, which continues our strong growth trajectory in both Australia and the UK.

We continue to have many strong customer wins driving organic growth. Twenty-five large scale enterprise customers partnered with us in the first half, including Hume City Council, City of Parramatta Council and six Victorian water authorities in Australia, Waikato District Council and Massey University in New Zealand and London Business School, Liverpool School of Tropical Medicine and Ashfield District Council in the UK. All of these organisations partnered with us to find efficiencies through transforming their operations to enable more free time and resources, which can then be invested back into their customers and community.

Net Revenue Retention (NRR), which is the net amount of new ARR won and retained ARR from existing customers, was 119% for the 12 months to 31 March, compared to 114% for the same period last year. This was an outstanding result given best practice in the ERP market is between 115% and 120%.

We expect to meet our 115% target for the full year. By growing NRR at 115% we can double the size of our business every five years which shows the strength and resilience of our strategy and deep customer relationships. The UK business delivered almost the same amount of new ARR in the first half of FY23 as it did for the full year in FY22 and delivered profit before tax of $3.0m for the half-year, up 29%. We expect strong growth for the full year FY23, and the company sees significant growth opportunities in the coming years.

As we continue to win more customers and our SaaS Platform continues to scale globally, our profit margin will continue to expand.

TechnologyOne also continued significant R&D investment in platforms for growth including SaaS+ (Solution as a Service), App Builder, its Digital Experience Platform (DXP) and extending the functionality and capabilities of the company's global SaaS ERP solution.

Traditionally, cash flow generation for TechnologyOne is weighted to the second half, aligned with customer payment anniversary dates, resulting in negative cash flow in the first half. This half-year, we delivered a break-even cash flow generation result, with cash and cash equivalents up 20% pcp. Cash Flow Generation will be strong over the full year, and we expect it to represent approximately 90% of Net Profit After Tax (NPAT). Cash Flow Generation will progressively align to NPAT from FY24.

As reported to the ASX on May 10th, 2023, TechnologyOne recently experienced an incident with its back-office system. We detected that an unauthorised party acted illegally to access our internal Microsoft 365 back-office system. TechnologyOne's customer facing SaaS platform is not connected to the Microsoft 365 system and was not impacted. The internal back-office system has since been successfully restored and is fully operational. Third party cyber security experts have also confirmed our Microsoft 365 system is secure and no further illegal activity has been detected. For further information refer to ASX releases dated May 10th, 2023, and May 12th, 2023.

Guidance

We expect to see strong continuing growth for the full year and will provide guidance with our Half Year Results Presentation.

Dividends

In light of the Group's strong results, and our confidence going forward, the dividend for the half year has increased to 4.62 cents per share, up 10% on the prior year.

Dividends paid to members during the period were as follows:

	2023	2022
	$'000	$'000
Final dividend for the year ended 30 September 2022 of 10.82 cents (2021 – 10.09 cents) per fully paid share paid in December 2022	35,119	32,492
A special dividend for the year ended 30 September 2022 of 2 cents per fully paid share paid in December 2022	6,491	-
	41,610	32,492

Matters subsequent to the end of the half year

On 23 May 2023, the directors of Technology One Limited declared an interim dividend on ordinary shares of 4.62 cents per share in respect of the 2023 financial year. The total amount of the dividend is $15.0m and is 60% franked.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Auditor’s independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 22.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.

Pat O’Sullivan
Chair

Brisbane
23 May 2023

Technology One Limited
Consolidated income statement
For the half-year ended 31 March 2023

