

ASX RELEASE

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Trading Update: Expected profit growth for the full year of 7% to 9%. Underlying profit growth (excluding significant events) of approx. 20%.

TechnologyOne CEO, Mr Edward Chung said “the 2017 financial year will be another year of record revenues, record licence fees, and very strong continuing growth in TechnologyOne’s cloud business.

“TechnologyOne now expects its full year profit growth to be between 7% and 9% compared to previous guidance of profit growth of 10% to 15%. This is because of the slower than anticipated return to profitability of our consulting business. The underlying profit growth excluding significant events is expected to be approximately 20%.”

At the half year, TechnologyOne posted a loss in its consulting business of \$314k (down \$4.1m on the prior half year). TechnologyOne’s guidance at the half year was that the full year consulting profit would improve significantly over the financial year, with a forecasted consulting profit of \$8.2m (down \$1.5m on the prior full year). Based on preliminary results, consulting profit is now expected to be approx. \$5.4m (down \$4.3m). This represents an additional negative impact of \$2.8m on the P&L.

Mr Chung said “Given the strength of our sales pipeline, and our closure rate, we had expected that we could substantially overcome this shortfall, but unfortunately a number of significant deals for which we are preferred and for which contracts have been negotiated, have not been able to be closed by year end.”

TechnologyOne Executive Chairman, Mr Adrian Di Marco said “In what has undoubtedly been one of the most challenging years in the company’s 30 years in business, the strength and diversity of our underlying business has allowed us to continue to grow. TechnologyOne’s cloud business has continued to grow strongly with cloud profit up 200+%. TechnologyOne’s expected results, excluding significant events (ie. BCC and Evolve previously discussed at the half year), is for underlying profit to be approximately 20%.

“Looking forward with the strength of both the cloud business and new licences, and the removal of these significant events in the new year, and the return of our consulting business to profit growth, the company is well positioned for continuing strong growth in the coming years.”

This trading update is based on the preliminary review of TechnologyOne’s accounts just completed. It is conditional on further work being undertaken, including a detailed review of all sales contracts and consulting projects, as well as the review of our accounts by our auditors. TechnologyOne will provide further detailed disclosures once the final results for the financial year are published on 21 November 2017.

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About TechnologyOne

TechnologyOne (ASX:TNE) is Australia’s largest enterprise software company and one of Australia’s top 200 ASX-listed companies, with offices across six countries. We create solutions that transform business and make life simple for our customers. We do this by providing powerful, deeply integrated enterprise software that is incredibly easy to use. Over 1,200 leading corporations, government departments and statutory authorities are powered by our software.

We participate in only eight key markets: government, local government, financial services, education, health and community services, asset intensive industries, project intensive industries and corporates. For these markets, we develop, market, sell, implement, support and run our preconfigured solutions, which reduce time, cost and risk for our customers.

For 30 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on the business and not technology. Today, our software is available on the TechnologyOne Cloud and across smart mobile devices.

For further information, please visit: TechnologyOneCorp.com