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ASX:RDY

1H FY24 INVESTOR PRESENTATION

27 February 2024

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Nimesh Shah – Chief Financial Officer

ReadyTech is a vertical SaaS growth company

Next generation, mission-critical software crafted to closely meet customer needs across human-led sectors

Education & Work Pathways

Workforce Solutions

Government & Justice

ReadyTech continues to deliver a combination of solid revenue growth and strong margins

Revenue

↑ $54.7m

Increase of 14.2%

Recurring revenue

↑ $47.2m

Increase of 17.1%

Underlying EBITDA*

↑ $17.4m

Underlying EBITDA margin* of 31.8% (1H FY23: 32.6%)

Major enterprise contracts

$7.0m contracts signed

Across 16 enterprise wins^

Gross opportunity high conviction pipeline^

> $30.0m

FY23: $28.0m

Growth in average revenue per new customer

29%

Average revenue per new customer $123.2k (FY23: $95.6k)

EBITDA to operating cash flow conversion

113%

FY23: 95.4%

Leverage ratio

0.7x

FY23: 0.8x

**1H FY24 underlying results exclude LTIP costs of $0.9m and non-recurring costs of $2.7m which includes the accounting impact of contingent consideration of $1.5m as well as Integration, acquisition-related transaction and other costs of $1.2m.*

^Deal value equals first-year annualised subscription and implementation fees.

1H enterprise contract wins

- 16 enterprise contracts of **$7.0 million combined deal value^**
- High conviction pipeline of new customers exceeding **$30.0 million^**
- Pipeline **conversion rate sustained**, though a number of high conviction opportunities **shifted timing** into FY25.

^Deal value equals first-year annualised subscription and implementation fees.

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Major wins include:

Seeka

Yorke Peninsula Council

RMIT University
Pilot

TEYS

Shire of Dardanup

direct couriers

Victoria State Government – Environment, Land, Water and Planning

Melbourne Polytechnic
Upgrade (TAFE)

Chisholm
Upgrade (TAFE)

