

MARKET RELEASE (ASX: RDY)

2024 AGM Presentation and Trading Update

19 November 2024 – ReadyTech Holdings Limited (ASX: RDY) (**ReadyTech**) (ABN 25 632 137 216) attaches a copy of the presentation and addresses to be made at its Annual General Meeting, which is to be held today.

- ENDS -

This announcement has been authorised for release by the Board of ReadyTech Holdings Limited.

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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 www.readytech.io.

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ASX:RDY

2024 Annual General Meeting

Tuesday, 19 November 2024



CHAIR ADDRESS Tony Faure

CEO PRESENTATION Marc Washbourne

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

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

SaaS subscription revenue

1 \$95.4m

Increase of 13.1%

Total revenue

1\$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**

1\$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%

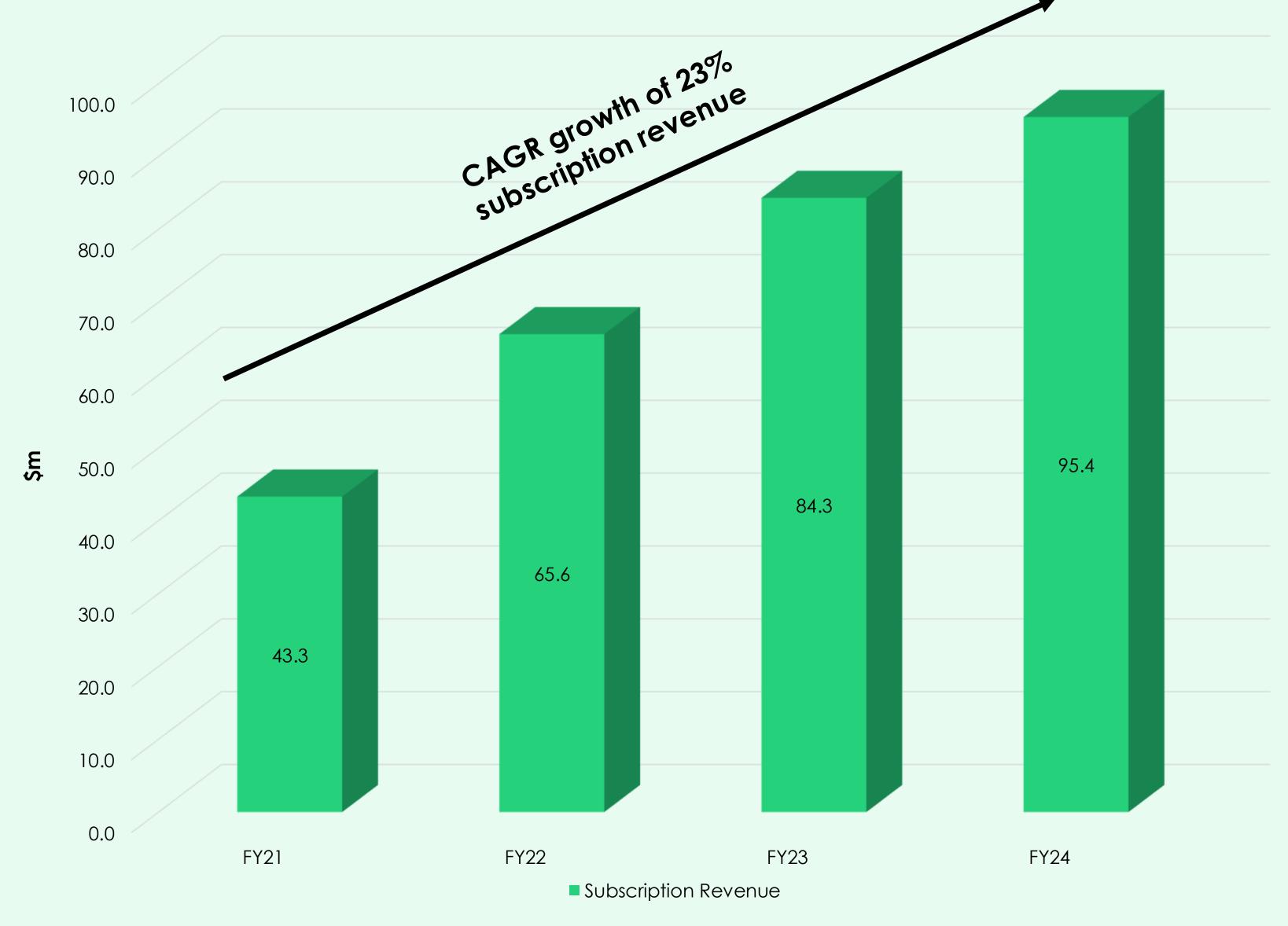
FY23: 95.4%

^{*}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.