	Notes	31-Mar-23	31-Mar-22
		$'000	$'000
Revenue - SaaS and continuing business		**200,037**	169,480
Revenue - Legacy licence business		**968**	2,515
Revenue from contracts with customers	3	**201,005**	171,995
Variable costs		**(11,539)**	(10,322)
Variable customer SaaS costs		**(17,412)**	(12,300)
Total variable costs		**(28,951)**	(22,622)
Occupancy costs	4	**(1,681)**	(1,250)
Corporate costs	10	**(18,351)**	(11,943)
Depreciation and amortisation	4	**(25,480)**	(17,870)
Computer and communication costs		**(5,203)**	(5,465)
Marketing costs		**(7,604)**	(3,715)
Employee costs		**(66,633)**	(64,440)
Share-based payments	8	**(2,644)**	(1,771)
Finance expense	4	**(1,008)**	(808)
Total operating costs		**(128,604)**	(107,262)
Other income	3	**9,297**	459
Profit before income tax		**52,747**	42,570
Income tax expense		**(11,466)**	(9,379)
Profit for the period		**41,281**	33,191
		Cents	Cents
Basic earnings per share		12.73	10.29
Diluted earnings per share		12.67	10.24

The above Consolidated income statement should be read in accordance with the accompanying notes.

	31-Mar-23	31-Mar-22
	$'000	$'000
Profit for the period (from previous page)	**41,281**	33,191
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**2,681**	(1,609)
Other comprehensive income for the period, net of tax	**2,681**	**(1,609)**
Total comprehensive income for the period	**43,962**	**31,582**

The above Consolidated statement of comprehensive income should be read in accordance with the accompanying notes.

Technology One Limited
Consolidated statement of financial position
As at 31 March 2023

	Notes	31-Mar-23	30-Sep-22
ASSETS		**$'000**	$'000
Current assets			
Cash and cash equivalents		**139,130**	175,865
Prepayments		**24,106**	20,379
Trade and other receivables		**46,793**	57,266
Contract assets		**24,040**	21,540
Other current assets		**2,017**	600
Current tax assets		**6,922**	-
Contract acquisition costs		**7,399**	6,505
Total current assets		**250,407**	**282,155**
Non-current assets			
Property, plant and equipment		**10,080**	8,505
Right-of-use assets		**23,640**	23,110
Intangible assets		**59,105**	59,452
Capitalised development	5	**131,475**	126,909
Deferred tax assets		**9,264**	21,060
Contract assets		**4,613**	4,881
Contract acquisition costs		**16,296**	13,873
Total non-current assets		**254,473**	**257,790**
Total assets		**504,880**	**539,945**
LIABILITIES			
Current liabilities			
Trade and other payables		**41,409**	48,559
Provisions		**21,039**	20,902
Contingent consideration	9	**-**	6,997
Deferred revenue	6	**151,396**	184,008
Current tax liabilities		**-**	2,784
Lease liability		**8,146**	7,897
Total current liabilities		**221,990**	**271,147**
Non-current liabilities			
Provisions		**2,433**	2,200
Other non-current liabilities		**81**	94
Lease liability		**26,918**	27,407
Total non-current liabilities		**29,432**	**29,701**
Total liabilities		**251,422**	**300,848**
Net assets		**253,458**	**239,097**
EQUITY			
Contributed equity		**64,918**	57,635
Other reserves		**62,822**	81,875
Retained earnings		**125,718**	99,587
Total equity		**253,458**	**239,097**

The above Consolidated statement of financial position should be read in accordance with the accompanying notes.

	Note	Contributed equity	Retained earnings	Dividend reserve	FOREX reserve	Share option reserve	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2022		**57,635**	**99,587**	**41,455**	**(1,238)**	**41,658**	**239,097**
Profit for the period		-	41,281	-	-	-	41,281
Exchange differences on translation of reserves		-	-	-	2,681	-	2,681
Total comprehensive income for the period		**-**	**41,281**	**-**	**2,681**	**-**	**43,962**
Dividends Paid		-	-	(41,610)	-	-	(41,610)
Transfer to dividends reserve		-	(15,150)	15,150	-	-	-
Exercise of share options		7,283	-	-	-	-	7,283
Share based payments		-	-	-	-	2,644	2,644
Tax impact of share trust		-	-	-	-	2,082	2,082
		7,283	**(15,150)**	**(26,460)**	**-**	**4,726**	**(29,601)**
Balance at 31 March 2023		**64,918**	**125,718**	**14,995**	**1,443**	**46,384**	**253,458**
Balance at 1 October 2021		**51,645**	**65,872**	**32,454**	**1,958**	**38,305**	**190,234**
Profit for the period		-	33,191	-	-	-	33,191
Exchange differences on translation of reserves		-	-	-	(1,609)	-	(1,609)
							-
Total comprehensive income for the period		**-**	**33,191**	**-**	**(1,609)**	**-**	**31,582**
Dividends Paid		-	-	(32,492)	-	-	(32,492)
Transfer to dividends reserve		-	(13,609)	13,609	-	-	-
Exercise of share options		5,558	-	-	-	-	5,558
Share based payments		-	-	-	-	1,771	1,771
Tax impact of share trust		-	-	-	-	1,137	1,137
		5,558	**(13,609)**	**(18,883)**	**-**	**2,908**	**(24,026)**
Balance at 31 March 2022		**57,203**	**85,454**	**13,571**	**349**	**41,213**	**197,790**