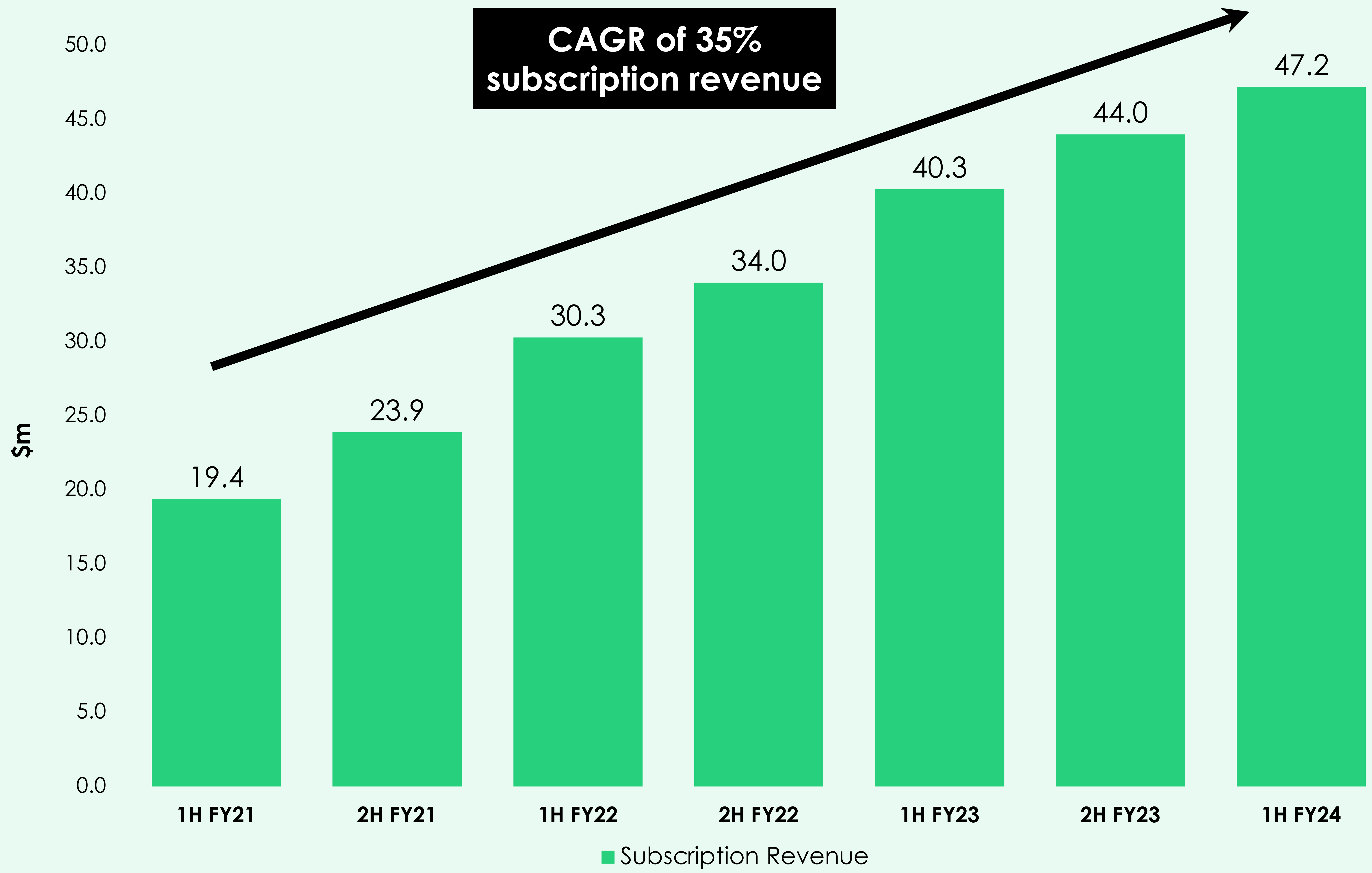
northeast auto group

Meyer Timber

Win momentum exhibits ability to:

- Displace prominent and incumbent enterprise software players with our next-gen cloud technology ☑
- Differentiate with open ecosystem resonating with customers ☑
- Breakthrough wins provide reference customers for further traction ☑

Enterprise strategy delivering strong and sustainable subscription revenue growth



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1H FY24 financial performance

ReadyTech continues to deliver profitable growth

$ MILLIONS			
	1H FY24	1H FY23	YoY % change
Subscription and licence revenue	47.2	40.3	17.1%
Implementation, training and other revenue	7.5	7.6	(1.3)%
TOTAL REVENUE	**54.7**	**47.9**	**14.2%**
Total expenses	**(37.3)**	**(32.3)**	**(15.5)%**
***Underlying EBITDA**	**17.4**	**15.6**	**10.6%**
****Underlying EBITDA margin***	***31.8%***	***32.6%***	***(0.8)%***
LTIP	(0.9)	(0.7)	(28.6)%
Depreciation and amortisation	(5.3)	(4.2)	(26.2)%
Amortisation of acquired intangibles	(3.8)	(4.5)	15.6%
Net finance expenses	(1.7)	(1.0)	(70.0)%
Underlying income tax expense (effective tax rate = 27%)	(1.6)	(1.4)	(14.3)%
***Underlying NPAT**	**4.1**	**3.9**	**5.1%**
Amortisation of acquired intangibles (post-tax)	2.7	3.2	15.6%
***Underlying NPATA**	**6.8**	**7.0**	**(2.9)%**
****Underling cash EBITDA margin %**	**14.3%**	**12.6%**	**1.7%**

**1H FY24 underlying results exclude LTIP costs of $0.9m and non-recurring costs of $2.7m which includes the accounting impact of contingent consideration of $1.5m as well as Integration, acquisition-related transaction and other costs of $1.2m.*
*** Underlying cash EBITDA includes lease and labour capitalisation and excludes the impact of LTIP.*

Highlights

Underlying cash EBITDA** margin of 14.3% compared to 1H FY23 12.6%, reflecting an improvement of 1.7%

Total revenue up 14.2% to $54.7m:

- Subscription revenue up 17.1% to $47.2m with recurring revenue representing 86.3% of total revenue (FY23: 81.6%).
- Net revenue retention of 103% driven by continued strong retention, cloud upgrades and upselling of products and modules to existing customers.

