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19 May 2026

Technology One Limited (ASX: TNE)

SaaS+ Momentum Drives Record ARR and Profit – Reaffirming Upgraded FY26 Guidance

BRISBANE, 19 May 2026 – TechnologyOne (ASX: TNE), Australia’s largest ERP Software as a Service (SaaS) company and the world’s first SaaS+ company, today announced its financial results for the half year ended 31 March 2026, recording the 17th consecutive first-half record profit, record ARR and record revenues, driven by the momentum from SaaS+ and the launch of AI products. TechnologyOne is redefining ERP for our markets and customers.

TechnologyOne CEO, Ed Chung said: “The DNA of our business is that we set ambitious goals and deliver for our community. Whether that is moving 1,200 on-premise customers to SaaS without missing a beat or whether it is entering the UK to take on the established players to become the de-facto solution or taking on the establishment of long, complex traditional implementations to invent SaaS+, we set big goals and deliver.”

“There is huge momentum and confidence in the business today, in our strategy of SaaS+, which is fuelling the results we delivered today, and allows us to continue to invest into the future. Now with our AI strategy, the adoption of AI and the feedback we are receiving is surpassing our expectations. All of this also gives us confidence in our pipeline and we don’t guide up unless we see it day in and day out.”

Reaffirmed upgraded full year FY26 Guidance

TechnologyOne today also reaffirmed its upgraded full year FY26 guidance issued at their February AGM.

Ed Chung said: “We are generally conservative by nature and we talk about heartbeats and rhythms in our business all the time. For as long as I can remember, our heartbeat and rhythm was 10% to 15% PBT growth. We were able to do this as we are disciplined, focused and have a history of delivering. As we have transitioned to a SaaS company and now a SaaS+ company, we have been able to carefully and surgically increase that heartbeat and rhythm increasing our guidance range from 10% to 15%, then 12% to 16% in FY24, and again 13% to 17% in FY25.”

“But we did something different this financial year by providing guidance three months earlier than usual at our February AGM. At this time, we also upgraded our profit guidance range to 18% to 20% and ARR guidance of 16% to 18%, targeting the top of the range for both measures with a target PBT margin expansion of 2 points, from 30% to 32% and full year free cashflow generation equal to net profit after tax representing 100% cash conversion. The great visibility and momentum in the business gave us the confidence to guide up, and guide early and today we reaffirm that guidance.”

“We have also reaffirmed that our FY26 guidance is fully inclusive of all our investments, including our AI products, our investment in Showcase and our investment in SaaS+.”

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H1 FY26 Delivers Exactly In-Line with Expectations

In announcing TechnologyOne's H1 FY26 results, Ed Chung indicated that the financial performance landed exactly where the Company said it would.

Key statutory results were as follows:

- Profit Before Tax of \$89.1m, up 9%
- Profit After Tax of \$66.8m, up 6%
- ARR of \$598.0m, up 17%
- Net Revenue Retention (NRR) of 114%
- UK ARR of \$53.0m, up 23%
- Rule of 40 result of 55%¹
- Record Interim Dividend of 8.0 cps, up 21%
- SaaS and Recurring Revenue of \$299.2m, up 13%
- Total Revenue of \$322.7m, up 11%
- Total Expenses of \$233.6m, up 12%
- Free Cash Flow of \$20.3m, down 15%
- Cash and Investments of \$245.5m, up 16%
- R&D Investment (before capitalisation) of \$84.1m, up 22%, representing 26% of total income

¹ Rule of 40 is defined as the sum of ARR growth and the 12-month rolling free cash flow margin pre-tax (free cash flow as a percentage of ARR). This is a non-IFRS financial measure and is unaudited.

Underlying Heartbeat of the Business

Ed Chung said: "Our PBT growth came in at 9%, in line with the profit phasing we flagged at the AGM due to the planned significant investment in our Showcase event, where we launched our new AI products. Customer feedback and excitement with the new products and solutions have been unprecedented."

