



technology1

2024 Full Year Results

Ended 30 September 2024

Making life simple for our community



Mel Gomes
HEAD OF IT COMMERCIAL
MANAGEMENT & CONTRACTS
Royal Holloway University

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



Agenda

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

technology¹

Continuing Strong Growth FY24 Results



**Profit
growth**

18%

to \$152.9m



**ARR growth
driven by**

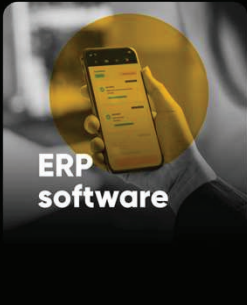
UK & SaaS+

Up 20% to \$470.2m

Mission

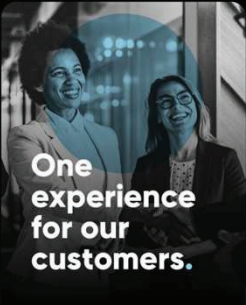
Make life simple for our community, from its citizens to students, by leveraging our team's innovation, drive and determination.





ERP
software

●



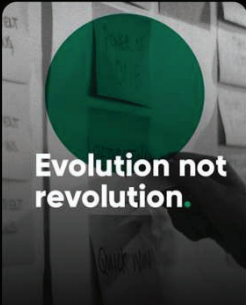
One
experience
for our
customers.

●



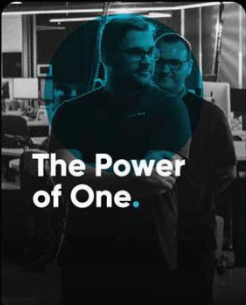
Market
focus &
commitment.

●



Evolution not
revolution.

●



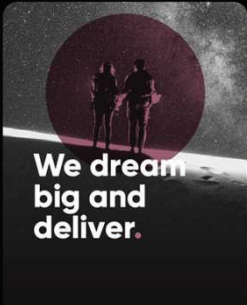
The Power
of One.

●



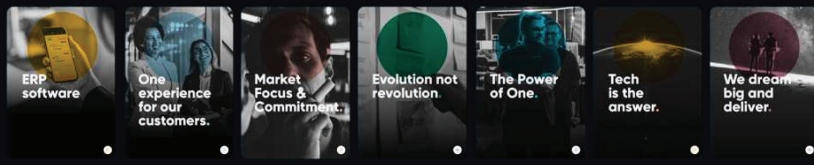
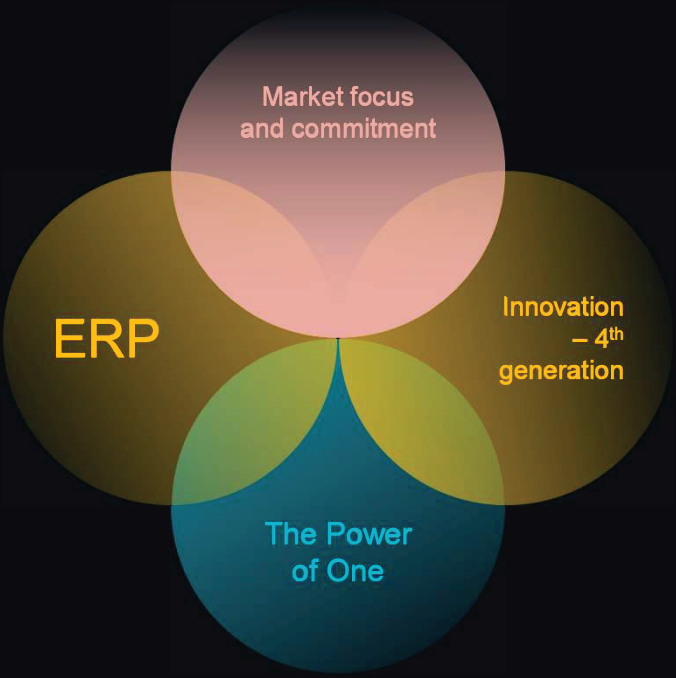
Tech
is the
answer.

●



We dream
big and
deliver.

●



Total ERP Solution.

cia

 App Builder	 Business Analytics	 Corporate Performance Management	 
 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

Acquisition of CourseLoop

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For **our** Community

dxp


DxP Essentials


DxP Local Government


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For **your** Community

OneEducation

cia

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For **our** Community

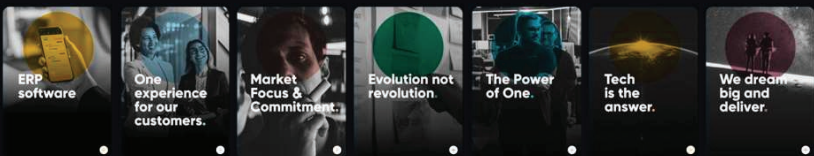
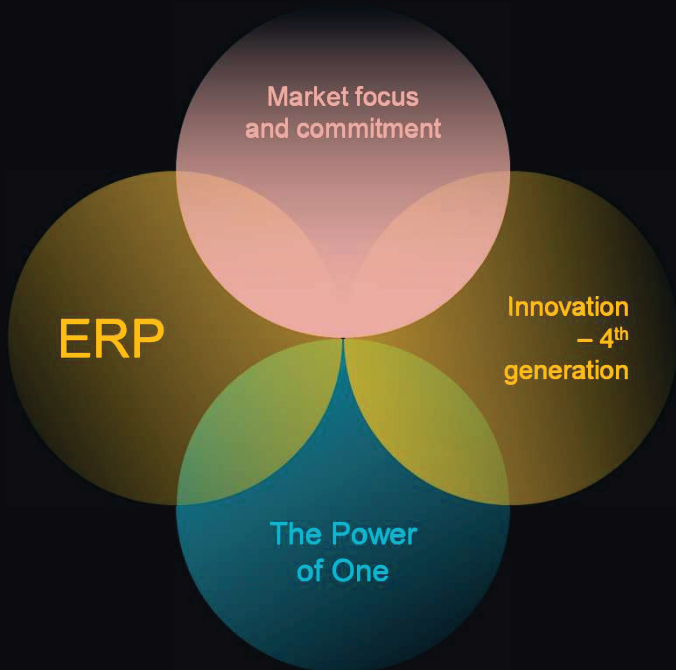
dxp


DxP Essentials


DxP Local Government


DxP Student

For **your** Community





technology¹

Deepest functionality for the markets we serve.



Local
Government



Education



Government



Asset and
Project
Intensive
industries

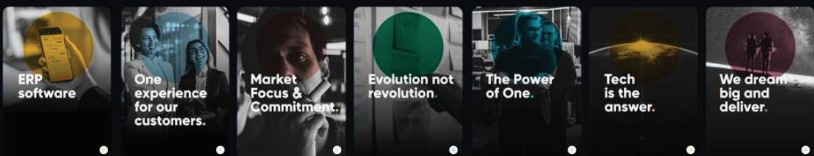
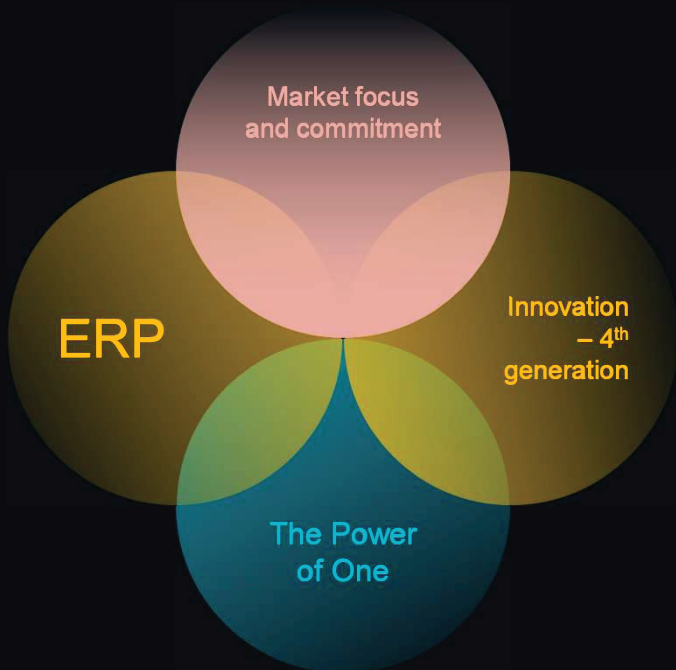