15.5% increase in total expenses reflects commitment to sustainable growth:

- Continued investment in R&D with annualised expenses of $34.8m (FY23: $32.0m) representing 30.1% of revenue.
- Planned investment in sales and marketing to support revenue growth with annualised cost of $9.2m in FY24 (FY23: $7.3m) representing 8.0% of revenue.

Underlying EBITDA* of $17.4m, up 10.6% vs PCP, and strong margins reflects solid recurring revenue growth and continued investment to support further growth. Increase in D&A driven by phasing of capital (labor) investment in enterprise strategy across FY22 and FY23.

The average value of new customer wins in 1H FY24 was $123.2k, up by 29% compared to $95.6k in FY23 reflecting the continued success of enterprise strategy.

Strong cash flow and balance sheet support growth initiatives

NET DEBT AS AT 31 DECEMBER 2023		
$ MILLIONS	**31 DEC 23**	**30 JUN 23**
Bank debt	50.0	50.0
Bank guarantee	1.3	1.3
Cash and cash equivalents	21.9	23.6
Adjusted net debt	29.4	27.7
Net debt/EBITDA	0.7x	0.8x

CASH FLOW CONVERSION		
$ MILLIONS	**1H FY24**	**1H FY23**
EBITDA	16.5	14.9
EBITDA (excluding LTIP)	17.4	15.6
Changes in working capital	1.3	(1.0)
Cash flow from operating activities*	**18.7**	**14.5**
% conversion (as of % EBITDA)	**113%**	**94%**

**Operating cash flow excluding impact of interest, tax and normalised costs.*

Highlights

Available cash-for-use of $21.9m consisting of:

- $14.9m cash and equivalents.
- $7m headroom in the $50.0m debt facility.

Conservatively geared with net debt of $29.4m and net leverage ratio of 0.7x as of 31 December 2023 – well within internal target range and supported by growing cash flow.

Operating cash* of $18.7m represents 113% of EBITDA, supported by continued SaaS revenue growth in customers pre-paying annual subscription fees. For the period 1H FY24, $5.2m of cash was paid upon achievement of earn-out milestone for Open Windows, PhoenixHRIS and IT Vision.

Continued growth and strong margins across segments

	EDUCATION & WORK PATHWAYS	WORKFORCE SOLUTIONS	GOVERNMENT & JUSTICE	TOTAL
REVENUE				
1H FY24	19.0	15.0	20.7	54.7
1H FY23	16.9	13.5	17.5	47.9
% Change	**12.4%**	**11.1%**	**18.3%**	**14.2%**
EBITDA*				
1H FY24	8.2	5.4	5.6	19.2
1H FY23	7.3	5.1	4.8	17.2
% Change	**12.3%**	**5.9%**	**16.7%**	**11.6%**
EBITDA MARGIN* %				
1H FY24	43.2%	36.0%	27.1%	31.8%
1H FY23	43.2%	37.8%	27.4%	32.6%
% Change	**–**	**(1.8%)**	**(0.3%)**	**(0.8%)**

**EBITDA excluding the impact of LTIP.*

Highlights

1H FY24 results demonstrated strong growth driven by new customer wins in Education & Work Pathways as well as Local Government products.

Total revenue growth of 14.2% underpinned by strengthening recurring revenue base, new customer wins and strong customer retention, providing sustainable revenue growth into FY24 and beyond:

- **Education & Work Pathways** – 12.4% growth driven by Q2 FY24 cloud upgrade of AVAXA (TAFE) customers, upsell of Ready LMS and new customer wins.
- **Workforce Solutions** – 11.1% growth with software growing at 15.4% and managed services at 1.5%. Software growth was assisted by new enterprise customer wins from all-in-one platform and upgrades from existing platforms.
- **Government & Justice** – 18.3% growth driven by customer wins in Ready Community (Local Government) and Ready Contracts (Open Windows) as well continued cloud upsell of IT Vision customers.

Strong segment EBITDA margins broadly in line with PCP, reflecting strong operating leverage, despite ongoing investment in R&D as well as onboarding.

The average value of new customer wins in 1H FY24 was $123.2k, up by 29% compared to $95.6k in FY23, reflecting determined enterprise strategy across every segment.