Enterprise strategy delivering strong and sustainable subscription revenue growth





AGM 2024

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Acquire enterprise customers

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



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.



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.



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







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



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sunwater







Ready Skills













































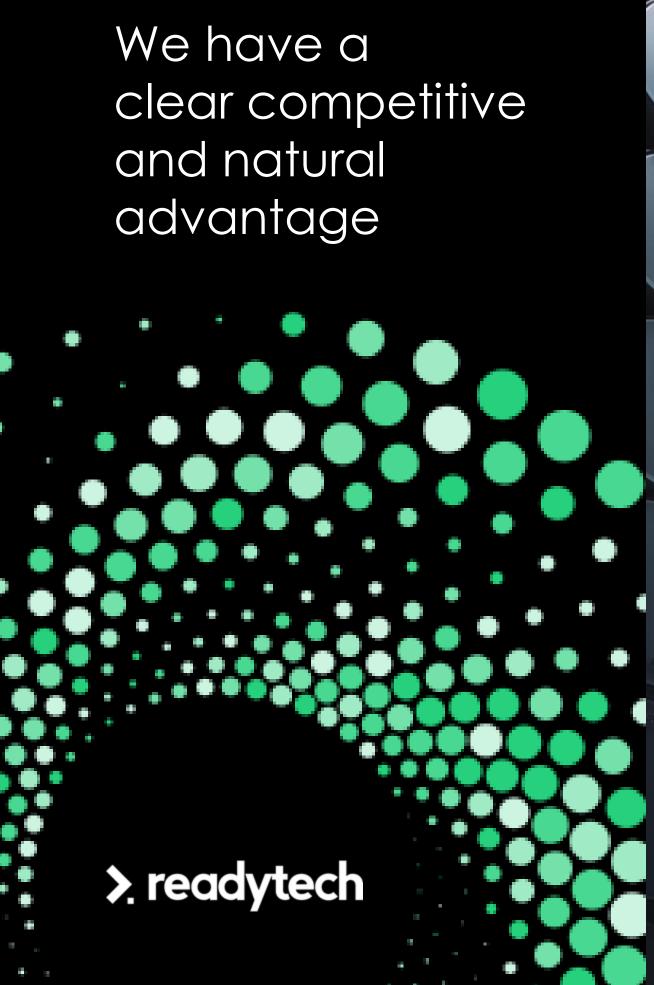


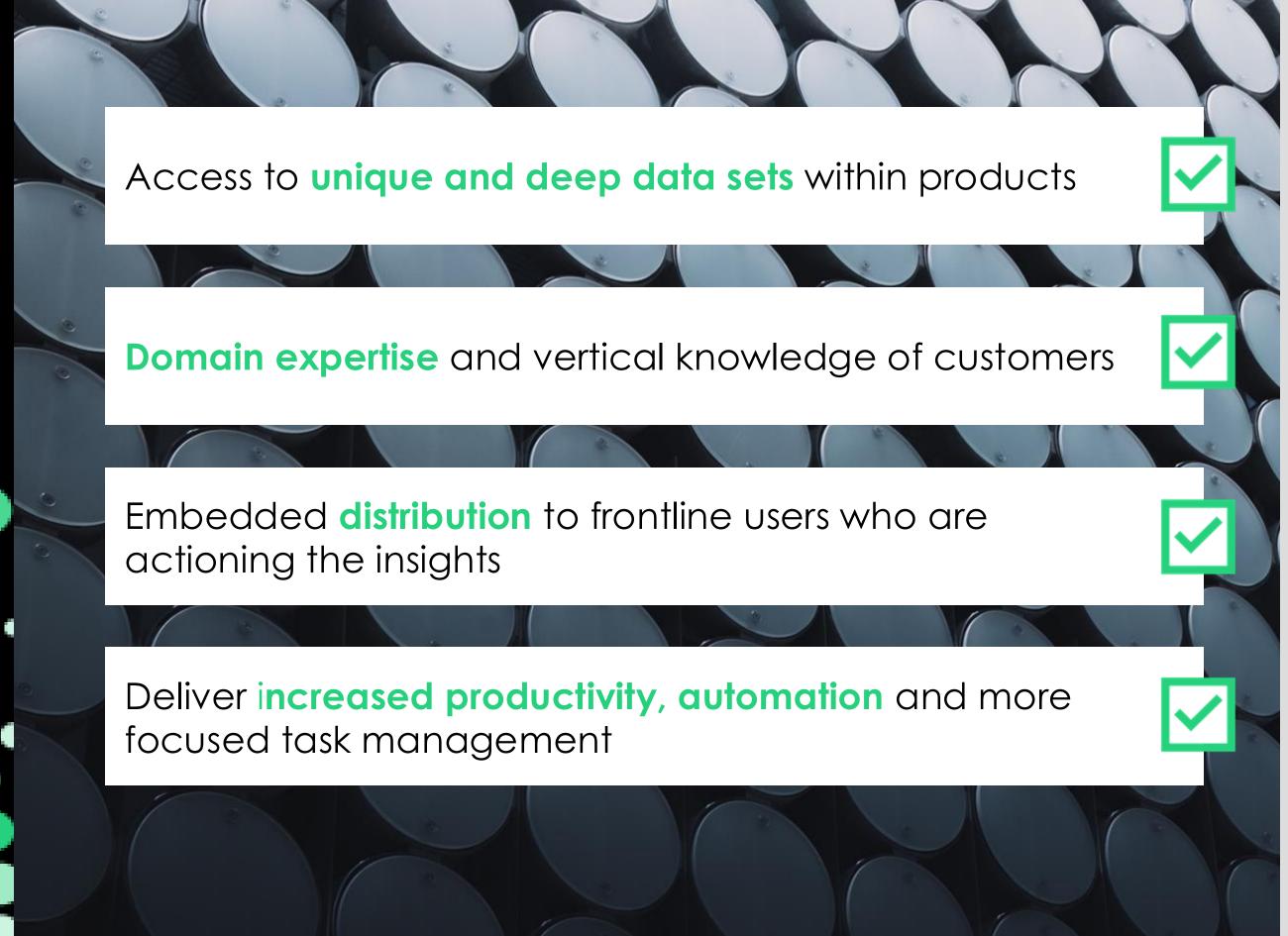




Early wins with AI, now positioned for strategic benefit in the medium to long term

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







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

- Applicable across multiple customer sectors
- Ease of adoption to support customers on Al pathway
- Increased customer engagement and new revenue opportunities

Driving operating leverage through Al

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

Customer support

ReadyTech's Al 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.

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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 – updated

- Revenue growth at low double digits, underpinned by growth in sales opportunity pipeline of \$33m.
- All segments performing in line with expectations with the exception of Local Government which is experiencing underperformance for the 1H period.
- 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 FY27 target – retained

- 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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2024 AGM Chair Script

Good morning, everyone and welcome to ReadyTech's 2024 Annual General Meeting. It's a pleasure to have you all here today.

I'd like to begin by acknowledging the Traditional Owners of the land on which we meet today. I would also like to pay my respects to Elders past and present.

I'm Tony Faure, Chair of ReadyTech. Today, on behalf of the Board, I am pleased to report on another successful year for ReadyTech.

During FY24, we made significant progress on our mission to deliver both innovation and superior experience to our customers with our next-generation, mission-critical software.

ReadyTech gained significant traction within the enterprise space, delivering high-value contract wins and improved profitability through scale.

Our sustained success across all three verticals shows that this strategic focus on higher-value enterprise customers is delivering. We are now clearly trusted by enterprise players, as was evidenced by another 22 landmark customer wins totalling \$12.5 million in contract value. In addition, we continued to demonstrate our ability to break through into new enterprise markets, the most recent of which is higher education, where we were pleased to announce our first full university student management system win in July 2024.

