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ASX:RDY

FY24 INVESTOR PRESENTATION

27 August 2024

Marc Washbourne – Co-Founder & CEO
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 robust revenue growth and solid cash margins

SaaS subscription revenue

↑ **$95.4m**

Increase of **13.1%**

Total revenue

↑ **$113.8m**

Increase of **10.2%**

Underlying EBITDA*

↑ **$38.8m**

Increase of **11.5%**
EBITDA margin* of 34.1%
(FY23: 33.7%)

Underlying Cash EBITDA**

↑ **$20.2m**

Increase of **20.2%**
Cash EBITDA** margin of 17.8%
(FY23: 16.3%)

Major enterprise contracts

$12.5m contracts signed

Across 22 enterprise wins^
(FY23: $12.4m)

Enterprise gross pipeline

$31.8m

FY23: $28.0m

Growth in average revenue per new customer

25%

Average deal value per new customer $119.1k (FY23: $95.6k)

EBITDA to operating cash flow conversion

103.7%

FY23: 95.4%

Excludes LTIP costs of $1.0m and non-recurring costs of $5.2m which includes the accounting impact of contingent considerations of $2.4m, Acquisition-related transaction costs of $1.3m and restructuring and integration costs of $1.5m.
**Cash EBITDA includes actual lease payments, labour capitalisation and exclude the impact of LTIP.*
^Deal value is the first-year annualised subscription and implementation fees.*

FY24 Results

3

Enterprise strategy delivering with new contract wins

- 22 enterprise contracts of **$12.5 million combined deal value^**

- Enterprise pipeline of new customers at **$31.8 million**

- Average revenue per **new customer** in FY24 was **$119.1k~**

- **Proven ability** to displace incumbent players

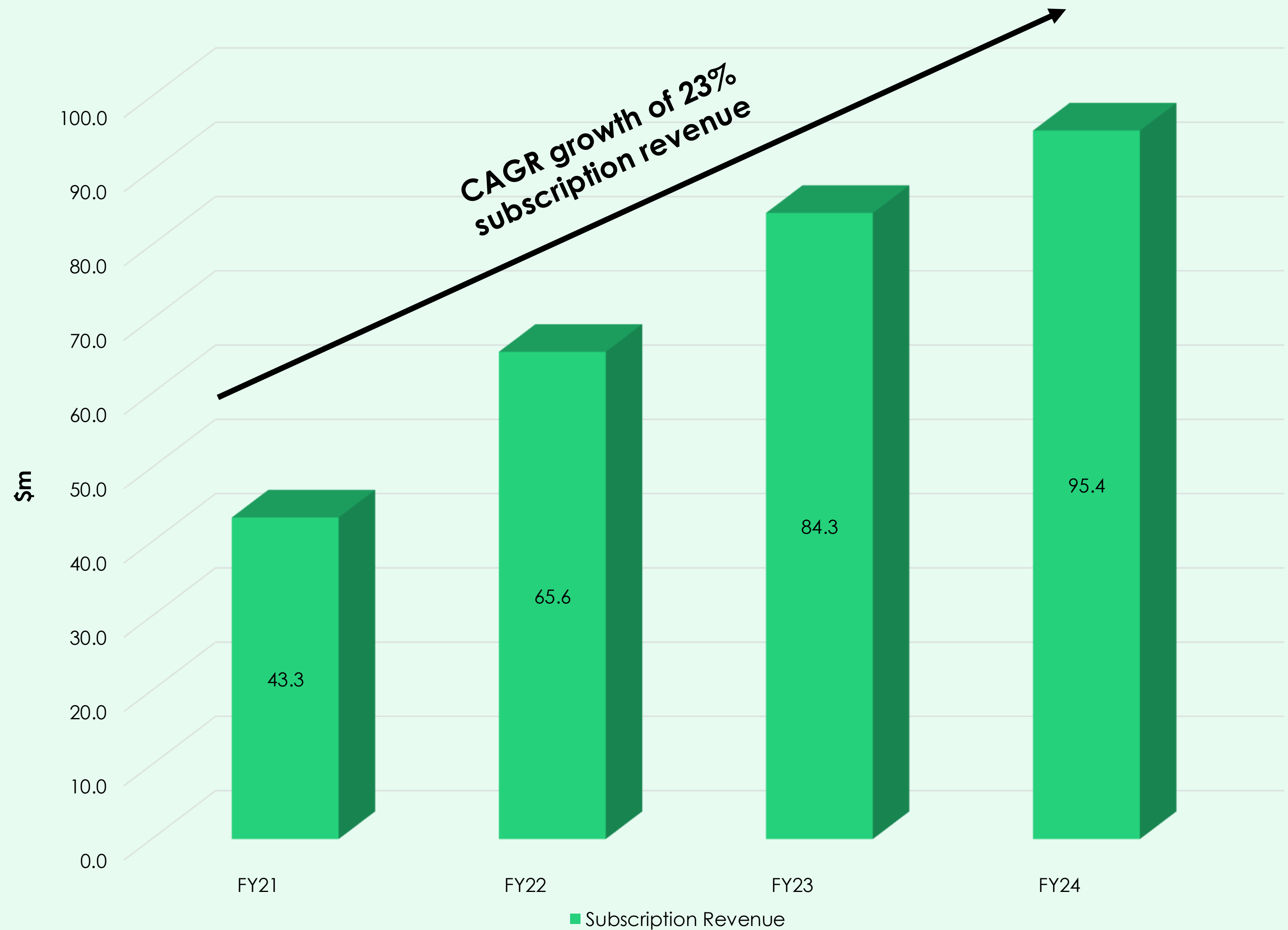^Deal value equals first-year annualised subscription and implementation fees.
~Compared to average of $95.6k in FY23.