The above Consolidated statement of changes in equity should be read in accordance with the accompanying notes.

	Notes	31-Mar-23	31-Mar-22
		$'000	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**193,866**	172,246
Payments to suppliers and employees (inclusive of GST)		**(149,710)**	(135,914)
Interest received		**1,592**	91
Net income taxes paid		**(7,294)**	(7,270)
Interest paid		**(1,008)**	(809)
Net cash inflow / (outflow) from operating activities		**37,446**	**28,344**
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,946)**	(1,507)
Payments for development expenditures and intangibles		**(33,178)**	(27,329)
Net cash inflow / (outflow) from investing activities		**(36,124)**	**(28,836)**
Cash flows from financing activities			
Proceeds from exercise of share options		**7,267**	5,488
Principal repayments of lease liabilities		**(3,714)**	(348)
Dividends paid to shareholders		**(41,610)**	(32,492)
Net cash inflow / (outflow) from financing activities		**(38,057)**	**(27,352)**
Net increase / (decrease) in cash and cash equivalents		**(36,735)**	(27,844)
Cash and cash equivalents at the beginning of the period		**175,865**	144,212
Cash and cash equivalents at the end of the period		**139,130**	**116,368**

The above Consolidated statement of cash flows should be read in accordance with the accompanying notes.

1. Basis of preparation

(a) Corporate information

The financial report of Technology One Limited (the Group) for the half-year ended 31 March 2023 was authorised for issue in accordance with a resolution of directors on 23 May 2023.

Technology One Limited (the Group) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

This condensed interim financial report for the half-year reporting period ended 31 March 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full-year financial report. It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 September 2022 and considered together with any public announcements made by Technology One Limited during the half-year ended 31 March 2023 in accordance with the continuous disclosure obligations of the ASX listing rules and Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim financial period.

Certain comparative items have been reclassified in the financial statements to align with the 31 March 2023 disclosures.

At 31 March 2023, the statement of financial position shows a current liability balance of $222.0m (30 September 2022: $271.1m) which is predominately attributable to the deferred revenue balance in current liabilities. As deferred revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised as revenue from contracts with customers in future periods, and not a future cash outflow, this balance does not impact the Group’s ability to meet its short-term obligations as and when they fall due.

2. Segment information

The Group's chief operating decision maker, being the Chief Executive Officer, makes financial decisions and allocates resources based on the information received from the Group's internal management system. Sales are attributed to an operating segment based on the type of product or service provided to the customer.

Segment information is prepared in conformity with the accounting policies of the Group as discussed in note 1 in the annual report ending 30 September 2022 and Accounting Standard AASB 8 Operating Segments.

The Group's reportable segments are:

- Software – incorporates Sales and Marketing, Product and SaaS Platform.
- Consulting – responsible for services in relation to our software.
- Corporate – includes all corporate functions.

Intersegment revenues/expenses are where one operating segment has been charged for the use of another's expertise.

Royalties are a mechanism whereby each segment pays or receives funding for their contribution to the ongoing success of TechnologyOne. For example, Software pays Corporate for the use of corporate services.

The chief operating decision maker views each segment's performance based on revenue post royalties and profit before tax. No reporting or reviews are made of segment assets, liabilities, and cash flows and as such this is not measured or reported by segment.