"ARR growth of 17% came squarely within our 16% to 18% full year guidance range, with strong momentum heading into H2. It must be noted that the strong growth we are generating in the UK business has resulted in this business becoming a much larger part of the Group, meaning that forex differences can now have a greater impact on statutory results, which was borne out in the first half of FY26 due to the strengthening Australian Dollar against the Pound."

"To give investors additional transparency into the underlying operating performance (what is referred to by us as the "Heartbeat of the Business") we have provided ARR and PBT results on a constant currency basis, as well as normalising profit for the significant H1 FY26 investment in Showcase. These underlying results show ARR growth of 19%, NRR of 116% and PBT growth of 21% with a margin improvement of 2 points to 30%."

"Additionally, profit would have grown a further 2 points to \$105 million with a 32% margin if we excluded our continuing investment in SaaS+."

"The story is straightforward. Taken together, the first half delivers exactly what we committed to at the AGM. We remain confident in delivering the upgraded full year guidance. Furthermore, our full year guidance includes all our significant investments that create a more enduring, higher quality business."

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H1 FY26 Highlights

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

Having completed our transition to become a 100% SaaS company and successfully pivoting to become the world's first 100% SaaS+ company, with the ambition of delivering ERP in 30 days to our customers, H1 FY26 saw the launch of our AI strategy.

This represented a watershed moment in enterprise software, particularly for TechnologyOne. With the launch of our AI strategy in October 2025 at our Showcase event, we have redefined how organisations operate. By connecting enterprise-wide data, our new AI products anticipate business needs, suggest actions, and deliver results that enable organisations to adapt with unprecedented speed and precision. The return on our Showcase investment is huge with double the number of attendees and up to 10 times the sales pipeline generated compared to the previous Showcase event.

Our AI strategy, consisting of Plus, Guide and in-product AI, isn't just another feature or module. It represents the future of enterprise software; the beginning of our fifth generation of ERP. It's the first system designed not just to record and report, but to predict, learn, uncover, and simplify a customer's operations. Plus understands every aspect of a customer's organisation — their people, processes, and performance — and it responds in real time.

It identifies trends, highlights risks, and recommends actions before issues surface. It's a digital twin for the enterprise, one that supports leaders every day through a natural conversation — no screens, no clicks; just a conversation. With Plus, we're not just redefining ERP, we are reimagining how organisations work. This is the next frontier of enterprise intelligence, built entirely within the TechnologyOne ecosystem.

For more than eight years, we have been on a mission to bring communities closer to their councils and universities. Through our DxP technology, we've helped organisations deliver information, access, and insight in ways that genuinely empower people. Our software unlocks efficiencies, reduces costs, and dramatically improves the experience for every customer they serve. When we saw the breakthrough potential of Plus, it was immediately clear: agentic AI doesn't just streamline processes - it changes how work gets done.

That is why we built Guide. It is not another interface or incremental improvement - it's a new kind of experience: intelligent, conversational, and outcome-driven. It helps residents of a council and students of a university get answers to their queries or outcomes with their council or university/TAFE without friction. We believe Guide represents the next chapter for the local government and education sectors - and a major leap forward in how organisations serve their communities.

There is huge momentum and confidence in the business today, in our strategy of SaaS+, which is fuelling our results and allows us to continue to invest into the future together with our AI strategy, the adoption and feedback of which is surpassing our expectations.

The potential of our new AI strategy increases our addressable market. Whereas previously we had an estimated total addressable market of \$13.5 billion, the launch of In-product AI, Plus and Guide expands our addressable market exponentially.

Record Profit before Tax of \$89.1 million, up 9% as guided with a PBT margin of 28%

TechnologyOne achieved a record H1 FY26 PBT of \$89.1 million, up 9% on the pcp and in line with our guidance provided at the AGM.

