



technology1

2024 Full Year Results

Ended 30 September 2024

Making life simple for our community



19 November 2024

Disclosure Statement

TechnologyOne Ltd Full Year Presentation – 19 November 2024

TechnologyOne Ltd (ASX: TNE) today conducted a series of presentations relating to its 2024 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: 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.



Agenda

- Highlights
- Financial Results
- Significant Achievements
- Building the Future
- Outlook for FY25

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Agenda

- **Highlights**
- Financial Results
- Significant Achievements
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Continuing Strong Growth

FY24 Results



**Profit
growth**

18%

to \$152.9m



**ARR growth
driven by**

UK & SaaS+

Up 20% to \$470.2m

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Mission

Make life simple for our community, from its citizens to students, by leveraging our team's innovation, drive and determination.



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**ERP
software**



**One
experience
for our
customers.**



**Market
focus &
commitment.**



**Evolution not
revolution.**



**The Power
of One.**



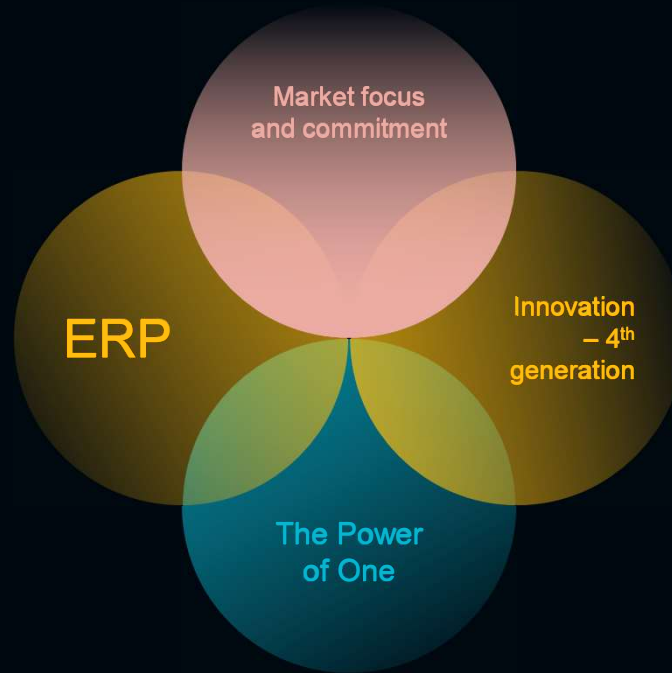
**Tech
is the
answer.**



**We dream
big and
deliver.**




















technology¹



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Total ERP Solution.

cia

 App Builder	 Business Analytics	 Corporate Performance Management	 courseloop 
 Enterprise Asset Management	 Enterprise Budgeting	 Enterprise Cash Receipting	 Enterprise Content Management
 Financials	 Human Resources and Payroll	 Performance Planning	 Property and Rating
 Spatial	 Student Management	 Supply Chain Management	 Timetabling & Scheduling



For **our** Community

dxp

- 
DxP Essentials
- 
DxP Local Government
- 
DxP Student

For **your** Community

















Power of a single integrated solution

 Available Product  Coming soon

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Acquisition of CourseLoop

cia

 App Builder	 Business Analytics	 Corporate Performance Management	
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














For **your** Community

● Available Product ● Coming soon

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OneEducation

cia

 App Builder	 Business Analytics	 Corporate Performance Management	 Curriculum
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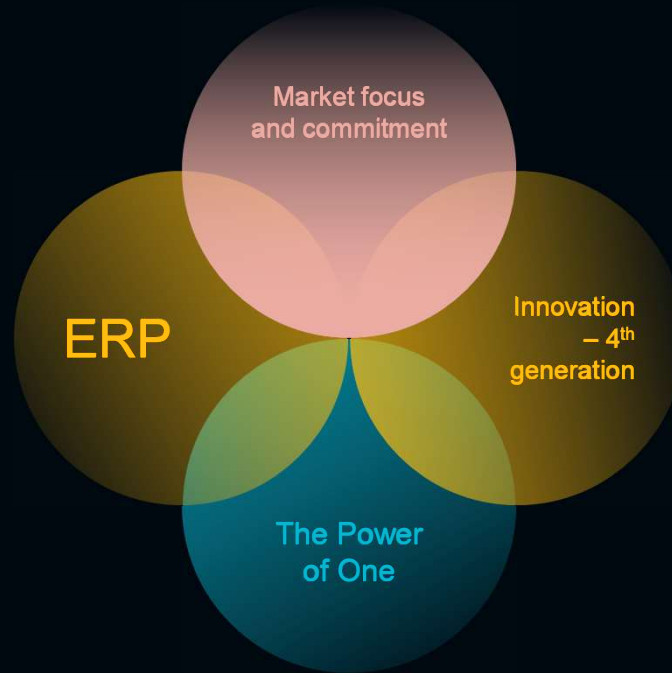
 DxP Essentials
 DxP Local Government
 DxP Student

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● Available Product ● Coming soon

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Deepest functionality for the markets we serve.



Local
Government



Education



Government



Asset and
Project
Intensive
industries



Health and
Community
Services

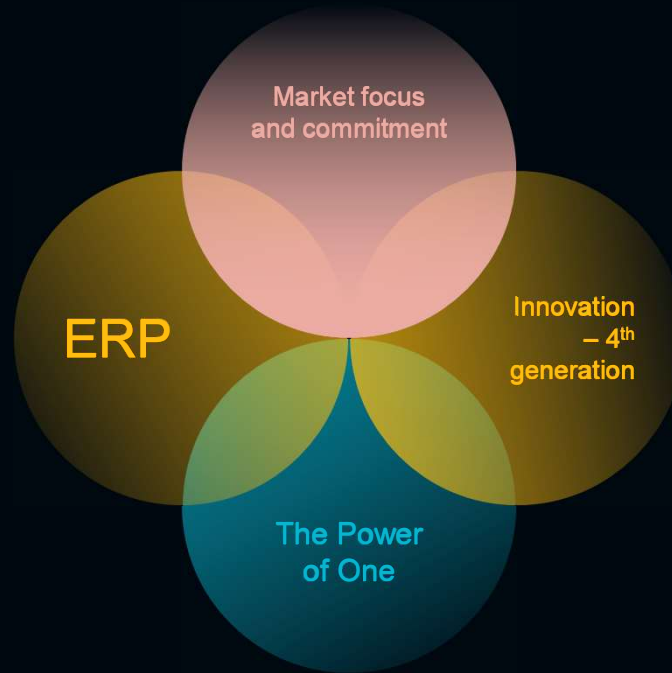


Financial
Services and
Corporates

We provide proven practice preconfigured solutions to reduce time, cost and risk

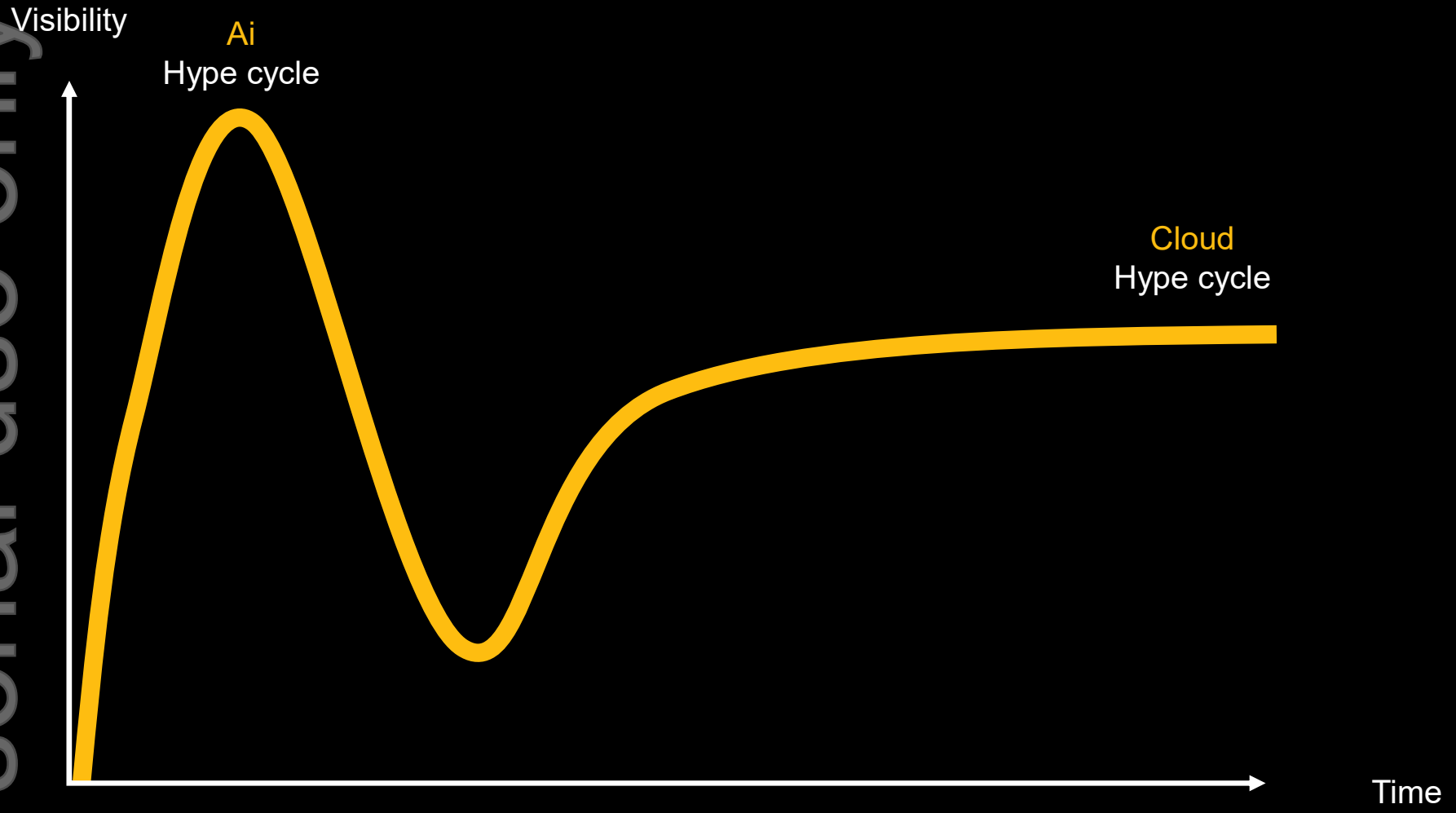
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technology¹