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Major contract wins in FY24 include:

Hōhepa — every life fully lived

HM Courts & Tribunals Service
Upgrade

Avondale UNIVERSITY

GOVERNMENT OF WESTERN AUSTRALIA — Department of **Justice**

THE UNIVERSITY of ADELAIDE

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT — HĪKINA WHAKATUTUKI

RMIT UNIVERSITY
Pilot

direct COURIERS

VICTORIA State Government | Environment, Land, Water and Planning

Meyer TIMBER

TEYS

MELBOURNE POLYTECHNIC
Upgrade (TAFE)

YORKE PENINSULA COUNCIL

Seeka

Chisholm
Upgrade (TAFE)

Shire of Dardanup

northeast auto group

Enterprise strategy delivering strong and sustainable subscription revenue growth

CAGR growth of 23% subscription revenue

$m

FY21	43.3
FY22	65.6
FY23	84.3
FY24	95.4

■ Subscription Revenue

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FY24 financial
performance

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SaaS subscription revenue growth and scale benefits deliver improved margins

$ MILLIONS	FY24	FY23	YoY % change
Subscription and licence revenue	95.4	84.3	13.1%
Implementation, training and other revenue	18.4	19.0	(3.1)%
TOTAL REVENUE	**113.8**	**103.3**	**10.2%**
Total expenses	**(75.0)**	**(68.5)**	**(9.6)%**
***Underlying EBITDA**	**38.8**	**34.8**	**11.5%**
***Underlying EBITDA margin**	**34.1%**	**33.7%**	**0.4%**
LTIP	(1.0)	(1.8)	44.4%
Depreciation and amortisation	(11.8)	(9.5)	(24.2)%
Amortisation of acquired intangibles	(11.1)	(7.7)	(44.2)%
Net finance expenses	(3.2)	(2.5)	(28.0)%
Underlying income tax expense (effective tax rate = 27%)	(3.4)	(3.4)	n.a.
***Underlying NPAT**	**8.3**	**9.7**	**(15.4)%**
Amortisation of acquired intangibles (post-tax)	7.7	5.4	42.6%
***Underlying NPATA**	**16.0**	**15.1**	**5.7%**
****Underlying cash EBITDA**	**20.2**	**16.8**	**20.2%**
****Underling cash EBITDA margin**	**17.8%**	**16.3%**	**1.5%**

Excludes LTIP costs of $1.0m and non-recurring costs of $5.2m which includes the accounting impact of contingent considerations of $2.4m, Acquisition-related transaction costs of $1.3m and restructuring and integration costs of $1.5m.
**Cash EBITDA includes actual lease payments, labour capitalisation and exclude the impact of LTIP.*