Growth strategy and strategic pillars

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ReadyTech services multiple vertical SaaS markets with long-term growth opportunities

Carefully selected, large addressable markets meeting customer challenges

Transition to cloud

Major digital transformation tailwinds for existing and prospective customers, including sunset of legacy competitor systems across all sectors.

Meet compliance needs

Responding to complex and evolving regulatory environments.

Uplift customer experience

Major trend to transform the student, employee and citizen experience requires platform refresh.

A shared and efficient approach to growth driven by core value principles:

- Know our customer inside-out
- Perfect product fit
- Own the core system of record
- People-centric design

ReadyTech's strategy to pursue large serviceable markets of $970m* underpins long-term growth

Growth across multiple verticals, augmented by enterprise strategy and customer upgrades

$335m+
Education & Work Pathways

- **TAFE** – targeting 13 key TAFE opportunities.
- **Higher Education** – pipeline of further University/Pathway College providers and expansion into large and serviceable Higher Ed market.
- **State Training** – multiple State Government on legacy tech with need for upgrade driven by policy change.
- **Work Pathways** – opened a global market with internationalisation of platform and recent entry into Nordic markets.

$150m+
Workforce Solutions

- **Stand-up economy (new wins)** – highly targeted approach with all-in-one offering to employers with 250-5,000 employees in stand-up economy.
- **Payroll to all-in-one (upgrades)** – opportunity to upgrade ~900 payroll only customers to all-in-one cloud product.

$485m+
Government & Justice

- **Local Government (new wins)** – targeting attractive markets of medium and large councils.
- **Local Government (upgrades)** – opportunity to upgrade 176 Local Government customers to cloud/subscription.
- **Justice** – major global opportunity across courts, tribunal and prosecutors with citizen-centric justice case management solutions.

**Management estimates by internal market/customer analysis*

ReadyTech is executing a clear and disciplined growth strategy

Acquire large, enterprise customers

Across all segments, the journey to enterprise is opening large new markets and major contracts.

Power of the install base as a growth lever

Capture value across the tech ecosystem of 4,000+ customers including accelerating transition-to-cloud and subscription.

Continued R&D & innovation

R&D and innovation culture driving growth, focused on achieving perfect product fit and maintaining high customer retention to support ReadyTech's unique value proposition.

Strategic and disciplined M&A

Proven M&A playbook delivers growth and synergies by acquiring customers, capability and entry to new markets.

Targeting large, high value enterprise customers across all segments

The ‘why’ of the enterprise strategy

Acquire high value contracts with sizeable tech budgets, starting with break-through customers

Large addressable market and movement to cloud creates huge disruption opportunity

Builds strong moats with advanced enterprise and compliance-led product set

Scalable configurable platforms and vertical SaaS revenue model lead to higher margins

Momentum in enterprise contract wins over the last 18 months

- Burwood Inc.1874
- sunwater
- Melbourne Polytechnic — *Upgrade (TAFE)*
- RMIT University
- Meyer Timber
- George Town Council 1804
- tafeSA, Government of South Australia — *Ready Skills*
- Auckland Council, Te Kaunihera o Tāmaki Makaurau
- direct couriers
- UNSW College
- City of Salisbury
- Chisholm — *Upgrade (TAFE)*
- Glenorchy City Council
- Seeka
- Nando's
- Yorke Peninsula Council
- Victoria State Government, Environment, Land, Water and Planning
- TEYS
- Shire of Dardanup
- northeast auto group