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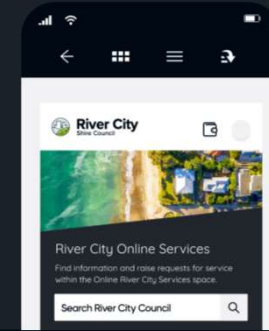


Security

Future

24^a

24^b

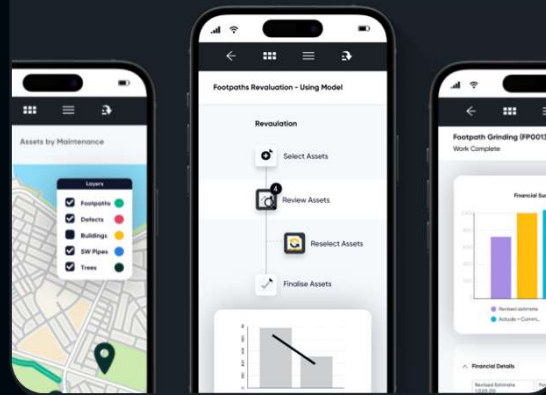


dip

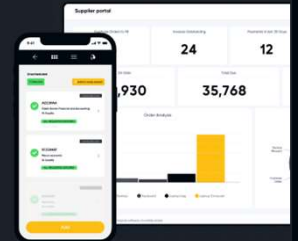
App builder

cia

"SaaS+, which offers a faster implementation, meaning the Council could reap the benefits at an accelerated pace compared to traditional time and material methodology."



Tech

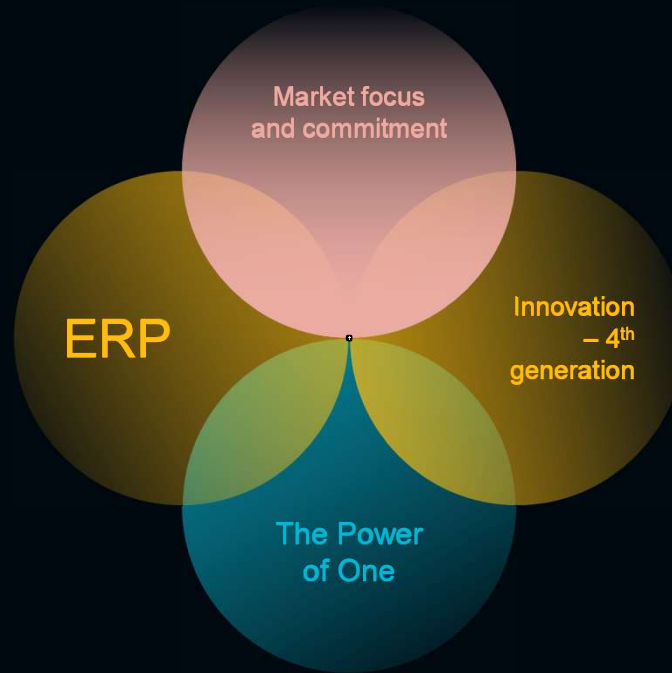


community

SaaS+

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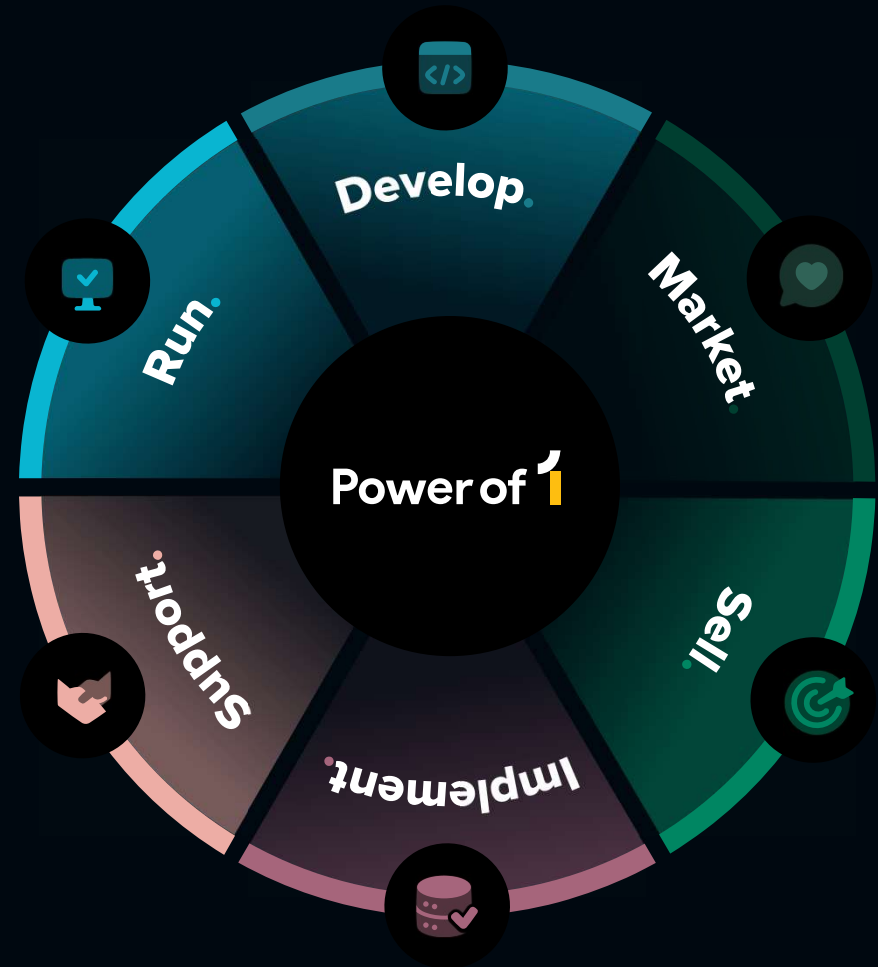
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The Power of One.

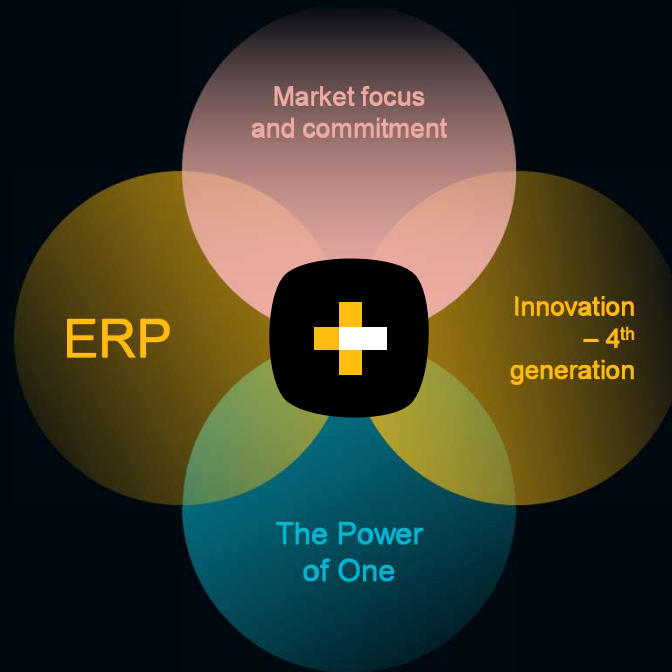
IP Engine.
Own customer relationship.
100% accountability.
99%+ retention.

We take complete responsibility
We do not use Implementation Partners or Re-Sellers



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technology¹

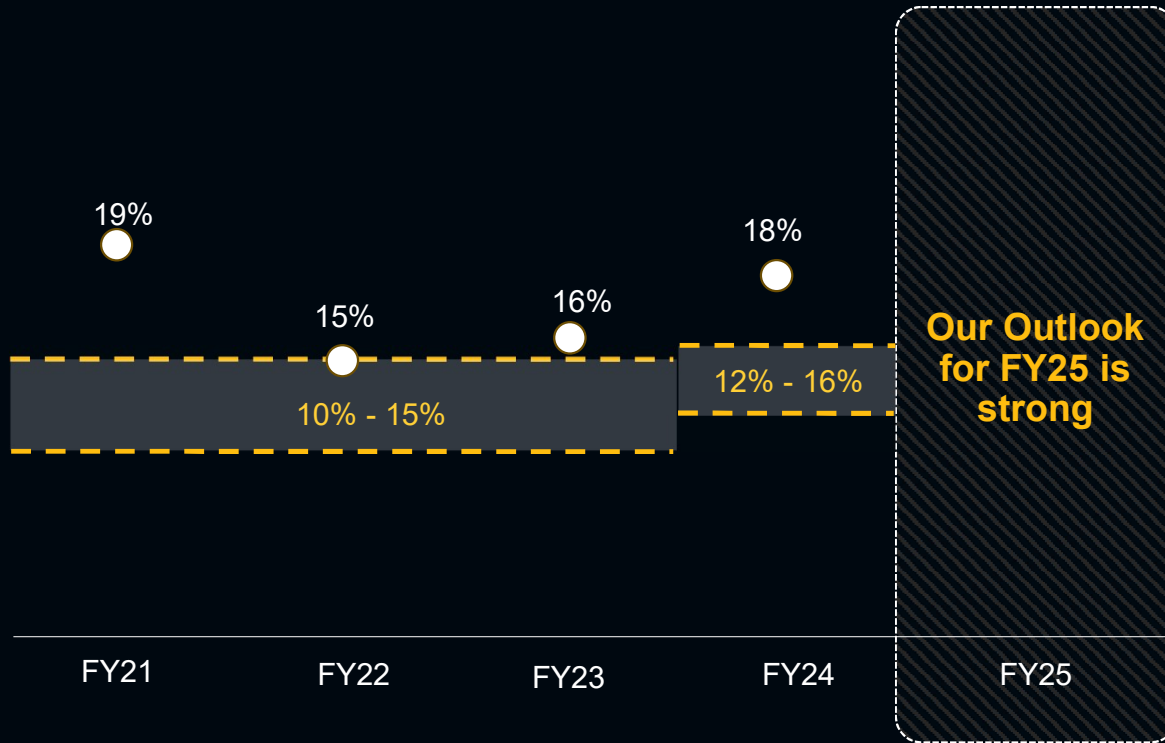


SaaS+



Profit Before Tax Growth of 18%

Profit growth accelerated in FY24
Track record of achieving top of guidance



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

~~Upgrades to \$500m+ ARR by FY25~~

Upgrades to \$500m+ ARR by H1 FY25

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

Our Total Addressable market is \$13.5b.