We also generated a PBT margin of 28%, in-line with the pcp. As previously communicated, we are investing in our long-term SaaS+ strategy and this equated to a 2.0% planned impact on our PBT margin in the half. This is as expected, while we transition to our game-changing SaaS+ model, the strategic benefits of which are evident in the current period results.

Albeit smaller in scale, the shift from traditional new project consulting revenue to SaaS+ revenue is showing similarities to our completed transition from legacy license fees to SaaS revenue. This strategic move over time removes lower-quality, one-off traditional consulting revenue and replaces it

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with high-quality SaaS+ recurring revenue which represents a 40% uplift to new ARR. A slight headwind to margin growth in the short term will enable a significant tailwind in the long term for the PBT margin.

Net profit after tax (NPAT) was up 6% to \$66.8 million with an effective tax rate for the half of 25%, which is where we expect it to land for FY26.

Notwithstanding our strategic shift to SaaS+ and the short-term headwind to our margin growth, we anticipate that group margins will continue to improve to 35%+ in the coming years, driven by the significant economies of scale from our single-instance, multi-tenanted global SaaS ERP solution and the customer response to SaaS+.

Total Annual Recurring Revenue (ARR), up 17% to \$598.0 million, on track to \$1 billion+ by FY30

The power of our strategy, our diversified revenue streams, and our multiple levers of growth have enabled us to meet expectations, delivering a record ARR of \$598.0 million, up 17% on the pcp (up 19% on a constant currency basis). As growth has historically been weighted toward the second half, the strong H1 FY26 performance positions us well to achieve our goal of hitting the top of our FY26 ARR growth guidance range of 16% to 18%.

This ARR growth keeps us on track to achieve \$1 billion+ ARR by FY30, supported by SaaS+, our new AI strategy, and ongoing R&D investment in new products and modules.

We delivered Net Revenue Retention (NRR) of 114% (116% on a constant currency basis), which is industry-leading in the ERP market and broadly in-line with our long-term target of 115% or more. Our customers continue to adopt products and modules faster than they had historically as on-premise customers, and our AI strategy is further driving this increased adoption.

SaaS and Recurring Revenue was up 13% to \$299.2 million. The 13% growth reflects the timing of customer contract signings in the half which was weighted towards the end of the period relative to the pcp.

To highlight the strength of our portfolio approach to the business, we secured significant customer wins that fuelled our organic growth in the first half, with particularly strong momentum in the local government sector in Australia driving 27% ARR growth in our Local Government vertical. A few of these major wins included a previous customer, City of Townsville, which left TechnologyOne to go with one of our competitors only to realise that the competitor's solutions were not fit for purpose and consequently signed a new 10-year SaaS+ agreement with us that represents increased value over the previous agreement they had with us. This clearly highlights the value our customers see in taking on significantly more products and modules.

Other large wins included Cardinia Shire Council, Liverpool City Council, Salisbury City Council and City of Ryde Council. The UK local government sector is currently undergoing a transition period with the planned amalgamation of smaller councils to form larger, economically viable councils. Our sales pipeline for local government in the UK remains strong and we will see accelerated growth from this sector in future periods.

In the Education Sector, ARR grew 15% with strong wins including James Cook University who, driven by seeing the significant value in TechnologyOne being their AI partner, have committed to a long-term technology strategy by signing a landmark 10-year deal with TechnologyOne, establishing a single source of truth across the entire institution and unlocking the full value of AI, automation, and analytics. This deal spans the full TechnologyOne product suite. In the UK, we won the University of Suffolk and Royal Holloway, University of London. These wins reinforce our strategy: migrate UK Higher Education customers from legacy student management systems to best-of-breed ERP products within the only ERP solution built for their sector.

Two decades of sustained growth in Government has built real scale and brand recognition. The opportunities we are securing in our sales pipeline reflect our growing reputation as a trusted partner in public service transformation. We stay disciplined and ready to serve this important market, and we

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have strengthened our bench in this vertical, and, together with our strong sales pipeline, we remain confident we will see growth in future periods.

