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Headwinds from a transformational revenue model

Company/ASX Code	**TechnologyOne / TNE**
AGM time and date	**Wednesday, 18 February 2026, at 10:30 am AEST**
Location	Brisbane Sofitel, 249 Turbot Street, Brisbane
Registry	MUFG Corporate Markets
Type of meeting	Hybrid
Monitor	Paul Donohue, assisted by David Loosemore.
Pre-AGM Meeting	Pat O'Sullivan (Chair), Jane Andrews (Director), Deb Eckersley (Director), Cale Bennett (CFO), Matthew Thompson (Company Secretary) & Giovanni Rizzo (Investor Relations)

Monitor Shareholding: The individuals involved in the preparation of this voting intention have a shareholding in this company.

1. How we intend to vote

No.	Resolution	Vote
2	**Adoption of Remuneration Report**	For
3	**Re-election of Dr. Jane Andrews**	For
4	**Election of Debra Eckersley**	Undecided
5	**Election of Philip Davis**	For
6	**Approval for Increase in Directors' Fees**	For
7	**Grant of Awards to the CEO**	For

2. Summary of Issues and Voting Intentions for AGM

- The impact of SaaS and SaaS+ on profitability.
- Does the board maintain its confidence in CFO Cale Bennett?
- Election of Director Debra Eckersley - Cultural issues at PWC and BoQ.
- Positive changes to the remuneration report.

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Overview

TechnologyOne is a Brisbane based, enterprise software company. They develop, market, sell, implement and support their own software. This “Power of One” approach is rare among enterprise software vendors who often rely on third parties.

The company is focussed on two sectors: higher education and government (mostly local). They operate primarily in Australia and New Zealand with a smaller, but rapidly growing division in the United Kingdom.

Australia remains the primary revenue source at over 81% of the total, followed by New Zealand and the Asia-Pacific region at 10%, and the UK at roughly 8%. The UK is emerging as a growth driver with annual recurring revenue surging 49% in FY25.

Their market share is impressive with 75% of the Australian / New Zealand population residing in local government areas that use TechnologyOne software and 60% of higher education students across AUST/NZ/UK enrolled in institutions that are customers.

The company sees considerable opportunity for future growth including attracting new customers, increased revenue from existing customers, growth in the UK, strategic acquisitions and a significant margin uplift once the new SaaS+ delivery model matures.

TechnologyOne is focused on the ambitious goal of increasing annually recurring revenue (ARR) to $1b by FY30.

Accounts and reports

Highlights from the full year results included.

- Revenue up 18% to $610m.
- Expenses up 18% to $428m.
- Profit after tax up 17% to $137m.
- Full year dividend up 63%.
- Total shareholder return (TSR) of 55%.

Commentary on the results.

- Achieved a 16th consecutive year of record profit.
- Annual recurring revenue (ARR) now represents more than 90% of all revenue.
- Surpassed the $500m ARR milestone 18 months ahead of the original target.
- UK division demonstrated strong momentum with ARR surging 49% to $51m.
- Net Revenue Retention (NRR) remained very high at 115%.

Financial performance

(As at FYE)	**2025**	**2024**	**2023**	**2022**	**2021**
NPAT ($m)	137.6	118.0	102.9	88.8	72.7
UPAT ($m)	137.6	118.0	102.9	88.8	72.7
Share price ($)	38.46	23.86	15.51	10.60	11.36
Dividend (cents)	36.60	22.45	19.52	17.02	13.91
Simple TSR (%)	63	55	48	-5%	45
EPS (cents)	42.13	36.24	31.71	27.51	22.64
CEO total remuneration, actual ($m)	4.47	3.60	2.52	2.30	1.95

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Rule of 40

TechnologyOne is now reporting their performance against the "rule of 40" which is a popular metric used to assess SaaS companies by balancing the trade-off between growth and profitability. A company satisfies the Rule of 40 if the sum of its revenue growth rate and its profit margin is equal to or greater than 40%.