These high-value enterprise wins, coupled with a focus on operating leverage delivered a strong financial result in FY24. Subscription and license revenue increased by 13% on the prior year and now makes up 84% of total revenue. And continued growth in recurring revenue at a 3-year CAGR of 23% has created a solid and sustainable base for ongoing scale.

So ReadyTech's long-term strategy is delivering – we are successfully targeting valuable enterprise customers within large serviceable markets that are undergoing major digital transformation. These customers represent our greatest opportunity in terms of both lifetime value and potential for margin accretion.

We are very conscious that we succeed only when our products deliver results for our customers, and so we remain committed to investment in R&D and innovation. This includes deeper investment in AI to unlock new value. AI represents a rapidly evolving opportunity with several initiatives already introduced in FY24, including the use of AI in customer support, and more in the pipeline for both product development and ways of working at ReadyTech.

We believe the future of enterprise software is open, connected and people centric. ReadyTech's strong point of difference from incumbent players is our ability to connect our platform directly with other best-of-breed systems, which provides our customers with choice and flexibility. As organisations replace their on-premise systems, we continue to be well-positioned for their transition to cloud-based solutions.

Following our success in the TAFE market, ReadyTech is now taking steps to become a major and trusted player in higher education. This is another market with a clear and established need for cloud platforms, as well as a modernised and elevated student experience. Along with TAFEs, we believe higher education providers are ripe and ready for change. Pleasingly, our recent multi-year contract win with Avondale University is proof of our ability to deliver on this opportunity.

Local government, where we already have a strong foothold, represents another material opportunity with a serviceable market exceeding \$345m. We have also had some sizeable wins within our Justice business, which have solidified our position as a prominent provider of cloud software in this vertical.

In Workforce Solutions we are set to benefit from an increased focus on payroll compliance, remote and mobile working arrangements, and a growing need for efficiency and automation. In addition, we expect to see continued growth in cloud-based payroll and all-in-one workforce management software.

So overall ReadyTech is in a strong position.

I would like to recognise Marc, Nimesh and the entire ReadyTech team and our partners for their continued dedication and energy in delivering innovative solutions and high-quality service to our customers.

I also want to thank my fellow Board members for their valuable support and guidance over the year, and our shareholders for their continued support. As we enter a new financial year, I am as confident as ever in ReadyTech's ability to deliver strong performance and continued value to all its stakeholders in FY25 and beyond.

I will now handover to our CEO, Marc Washbourne, for an operational update and our future outlook.

2024 AGM CEO Script

Slide 3

Thank you Tony, and good morning, everyone.

I'm Marc Washbourne, Co-Founder and CEO of ReadyTech.

It is my pleasure to report on another successful year for the Company as we continue to execute on our enterprise strategy and demonstrate our ability to win major software contracts across our selected verticals.

Over the year, we made further progress on our mission to be a deeply trusted partner to our customers – all while delivering efficiency, innovation and an improved experience for the ultimate beneficiaries of our software – the millions of students, jobseekers, employees and citizens across our platforms.

Slide 4

ReadyTech is a vertical SaaS growth company, providing next generation mission-critical software that closely meets customer needs across human-led verticals. We focus on three core segments which are currently undergoing digital and cloud transformation – Education & Work Pathways, Workforce Solutions and Government & Justice – and it is that transformation that is driving our growth.

Slide 5

In FY24, ReadyTech continued to deliver a combination of robust revenue growth and solid cash margins.

I am pleased to report that recurring SaaS revenue increased 13.1% on the prior period, and now represents nearly 84% of total revenue. Total revenue growth was 10.2% compared to the prior corresponding period.

Earlier today I also mentioned our enterprise strategy, and I'm pleased to report that across FY24 we signed 22 enterprise contracts across all three segments. These contracts represented \$12.5 million in deal value. These high value enterprise wins increased the average revenue per new customer to over \$119k, representing a 25% increase on the prior year.

Higher value contracts, coupled with an increased focus on operating leverage, resulted in underlying EBITDA of \$38.8 million, which represents an annual growth of 11.5% at a margin of 34.1%, while underlying cash EBITDA grew a healthy 20.2% year on year.