Half Year 2023	**Software**	**Consulting**	**Corporate**	**Total**
	$'000	$'000	$'000	$'000
Revenue from contracts with customers				
SaaS fees*	145,005	-	-	**145,005**
Annual licence fees*	21,357	-	-	**21,357**
Consulting services*	-	33,748	-	**33,748**
Initial licence fees**	895	-	-	**895**
Other income	233	-	9,064	**9,297**
Intersegment revenue	(304)	379	(75)	**-**
Intersegment royalty	(35,111)	(3,569)	38,680	**-**
Total revenue	**132,075**	**30,558**	**47,669**	**210,302**
Expenses				
Total external expenses	(94,849)	(25,552)	(37,154)	**(157,555)**
Profit before tax	**37,226**	**5,006**	**10,515**	**52,747**
Income tax expense				**(11,466)**
Profit for the half-year				**41,281**

Half Year 2022	**Software**	**Consulting**	**Corporate**	**Total**
	$'000	$'000	$'000	$'000
Revenue from contracts with customers				
SaaS fees*	96,248	-	-	**96,248**
Annual licence fees*	39,166	-	-	**39,166**
Consulting services*	-	34,148	-	**34,148**
Initial licence fees**	2,433	-	-	**2,433**
Other income	298	-	161	**459**
Intersegment revenue	(125)	161	(36)	**-**
Intersegment royalty	(32,190)	(3,396)	35,586	**-**
Total revenue	**105,830**	**30,913**	**35,711**	**172,454**
Expenses				
Total external expenses	(76,223)	(24,181)	(29,480)	**(129,884)**
Profit before tax	**29,607**	**6,732**	**6,231**	**42,570**
Income tax expense				**(9,379)**
Profit for the half-year				**33,191**

**Recognised over time / as services are rendered*
***Recognised at a point in time*

3. Revenue

	2023	2022
	$'000	$'000
Revenue from contracts with customers		
SaaS fees*	**145,005**	96,248
Annual licence fees*	**21,284**	39,084
Consulting services*	**33,748**	34,148
Revenue - SaaS and continuing business	**200,037**	**169,480**
Initial licence fees**	**895**	2,433
Annual licence fees associated with initial licence fees*[1]	**73**	82
Revenue - Legacy licence business	**968**	**2,515**
Total revenue from contracts with customers	**201,005**	**171,995**

	2023	2022
Other income	**$'000**	$'000
Foreign exchange gains / (losses)	**36**	29
Interest received	**1,592**	91
Reversal of contingent consideration (note 9)	**7,378**	-
Other income	**291**	339
Total other income	**9,297**	**459**
Total	**210,302**	**172,454**

**Recognised over time / as services are rendered*
***Recognised at a point in time*
[1] This represents revenue on annual licence fees recognised from the date the associated initial licence is delivered until the end of that first financial year post delivery.

4. Expenses

	2023	2022
	$'000	$'000
Occupancy costs	**(1,681)**	(1,250)
Depreciation of plant and equipment	(1,369)	(1,279)
Amortisation of right-of-use assets	(2,867)	(2,563)
Amortisation of contract acquisition	(3,577)	(2,722)
Amortisation of capitalised development	(16,077)	(10,693)
Amortisation of other intangibles	(1,590)	(613)
Depreciation and Amortisation	**(25,480)**	(17,870)
Finance expense	**(1,008)**	(808)

5. Capitalised development

	Software under development	Software - in use	Total
	$'000	$'000	$'000
Period ended 31 March 2023			
Opening net book amount as at 1 October 2022	33,947	92,962	126,909
Additions	25,702	-	25,702
Transfers to software - in use	(24,146)	24,146	-
Amortisation charge	-	(16,077)	(16,077)
Derecognition[1]	-	(4,975)	(4,975)
Exchange difference	-	(84)	(84)
Closing net book amount	**35,503**	**95,972**	**131,475**
at 31 March 2023			
Cost	35,503	160,494	195,997
Accumulated amortisation	-	(59,547)	(59,547)
Accumulated derecognition	-	(4,975)	(4,975)
Net book amount	**35,503**	**95,972**	**131,475**

