

### MARKET RELEASE (ASX: RDY) Annual General Meeting – Presentation and Addresses

**21 November 2023** – 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 <u>www.readytech.io</u>.



# **ASX:RDY** 2023 Annual General Meeting

Tuesday, 21 November 2023















# CHAIR ADDRESS **Tony Faure**





AGM 2023

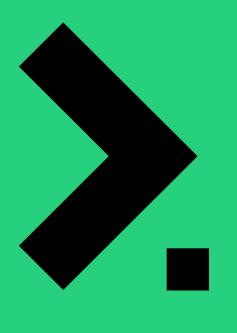


# CEO PRESENTATION Marc Washbourne









# NEXT GENERATION, PEOPLE-CENTRIC









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

### Revenue

Recurring revenue



Increase of 13.1%\*

**† \$84.3m** 

Increase of 12.9%\*

Gross opportunity high conviction pipeline



# Total new high value customer acquisitions



incl. 11 enterprise wins

FY22: \$25.0m

Aggregate value of \$16.4m (deal size >\$50k)^

\*Like-for-like compares organic results excluding the impact of IT Vision.

\*\*FY23 underlying results exclude LTIP costs of \$1.8m, accounting impact of contingent consideration of \$2.9m, and non-recurring costs of \$3.5m (which includes impact of takeover defence and acquisition-related transaction costs).

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



### **Underlying EBITDA\*\***



Underlying EBITDA margin\*\* of 35.6%\* (FY22: 35.1%\*)

### Major new enterprise contracts



Across 11 landmark enterprise wins^

Growth in average revenue per new customer

74%

Average revenue per new customer \$95.6k (FY22: \$54.8k)