The company scored 59% in FY25, up from 52% in the prior year. This places them in the top quartile of global SaaS businesses. By comparison, Salesforce scored 41%, Adobe 52% and ServiceNow 55%.

SaaS, SaaS+ and profitability

To understand TechnologyOne, you must be familiar with the concepts of SaaS and SaaS+ and their impact on profitability.

The company distributes its products using a "software as a service" (SaaS) model in which customers access a cloud based solution rather than installing it on their own equipment.

Rather than purchasing a perpetual license, SaaS customers pay an annual subscription. This gives TechnologyOne a reliable stream of annually recurring revenue (ARR) rather than the lumpy and unpredictable revenue of perpetual licences.

In 2023, the company introduced a new implementation model called Solution as a Service Plus (SaaS+) in which they take full responsibility for a successful implementation within an agreed time frame, for an agreed cost.

Customers pay an all-inclusive annual fee for SaaS+ which covers the software license, implementation cost, half yearly updates and 24/7 support. This fee has been increased, compared to the previous SaaS fee, to a level that ensures the bundled implementation costs can be recouped within four years.

The transition to SaaS+ has an impact on revenue, margins and profitability, as did the earlier transition from on premise to SaaS. Initially that impact is negative as up front revenue from perpetual licences (in the case of SaaS) and lucrative consulting fees (for SaaS+) is deferred over multiple years.

But over time, the impacts become positive. Whereas the perpetual license was a “once only” revenue item, the SaaS subscription that replaced it is annually recurring. With SaaS+, once the implementation costs have been recouped, the increased subscription fee translates into a significant margin uplift.

Governance and culture

TechnologyOne has been on a journey of board renewal since the founder, Adrian DiMarco, announced his plans to retire. This process is now largely complete. The board now has a mixture of skills and experience that is well aligned with the company’s strategy.

The company prides itself on a high-performance culture it calls the "TechnologyOne Way," which focuses on innovation and an entrepreneurial spirit.

Employees seem to be happy with an internal employee Net Promoter Score (eNPS) score of 43, which is up from 32 last year. Most companies score in the range 0 to 20, so this is an excellent result.

Another indicator of an engaged team is the high level of participation in the Employee Share Plan, where 69% of employees are now part-owners of the company.

During the year the company received significant positive recognition.

- LinkedIn named them one of the top 15 companies in Australia to “grow your career”.
- The Australian Financial Review recognised them as a Customer Champion Leader 2025.
- The company won two categories in the Australian Business Awards: the "Business Innovation Award" for the SaaS+ implementation model and the "Community Contribution Award" for the philanthropic work of the TechnologyOne Foundation.
- They were awarded the "Most Progress in Investor Relations by an Australasian Company" by the Australasian Investor Relations Association (AIRA).

Key events

- 1 Nov 2024: Completed the $60 million acquisition of CourseLoop, a curriculum management solution for higher education.
- 22 Sep 2025: Officially added to the S&P/ASX 50 index.
- 29 Sep 2025: Secured ISO 42001:2023 certification for Artificial Intelligence Management demonstrating a commitment to responsible and ethical use of AI.
- 9 Oct 2025: Launched "Plus," the company's 20th product, featuring advanced artificial intelligence (AI) capabilities.

Key board or senior management changes

The process of board renewal continues.

- 1 Oct 2025. Debra Eckersley appointed.
- 1 Oct 2025. Phil Davis appointed.
- 19 Feb 2025 Richard Anstey retired.
- 18 Feb 2026. Clifford Rosenberg will retire after the AGM.

There has also been some repositioning of senior management.

- Matthew Thompson was appointed as an additional Company Secretary on 15 July 2025 although Stephen Kennedy remains a registered Company Secretary.

- Two new roles have been created for Executive Vice Presidents aligned with the key verticals. These positions are filled by Ben Malpass (Local Government) and Mark Jones (Education).