Highlights

Recurring revenue model and operational leverage drive improved profitability:
- ✓ Underlying EBITDA* of $38.8m, up 11.5% vs PCP
- ✓ Underlying EBITDA margin within guidance at 34.1% (33.7% in FY23)
- ✓ Cash EBITDA** margin of 17.8%, up 150bps on PCP

Revenue growth within expectations, up 10.2% on PCP:
- ✓ Reflects timing of several enterprise deals shifting into FY25, as flagged in February
- ✓ Subscription revenue up 13.1% to $95.4m; recurring revenue 83.8% of total revenue (FY23: 81.6%)
- ✓ Strong net revenue retention of 104% reflects progress with upgrading IT Vision customers

9.6% increase in expenses reflects growing benefits of scale while continuing to invest in future growth:
- ✓ Total investment in R&D now represents 30.0% of revenue
- ✓ 7.1% of revenue invested in sales and marketing to support further pipeline growth
- ✓ Cost savings through initial AI-driven productivity improvements in software development and other key disciplines

Increase in D&A driven by accelerated amortisation of $2.2m in acquired intangible assets related to IT Vision integration.

Strong cash flow and balance sheet support growth initiatives

NET DEBT AS AT 30 JUNE 2024		
$ MILLIONS	**30 JUN 24**	**30 JUN 23**
Bank debt	50.0	47.0
Bank guarantee	1.3	1.3
Cash and cash equivalents	29.9	23.6
Adjusted net debt	20.1	27.7
Net debt/EBITDA	0.5x	0.8x
CASH FLOW CONVERSION		
$ MILLIONS	**FY24**	**FY23**
EBITDA (excluding LTIP)	38.8	34.8
Changes in working capital	1.5	(1.6)
Cash flow from operating activities*	**40.3**	**33.2**
% conversion (as of % EBITDA)	**103.7%**	**95.4%**

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

Highlights

$29.9m of available funds enables ReadyTech to pursue growth initiatives:
- ✓ $21.9m in cash and equivalents
- ✓ $8m headroom in the $50.0m debt facility

Gearing remains within the Company's target range with net leverage ratio of 0.5x at 30 June 2024:
- ✓ $5.2m earn-outs paid upon achievement of milestones for Open Windows Software, PhoenixHRIS and IT Vision

Operating cash flow* up $7.1m to $40.3m driven by:
- ✓ Continued SaaS revenue growth
- ✓ Receipt of annual subscription fee payments for the year ahead
- ✓ Strong cash flow conversion of 103%

Higher value customer wins and upsell deliver growth in revenue

	EDUCATION & WORK PATHWAYS	WORKFORCE SOLUTIONS	GOVERNMENT & JUSTICE	TOTAL
REVENUE				
FY24	40.6	30.7	42.5	113.8
FY23	36.1	28.6	38.7	103.3
% Change	**12.5%**	**7.6%**	**9.9%**	**10.2%**
EBITDA*				
FY24	18.5	11.2	12.5	42.2
FY23	15.9	11.4	10.8	38.1
% Change	**16.3%**	**(1.8%)**	**15.8%**	**10.8%**
EBITDA MARGIN* %				
FY24	45.6%	36.4%	29.4%	37.1%
FY23	44.0%	40.0%	27.9%	36.8%
% Change	**1.6%**	**(3.6%)**	**1.5%**	**0.3%**

*EBITDA excluding the impact of LTIP.

Highlights

Total revenue growth of 10.2% driven by new customer wins and strong net revenue retention across segments.

Continued revenue growth across segments, EBITDA margins broadly in line with prior year:

Education & Work Pathways – 12.5% revenue growth driven by cloud upgrades, upsell of Ready LMS and new higher value customer wins; EBITDA margin increased by 160bps to 45.6%.

Workforce Solutions – Revenue up 7.6% with Software growing at 9.7% and Managed Services at 3.2%. EBITDA margin impacted by one-time customer investment in onboarding and R&D staff.

Government & Justice – Revenue up 9.9% driven by customer wins in Ready Community and Ready Contracts; successful transition of IT Vision customers onto cloud contributing to revenue growth and margin improvement.

Average value of new customer contracts increased to $119.1k, **up 25%** vs PCP:
- ✓ Reflects successful execution of the enterprise strategy across segments
- ✓ Larger enterprise contracts expected to deliver continued margin improvement and ongoing recurring revenue growth

Growth strategy and strategic pillars

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ReadyTech is executing a coherent and disciplined growth strategy across 4 pillars

Acquire 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 and grow NRR 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.