We will continue to double in size every 5 years.

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A new long-term target

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**A new long-term target
\$1b+ ARR by FY30**

FY24 Results Summary

- SaaS+ drives continuing strong growth
- UK sales ARR up 70%

**Profit
growth
18%**

**ARR
growth
20%**

**NRR
117%**

**SaaS &
Recurring
Revenue
19%**

	FY24	FY23	VAR	VAR
	\$m	\$m	\$m	%
Total ARR	470.2	392.9	77.3	20
UK ARR	34.7	26.5	8.2	31
UK sales ARR	8.7	5.1	3.6	70
SaaS & Recurring Revenue	466.3	390.7	75.6	19
Total Revenue	515.4	441.4	74.1	17
Profit Before Tax	152.9	129.9	23.0	18
Profit After Tax	118.0	102.9	15.1	15
Cash Flow Generation	119.0	104.6	14.4	14
Cash and Investments	278.7	223.3	55.4	25
PBT Margin	30%	29%		1
EPS (cps)	36.24	31.71	4.53	14
Total Dividend (cps)	22.45	19.52	2.93	15



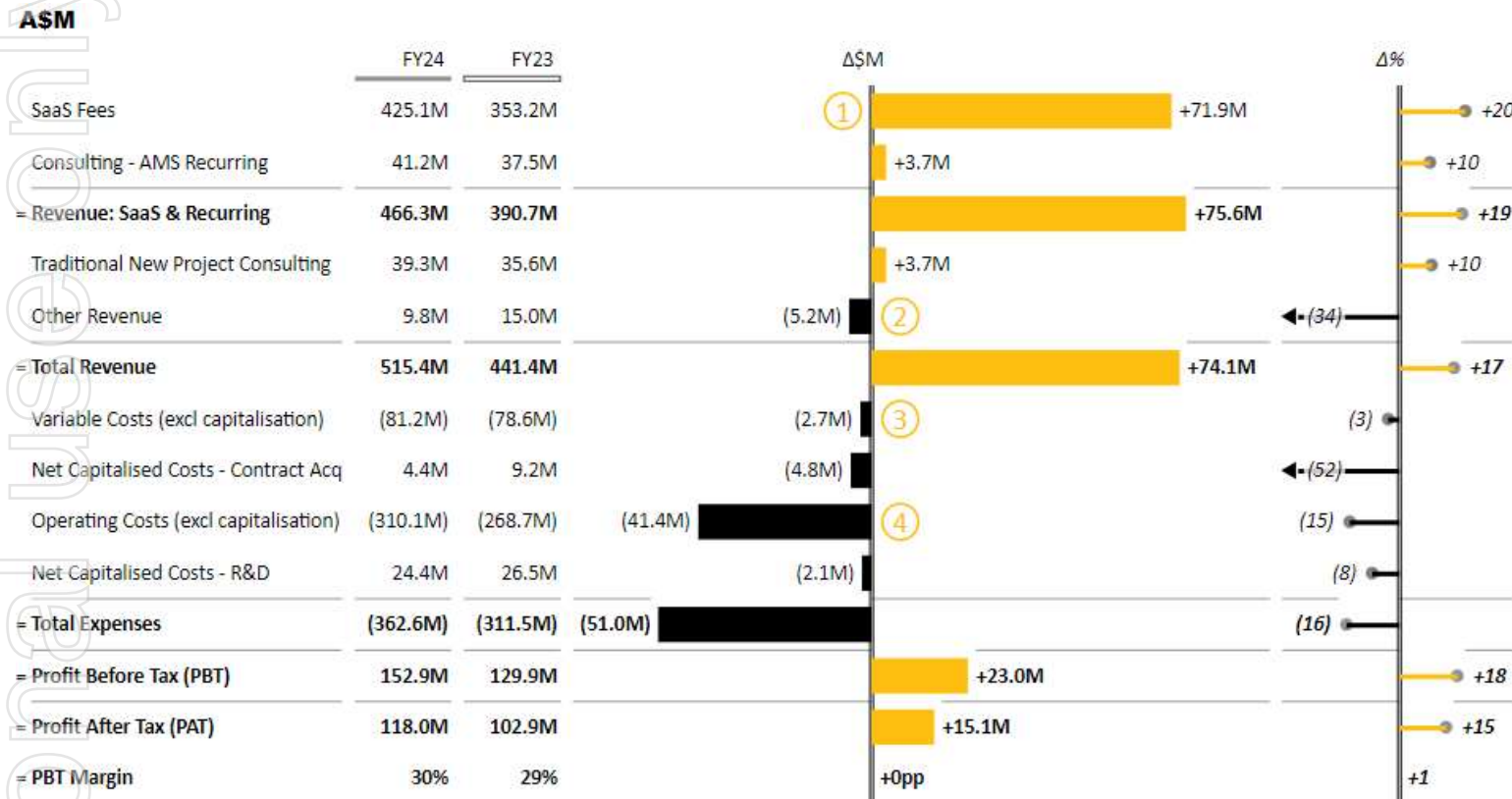
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FY24 Profit and Loss

Record revenue and profit; investment in SaaS+ impacted margin ~1%



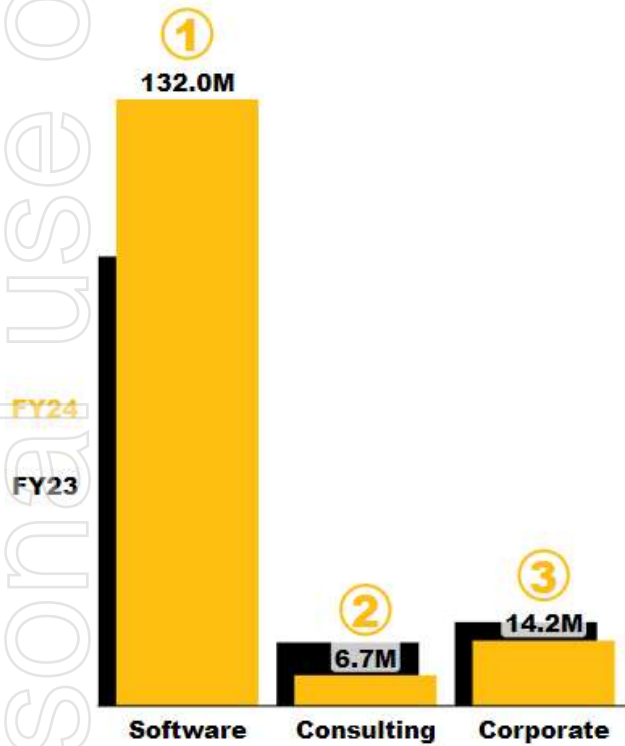
- 1 SaaS Fees 425.1M ▲ +20%
Strong sales growth driven by NRR @ 117% and new logo wins
- 2 Other Revenue 9.8M ▼ (34)%
Includes licence fees, which were minimal in FY24
- 3 Variable Costs (excl capitalisation) (81.2M) ▼ (3)%
Migration to SaaS driving uplift, Commission expenses lower YoY
- 4 Operating Costs (excl capitalisation) (310.1M) ▼ (15)%
Key drivers were increased headcount and salaries
- 5 PBT Margin 30% ▲ +1%
Includes investment in transition to SaaS+, which has impacted margin ~1%

Includes 1% Profit Before Tax margin in SaaS+

FY24 Profit by Segment

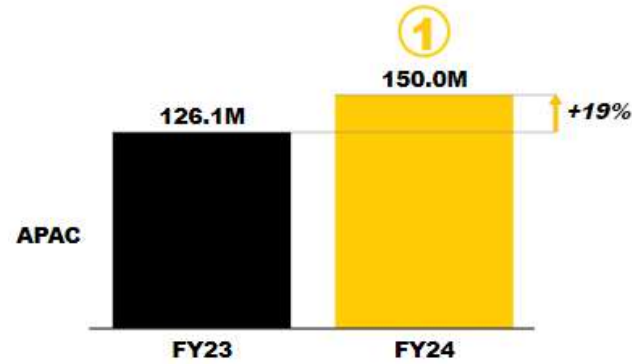
Strong Company profit of \$152.9m, up 18% pcp

Operating Segment Analysis

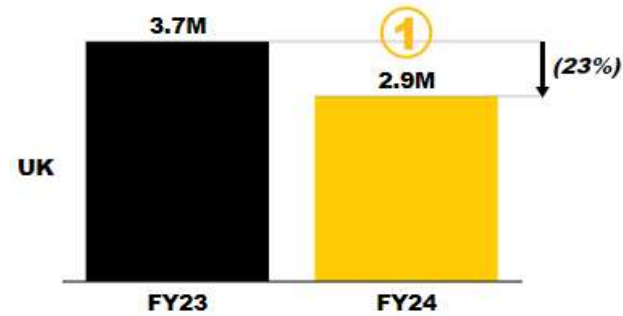


- ① Strong growth in profits due to revenue uplift pcp.
- ② As expected: Impact due to executing SaaS+ strategy.
- ③ Impacted by legal and corporate costs.