EBITDA to operating cash flow conversion

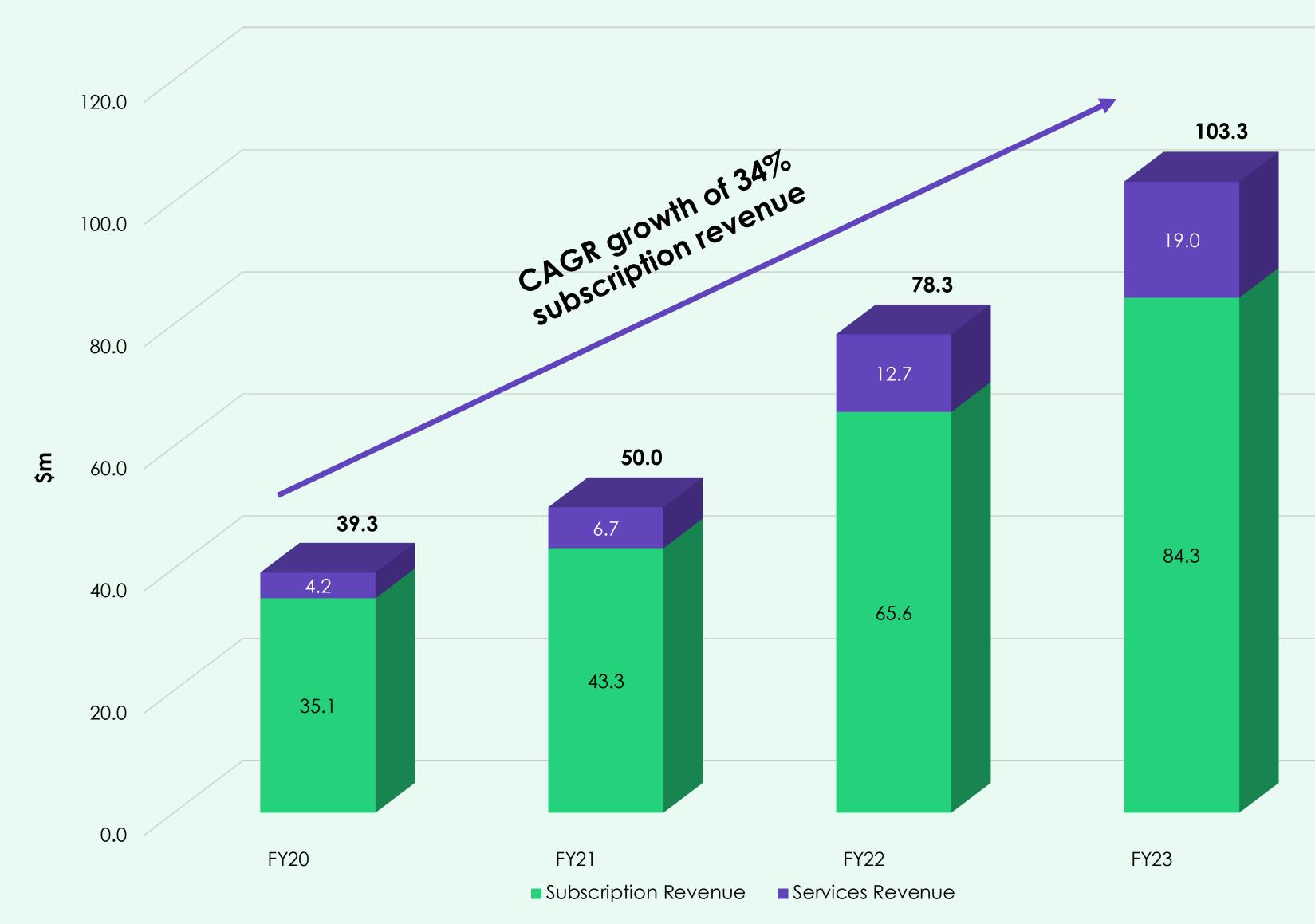
95.4%

FY22: 85.3%



## Enterprise strategy delivering strong and sustainable SaaS revenue growth





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# ReadyTech's compelling strategic plan is delivering growth momentum in enterprise markets



Acquire high value contracts with sizeable technology budgets

- Significant opportunity for lucrative \$500k to \$5m+ annual SaaS contracts.
- Strong expansion opportunities in larger customers.
- Deeply sticky and high CLTV.



### Build strong moats

- Significant upfront R&D investment required to reach enterprise product-market fit.
- Due to localised compliance requirements, strong preference for onshore provider.





Large addressable market and movement to cloud creates huge disruption opportunity

- Cloud penetration is in its infancy and slower to be adopted in enterprise.
- Need to replace inflexible and clunky legacy tech.
- Ripe for acceleration of digital transformation driven by generational change.



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

- Market trends towards configurable vertical software.
- SaaS provides opportunity for platform scalability.
- High subscription recurring revenue and strong margin operating model over longer term.

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# Successfully targeting large, high value enterprise customers across all segments

## Executing well on enterprise strategic pillars



Identify, select and address attractive enterprise markets

- Large addressable, defensive and well-funded verticals with compliance needs.
- Target markets slower to adopt digital transformation.
- Not dependent on single market through a diverse set of market opportunities.



# Focus on enterprise product-market fit

- Weighting of R&D to enterprise customer needs on cloud platforms.
- Open ecosystem provides strong differentiation.
- Interoperability, 'land and expand' modular approach, ease of upsell and cross-sell and superior customer choice.





### Expand investment in go-to-market to win more enterprise customers

- Focus on enterprise marketing activities including personaled, account-based marketing.
- Expanded enterprise sales team and playbook.
- Unified and elevated brand to position ReadyTech as large and trusted enterprise player.

# Scale via strategic partners and network

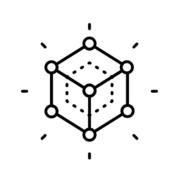
- Incentivised channel provides referrals and reseller network.
- Ecosystem partners provide speed-to-market, expanded product offering with revenue sharing opportunities.
- Builds M&A pipeline.
- Scaling customer onboarding with enterprise delivery partners.