Why we win in enterprise markets

Our key differentiators are compelling and delivering new customers

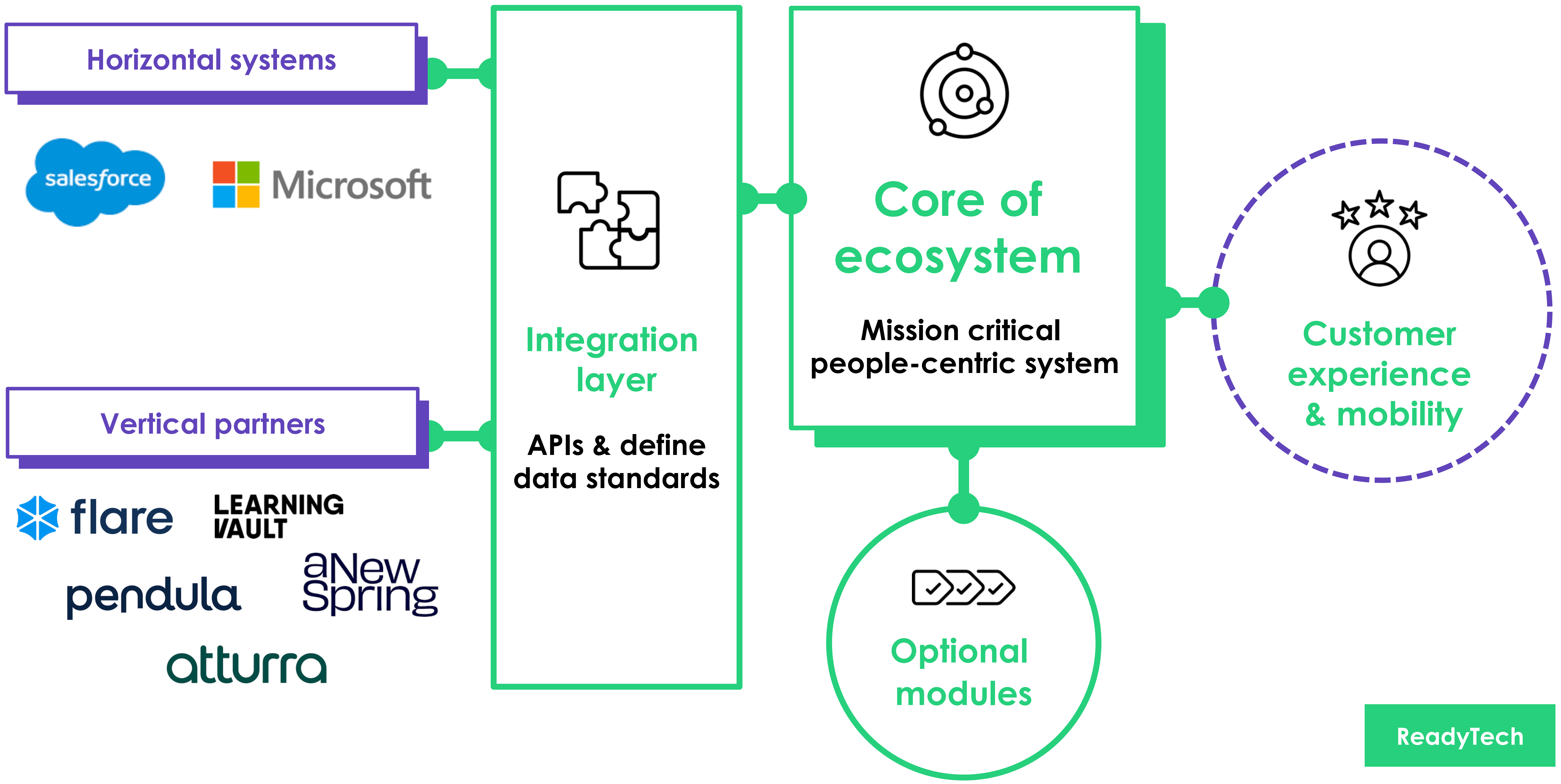
Open ecosystem offers customers choice & flexibility

Elevating the user experience in the age of the customer

Customer culture and our reputation as a true partner

Innovation & AI – being first as the challenger brand

ReadyTech's open ecosystem is a major point of competitive difference versus platform monoliths



- Customer choice, **best-of-breed** and flexibility
- **Easier to move from legacy** by phasing roll-out
- **'Land and expand'** opportunities
- **Harness innovation** across ecosystem and achieve **network effects**

Power of the install base as a growth lever

ReadyTech is actively pursuing the opportunity to grow net revenue retention (NRR)

Uphold long-term customer retention

Maintain high gross revenue retention (GRR) with sticky and loyal customers through mission-critical, core system of record and compliance-led products.

High retention enabling ongoing investment in products, high customer intimacy and satisfaction.