- While not a new appointment, the board released a formal statement of confidence in CFO Cale Bennett after media reports linked him to past accounting issues at Corporate Travel Management.

Sustainability/ESG

Obviously being an enterprise software company, TechnologyOne does not have a large carbon footprint. However, they remain committed to sustainability. They are certified Climate Active carbon neutral and have successfully reduced global Scope 1 and 2 emissions by 87% against their FY22 baseline.

Social impact is driven through the TechnologyOne Foundation, which contributed over $1.18 million in profit and nearly 7,000 volunteer hours this year toward its goal of lifting 500,000 children and families out of poverty by 2030.

Tech One has long been a champion female participation in IT. Women now hold 45% of senior roles, compared to an industry average of 25%. And across all roles at TechnologyOne, 39% are held by women. After the AGM, there will be three female directors on a board of eight which exceeds the company’s diversity target.

4. Rationale for Voting Intentions

Resolution 1: Adoption of Remuneration Report (for)

TechnologyOne's senior executives and board members do not appear to be excessively remunerated compared to their peers.

The CEO holds a very substantial investment in the company making him well aligned with other shareholders.

The structure of the remuneration framework is largely unchanged from last year with some notable shareholder friendly improvements.

- On market purchases for employee shares.
- 20% of STI is now deferred equity.
- Higher LTI hurdles.
- Rebalanced LTI hurdles.

The remuneration is closely aligned with ASA guidelines with some minor deviations that we have raised in prior years.

Given the 16th consecutive year of record profits and a 63% increase in total dividends, the "profit share" model is clearly working to create wealth for all stakeholders.

Refer to Appendix 1 for more analysis of the Remuneration Report.

Resolution 2: Re-election of Dr. Jane Andrews Report (FOR)

Many shareholders will remember Dr Jane Andrews as one of the "new" directors who helped with the transition from a founder led company. She is now the longest serving board member and provides an element of corporate history to her peers.

Dr Andrews remains well within the ASA's 12 year tenure limit for independence, having been appointed in 2016. She brings essential leadership experience in research, innovation, and corporate strategy, which are vital for a high-growth software firm.

During her decade on the board, Jane has always taken the time to engage with ASA and we thank her for that.

Resolution 3: Election of Debra Eckersley Report (UNDECIDED)

Debra brings a combination of financial, strategic, and people acumen, blending experience as a Chartered Accountant, business leader, consultant, and people & culture leader, across 30 years of experience in professional and financial services.

She has previously held senior "people and culture" roles at Bank of Qld and PWC. Both of those organisations have had serious cultural issues in the past and we will be asking about her learnings at the AGM.

Upon joining the board, she acquired 6,179 TNE shares which well exceeds the minimum shareholding requirement.

She does not appear to hold any director roles other than TechnologyOne so there are no concerns about workload.

Resolution 4: Election of Philip Davis Report (FOR)

Phil has broad executive leadership and operational experience driving transformational growth in both large, multi-national and pre-IPO technology companies.

Having worked at large tech companies such as Google, AWS, HP and Dell, Phil's skills and experience seem like a perfect fit for Tech One.

Mr Davis currently has no shares, but as a newly appointed director he has a few years to meet the minimum shareholding requirement. ASA encourages him to do this as soon as possible to demonstrate alignment with shareholders.

Phil does not appear to hold any director roles other than TechnologyOne and he recently resigned as Vice President of Google Cloud's Global Specialty Sales so there are no concerns about workload.

Resolution 5: Approval for Increase in Directors' Fees Report (FOR)

This resolution seeks to increase the maximum fee pool for non-executive directors by $500,000, raising the total cap from $2.0 million to $2.5 million per year. While a 25% increase might seem steep, there are several reasons why this move supports the long term interests of retail shareholders.

- **ASX 50 status.** TechnologyOne was recently admitted to the S&P/ASX 50 index. The pool increase will allow director remuneration to be realigned with the demand of a rapidly growing company.