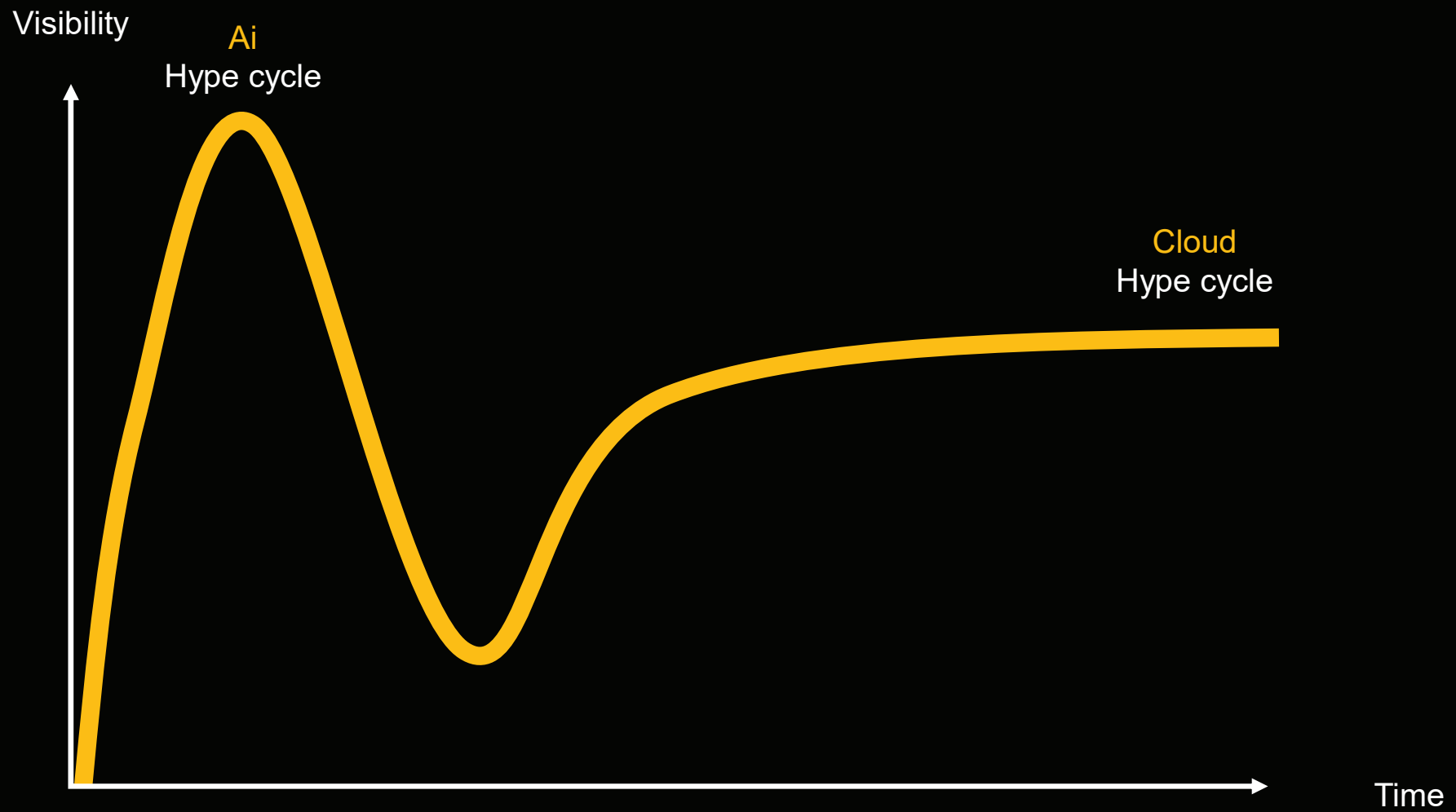
Health and
Community
Services



Financial
Services and
Corporates

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





Security

App builder



Future

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

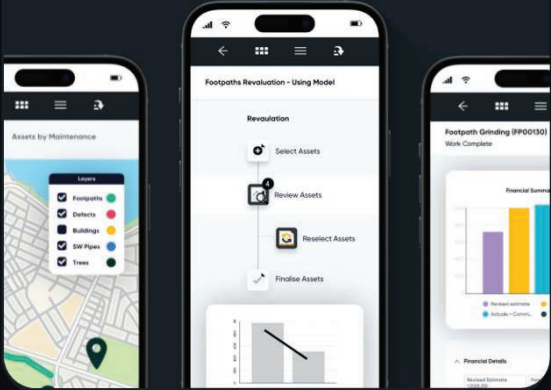


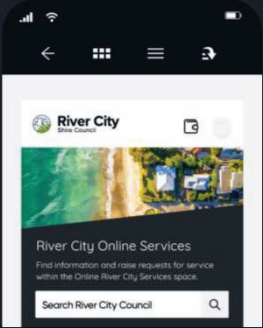
community

24^a

24^b

cia



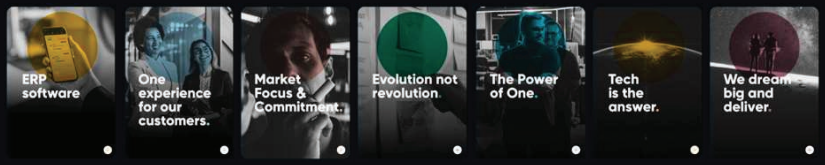
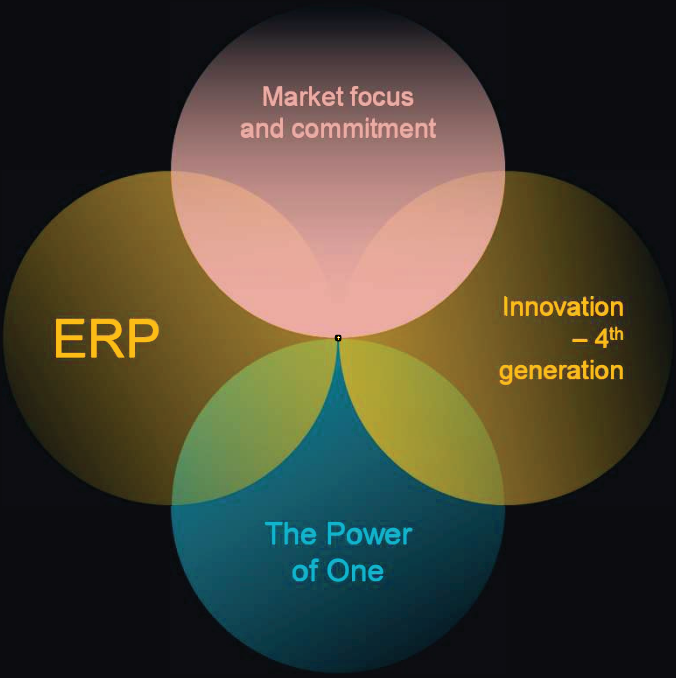


dip

Tech



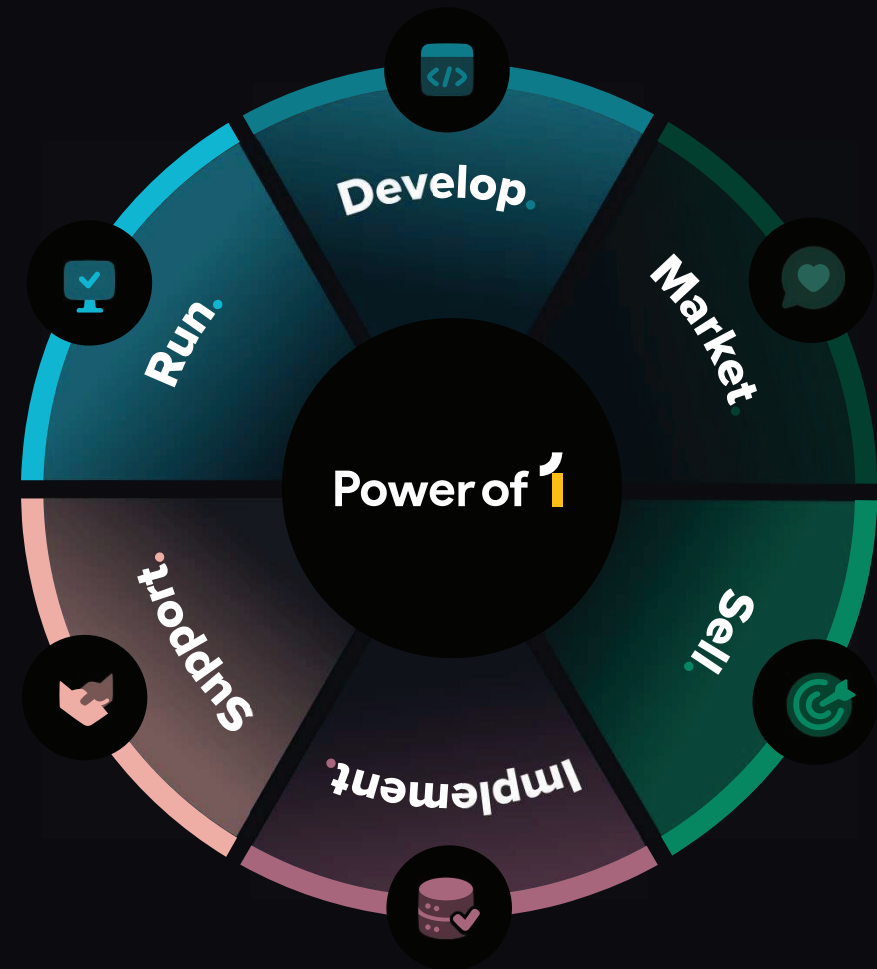
SaaS+



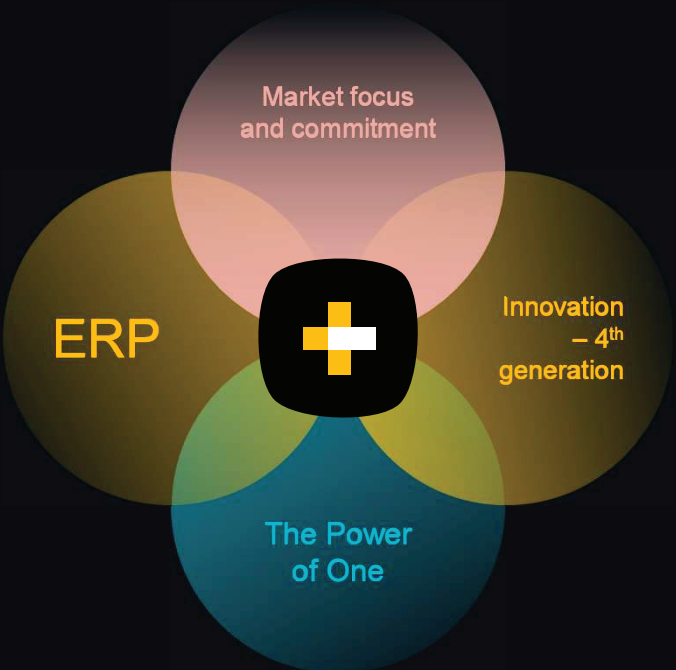
The Power of One.