# Why we win in enterprise markets

Our key differentiators in pursuit of new customers







Open ecosystem grants customers choice & flexibility Elevating the user experience in the age of the customer



Customer culture and our reputation as a true partner



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# Enterprise strategy to pursue large serviceable markets of \$970m\* underpins long-term growth

ReadyTech pipeline is growing across multiple enterprise vertical opportunities, augmented by customer upgrade growth opportunity



### **Education & Work Pathways**



- **TAFE** targeting 13 prime TAFE opportunities.
- **Higher Education** pipeline of further University/Pathway College providers and longer-term 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.

\*Management estimates by internal market/customer anal

readytech

- councils.
- solutions.

# \$485m+

**Government & Justice** 

• Local Government (new wins) – targeting attractive markets of medium and large

• 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

# \$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.
- **Existing customer (upgrades)** opportunity to upgrade ~900 payroll only customers to all-in-one cloud product.

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# ReadyTech's direct access to high quality data and a culture of innovation position it to capitalise on the Al revolution

### ReadyTech's • natural advantages

- Direct access to vast data sets, structured and unstructured .
- Mission critical addressing high value problems.
- **Highly trusted** by customers to solve complex problems.
- Our technology represents a **distribution** advantage over potential disruptors.
- Opportunity to move quickly and extend advantage of the innovative **challenger brand** in enterprise markets.

# Our culture of innovation

- Circa 30% of revenue consistently invested in R&D and innovation.
- Innovation days, culture experimentation and agile practices support adoption of new technology.
- Existing ReadyTech adoption of AI/ML technology is now being extended with next generation of large
   Ianguage models (LLMs) and generative AI.



### Building on wins with Ready Al

- Release and adoption in FY23 of Ready AI, an
   AI/ML prediction of student and apprentice likelihood of drop-out.
- Provides customer ability to identify risk and develop targeted and automated support plan to reduce churn.

### Focus of Al opportunities

- Augmenting products with:
  - $\rightarrow$  Automation and efficiency
  - $\rightarrow$  Personalisation
  - → Co-pilots augmenting the role of human – student or job seeker support officer, payroll/HR worker, courts scheduling officer.
- Clear pathway to monetisation through traditional module approach and advanced product tiers.

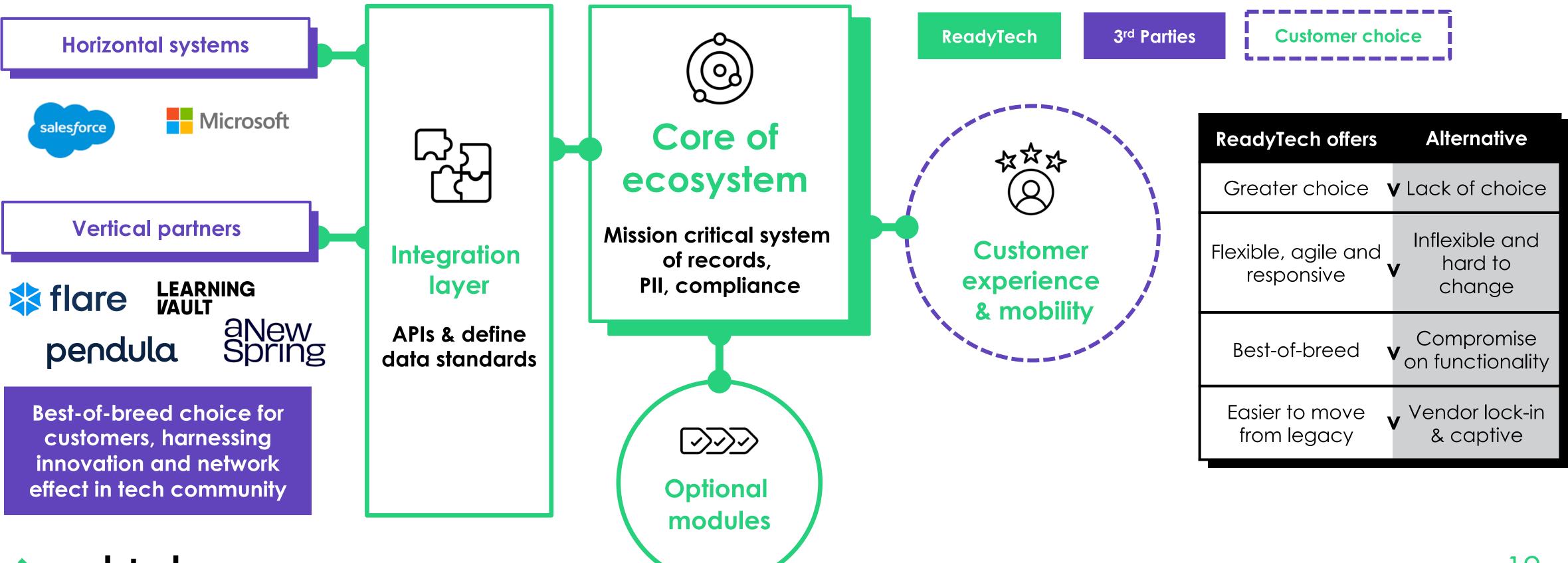
### Potential to accelerate:

- $\rightarrow$  Software development releases
- → Customer digital transformation (migration from legacy) and new customer implementations.



# ReadyTech's open ecosystem is a major point of competitive difference

Open architecture offers customer choice, flexibility and interoperability versus the platform monoliths







## **Outlook re-affirmed**

## FY24 outlook

- Organic revenue growth in the mid-teens.
- EBITDA margin to be in the range of 34%-35% excluding the impact of LTIP (EBITDA margin excl. IT Vision and LTIP, to be in the range of 36%-37%).
- Labour capitalisation as a percentage of revenue projected to reduce to 14%-15% from 15.8% in FY23.

### Retain medium-term target for FY26

- Ongoing momentum in serviceable enterprise markets underpins future growth.
- Organic revenue target of >\$160m with EBITDA margins increasing to high 30%.
- Labour capitalisation to normalise in the range of 12%-13% of revenue.

## > readytech





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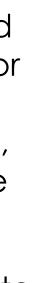
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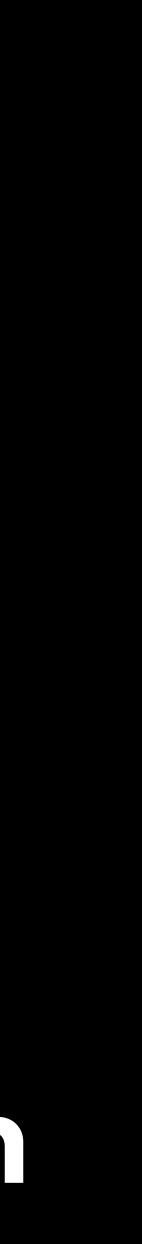
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### About ReadyTech

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### 2023 AGM Chair Script

Good morning, everyone, and welcome to ReadyTech's 2023 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.

Let me start by extending a warm welcome to our valued shareholders, members of the Board -who are with us today, - and the ReadyTech team.

As I reflect on the year just passed, it is clear that digitisation and technological advancements are moving faster than ever. As one of the leading companies driving this transformation, the decisions we make, and the actions we take as a Company during this period will set us up our future success.

ReadyTech is in a strong position to capitalize on the opportunities created by this digitisation. We are a provider of highly valued, mission-critical cloud Software-as-a-Service (SaaS) solutions across carefully selected market segments. We enable our customers to break free of legacy systems and instead enjoy a truly next-generation, people-centric experience.

During FY23, we again demonstrated that our products are resonating with our customers across our segments and that our strategy is delivering enhanced shareholder value. Highlights include:

- Revenue of \$103.3 million, delivering like-for-like revenue growth of 13.1%
- On a like-for-like basis recurring revenue grew 12.9% to \$84.3 million
- Underlying EBITDA of \$34.8 million, with underlying EBITDA margin of 35.6%
- Underlying NPATA to \$15.1 million

We once again had significant Enterprise wins during the financial year, with momentum building across all market segments. In FY23, ReadyTech secured 11 landmark enterprise contracts with strategic focus on sectors that have traditionally been under-served in terms of technological advancements.