Geography Analysis



- ① FY24 150.0M Strong growth in revenue driven by recurring revenue.

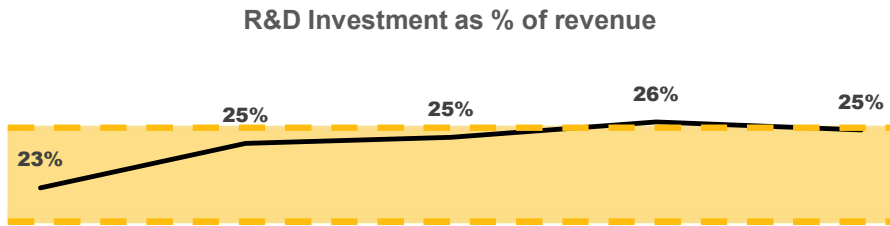


- ① Impact due to executing SaaS+ strategy, as expected. ARR up 31% and Sales ARR up 70% pcp.

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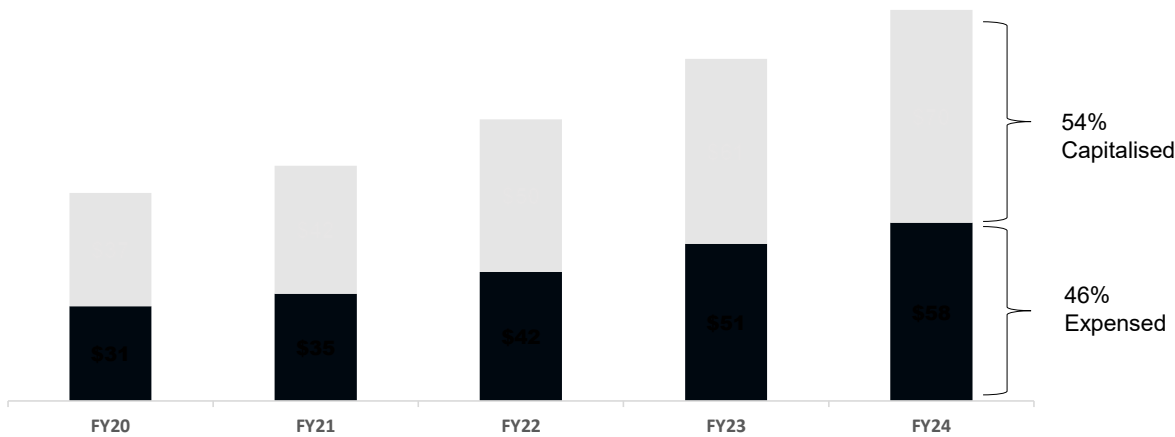
R&D Investment

Driving sustained growth through strategic, consistent investment



We invest in R&D for long term growth

We expect to maintain R&D investment at **20-25%** of revenue



54% Capitalised

46% Expensed

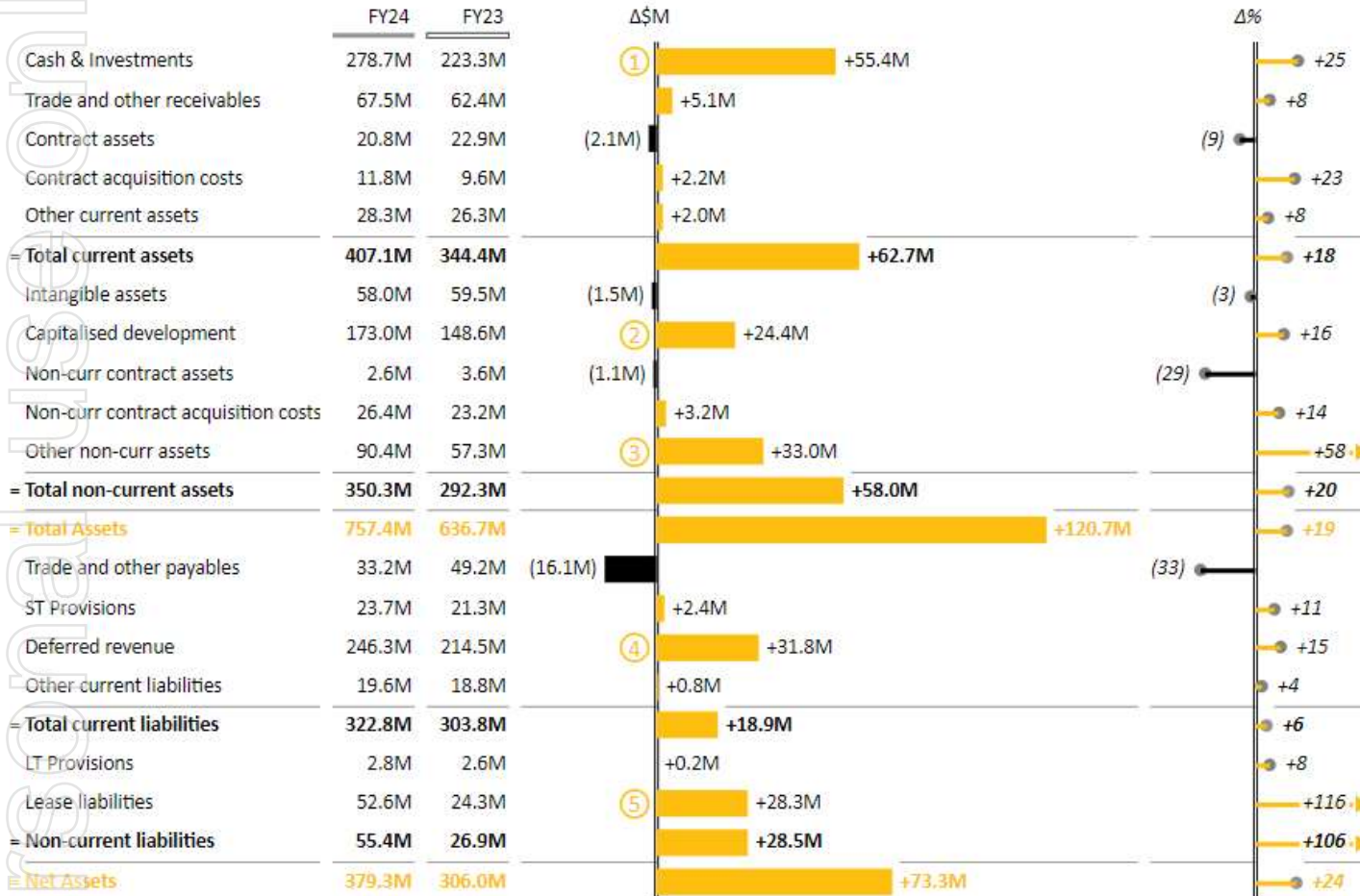
We are investing in developers and their productivity to deliver more for our customers

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Balance Sheet: Remains Strong

Clean balance sheet with no debt and growing cash holding enables flexibility

A\$M



- ① **Cash & Investments 278.7M ▲ +25%**
Strong cash conversion
- ② **Capitalised development 173.0M ▲ +16%**
Continue to invest in product to drive long-term growth
- ③ **Other non-curr assets 90.4M ▲ +58%**
HQ lease extended to 2032
- ④ **Deferred revenue 246.3M ▲ +15%**
Consistent with business growth, annual SaaS fees
- ⑤ **Lease liabilities 52.6M ▲ +116%**
HQ lease extended to 2033