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

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





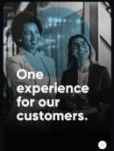


technology¹

SaaS⁺



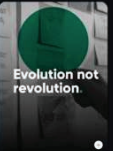
ERP software



One experience for our customers.



Market Focus & Commitment.



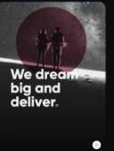
Evolution not revolution.



The Power of One.



Tech is the answer.

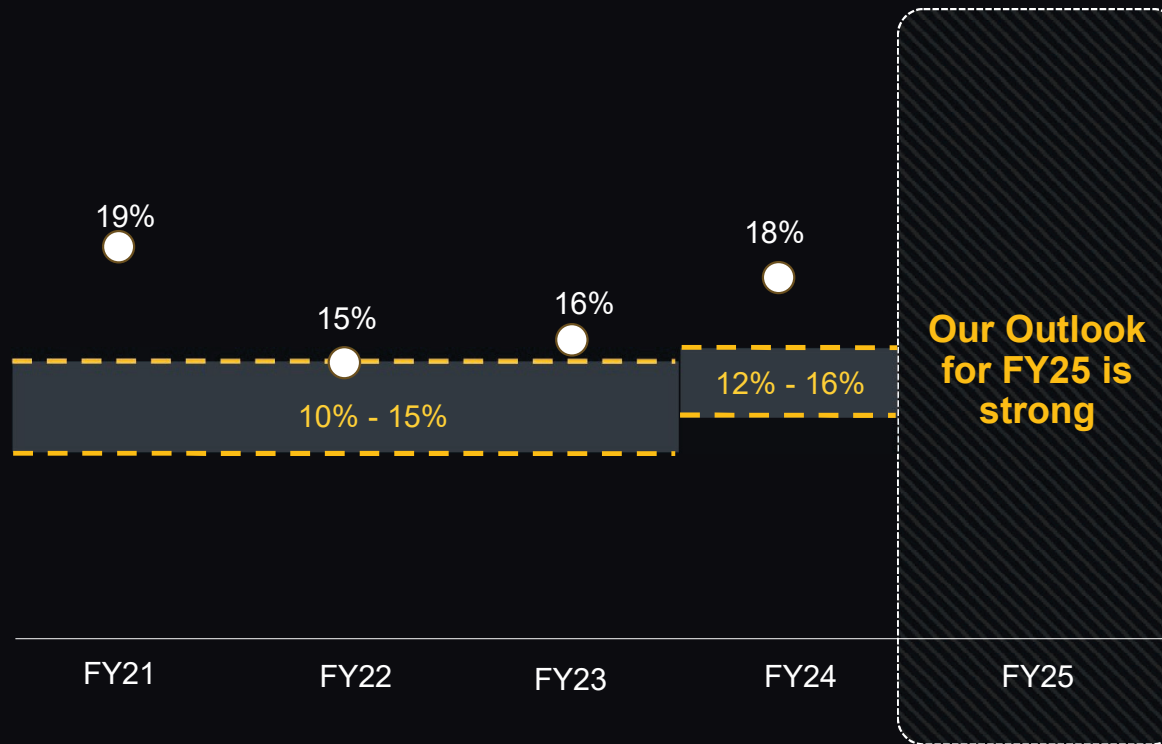


We dream big and deliver.

Profit Before Tax Growth of 18%

Profit growth accelerated in FY24

Track record of achieving top of guidance



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

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

~~Upgrades to \$500m+ ARR by H1 FY25~~



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

Our Total Addressable market is \$13.5b.

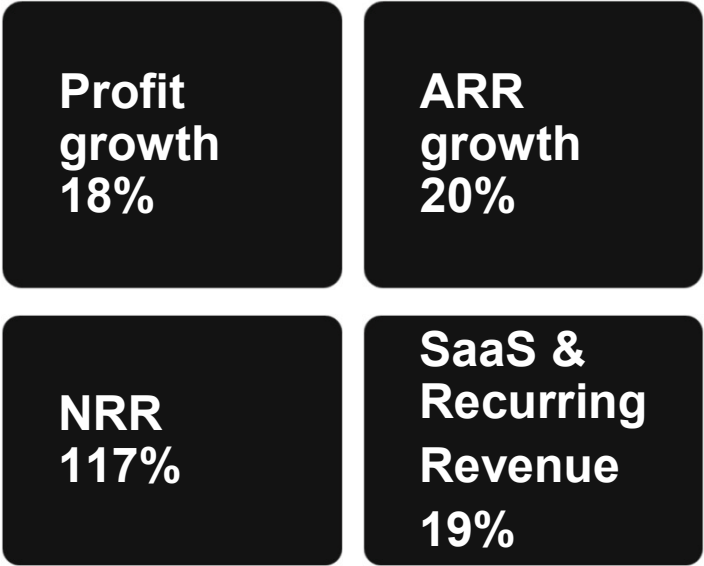
We will continue to double in size every 5 years.

A new long-term target

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

FY24 Results Summary

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



	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



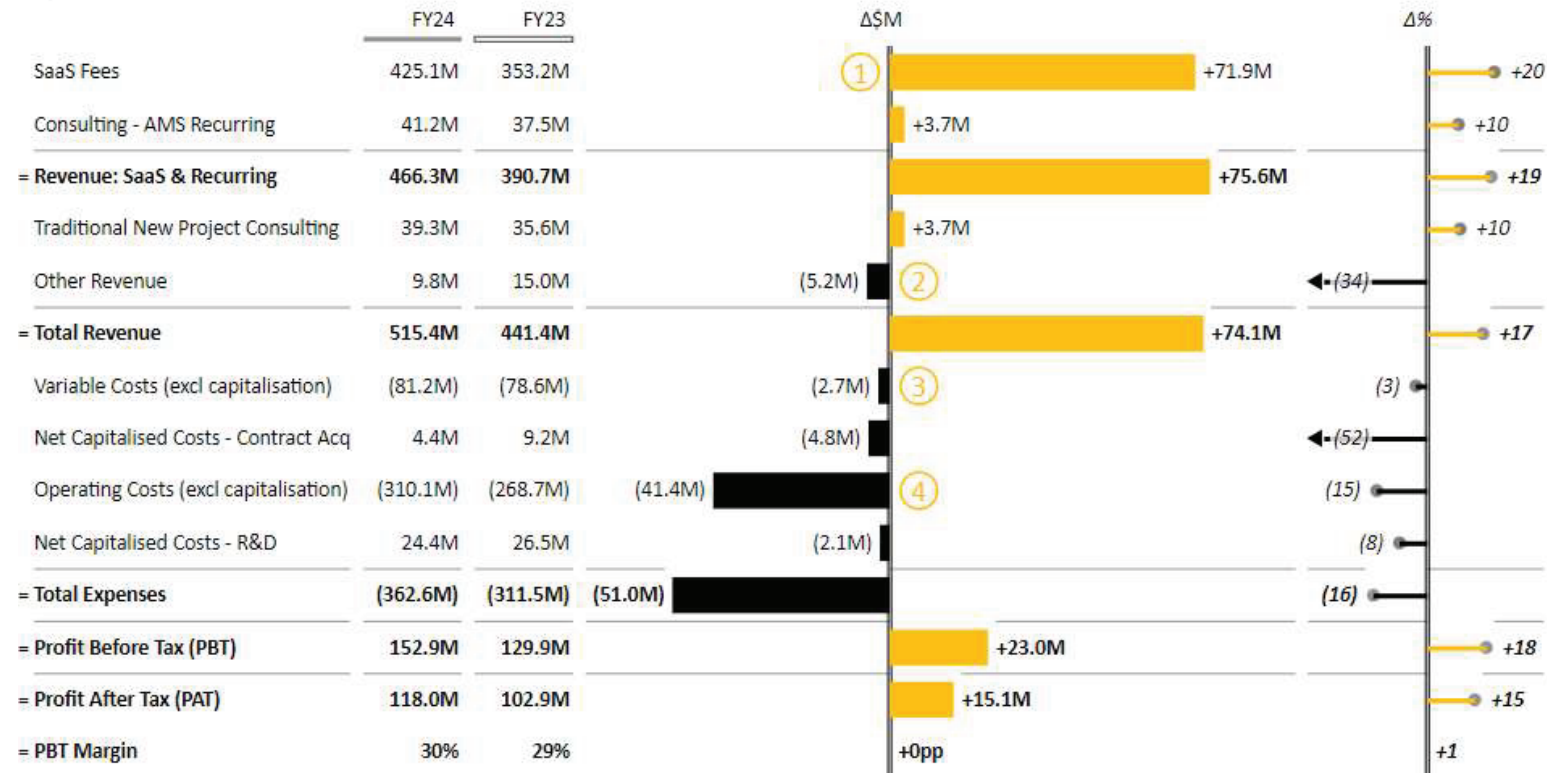
Agenda

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- **Financial Results**
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FY24 Profit and Loss