Our commitment to deep vertical knowledge, our resulting product investments and our proven track record in these verticals play a crucial role in helping our customers reshape their business foundations, so that they can unlocking their data and connectivity to drive productivity, automation, and elevated customer experiences.

By helping to solve such complex problems, we forge strong, long-term relationships with our customers. The growth we experienced in the fiscal year 2023 not only showcases our capabilities but also validates our strategic approach across various sectors.

ReadyTech has a robust pipeline for future growth that now sits at over \$28 million. These are enterprise customers in large and attractive markets with a serviceable opportunity now estimated to be worth over \$970 million.

To stay at the forefront of our industry, ReadyTech continues to make substantial investments in innovation and research & development. We are already looking ahead to leverage emerging technologies including generative AI in FY24.

I am pleased to report that our growth momentum, strong recurring revenue, and exciting future initiatives position the company well to achieve our medium-term, organic target of over \$160 million by FY26.

Our mission is to be 'ready for anything,' and in particular we are ready to help our customers successfully navigate the changing landscape. None of this would be possible without the exceptional efforts of our ReadyTech team, and I extend my sincere appreciation for their hard work and dedication in FY23.

I would also like to thank Marc, Nimesh, our management team for their leadership during the financial year.

With that, on behalf of the Board, I would like to thank our shareholders for your loyal support of ReadyTech's growth journey.

I truly believe that ReadyTech is in a unique position to take advantage of the digital transformation that many businesses are going through and I look forward to working together with my fellow directors and the senior leadership team to deliver continued growth and shareholder value in FY24 and beyond.

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

### 2023 AGM CEO Script

#### Slide 3

Thank you, Tony and good morning, everyone.

The bold vision we have set for ReadyTech has been to build a business software powerhouse providing next-generation, mission-critical SaaS technology in multiple large and carefully selected industry verticals.

We continue to be trusted and indispensable to organisations, solving mission-critical problems, driving efficiencies, and uplifting customer experience. FY23 marks an inflection point for ReadyTech, where we can see our commitment to our Enterprise Strategy delivering results, unlocking strong long-term growth opportunities.

#### Slide 5

Here we focus on the key operation and financial highlights for FY23.

In the financial year, we delivered an increase of 13.1% on a like-for-like basis in revenue to \$103.3 million, whilst recurring revenue increased 12.9% on a like-for-like basis to reach \$84.3 million.

A total of 48 new high-value customer acquisitions were won during the financial year, for an aggregate value of \$16.4 million. This includes 11 landmark enterprise wins worth \$12.4 million, reflecting our focus on acquiring enterprise level customers. This was reflected in average revenue increase per new customer was \$95.6k, an increase of 74%.

Importantly, EBITDA to operating cash flow conversion was 95.4% compared to 85.3% in FY22.

#### Slide 6

On the screen you will see our strong and sustainable SaaS revenue growth over the last 4 years. This strong performance reflects our enterprise strategy, as we continue to grow high-quality, recurring subscription revenue with a CAGR of 34%.

#### Slide 7

Here we present the strategic pillars of our focused enterprise strategy that is driving growth momentum and delivering new high-value customers.

Our strategic rationale is based on four key principles:

- 1. Firstly, the enterprise end of the market means customers with sizeable technology budgets leading to strong expansion opportunities and high customer lifetime value.
- 2. Secondly, cloud penetration is in its infancy across all our markets in enterprise, which creates a very large opportunity for ReadyTech to replace legacy technology and accelerate digital transformation agendas.
- 3. Third, we see strong moats, given the significant upfront R&D investment required to reach enterprise-level product market fit.

4. Lastly, we believe through scalable configurable platforms, enterprise customers will support higher margins in the longer term for ReadyTech.