Slide 6

The chart on this slide clearly shows the journey that we are on – growing our recurring subscription revenue consistently over recent years at a CAGR of 23%. This is driven by

the success of our enterprise strategy, reflecting our now proven ability to differentiate from the incumbent enterprise players and ultimately win and deliver high-value contracts.

Slide 7

Our growth plans at ReadyTech are reflected across four coherent strategic pillars:

- 1. In terms of our dominant growth strategy, we continue to target large enterprise customers, and have clearly demonstrated that we have been successful in winning many high profile and breakthrough customers across all our verticals.
- 2. The second pillar of the strategy captures the power of our install base as a growth lever, offering value across our customer technology ecosystems as well as supporting transition to cloud in some of our products.
- 3. The next pillar, importantly, relates to our continued commitment in R&D as we aim for market leading innovation and perfect product fit for our customers. This includes deeper investment in AI in FY25 to unlock new and transformational value for customers.
- 4. And lastly, as evidenced in FY24, we continue to target operating leverage via the benefits of scalable subscription revenue and other efficiency initiatives in order to grow margins over time.

Slide 8

This next slide sums up the key reasons for our deliberate strategy to focus on the enterprise market and higher value contracts:

- Firstly, with a growing list of reference customers across our key verticals, ReadyTech is in a strong position to win large enterprise contracts in key sectors. A strong example of this is our success within Education, where our proven success within TAFE has enabled expansion into higher education and our first breakthrough university win in FY24.
- 2. Another part of the why is the significant opportunity across the enterprise landscape to replace legacy systems as digital transformation and cloud adoption across our target markets gains further traction.
- 3. We also bring a unique value proposition with our open ecosystem platform approach, which gives us a compelling and competitive advantage in the market.
- 4. And finally in terms of enterprise, we believe ReadyTech can continue the journey of improved margins through large contract wins via the benefits of large subscription contracts and scale.

Slide 9

The next slide provides a snapshot of our enterprise wins over the last 2 years. These enterprise logos are well distributed across our target verticals and demonstrate the broad range of organisations who are now not just ReadyTech customers, but also

serve as valuable references for similar opportunities across our growing sales pipeline and in the wider market.

The chart on the left demonstrates the steady increase in the average revenue per new customer over the last 3 years, which now stands at \$119k per annum.

Slide 10

As a business, we are well positioned to benefit from the AI revolution, and we recognise the immense potential it presents in terms of the value exchange with our customers.

In the coming year, we are continuing investment in a dedicated emerging technology team who will accelerate the unlocking of this value for our customers across every platform – delivering Al-enabled workflows and products that will surface data patterns and increase productivity, in ways that were previously not possible.

The first ReadyTech-wide release in FY25 is 'Ask AI' - a policy and process agent, which is expected to put customers on the AI runway and unlock new revenue opportunities.

Slide 11

This slide provides detail on just some of the ways AI is transforming the way we work as we leverage the technology to drive operational efficiencies and open up new capacity within our teams.

In FY25, we will see the use of AI in customer service with agents acting as first line of support, co-pilots increasing software development velocity as well as growing capacity in quality assurance teams. All of these applications adding to the potential for operating leverage as we scale, which is strongly aligned to our strategy to reinvest in growth initiatives while improving our margins at ReadyTech.

Slide 12

To wrap up, I am confident our culture of innovation, our early-to-cloud investments and our talented team of ReadyTechers will see increasing success in the pursuit of enterprise customers. With the breakthrough wins we have highlighted and our reputation growing by the day, together as a committed and ambitious management team, we are better positioned than ever to leverage this expanding market opportunity.

In terms of FY25 outlook, all segments are performing in line with expectations, with the exception of Local Government, which is experiencing under-performance for the H1 period.

As a result, for FY25, we expect revenue growth at low double digits, underpinned by growth of our sales opportunity pipeline to \$33m.

We continue to target an underlying EBITDA margin, which excludes the impact of LTIP, of 34-35%, and a further cash EBITDA margin of improvement of 100 bps.

We maintain our medium-term revenue target of \$170m for FY27. We also expect cash EBITDA margin to exceed 20% in the medium term as we continue to benefit from a growing recurring revenue base and operating leverage, as we have outlined.