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

AS\$M



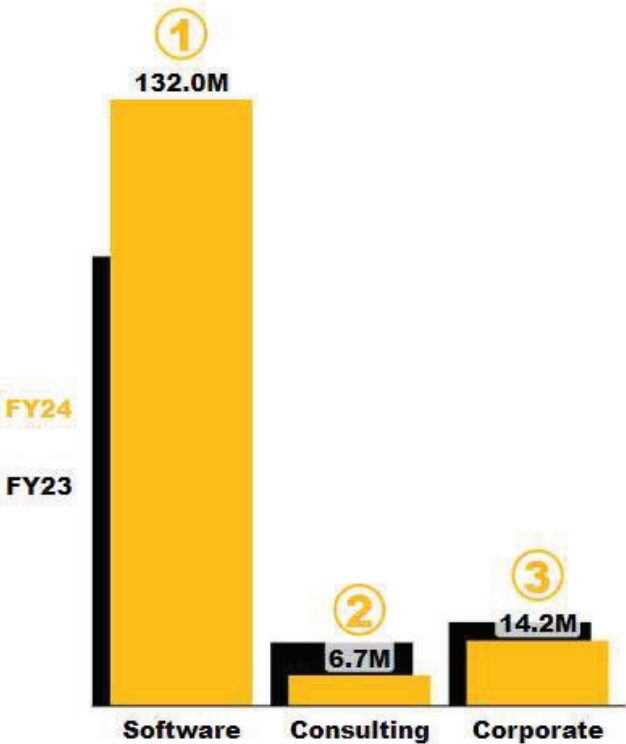
- 1 SaaS Fees 425.1M ▲ +20%
Strong sales growth driven by NRR @ 117% and new logo wins
- 2 Other Revenue 9.8M ▼ (34)%
Includes licence fees, which were minimal in FY24
- 3 Variable Costs (excl capitalisation) (81.2M) ▼ (3)%
Migration to SaaS driving uplift, Commission expenses lower YoY
- 4 Operating 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

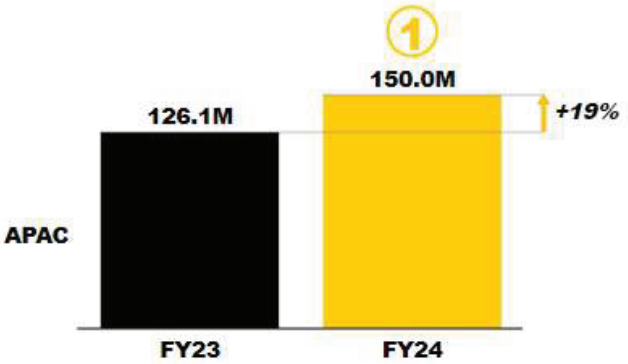
Strong Company profit of \$152.9m, up 18% pcp

Operating Segment Analysis

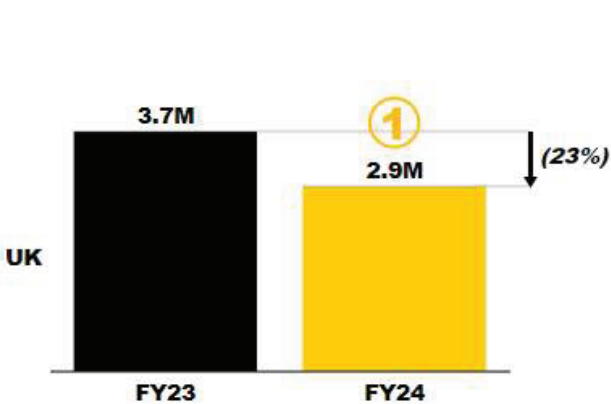


- 1 Strong growth in profits due to revenue uplift pcp.
- 2 As expected: Impact due to executing SaaS+ strategy.
- 3 Impacted by legal and corporate costs.

Geography Analysis



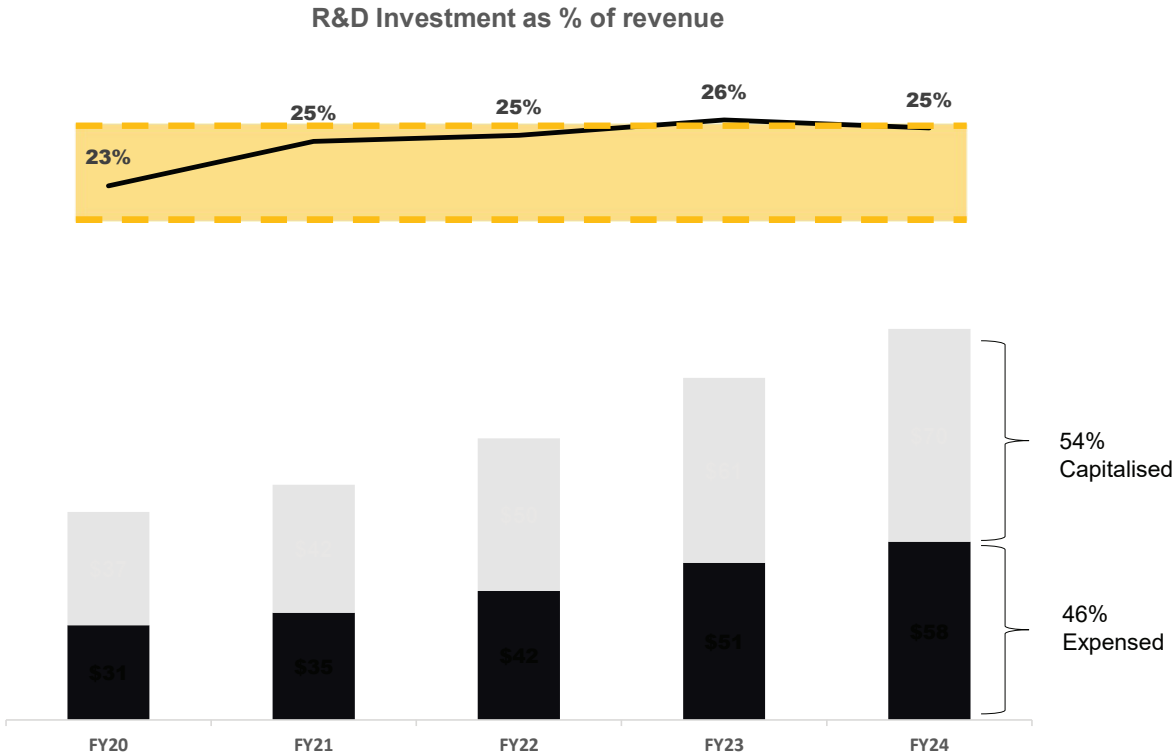
- 1 FY24 150.0M Strong growth in revenue driven by recurring revenue.



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

R&D Investment

Driving sustained growth through strategic, consistent investment



We invest in R&D for long term growth

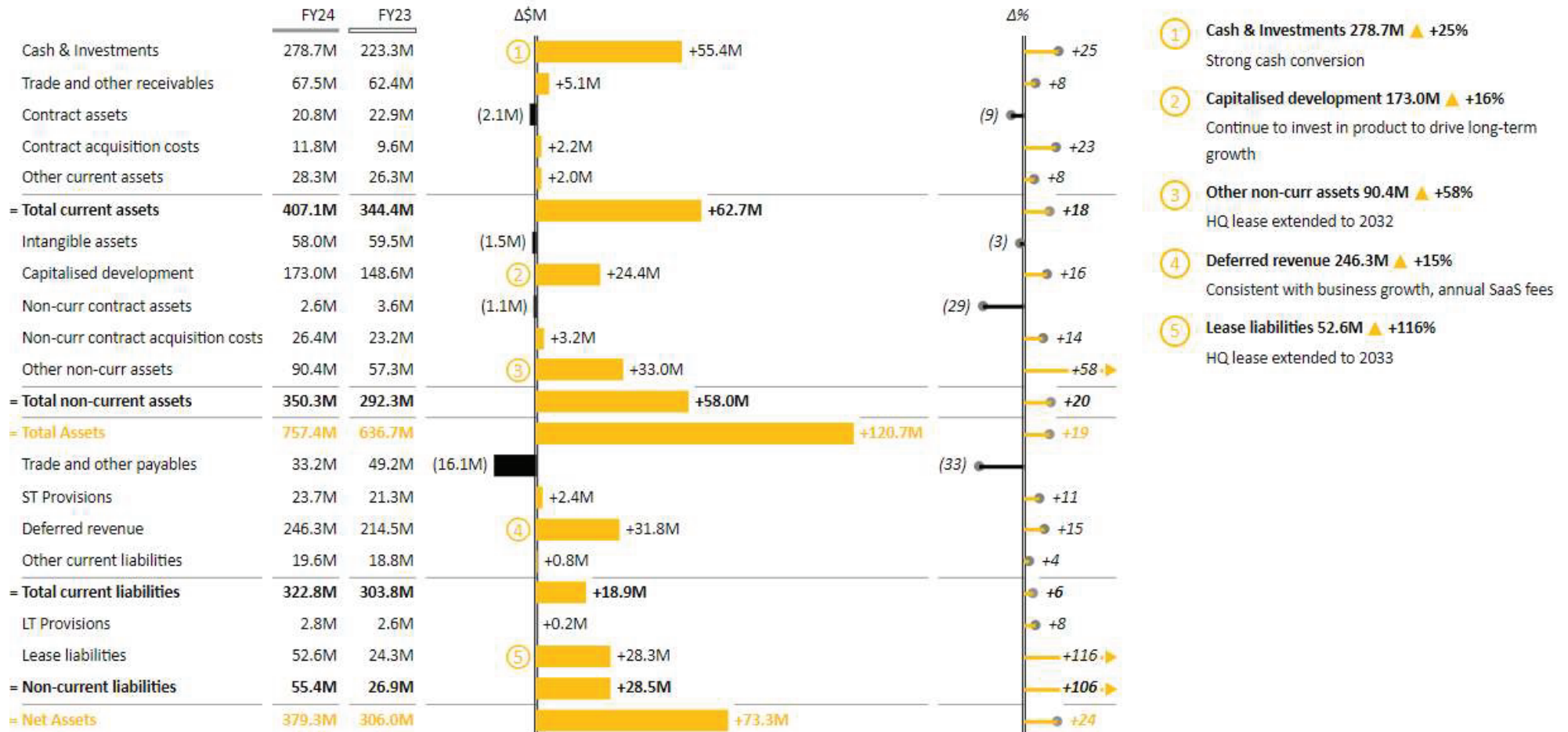
We expect to maintain R&D investment at **20-25%** of revenue