Operating leverage to grow margins

Benefits of scalable SaaS revenue and proven efficiency gains through adoption of AI tools to improve operating leverage.

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 in key sectors

Large addressable market and continuing medium term movement to cloud creates huge disruption opportunity

Builds strong moats with best-in-class products

Scalable, configurable platforms and vertical SaaS revenue model leads to higher margins

> ready workforce   > ready student   > ready community

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ReadyTech is better placed than ever before to capitalise on TAFE opportunity

Market leading TAFE platform

ReadyTech was the 2024 headline sponsor of the pre-eminent TAFE Conference (hosted by TAFE Directors)
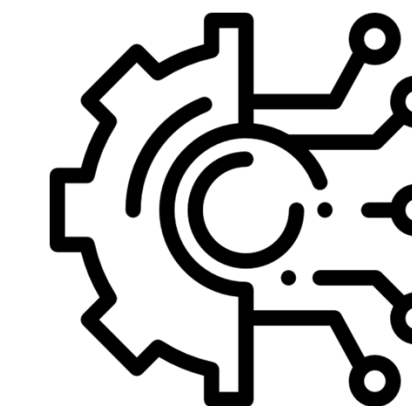
Growing conviction in pipeline of TAFEs ready to replace legacy Student Management Systems with cloud platform

Proven product and delivery capability underlines referenceability with flagship ReadyTech TAFE

Major metro TAFEs have chosen to upgrade to ReadyTech's product

Scalable, configurable platforms and vertical SaaS revenue model leads to higher margins

In addition to TAFE, ReadyTech's breakthrough university win and expansion of higher ed customers and capability opens a large serviceable market ready for change

Market size ~$240m*

42 Universities
120 Private Higher Ed

Macro tailwinds

- Legacy technology platforms require generational upgrade
- Strong need to upgrade student experience
- Australian Universities Accord driving sector-wide change:
  - Integration of Higher Ed and VET into a single tertiary system aligns with our product vision.
  - Increased participation targets need tech to reach scale. Focus on access for disadvantaged groups.

"With ReadyTech, we found a partner who is as invested in our future growth and innovation as we are."

Nigel Quinn
CISO at Avondale University

ReadyTech is now trusted to deliver in Higher Ed

- ✓ True partnership, mutual success approach
- ✓ Deep domain expertise
- ✓ Pure cloud technology
- ✓ Ecosystem strategy

Demonstrating an increased footprint

Avondale UNIVERSITY
Landmark University-wide student management contract

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THE UNIVERSITY of ADELAIDE

UNIVERSITY of DIVINITY

UQ College

UNSW College

JMC ACADEMY

National Institute of Dramatic Art
NIDA

MONASH College

ACADEMIESAUSTRALASIA
THE POSSIBILITIES ARE INFINITE

HOLMES INSTITUTE

AIM Australian Institute of Management

Well positioned to execute on major cloud enterprise opportunity in Local Government

> "*Australian councils that have a defined SaaS migration strategy almost tripled in a year to 37%, up from 13% …*"
>
> **2022 Local Government Digital Transformation Index**

Attractive addressable market

$345m+ serviceable market opportunity of Local Government cloud platform transitions, including leveraging our existing customer base of 51% market penetration. Gaining momentum to transition ~170 IT Vision customers to Ready Community with growth in ACV of x3-4.

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Strong product market fit

Citizen-centric and open and connected ethos of Ready Community is resonating with market and customers, providing choice, flexibility and ability to phase transition to cloud.

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Traction via notable enterprise wins

Acquiring new Local Government ERP customer contracts, bolstering evidence of referenceability and reputation as a challenger brand.