Compelling transition to cloud

Remaining customer sets to be migrated to cloud and subscription offering with compelling benefits of improved mobility, UX, integrations and security.

Major opportunity includes transition of ~170 IT Vision customers to Ready Community with 3-4x ACV.

Drive ecosystem value via upsell & cross-sell

Ecosystem supports our module and 3rd-party partner upsell.

Key upsell opportunities with growing customer penetration and long runway include:

- Learning Management System to Education (2x in ACV).
- Procurement to Government.
- Recruitment & Onboarding to Workforce Solutions.

ReadyTech is a product-based growth company

Vertical SaaS sustainable growth engine founded on disciplined R&D and innovation

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Meet evolving vertical customer needs sustains high retention

Prioritise customer compliance and meet adapting verticals expectations.

R&D and culture of innovation delivers compelling differentiators

Focus core enterprise differentiators:

- People-centric user experience
- Open ecosystem
- AI co-pilots

Growth lever to pursue enterprise and adjacent market opportunities

Compelling options to pursue disciplined product fit in new serviceable markets such as higher education, new workforce verticals and international markets.

Lever for efficiency

Product development allocated to improved customer self-configurability and streamlining as well as automated customer onboarding delivering operational efficiency.

AI is a major medium to long-term opportunity

Our AI vision for our products is to augment humans. Anticipated first co-pilot general availability in H2 FY24, initial customer sentiment has been very positive.

We have a clear competitive and natural advantages

- Access to unique and deep **data** sets within products
- **Domain expertise** and vertical knowledge of customers
- Embedded **distribution** to frontline users who are actioning the insights
- A **culture of innovation** and reputation being first in our markets

Co-pilots across product sets to deliver:

- Outcome-focused
- Increased productivity
- Faster, more focused task management
- Simplified UX

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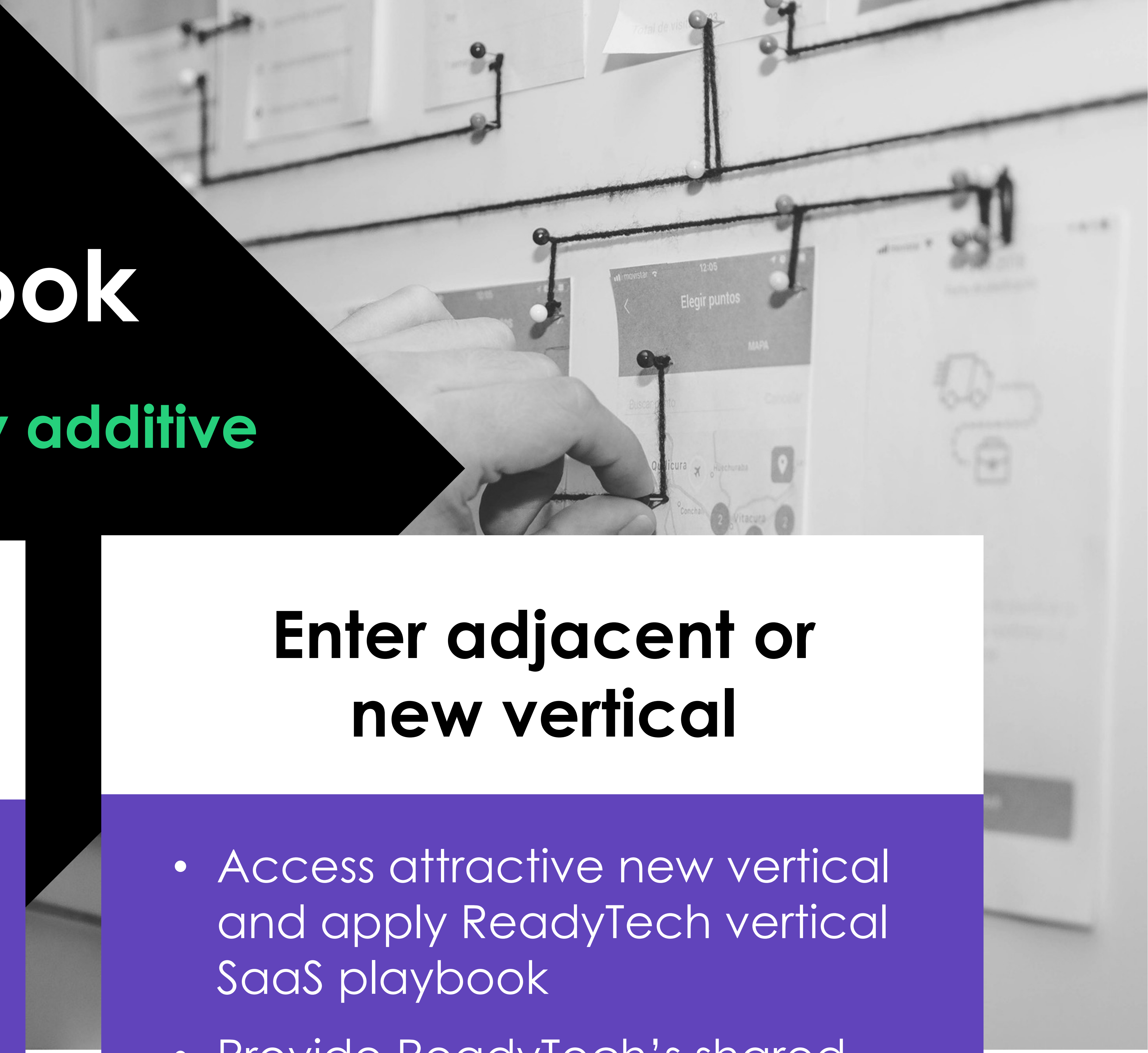
The power of ReadyTech's M&A playbook