- **Capacity for Growth.** After a period of significant board renewal, the current $2.0 million pool is nearly exhausted, and this increase provides the necessary "headroom" to add further expertise if required.

- **Disciplined fee increases.** This year, director fees rose by only 3% which is in line with inflation. This demonstrates that the board are not granting themselves unrealistic pay rises.

Resolution 6: Grant of Awards to the CEO Report (FOR)

This item relates to the CEO, Edward Chung's, long term variable reward for FY26. Because Mr Chung is an Executive Director, shareholder approval is required to grant him securities.

Given that ASA is voting in favour of the remuneration report, we also support this resolution.

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Appendix 1 - Remuneration framework

Remuneration overview

TechnologyOne's remuneration framework allows the company to compete for talent both locally and globally against companies such as Oracle, SAP & Workday.

The framework requires a large portion of executive pay to be "at-risk," ensuring the leadership team is only highly rewarded when they deliver strong results for shareholders.

TechnologyOne's senior executives and board members do not appear to be excessively remunerated compared to their peers in similar organisations.

Changes in the remuneration framework

The remuneration framework is largely unchanged from last year although there are some notable shareholder friendly tweaks.

- **On market purchases.** Previously the company issues new shares issued to employees. They now buy these shares on market which prevents dilution to existing shareholders. This applies to all employees, from a software engineer buying a few shares each pay day to the CEO's at risk remuneration.

- **Deferred STI.** The 20% of short-term incentive (STI) that is deferred was previously paid in cash but is now paid as equity. ASA prefers at least 50% of STI to be paid in deferred equity, but this is a step in the right direction.

- **Higher hurdles.** The long-term incentive (LTI) goals are now more challenging. The required earnings-per-share (EPS) growth range is now 8% to 20%, up from the previous 5% to 15%.

- **Rebalanced hurdles.** The weighting for the LTI hurdles has been rebalanced to 75% for profit growth and 25% for share price performance relative to a peer group.

Alignment with ASA guidelines

There are a few things that differ from ASA's guidelines, but these are not significant.

- **STI exceeds FR.** ASA prefers STI to not exceed the CEO's fixed remuneration (FR). Ed Chung's FR is 19% of his statutory remuneration and his STI is 40%. STI is allocated as a proportion of profit rather than a multiple of FR. As profits have surged, so has Ed's STI. We can understand this deviation from the ASA guidelines and record profits skewing the remuneration mix is a good "problem" to have.

- **Deferred STI.** ASA prefers at least 50% of STI to be paid in equity with a minimum 12 month holding period. As mentioned above, the company is now paying a portion of STI as deferred equity, but at 9% (on a statutory rem basis) it is still below the ASA preferred level.

- **LTI assessment period.** ASA prefers LTI to be assessed over at least four years whereas TechnologyOne uses three years.

CEO remuneration

CEO rem. Framework for FY25	Target % of Total	Statutory % of Total	Statutory $m
Fixed Remuneration (FR) Including superannuation	31 %	19.4 %	0.869
Short Term Incentive (STI) - Cash	31 %	32.3 %	1.446
Short Term Incentive (STI) – Deferred equity	7 %	7.3 %	0.328
Long Term Incentive (LTI)	31 %	29.2 %	1.306
Other (leave, value of retention LTIs, etc)		11.7 %	0.521
Total	100 %	100.0 %	4.473

- The target amounts in the table above are the amounts that were envisaged in the design of the remuneration plan.
- In TechnologyOne's case an "Executive Net Profit Before Tax" percentage is set at the outset of the CEO's contract. This determines STI which increases in value over the years as the company's profits increase.
- Actual amounts are rounded up.

CEO shareholding

During the year, the CEO Edward Chung exercised 192,416 options and sold the resulting shares. This is not a concern as he still maintains a very substantial investment in the company. As of 30 September 2025, he holds 700,068 ordinary shares and 1,517,704 unexercised options.