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

Balance Sheet: Remains Strong

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

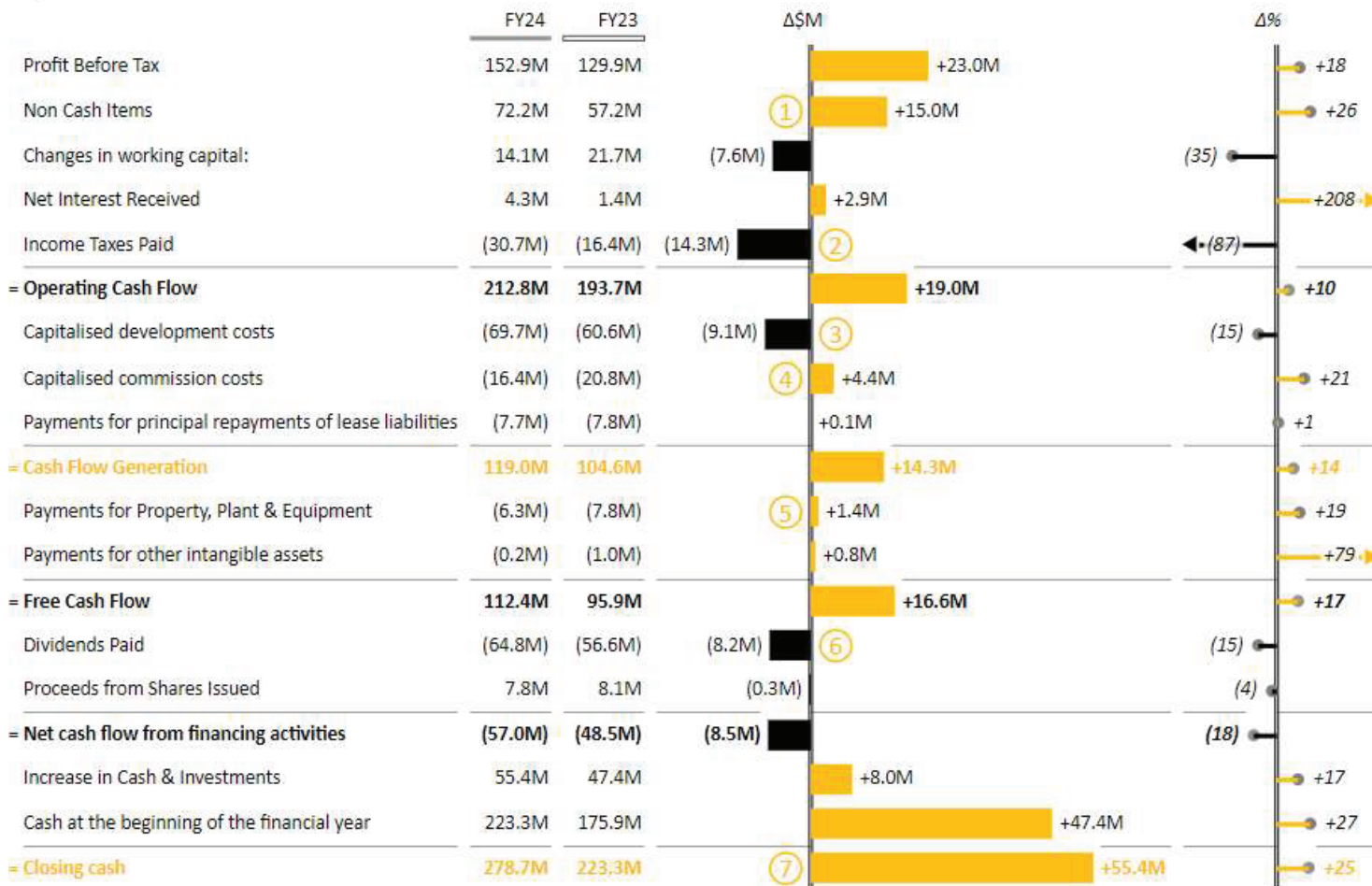
A\$M



Cash Flow

Cash flow generation remains consistent at 101%

AS\$M

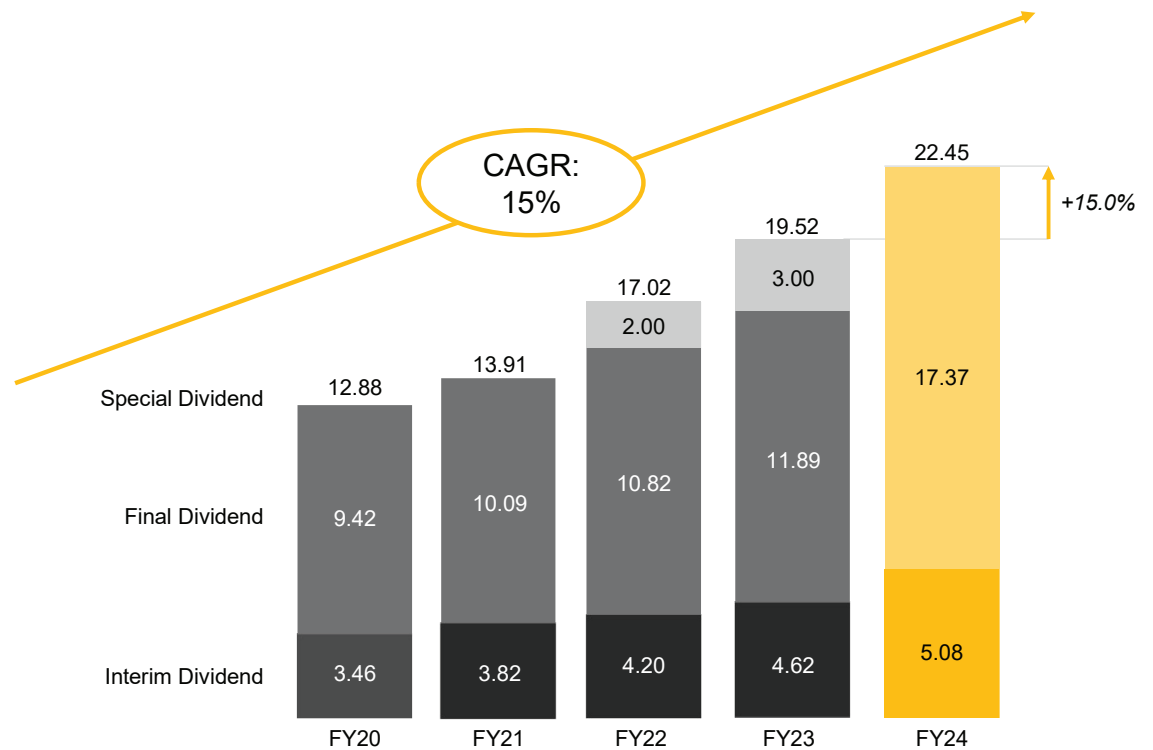


- ① **Non Cash Items 72.2M ▲ +26%**
Increase in amortisation of capitalised development assets and sales commissions.
- ② **Income Taxes Paid (30.7M) ▼ (87)%**
Increase due to rise in overall profitability and Australian profitability growth outpacing R&D tax incentive claim.
- ③ **Capitalised development 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



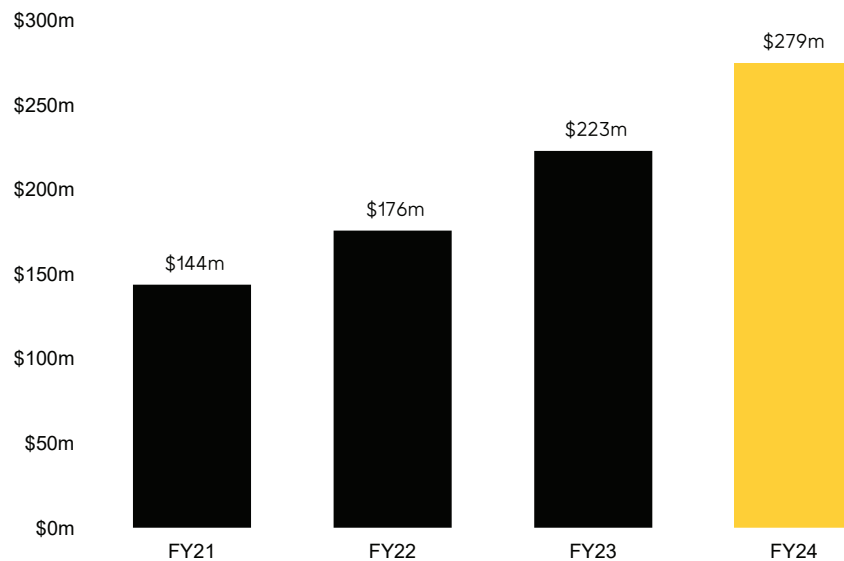
Capital Management

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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App Builder