Cash Flow

Cash flow generation remains consistent at 101%

AS\$M

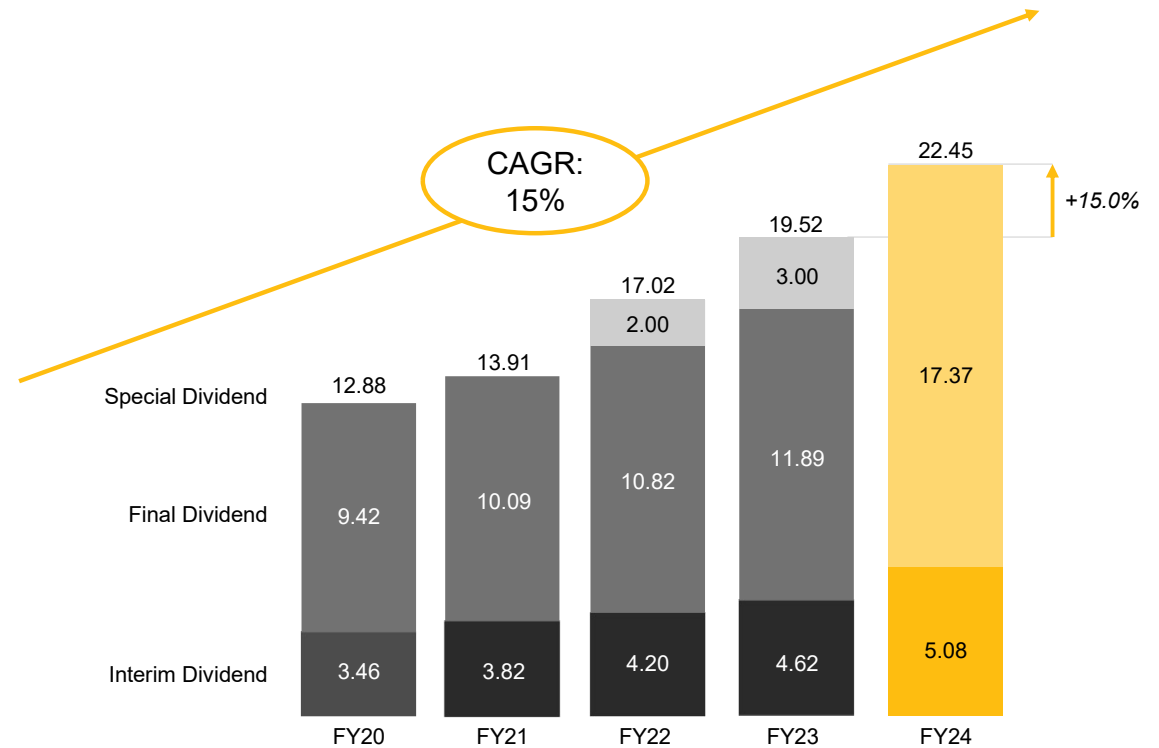
	FY24	FY23	Δ\$M	Δ%
Profit Before Tax	152.9M	129.9M	+23.0M	+18
Non Cash Items	72.2M	57.2M	+15.0M	+26
Changes in working capital:	14.1M	21.7M	(7.6M)	(35)
Net Interest Received	4.3M	1.4M	+2.9M	+208
Income Taxes Paid	(30.7M)	(16.4M)	(14.3M)	(87)
= Operating Cash Flow	212.8M	193.7M	+19.0M	+10
Capitalised development costs	(69.7M)	(60.6M)	(9.1M)	(15)
Capitalised commission costs	(16.4M)	(20.8M)	+4.4M	+21
Payments for principal repayments of lease liabilities	(7.7M)	(7.8M)	+0.1M	+1
= Cash Flow Generation	119.0M	104.6M	+14.3M	+14
Payments for Property, Plant & Equipment	(6.3M)	(7.8M)	+1.4M	+19
Payments for other intangible assets	(0.2M)	(1.0M)	+0.8M	+79
= Free Cash Flow	112.4M	95.9M	+16.6M	+17
Dividends Paid	(64.8M)	(56.6M)	(8.2M)	(15)
Proceeds from Shares Issued	7.8M	8.1M	(0.3M)	(4)
= Net cash flow from financing activities	(57.0M)	(48.5M)	(8.5M)	(18)
Increase in Cash & Investments	55.4M	47.4M	+8.0M	+17
Cash at the beginning of the financial year	223.3M	175.9M	+47.4M	+27
= Closing cash	278.7M	223.3M	+55.4M	+25

- 1 Non Cash Items 72.2M ▲ +26%**
Increase in amortisation of capitalised development assets and sales commissions.
- 2 Income Taxes Paid (30.7M) ▼ (87)%**
Increase due to rise in overall profitability and Australian profitability growth outpacing R&D tax incentive claim.
- 3 Capitalised development costs (69.7M) ▼ (15)%**
Increased investment in software assets, mostly headcount and salary increases.
- 4 Capitalised commission costs (16.4M) ▲ +21%**
Decrease in commissions expense has contributed to a similar decrease in cap.
- 5 Payments for Property, Plant & Equipment (6.3M) ▲ +19%**
Office refurbishment costs.
- 6 Dividends Paid (64.8M) ▼ (15)%**
Increased dividend driven by YoY profit increase.
- 7 Closing cash 278.7M ▲ +25%**
Strong cash conversion delivering a record cash balance.

FY24 dividend up 15% to 22.45 cps

Increased profit enables dividend uplift
Confidence in the outlook

- Strong balance sheet supports dividend level
- Final Dividend 17.37cps
- Significant cash holdings retained for inorganic growth
- Payout ratio 62% (FY23: 62%)
- Dividend franked to 65% (FY23: 60%)
- Dividend paid every year since 1996



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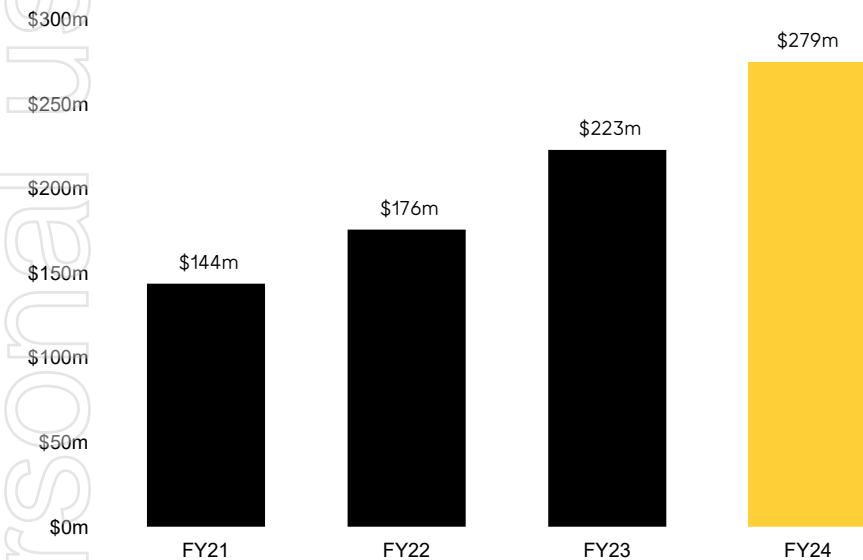
Capital Management

Cash balance enables prudent, consistent approach to shareholder reward

TechOne’s financial metrics are extraordinary

- ✓ Strong Balance Sheet: No debt
- ✓ Growing profits + CFG = Increasing cash

Cash & Investments Balance



19-Nov-2024

Within a disciplined framework, we will continue to reward shareholders:

- **Dividend**
 - Growing, consistent, transparent
 - 55-65% NPAT; 65% franked
- **Acquisitions**
 - Disciplined approach to IP acquisition
 - CourseLoop acquired for \$60m
 - \$9M ARR, growing 25% p.a.
 - \$44.5 million cash upfront
 - \$8m over 2 years
 - \$7.5 million equity options
 - Earnings neutral year 1
- **Capital Management**
 - All equity required to satisfy staff needs to be bought on market going forward
 - 1.3% of issued equity over the last 3 years

















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- **Significant Achievements**
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- Outlook for FY25

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 App Builder	 Business Analytics	 Corporate Performance Management	
 Enterprise Asset Management	 Enterprise Budgeting	 Enterprise Cash Receiving	 Enterprise Content Management
 Financials	 Human Resources and Payroll	 Performance Planning	 Property and Rating
 Spatial	 Student Management	 Supply Chain Management	 Timetabling & Scheduling

For **our** Community
















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 DxP Essentials
 DxP Local Government
 DxP Student