Burwood Inc.1874

Shire of Dardanup

TENTERFIELD SHIRE COUNCIL

YORKE PENINSULA COUNCIL — Agriculturally rich–Naturally beautiful
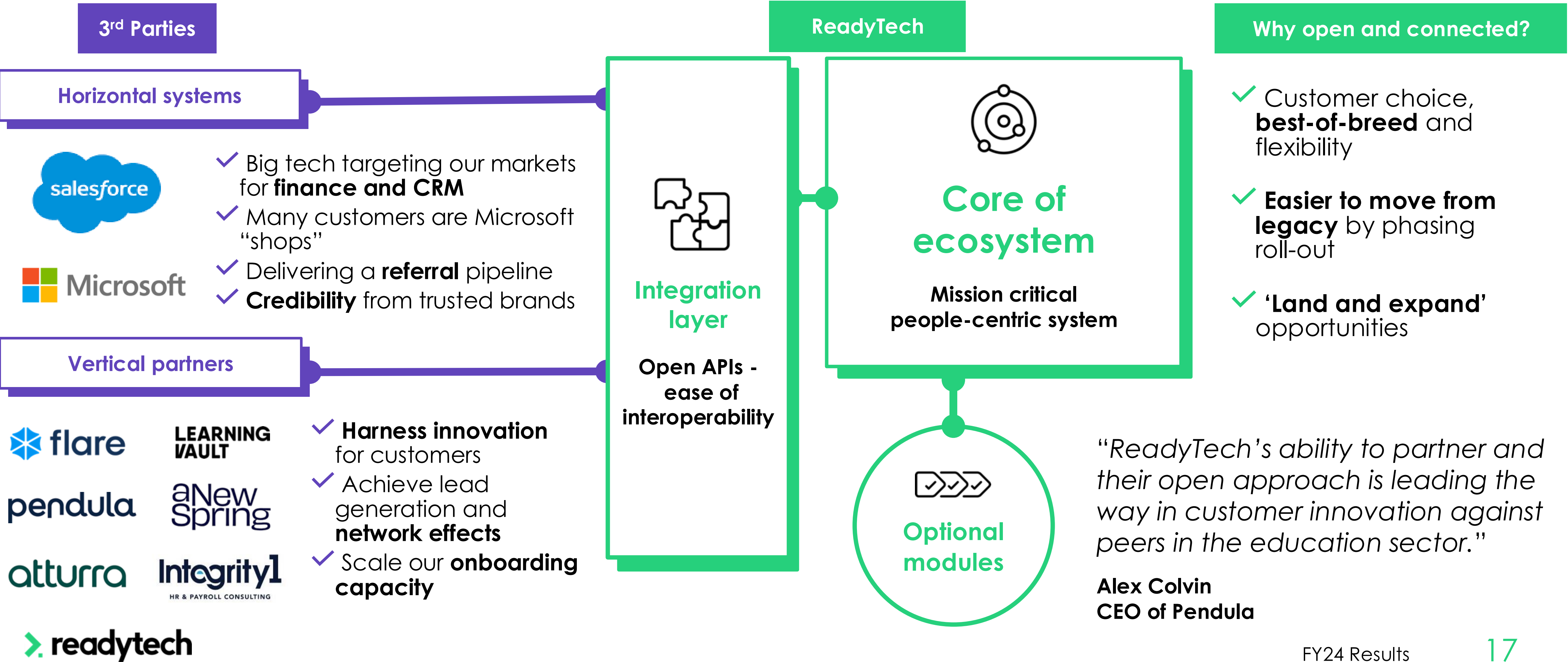
Shire of Murray

Meeting the market with capability

Accelerating an enhanced enterprise talent and capability, both directly and through partnerships with leading ERP implementers and providers to optimise the opportunity.

Momentum in enterprise contract wins in the last 2 years driving increased deal value

3 year CAGR growth of 35%

$140,000	
$120,000	
$100,000	
$80,000	
$60,000	
$40,000	
$20,000	
$0	

FY21   FY22   FY23   FY24

Average revenue per new contract

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

3rd Parties

Horizontal systems

- Big tech targeting our markets for **finance and CRM**
- Many customers are Microsoft "shops"
- Delivering a **referral** pipeline
- **Credibility** from trusted brands

Vertical partners

- **Harness innovation** for customers
- Achieve lead generation and **network effects**
- Scale our **onboarding capacity**

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Integration layer

Open APIs - ease of interoperability

Core of ecosystem

Mission critical people-centric system

Optional modules

Why open and connected?

- Customer choice, **best-of-breed** and flexibility
- **Easier to move from legacy** by phasing roll-out
- **'Land and expand'** opportunities

"ReadyTech's ability to partner and their open approach is leading the way in customer innovation against peers in the education sector."