Business Analytics


Corporate Performance Management


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

cia

 App Builder	 Business Analytics	 Corporate Performance Management	
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For **our** Community

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- 
DxP Essentials
- 
DxP Local Government
- 
DxP Student

For **your** Community

SaaS+

Solution as a Service



SaaS+ lifts
ARR by 40%



East Lothian Council



North Tyneside Council



Hopwood Hall College
& University Centre



Ards and
North Down
Borough Council

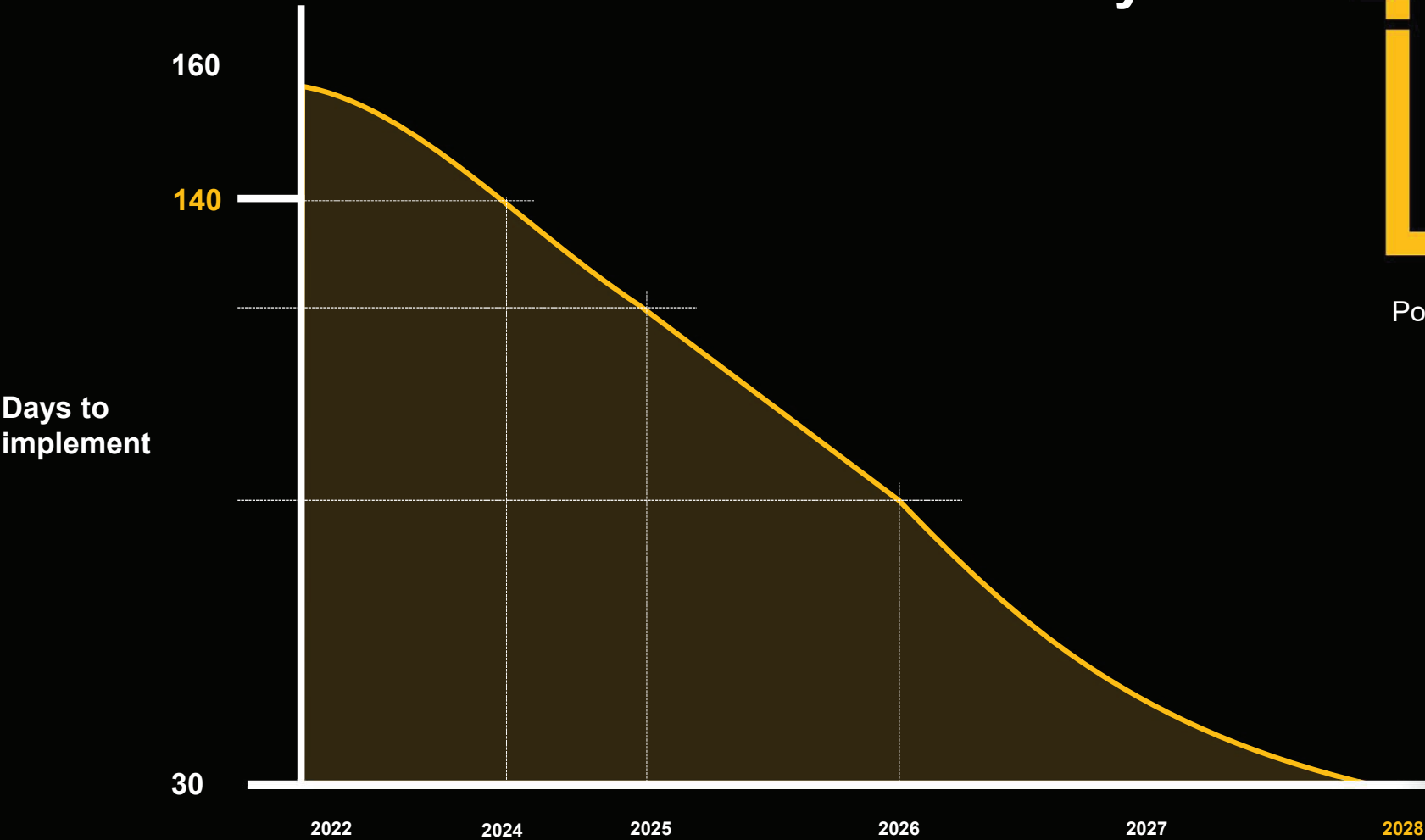
Havant
BOROUGH COUNCIL



SOLENT
UNIVERSITY
SOUTHAMPTON



Path to ERP in 30 days

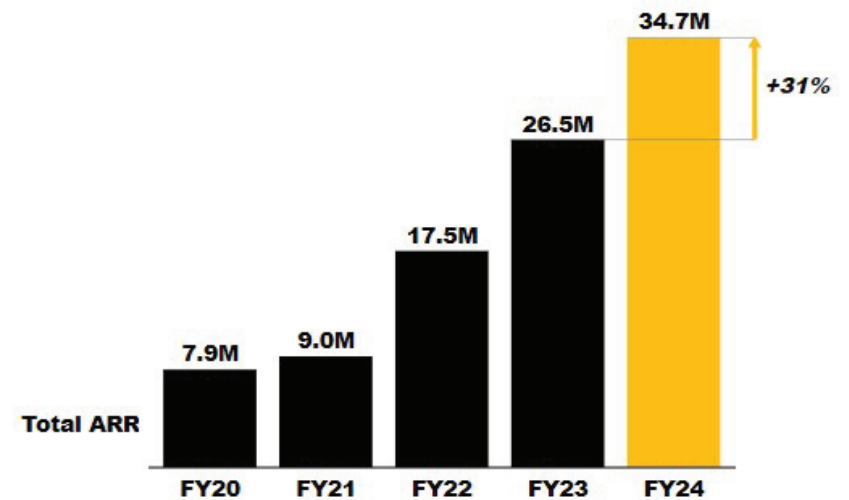
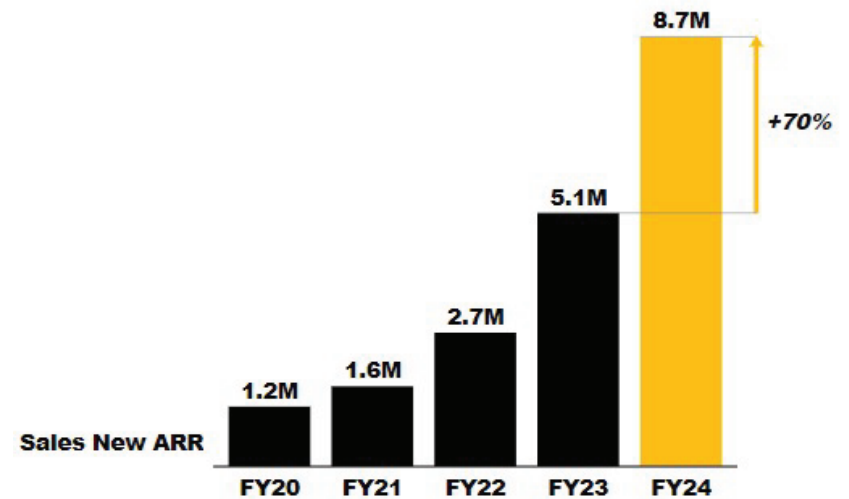


Powered by 

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**

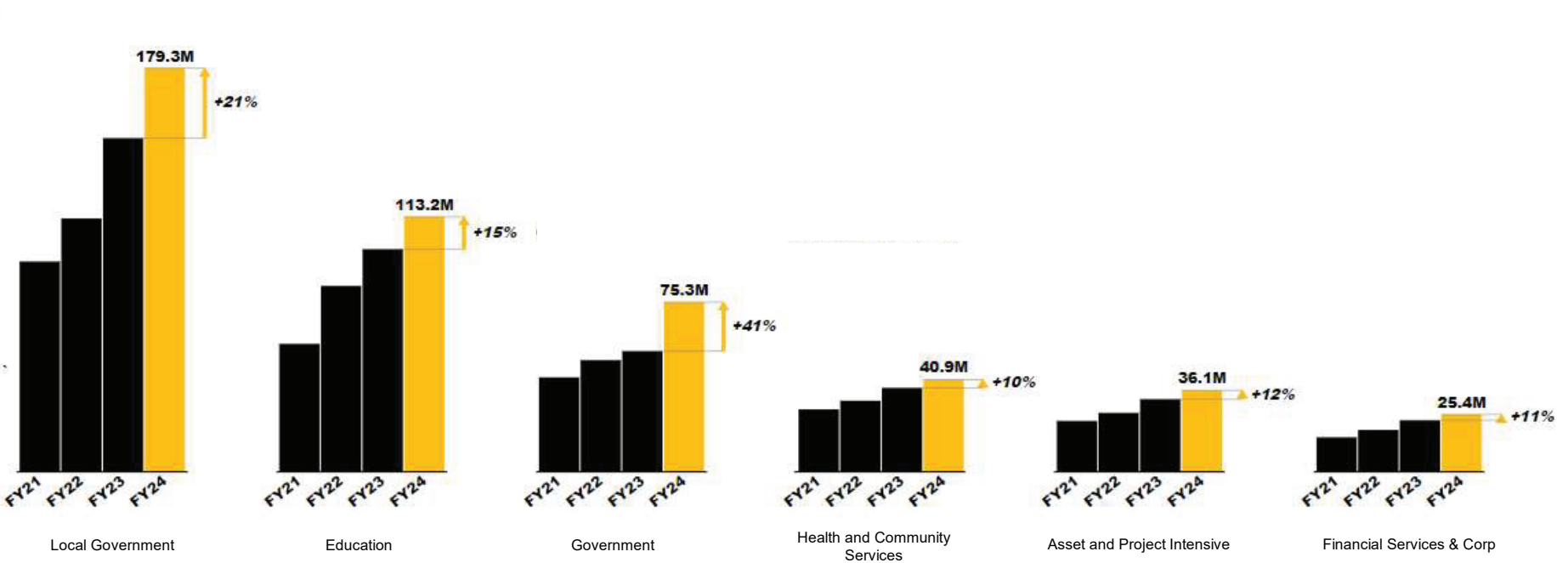
- Student+ solution
- Started in 1839
- Over 15,000 students today
- Third student management win in FY24