The 3 categories where our vertical SaaS M&A playbook is highly additive



Acquire for customers

- Access sticky customers that would be difficult or take time to acquire one-by-one
- Grow market share
- Upgraded offering to grow ACV
- Consolidate development resources on one platform

Acquire for capability

- Accelerate roadmap where it's better to acquire mature capability than build
- Strengthen core platform to support new logo acquisition
- Offer upsell opportunity to existing ReadyTech customer base and vice versa

Enter adjacent or new vertical

- Access attractive new vertical and apply ReadyTech vertical SaaS playbook
- Provide ReadyTech's shared platform to support focus on growth

'Day 1' value to acquired company | **Scale advantage** | **Accelerate growth** | **Drive synergies and margins**

Well-positioned for continued growth

FY24 outlook

- Revenue growth in the low double digits, reflecting a shift in timing of a number of high conviction enterprise deals into FY25.
- Underlying EBITDA margin to be in the range of 34%-35% excluding the impact of LTIP.
- Labour capitalisation as a percentage of revenue projected to reduce to 14%-15% from 15.8% in FY23.

Updated medium-term target – FY27

- Depth and timing of sales opportunity pipeline underpins organic revenue growth target of >$170m.
- EBITDA margins increasing to high 30%.
- Labour capitalisation to normalise in the range of 12%-13% of revenue.

Key take-outs

Continued traction in enterprise

A number of enterprise contract wins across all segments demonstrating strong customer demand and traction.

Profitable growth

Combining growth and profitability with margin profile improving through operating leverage and high subscription-based, recurring revenue.

Robust pipeline across large enterprise markets

Sizeable and high conviction new business pipeline of $30.0m with some opportunities shifting into FY25.

Well-positioned to capitalise on the AI revolution

Access to high quality data, investment and a culture of innovation support ReadyTech's strategy to leverage emerging technologies and deliver customer value.

Strategic M&A remains complementary to growth plans

Proven M&A playbook can deliver growth and synergies through acquiring customers, capability and entry to new and adjacent verticals.

Positive medium-term outlook and benefits of scale

Organic revenue target of over $170m by FY27 with EBITDA margins of high 30% through operating leverage and scalable SaaS revenue.

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About ReadyTech

ReadyTech is a leading provider of mission-critical SaaS for the education, employment services, workforce management, government and justice sectors. Bringing together the best in people management systems from students and apprentices to payroll, employment services, and community engagement, ReadyTech creates awesome technology that helps their customers navigate complexity, while also delivering meaningful outcomes. To learn more about ReadyTech's people-centric approach to technology, please visit readytech.io.