**Alex Colvin
CEO of Pendula**

Power of the install base as a growth lever

ReadyTech is aiming to grow net revenue retention **(NRR) to greater than 106%**

Uphold long-term customer retention

Maintain high gross revenue retention **(GRR) above 96%** 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

Key driver of NRR to 106%+ is remaining customer sets to be migrated to cloud and subscription offering with compelling benefits of improved mobility, UX, integrations and security.

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.

Early wins with AI, now positioned for strategic benefit in the medium to long term

ReadyTech's **dedicated AI Team** is leveraging a shared AI capability to unlock AI-enabled workflows and co-pilots for our customers across every product

We have a clear competitive and natural advantages
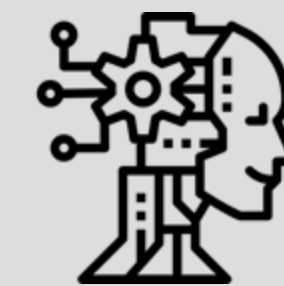
Access to **unique and deep data sets** within products ✅

Domain expertise and vertical knowledge of customers ✅

Embedded **distribution** to frontline users who are actioning the insights ✅

Deliver **increased productivity, automation** and more focused task management ✅

1H FY25 release of 'Ask AI' policy and process agent:

- Applicable across multiple customer sectors

- Ease of adoption to support customers on AI pathway

- Increased customer engagement and new revenue opportunities

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Driving operating leverage through AI

ReadyTech plans to **grow margins sustainably through operating leverage to 20%+**. This strategy is now leveraging cutting-edge AI technologies to enhance our operational efficiency and deliver superior value to customers.

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Customer support

ReadyTech's AI support agent is revolutionising our customer support by efficiently handling help desk queries with a LLM trained on previous tickets:

- **Improved response times** for superior customer experience.
- **Enhanced support efficiency** freeing up our human support staff to focus on more complex issues.

Software development

ReadyTech's core competency is software development. Through co-pilots, we have engineers coding approximately 30% faster:

- **Increased development speed** allowing us to deliver features and improvements more quickly.
- **Faster onboarding** so new developers can onboard more efficiently, reducing time to become productive members of the team.

Quality assurance

Automated testing of software reduces the time spent on QA, allowing us to focus on delivering high-quality software:

- **Continuous feedback** running automated tests daily provides engineers with faster feedback, enabling quicker identification and resolution of issues.
- **Enhanced stability** automating repetitive QA tasks helps us maintain a more stable and issue-free software environment.

Scalability of customer support, software development and QA teams without a corresponding increase in human resources.

Enterprise strategy to drive future growth in revenue and improved margins

FY25 outlook

- Revenue growth accelerating to low-to-mid double digits.
- EBITDA margin to be in the range of 34%-35%, excluding the impact of LTIP.
- Cash EBITDA* margin to increase by 100bps in FY25.

Medium-term target – FY27

- Depth and timing of sales opportunity pipeline underpins revenue growth target of $170m.
- Cash EBITDA* margin to be greater than 20%.

Cash EBITDA includes actual lease payments, labour capitalisation and excludes the impact of LTIP.

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Key take-outs

Continued enterprise traction

In FY24, 22 enterprise contract wins across all segments demonstrated strong customer demand and traction in core focus markets.

Higher Education market unlocked

First university-wide win and acquisition of capability opens ~$240m market, significantly expanding ReadyTech's enterprise opportunity.

Open and connected strategy

Differentiated by open and connected ecosystem offering customer choice, innovation and leveraging major ERP providers and partners to optimise growth opportunity.
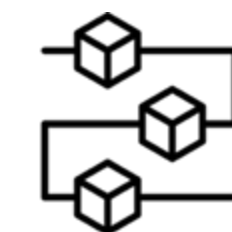
Ready to capitalise on AI

Well positioned to further adopt AI to drive operating efficiencies and deliver new value to customers via Emerging Technology Team and first ReadyTech-wide AI release.

Robust pipeline across enterprise markets

Sizeable and enterprise gross pipeline of $31.8m well distributed across all flagship enterprise products.

Positive medium-term outlook and scale benefits

Revenue target maintained at $170m by FY27 with cash EBITDA margin to be greater than 20% 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.