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














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SaaS+

Solution as a Service



SaaS+ lifts
ARR by 40%



East Lothian Council



Havant
BOROUGH COUNCIL

North Tyneside Council

Hopwood Hall College
& University Centre

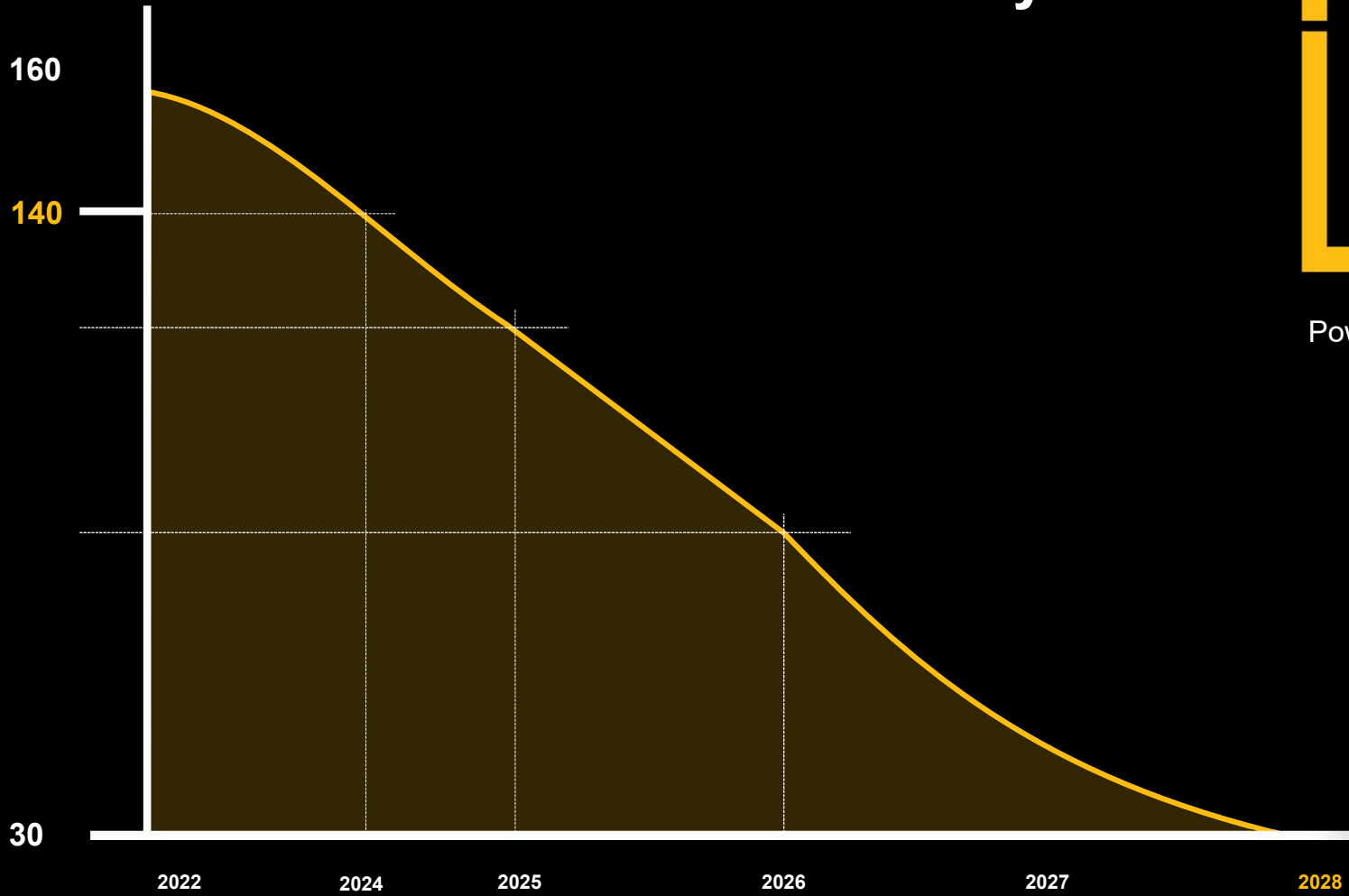



SOLENT
UNIVERSITY
SOUTHAMPTON



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Path to ERP in 30 days



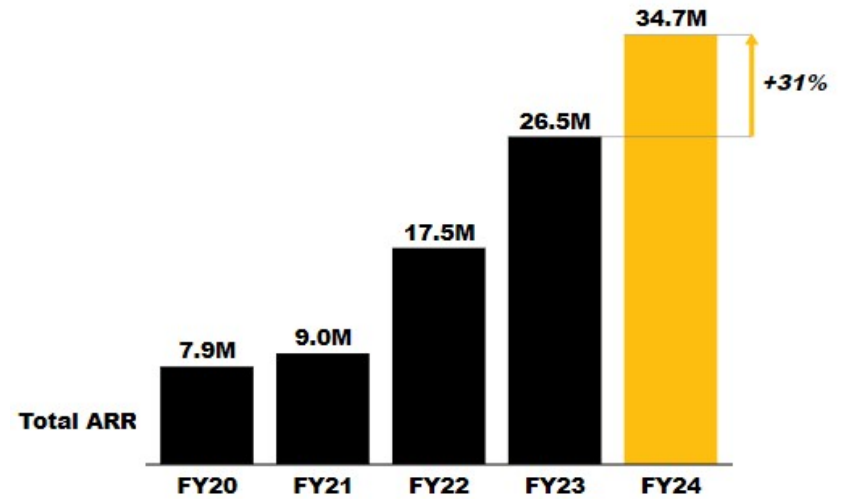
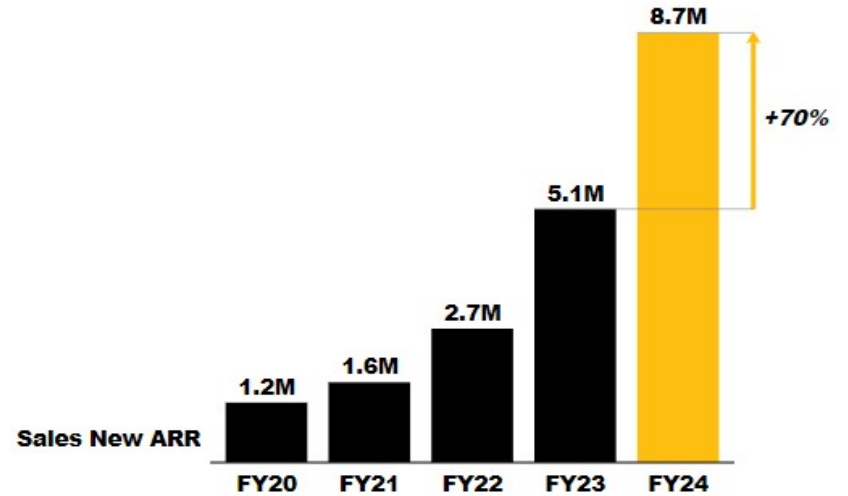
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FY24 United Kingdom

Sales New ARR 70% higher than 2023
Total ARR up 31% to \$34.7m versus pcp

- 100% of implementations delivered via SaaS+ model
 - Hyperfocus strategy on two industries (LG and EDU)
-
- Strong brand presence
 - Impressive referenceable
 - Strong pipeline
 - Strong sales team
 - Won 3 student management customers





Australian Government
Net Zero Economy Agency

- OneGov solution
- Six-month implementation
- Robust compliance requirements
- Stringent security standards



**University of
Chester**

- Student+ solution
- Started in 1839
- Over 15,000 students today
- Third student management win in FY24

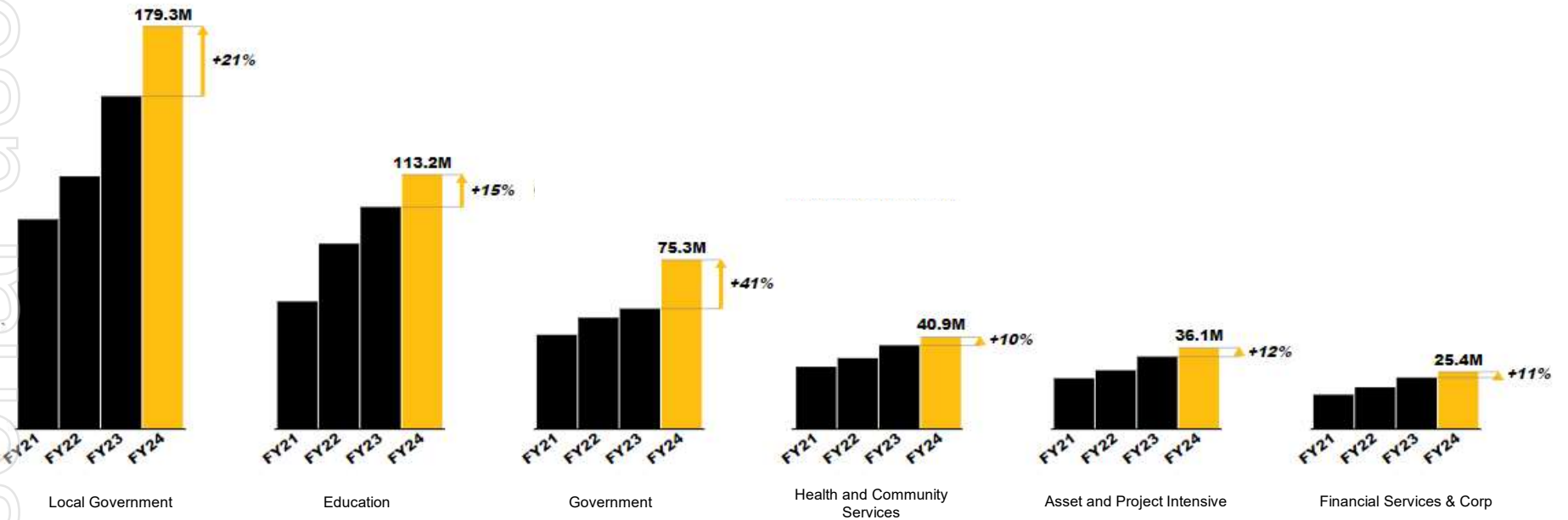
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All verticals performed strongly

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

Vertical Market Analysis

ARR of \$470.2m¹, Up 20% | From \$392.9m, FY23

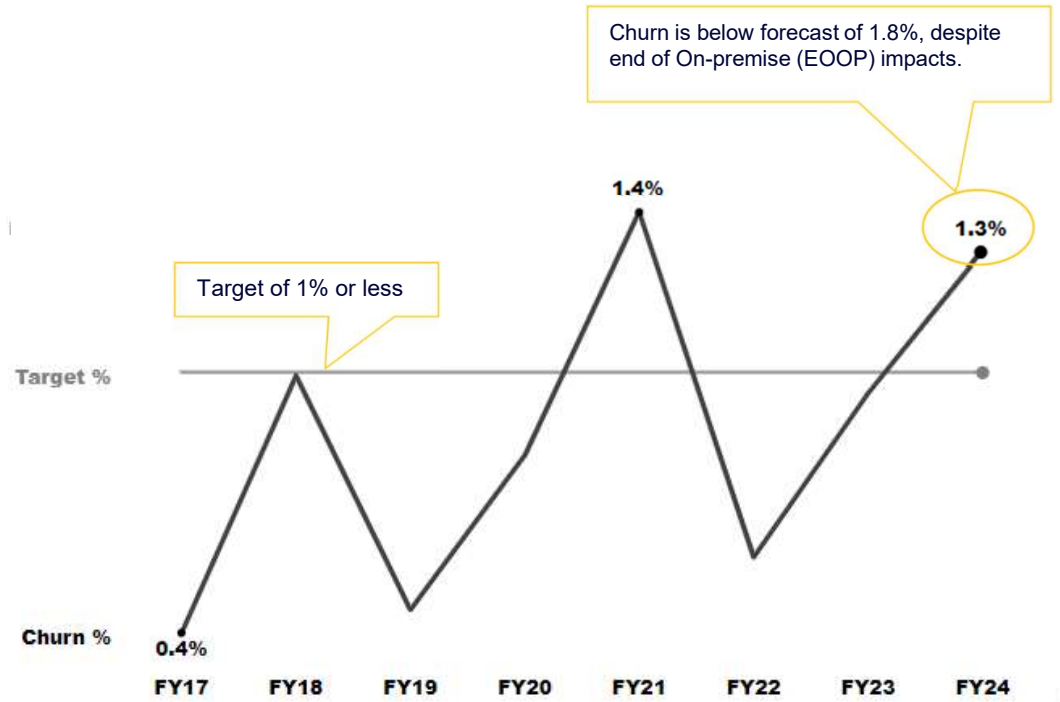
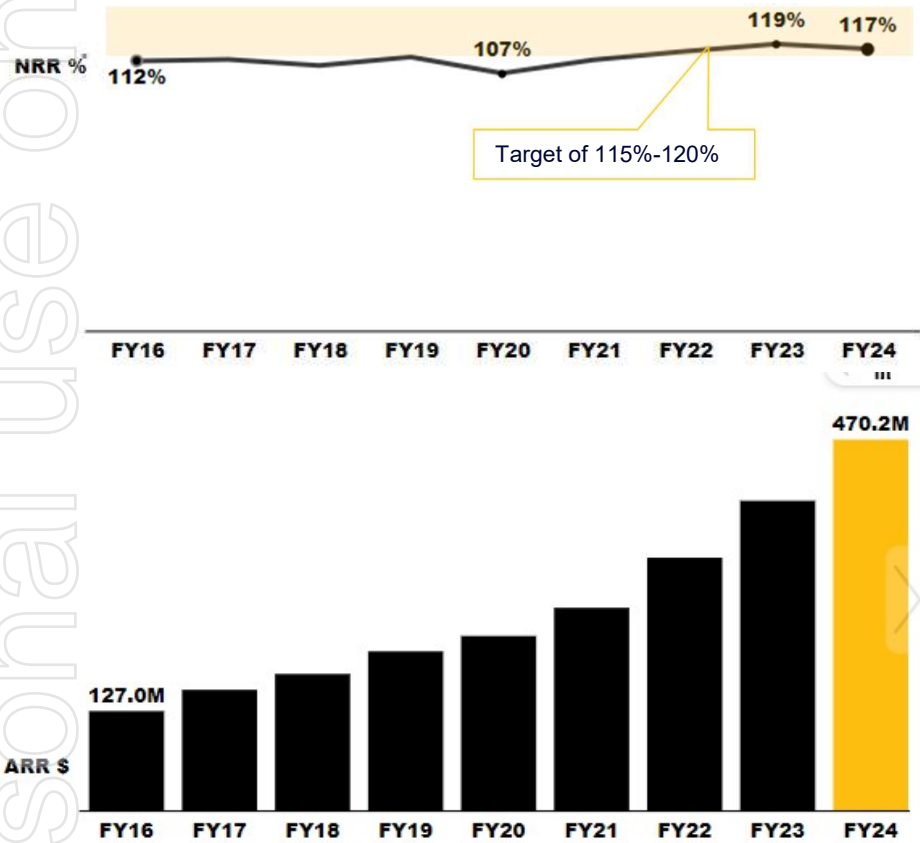