Our strategy, products and solutions continue to resonate with the market. Customers are deepening their relationship with us as they adopt more TechnologyOne products and modules, embrace our enterprise and AI vision, and realise the substantial efficiencies and productivity gains that follow. These organisations are selecting TechnologyOne as their SaaS+ ERP provider due to our focus on putting our customers and community first.

Rule of 40 result of 55% - Top quartile of global SaaS software businesses.

Strong, profitable growth is nothing new to TechnologyOne, and in H1 FY26 we recorded a result of 55%, which places us in the top quartile globally among SaaS peers. We expect to remain world-class, with a rate above 40%.

Investment in people and culture

Our people solve incredibly complex business problems for our customers and, over time, have delivered our uniquely broad and deep global SaaS ERP solution. We compete and win against the world's largest global software companies, which have R&D teams with tens of thousands of staff.

We continue to succeed because of our consistent strategy, mission, purpose, core beliefs, values, leadership philosophies, and Compelling Customer Experience, consistently placing our customers first in everything we do. Our new AI strategy was developed by our team, demonstrating that we have some of the best software professionals in the world working for us.

Our teams are already extensively using AI tools internally to drive future product development and solve complex business problems. We believe AI will be an accelerant to our customers and our business and we continue to be committed to the careers of our people as AI will assist us to drive scale and productivity.

Strong Balance Sheet and Free Cash Flow generation

Our balance sheet remains strong, with no debt and \$245.5 million of cash and investments. This platform provides us with the confidence to invest for growth. In the first half of FY26, we invested 26% of revenue, or \$84.1 million, in R&D, with 54% capitalised. The team delivered 26A, which went live in April and included a suite of Artificial Intelligence functionality built into existing products, as well as our new agentic product, Plus.

Traditionally, TechnologyOne's free cash flow generation is weighted to the second half, aligned with customer anniversary payment dates. This half year, TechnologyOne delivered a strong free cash flow of \$20.3 million versus a free cash flow of \$24.0 million in H1 FY25, with cash and investments up 16% versus the pcp.

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

Afterword

We are on track to double our business again and surpass total ARR of \$1+ billion by FY30, from our current base of \$598.0 million. We will continue to invest for the long-term in R&D to build platforms for growth. The economies of scale from our global SaaS+ ERP solution will also drive continued Profit Before Tax margin expansion to 35%+ in the long term.

In light of the Group's strong results and our confidence going forward, the interim dividend has been increased to 8.0 cents per share, up 21% on the prior year.

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Pat O'Sullivan
Chair

Edward Chung
*Chief Executive Officer
and Managing Director*

Further information

This market release should be read in conjunction with the TechnologyOne H1 FY26 Investor Presentation and the TechnologyOne Financial Report for the half year ended 31 March 2026 attached to the Appendix 4D. All documents are available on the ASX Announcement platform.

Results teleconference

TechnologyOne will present the 2026 half year results to analysts on a conference call on Tuesday 19 May 2026 at 11am AEST. You can register for the webcast at the link [TechnologyOne H1 FY26 Results Call](https://www.technology1.com/company/investors) or through the TechnologyOne Investor Relations website <https://www.technology1.com/company/investors>.

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Authorised for release by the CEO and Chair.

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About TechnologyOne

TechnologyOne (ASX: TNE) is Australia's largest enterprise software company and one of the ASX top 50, with a global presence. **Our SaaS+ (Solution as a Service)** offering is an all-inclusive, industry-specific solution that leverages our unique Power of One to deliver low-risk, end-to-end SaaS ERP implementations. This includes implementation, support, and upgrades—with TechnologyOne taking full accountability for outcomes, not just software.

Over **1,300 leading corporations, government agencies, local councils, and universities** are powered by our software.

For over 38 years, we've helped customers adapt to new and emerging technologies with enterprise software that evolves alongside their needs—enabling them to focus on their business, not IT.

Learn more at: [technology1.com](https://www.technology1.com)

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