All verticals performed strongly

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

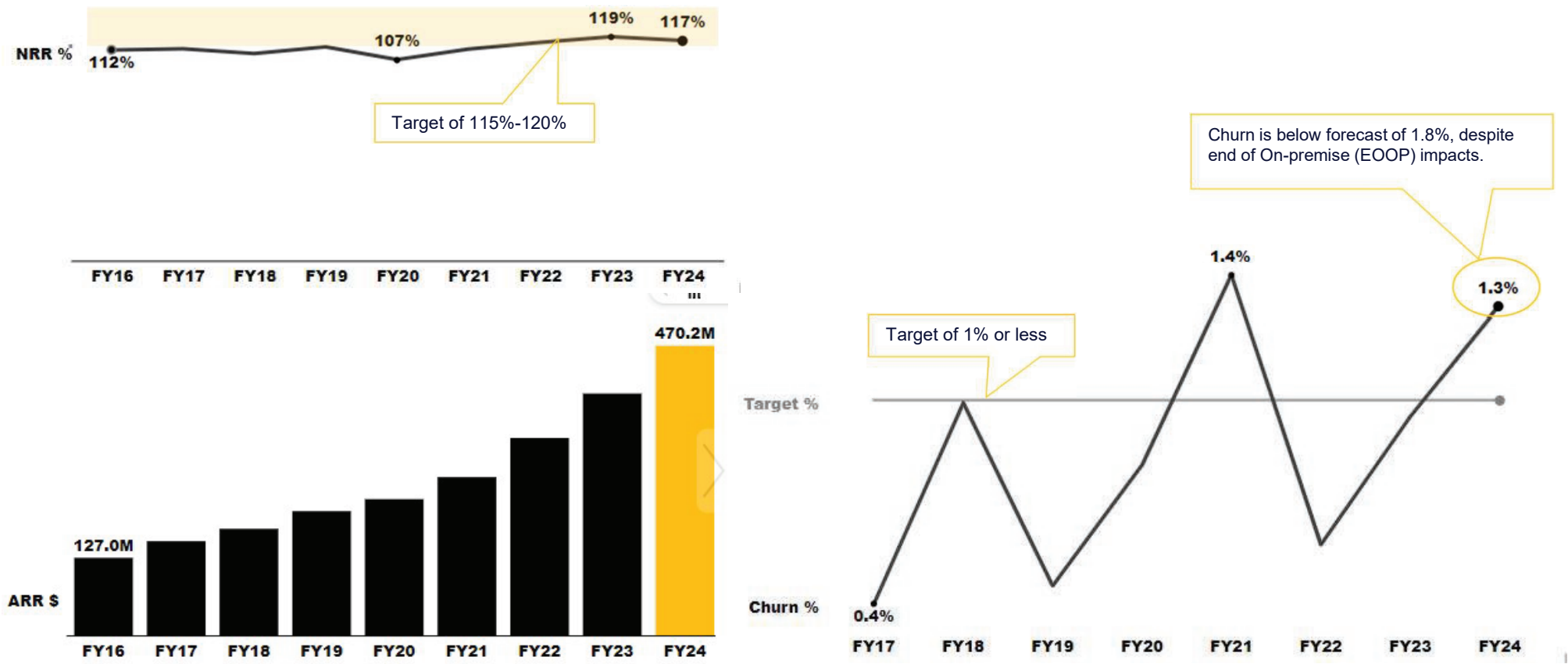
Vertical Market Analysis

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

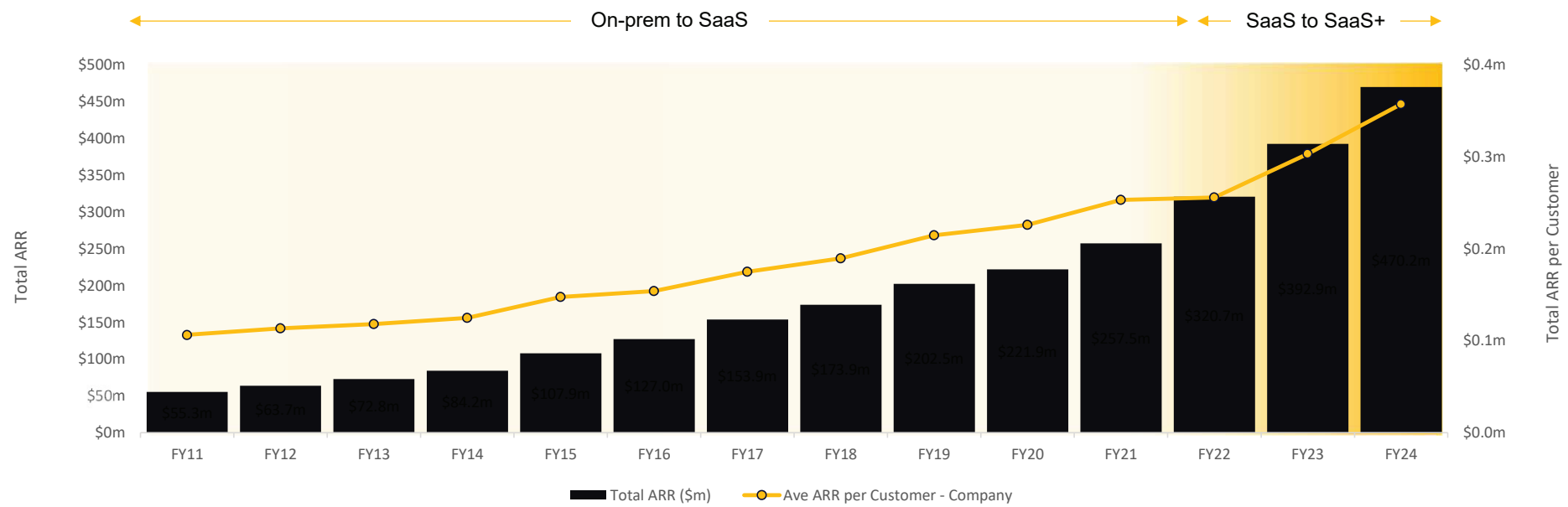


¹ Balance is at 30 September 2024 and growth is for the 12 months from 30 September 2023
² Based on our existing customers and their use of TechnologyOne products and modules as a percentage of total addressable market.

Market Leading Net Revenue Retention and Churn



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
builderBuild an app
faster without
having to code

dip

Google to
outcome
experienceSaaS⁺

R&D
investment of
\$128.0m¹

25% of
revenue²

¹ R&D expenditure before capitalisation

² Revenue excluding other income





Agenda

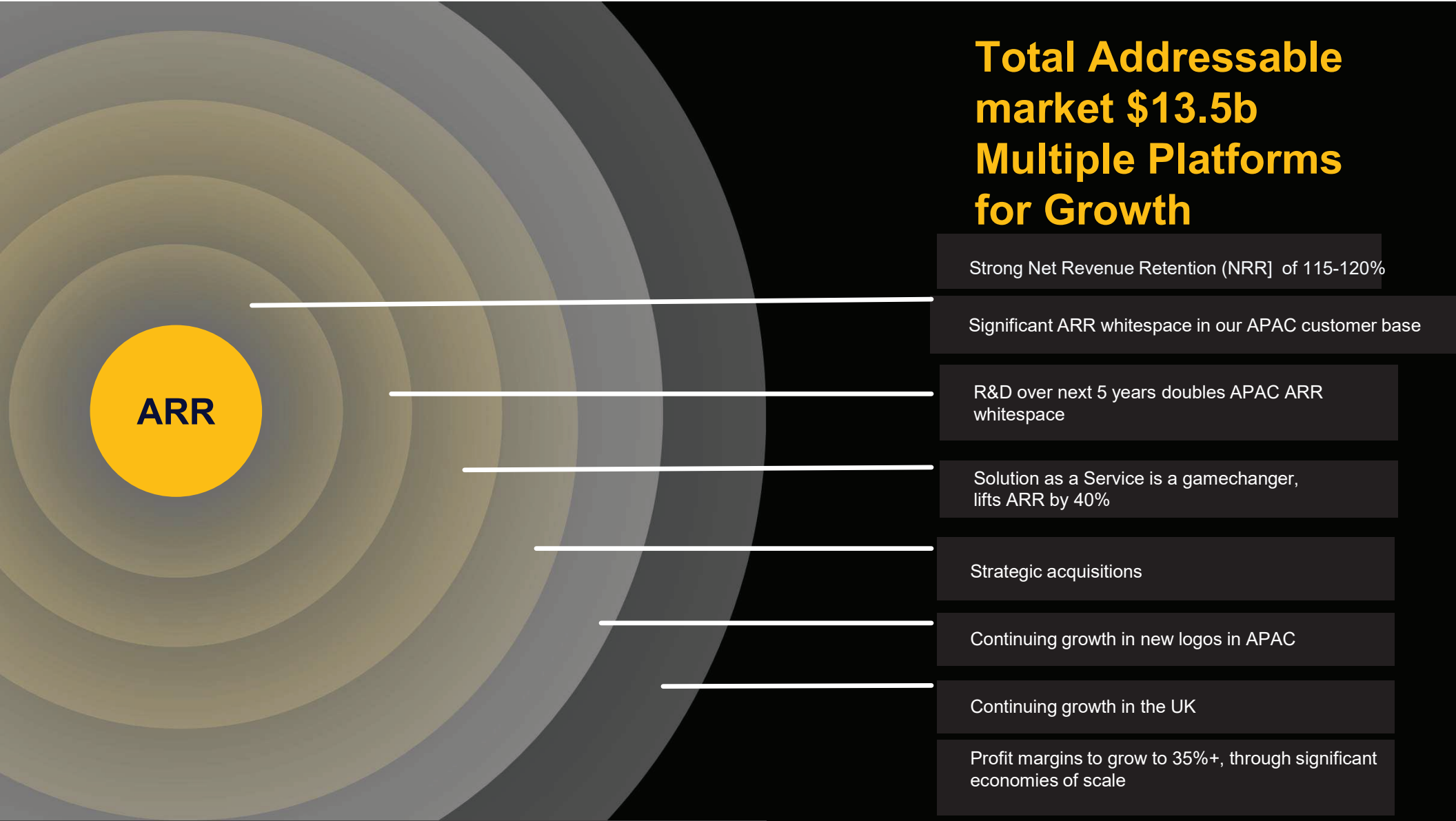
- Highlights
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~~Surpass \$500m+ ARR by FY26~~