¹ Balance is at 30 September 2024 and growth is for the 12 months from 30 September 2023

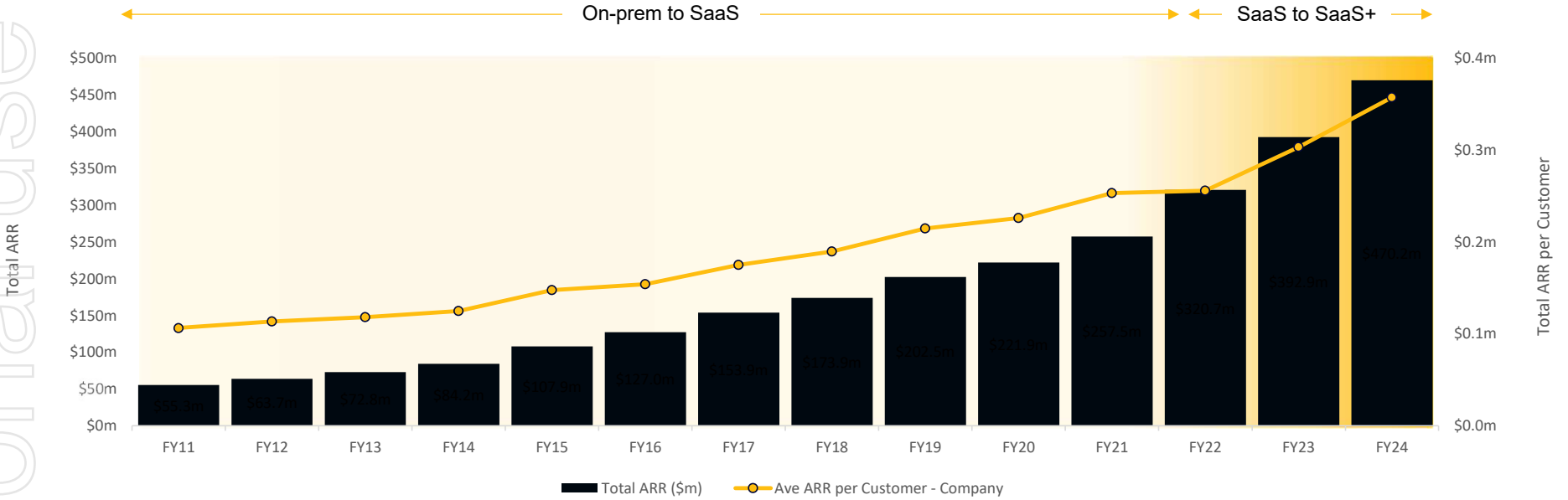
² Based on our existing customers and their use of TechnologyOne products and modules as a percentage of total addressable market.

Market Leading Net Revenue Retention and Churn

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Total ARR and Average ARR per Customer



FY21-FY22 was impacted by lower average ARR Scientia cohort

R&D Significant Investment for future growth

24^b

438 new features

24^b

Fastest Adoption

24^b

92% Customer driven

App builder

Build an app faster without having to code

dxp

Google to outcome experience

SaaS+

R&D investment of \$128.0m¹

25% of revenue²

¹ R&D expenditure before capitalisation

² Revenue excluding other income

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FY24 Summary



Record profit,
revenue, and ARR



Cash and
Investments
up 25% pcp to
\$278.7m



SaaS & Recurring
Revenue
up 19% pcp
to \$266.3 m

UK Sales ARR
up 70% pcp
to \$8.7m

Profit Before Tax
up 18% pcp
to \$152.9m

NRR of 117%
above target of
115%



Surpass \$500m+
ARR by H1 FY25



Total ARR
up 20%
to \$470.2m



Total Dividend
up 15%
to 22.45 cps



R&D investment for
future growth of
\$128.0m, up 14%
pcp



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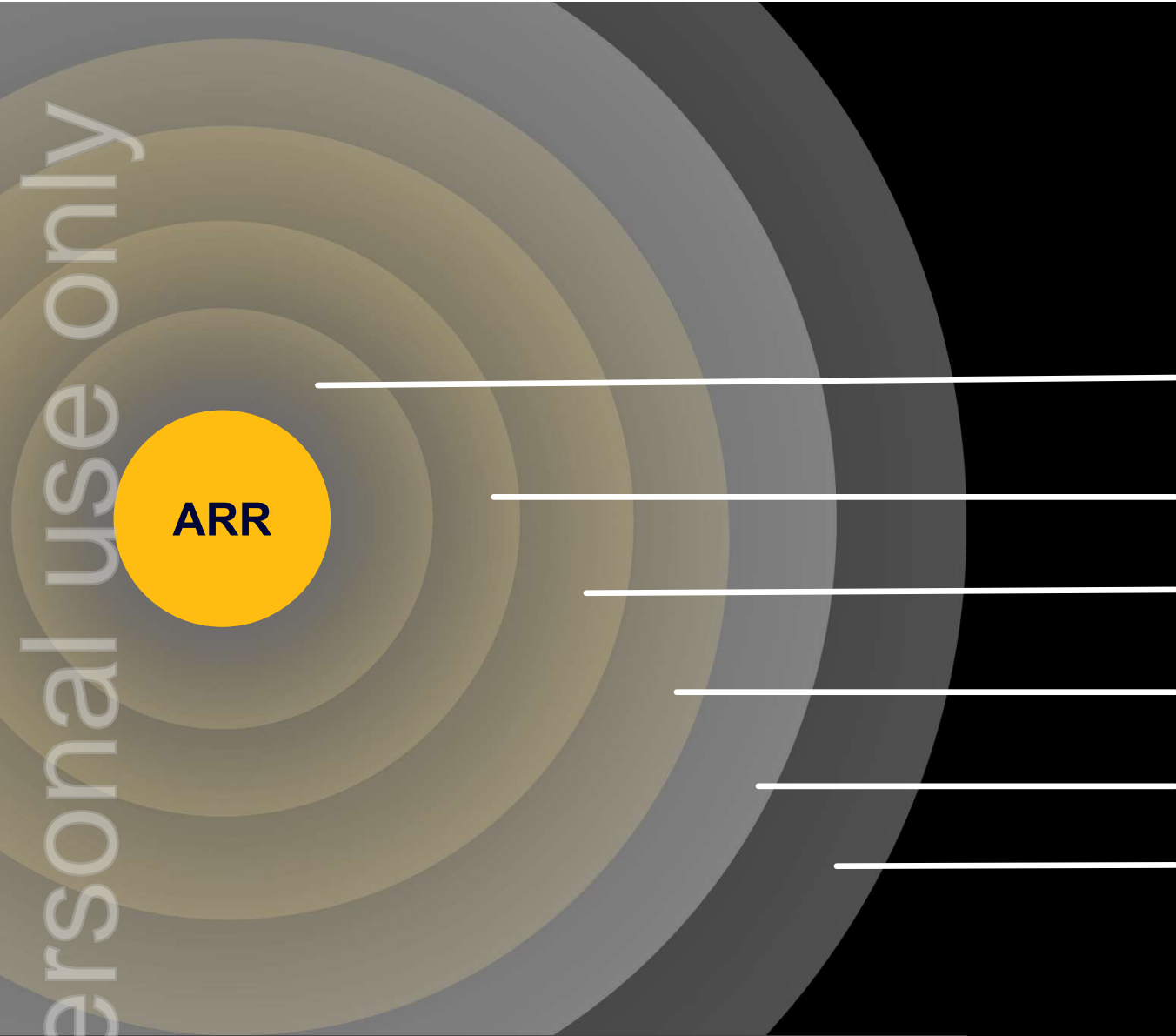
~~Surpass \$500m+ ARR by FY26~~