	Software under development	Software - in use	Total
	$'000	$'000	$'000
Period ended 31 March 2022			
Opening net book amount as at 1 October 2021	30,295	70,713	101,008
Additions	22,062	-	22,062
Transfers to software - in use	(21,185)	21,185	-
Amortisation charge	-	(10,693)	(10,693)
Exchange difference	(217)	(385)	(602)
Closing net book amount	**30,955**	**80,820**	**111,775**
at 31 March 2022			
Cost	30,955	120,007	150,962
Accumulated amortisation	-	(39,187)	(39,187)
Net book amount	**30,955**	**80,820**	**111,775**

[1] Derecognition discussed in note 10.

6. Deferred revenue

	2023	2022
	$'000	$'000
Carrying Amount at 1 October	184,008	160,015
Carrying amount at 31 March	151,396	138,219
Revenue recognised from the opening balance	122,200	114,106

Deferred revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised as revenue in future periods, generally over the next 12 months. These amounts are a contract liability under AASB15 Revenue from contracts from customers.

7. Fair value

At 31 March 2023, the Group did not hold any assets or liabilities at fair value through the profit and loss.

The carrying value of current trade and other receivables, deferred revenue and trade payables are assumed to approximate their fair value due to their short-term nature.

8. Share-based payments

Share options

Options are granted to employees at the discretion of the Board based on the option plan approved by the Board.

TechnologyOne issues options with up to 25% discount on the volume weighted average price for the 10 days prior to the grant date.

The options typically vest if the employee remains employed at the vesting date. For executive key management personnel (KMP) they must remain employed at the vesting date and meet certain performance-based vesting conditions. The one-off retention LTIs grants awarded to KMP in FY22 do not have performance-based vesting conditions.

The period available between vesting date and expiry date of each option is five years.

Each option entitles the holder to purchase one share. Fair values of options granted as part of remuneration are based on values determined using the Black-Scholes option pricing model or the Monte Carlo model where there is a market-based performance metric attached to the vesting of the option or executive performance rights (EPR).

The fair value of options granted during the year was between $2.32 and $5.98 (2022: $2.13 and $3.65). The fair value of EPRs granted during the period was between $11.76 and $14.47 (2022: $11.11 and $11.38).

The fair value of the options granted during the six months ended 31 March 2023 was estimated using the following assumptions:

Dividend yield (%)	1.1%-1.4%
Expected volatility (%)	22.0%-33.9%
Risk-free interest rate (%)	2.9%-3.2%
Expected life of share options (years)	1.3-3.5
Share price ($)	$10.60-$14.93

At 31 March 2023, a total of 5,115,925 options and 149,902 EPRs (September 2022 – 5,485,153 and 112,196) offered to employees were outstanding.

The weighted average exercise price of options exercised during the period ended 31 March 2023 was $6.29 (30 September 2022 - $4.25).

The weighted average remaining contractual life of share options outstanding at the end of the period was 7.3 years (30 September 2022 - 7.0 years).

For the six-month period ended 31 March 2023, the Group has recognised $2.6m of share-based payment expense in the consolidated income statement (31 March 2022: $1.8m).

Employee share plan

During FY23 the Group launched an Employee Share Plan which provides 1 bonus share (fully paid ordinary share) for every 2 shares purchased by an employee.

An eligible employee under the plan is defined as a current permanent full-time or part-time Technology One Group employee who:
(a) have completed their probation period by 9 November 2022,
(b) are 18 years or older on 9 November 2022, and
(c) who reside in Australia, New Zealand, the United Kingdom or Malaysia.

Eligible employees can opt into the plan and choose an amount to be deducted from their post-tax salary each month during the contribution period (will typically be a 12-month period and the contribution is capped at $25k(AUD) per person which equates to a monthly contribution cap of $2,083). This post tax deduction is used to purchase TechnologyOne shares at market value at the end of each contribution month.

Employees who participate in the plan will become entitled to one matched share for every two shares they acquire under the plan subject to vesting conditions.

The vesting condition attached to the bonus shares is that the employee must remain employed for one month after the contribution period ends. A participant who satisfies the vesting conditions will become entitled to the matched shares on the last day of the vesting period.