#### Slide 8

We are delivering on our enterprise strategy, here we highlight our strategic pillars, including our objectives to:

- Identify, select, and address attractive enterprise markets winning with compliance needs and slow digital transformation
- Focus on enterprise product-market fit with R&D focused on cloud products, open ecosystem and interoperability
- Expand investment in enterprise go-to-market through investment in Sales & Marketing and strong brand recognition
- Scale via enterprise strategic partnerships and channel network

#### Slide 9

One question that I am often asked is how does ReadyTech win in the Enterprise Market? What are our key differentiators?

My answer revolves around four key points:

- 1. Our open ecosystem provides our customers with choice and flexibility, offering customers a highly flexible, agile platform and a much-needed alternative to legacy and monolithic systems, which I will speak more about.
- 2. Secondly, our Customer culture and our reputation as a true partner we continue to build our reputation as a trusted enterprise player.
- 3. Third, Elevating the user experience in the age of the customer we offer a uniquely compelling product-market fit delivering better outcomes to users.
- 4. Lastly, Innovation & AI as we begin the acceleration of the AI revolution, ReadyTech finds itself well-positioned to capitalise, and I will speak more about this shortly.

#### Slide 10

Our enterprise strategy to pursue a large serviceable market will continue to underpin ReadyTech's long-term growth.

We estimate the total serviceable market to be around \$970 million, with the Education & Work Pathways market to be around \$335 million, Government & Justice to be circa \$485 million and Workforce Solutions to be over \$150 million.

As Tony mentioned, ReadyTech's pipeline of over \$28 million continues to grow across multiple enterprise vertical opportunities, with further growth expected from customer upgrades.

#### Slide 11

ReadyTech is well positioned to capitalise on the AI revolution and is exploring how best to use AI to enhance its competitive advantage while anticipating technological changes.

We have direct access to high-quality data and a strong culture of innovation placing ReadyTech in a strong position to take advantage of accelerated AI, for example, in FY23, ReadyTech released and implemented Ready AI, an AI/ML prediction of student and apprentice likelihood of drop-out. This tool provides customers with the ability to identify risk and develop targeted & automated support plans to reduce churn.

Al has the potential to deliver many opportunities for ReadyTech, including:

- greater automation, efficiency, and personalisation, for example, through the release of co-pilots in our software
- A Clear pathway to monetisation through traditional module approach and advanced product tiers
- the Potential to accelerate software development, digital transformation, and implementations

Among many others to be explored, I am personally very excited for the opportunity the AI represents for us.

And we are just getting started!

Across ReadyTech in FY23, circa 30% of revenue was invested in R&D and our culture of innovation ensures we stay ahead of the critical technology trends.

#### Slide 12

As I mentioned before, one of the major points of competitive difference we have is our open ecosystem. We offer our customers greater choice, flexibility and interoperability resulting in a much better overall customer experience.

The ability to pair ReadyTech's products directly with other synergetic best-of-breed systems gives customers choice and has empowered them to rapidly transform operations and experience market-leading technologies.

With ReadyTech's platform at the centre of the ecosystem as the source of truth of data, our approach is designed to harness innovation across our key sectors of education, workforce and government by partnering with other software providers who can offer unique value, with the added benefit of developing a referral network across the ecosystem.

#### Slide 13

To wrap up, we are positioned to continue to deliver profitable growth in FY24 and beyond.

We re-affirm our FY24 outlook which is to deliver:

- Organic revenue growth in the mid-teens
- EBITDA margin of 34%-35% excluding the impact of LTIP

• Labour capitalisation to be reduced to 14%-15% of revenue from 15.8% in FY23

We are also re-affirming medium-term targets for FY26:

- Organic revenue target of over \$160million
- EBITDA margins increasing to high 30%
- Labour capitalisation to normalise in the range of 12%-13%

As I stand here and I reflect on the last few years and the opportunity ahead, we are confident we have the right strategy, and with strong momentum across out serviceable enterprise markets, together with our R&D investments and commitment to innovation, I am excited for ReadyTech's ability to thrive and grow into the future.