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

~~Upgrades to \$500m+ ARR by H1 FY25~~

Continue to double in size every 5 years



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



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- **Outlook for FY25**

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**



technology¹

Continuing Strong Growth FY24 Results



**Profit
growth**

18%

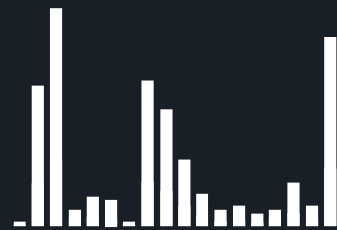
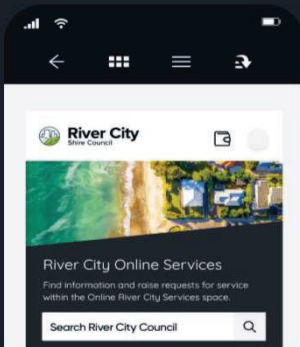
to \$152.9m



**ARR growth
driven by**

UK & SaaS+

Up 20% to \$470.2m

technologyⁱ**\$1B+ ARR BY FY30****19 Products****\$13.5B**
Total Addressable
Market**SaaS⁺****Multiple
platforms
for growth
NRR target
115%-120%**

technology¹
Making life simple for our community



technology¹

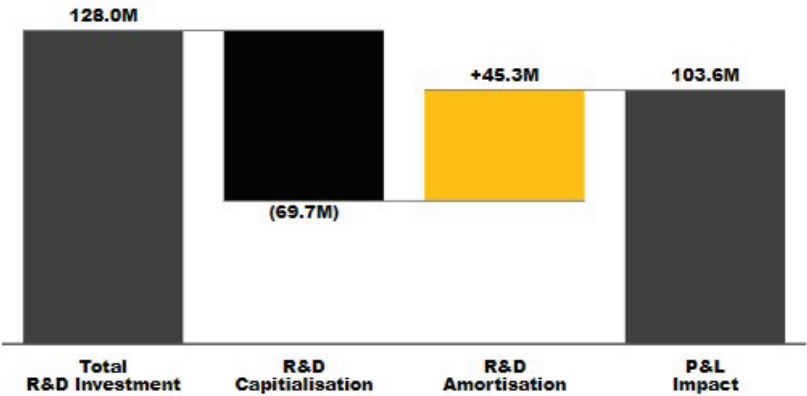
Appendices

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

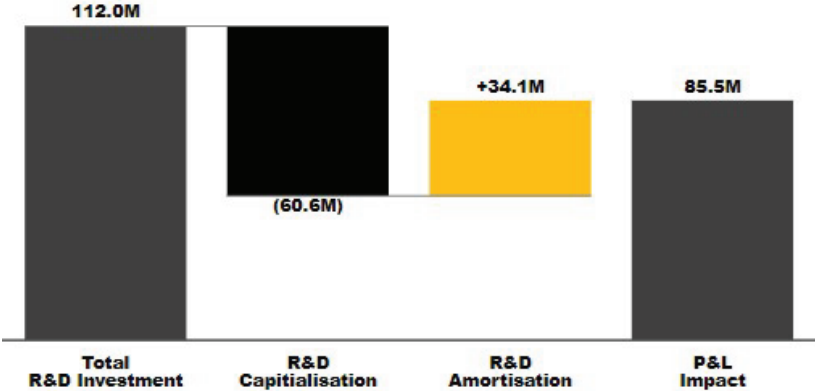
Appendix A:

R&D Disciplined and Transparent

FY24



FY23



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

Appendix B:

FY24 Results Analysis

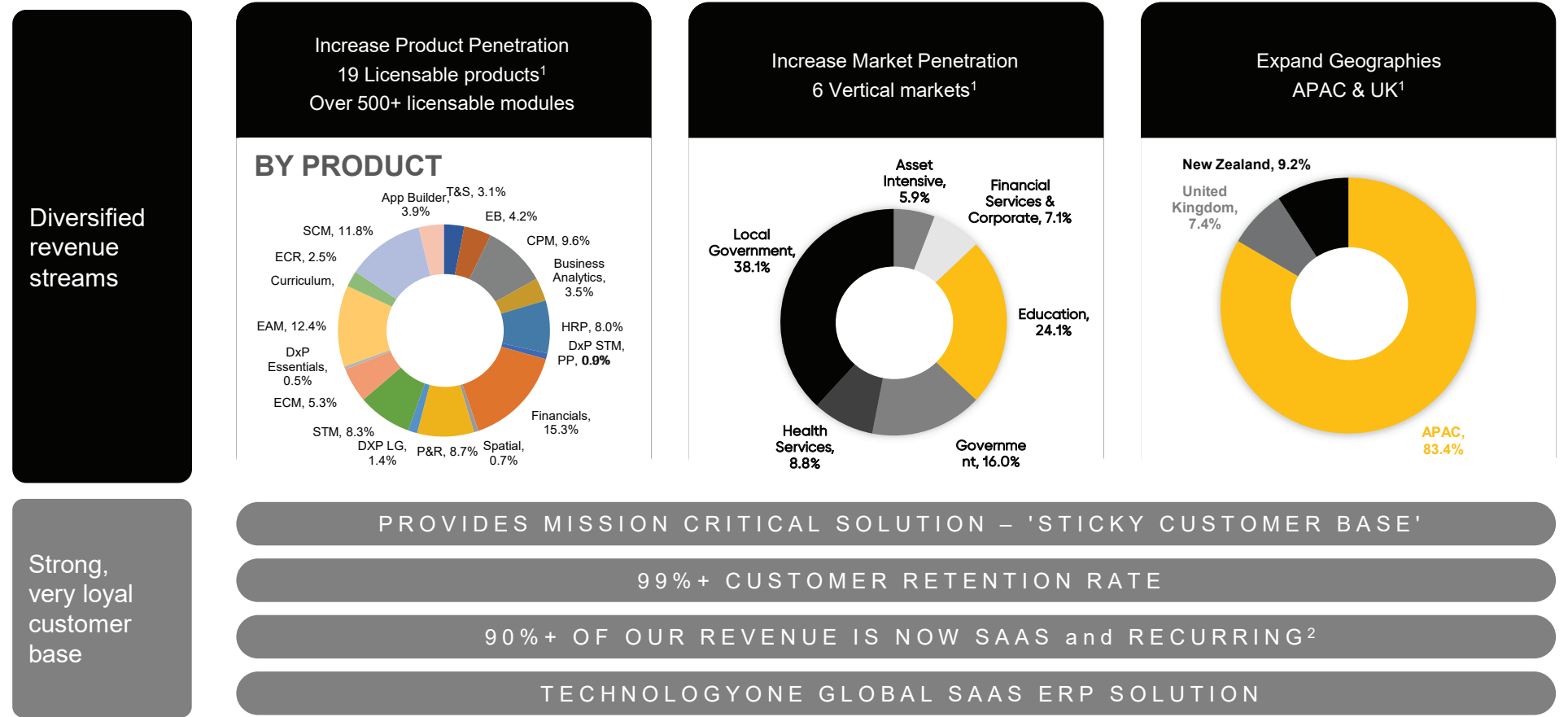
	FY24 \$'000	FY23 \$'000	Var %
Revenue excl interest	506,981	437,224 ¹	16
Expenses (excl R&D, interest, D & A)	232,859	204,494 ²	14
EBITDAR	274,122	232,730	18
EBITDAR Margin	54%	53%	
R&D Expenditure (before capitalisation)	127,995	111,995	14
R&D as % of Revenue	25%	26%	(1)
R&D Capitalisation	69,719	60,605	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



¹ Based on total ARR, ¹16 core product plus 3 DxP products.



Appendix D:

Glossary

technology¹

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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