~~Upgrades to \$500m+ ARR by FY25~~

Upgrades to \$500m+ ARR by H1 FY25

Continue to double in size every 5 years

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Total Addressable market \$13.5b Multiple Platforms for Growth

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

Significant ARR whitespace in our APAC customer base

R&D over next 5 years doubles APAC ARR whitespace

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

Strategic acquisitions

Continuing growth in new logos in APAC

Continuing growth in the UK

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

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**A new long-term target
\$1b+ ARR by FY30**



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- **Outlook for FY25**

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Outlook

Strong ARR and profit growth for FY25

Planned reduction of lower quality one-off Traditional Consulting Fees replaced with high quality SaaS+ revenue

On track to surpass \$500m+ ARR by H1 FY25

- 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.
- Our customers have independently verified cost savings of 40%+ by moving to SaaS
- SaaS+ is creating significant opportunities for us. The pipeline for 2025 is strong.
- We will continue to benefit from improving margins because of the significant economies of scale from our single instance Global SaaS ERP solution

We will continue to double in size every 5 years

A new long-term target of \$1b+ ARR by FY30



Our goal is to lift
500,000
children and their
families out of
poverty

Our People and Our Community



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Continuing Strong Growth FY24 Results



**Profit
growth**

18%

to \$152.9m



**ARR growth
driven by**

UK & SaaS+

Up 20% to \$470.2m

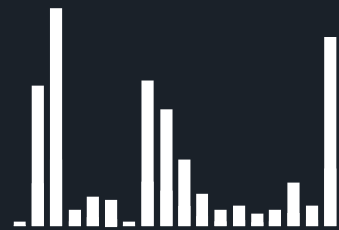
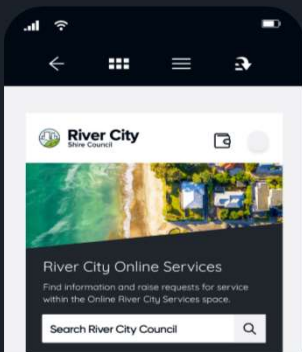
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\$1B+ ARR BY FY30

19 Products



\$13.5B

Total Addressable Market

SaaS+



Multiple platforms for growth
NRR target 115%-120%

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technology¹
Making life simple for our community

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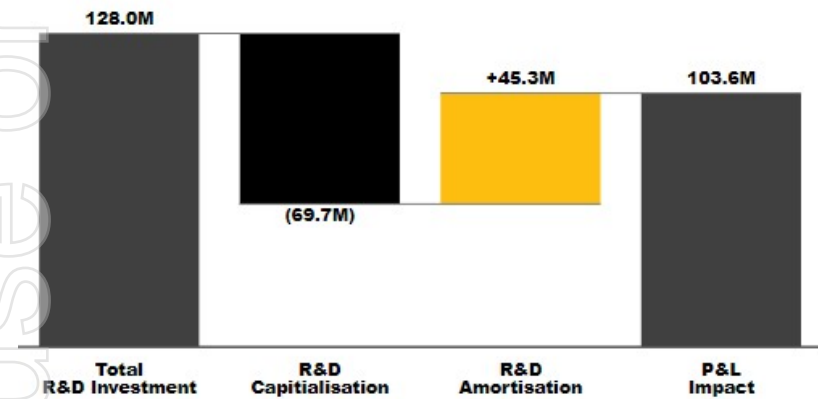
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Appendices

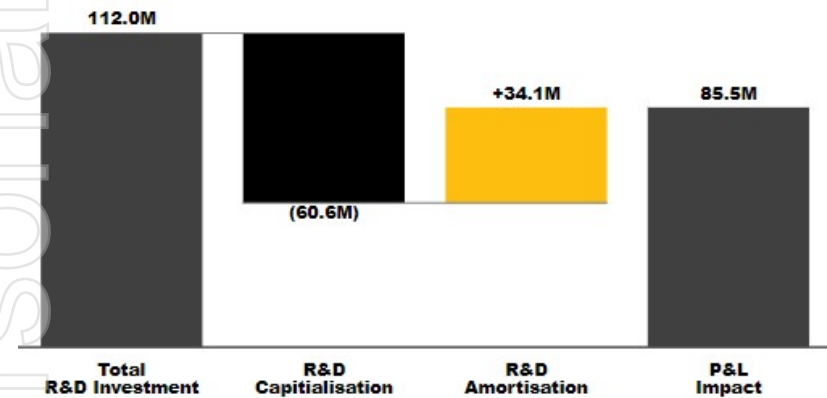
- Appendix A – R&D Disciplined and Transparent
- Appendix B – Results Analysis
- Appendix C – Drivers for Long Term Growth
- Appendix D – Glossary

Appendix A: R&D Disciplined and Transparent

FY24



FY23



	R&D Development Investment - Capitalised (\$'000)	Software R&D Development Investment - Capitalised (\$'000)	Percent Capitalised %	Amortisation Expense (\$'000)	Amortisation Period Years	Net Expense through P&L (\$'000)
FY21	77,005	41,858	54.4%	13,429	5	48,576
FY22	92,197	50,060	54.3%	23,400	5	65,537
FY23	111,995	60,605	54.1%	34,055	5	85,445
FY24	127,995	69,719	54.5%	45,319	5	103,595

Appendix B:

FY24 Results Analysis

	FY24	FY23	Var
	\$'000	\$'000	%
Revenue excl interest	506,981	437,224 ¹	16
Expenses (excl R&D, interest, D & A)	232,859	204,494 ²	14
EBITDAR	274,122	232,730	18
EBITDAR Margin	54%	53%	
R&D Expenditure (before capitalisation)	127,995	111,995	14
R&D as % of Revenue	25%	26%	(1)
R&D Capitalisation	69,719	60,605	15
EBITDA	215,846	181,339	19
EBITDA Margin	43%	41%	
Depreciation	4,167	2,957	41
Amortisation	64,606	50,545	28
EBIT	147,074	127,837	15
Net Interest Income / (Expense)	5,800	2,016	188
Profit Before Tax	152,874	129,854	18
Profit After Tax	118,015	102,876	15

¹ FY23 revenue includes a gain of \$7.4m due to the reversal of contingent consideration (earnout) related to Scientia

² FY23 expenses includes derecognition of acquired intangible assets of \$6.8m related to Scientia

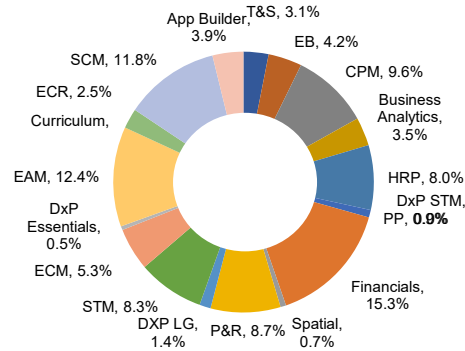
Appendix C: Drivers for Long Term Growth

Diversified revenue streams

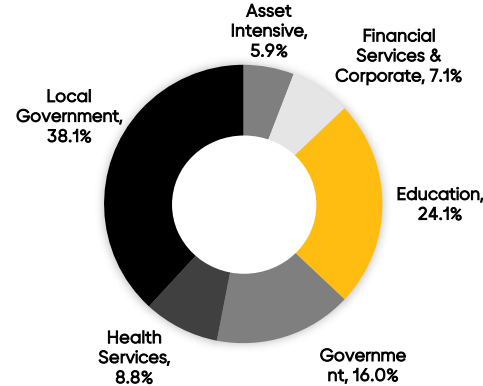
Strong, very loyal customer base

Increase Product Penetration
19 Licensable products¹
Over 500+ licensable modules

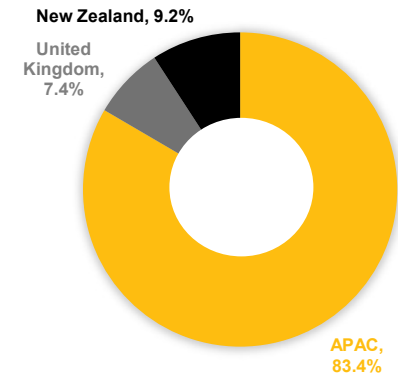
BY PRODUCT



Increase Market Penetration
6 Vertical markets¹



Expand Geographies
APAC & UK¹



PROVIDES MISSION CRITICAL SOLUTION - 'STICKY CUSTOMER BASE'

99%+ CUSTOMER RETENTION RATE

90%+ OF OUR REVENUE IS NOW SAAS and RECURRING²

TECHNOLOGYONE GLOBAL SAAS ERP SOLUTION

¹ Based on total ARR, (16 core product plus 3 DxP products.



Appendix D: Glossary

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Annual Licence ARR	Annual Recurring Revenue relating to annual licence fees for On-premise customers
APAC	Asia Pacific - Includes Australia, New Zealand, Malaysia and the South Pacific
ARR	Annual Recurring Revenue
Cash Flow Generation (CFG)	Cash flow from Operating Cash Flow less capitalised development costs, capitalised commission costs and lease payments
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
Legacy Licence Fees	On-premise licence fees / Perpetual licence fees
LG DXP	Local Government Digital Experience Platform
NPAT	Net Profit After Tax
NRR	Net Revenue Retention
PBT	Profit Before Tax
PCP	Prior Corresponding Period
R&D	Research & Development
ROE	Return on Equity
R4Q	Rolling Four (4) Quarters
SaaS ARR	Annual Recurring Revenue relating to customers on SaaS
SaaS +	Solution as a Service
TAM	Total Addressable Market

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