The fair value of the matched share is estimated at the measurement date using Black-Scholes option pricing model and is recognised over the period that the matched share vests. FY23 is the first year that employees have been able to enter into the employee share plan. The contribution period for the first offering is 1 January 23 to 30 June 23, with the vesting date being 31 July 23.

9. Business Combination

On 15 September 2021, Technology One acquired Scientia Resource Management Limited (Scientia), a United Kingdom company servicing the higher education sector.

The total consideration at 30 September of GB£10.2m included an initial cash payment of $11.5m (GB£6.1m) and contingent consideration payable of $7.6m (GB£4.1m). The contingent consideration represented amounts potentially payable on the achievement of specified performance targets. The performance hurdles were based on Net Profit Before Tax (NPBT) and Annual Recurring Revenue (ARR) results as of 31 December 2022.

The assessment period for these performance hurdles has now concluded and the Group notes that the NPBT and ARR targets have not been met. Therefore no contingent consideration payment in respect of the calendar year ending 31 December 2022 is required to be paid under the agreement.

Given the above, the Group has reduced the provision held on the Balance Sheet at 30 September 2022. $7.4m (GB£4.1m) has been credited to the P&L within the Other Income line of the Consolidated Income Statement.

There were also NPBT and ARR targets between 31 December 2022 and 31 December 2024 that if met, may have resulted in further payments to the major selling shareholder. The requirement was for targets to be met in all periods in order for any payment to be made. These targets were not met at 31 December 2022 and therefore no provision has been recorded.

10. Review of intangible asset carrying values

The events and circumstances leading to the reduction in the provision for contingent consideration have also been considered in terms of whether there are indicators of impairment in the carrying value of the goodwill and other intangibles acquired.

An impairment assessment of Goodwill and other intangible assets resulted in no impairment being recognised.

In addition, a review of the intangible assets acquired has been performed in the period that has resulted in the following:

- The carrying value of the acquired tradename has been derecognised in full ($0.9m, GB£0.5m) as the tradename is no longer in use
- A portion of the acquired software value has been derecognised ($5.0m, GB£2.7m)
- A portion of the acquired customer relationship asset has had accelerated amortisation due to a change in the assessed useful life ($0.9m, GB£0.5m)

$5.9m (GB£3.2m) has been recognised as an expense within the Corporate costs line of the Consolidated Income Statement representing the carrying value of assets derecognised.

$0.9m (GB£0.5m) has been recognised as an expense within the Depreciation and amortisation line of the Consolidated Income Statement representing the accelerated amortisation of a portion of acquired customer relationships.

These expenses have been recognised within the external expenses line of the Corporate segment (Note 2).

11. Critical accounting estimates

The Group has considered whether there is any additional critical accounting estimates to be disclosed within this interim set of Financial Statements that were not required at 30 September 2022. No additional critical accounting estimates are noted.

12. Events occurring after the reporting period

On 23 May 2023, the directors of Technology One Limited declared an interim dividend on ordinary shares of 4.62 cents per share in respect of the 2023 financial year. The total amount of the dividend is $15.0m and is 60% franked.

No other matters or circumstances have arisen since the half-year end which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

In accordance with a resolution of the directors of Technology One Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes set out on pages 8 to 20 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2023 and of its performance for the half-year ended on that date.

(ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the board

Pat O'Sullivan
Chair

Brisbane
23 May 2023

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Auditor's Independence Declaration to the Directors of Technology One Limited

As lead auditor for the review of the half-year financial report of Technology One Limited for the half-year ended 31 March 2023, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b) No contraventions of any applicable code of professional conduct in relation to the review; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Technology One Limited and the entities it controlled during the financial period.

Ernst + Young

Ernst & Young

John Robinson
Partner
23 May 2023

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Independent auditor's review report to the members of Technology One Limited

Conclusion

We have reviewed the accompanying half-year financial report of Technology One Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 March 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is

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substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst + Young

Ernst & Young

John Robinson
Partner
Sydney
23 May 2023

Jennifer Barker
Partner
Brisbane
23 May 2023