ReadyTech Holdings Limited

ABN 25 632 137 216

20 November 2019

Annual General Meeting – Presentation

ReadyTech Holdings Limited (ASX: RDY) (**ReadyTech** or the **Company**) attaches the presentation to be made at ReadyTech's Annual General Meeting being held in Sydney today.

For more information:

Martin Cole
Capital Markets Communications
Tel: +61 403 332 977
martin.cole@capitalmarketscommunications.com.au

About ReadyTech
ReadyTech is a leading provider of SaaS technology that helps providers of education and employment manage the increasingly complex human journey through study, work and career transitions. ReadyTech provides people management software to over 3,600 educators, employers and facilitators of work transitions. Bringing together the best in student management, apprenticeship management, payroll and HR admin, employment services and behavioural science technology, ReadyTech supports the development and success of tomorrow's workforce.

FY19 Key Operational and Financial Metrics

ReadyTech
Ready for the Future of Work

FY19 Exceeded prospectus forecast

PRO-FORMA REVENUE
$33.0ᵐ

VS Prospectus forecast: +1%
YOY%: 13.5%

PRO-FORMA EBITDA
$12.8ᵐ

VS Prospectus forecast: +1.5%
YOY%: 20.8%

PRO-FORMA NPATA
$5.7ᵐ

VS Prospectus forecast: +9.7%
YOY%: 33.6%

CLTV* to CAC*
# 6.9ˣ
FY18 = 5.8x

AVERAGE REVENUE PER CLIENT
$8.9K
12% (YoY)

OPERATING CASH FLOW CONVERSION RATIO
98%

CLIENT REVENUE RETENTION
96%

CLTV: Client lifetime value and CAC: Customer acquisition cost

FY19 Strong Revenue and Earnings Growth

PRO FORMA $ MILLIONS	FY19	FY18	% Change YOY	% change vs Prospectus
Subscription and licence revenue	29.7	25.6	15.8%	1.5%
Implementation, training and other revenue	3.3	3.4	(3.8%)	(3.4)%
Total revenue	**33.0**	**29.0**	**13.5%**	**1.0%**
Salaries and wages	(15.2)	(13.5)	(12.7)%	0.2%
Technology infrastructure and operations	(2.5)	(2.2)	(12.9)%	(7.5)%
General and administrative	(2.5)	(2.8)	10.4%	(0.0)%
Total operating expenses	**(20.1)**	**(18.4)**	**(9.3)%**	**(0.7)%**
EBITDA	**12.8**	**10.6**	**20.8%**	**1.5%**
Depreciation and amortisation	(8.1)	(7.3)	(10.5)%	2.5%
EBIT	**4.7**	**3.3**	**43.4%**	**9%**
Net finance expenses	(1.6)	(1.4)	(16.2)%	0.2%
PBT	**3.1**	**1.9**	**63.2%**	**14.5%**
Income tax expense (Effective rate 30%)	(0.9)	(0.5)	(57.7)%	(10.7)%
NPAT	**2.2**	**1.4**	**65.5%**	**16.2%**
Add: amortisation of acquired intangibles (post-tax)	3.5	2.9	(19.0)%	(5.9)%
NPATA	**5.7**	**4.3**	**33.6%**	**9.7%**

Highlights

- Revenue grew by 13.5% driven by new client wins and increased sales to existing clients

- Operating expenses grew 9.3% driven by investment in new Sales and Marketing roles and R&D, as well as increased client hosting costs

- Benefits of a scaleable platform sees a 13.5% revenue increase delivering a 20.8% increase in EBITDA

- Depreciation and amortisation figures comparable to capitalised development costs which are amortised over 5 years

- Pro-forma net finance expenses based on the terms of new Banking facilities as if they were in place from 1st of July 2017

Strong Recurring Revenue on Scalable Platform

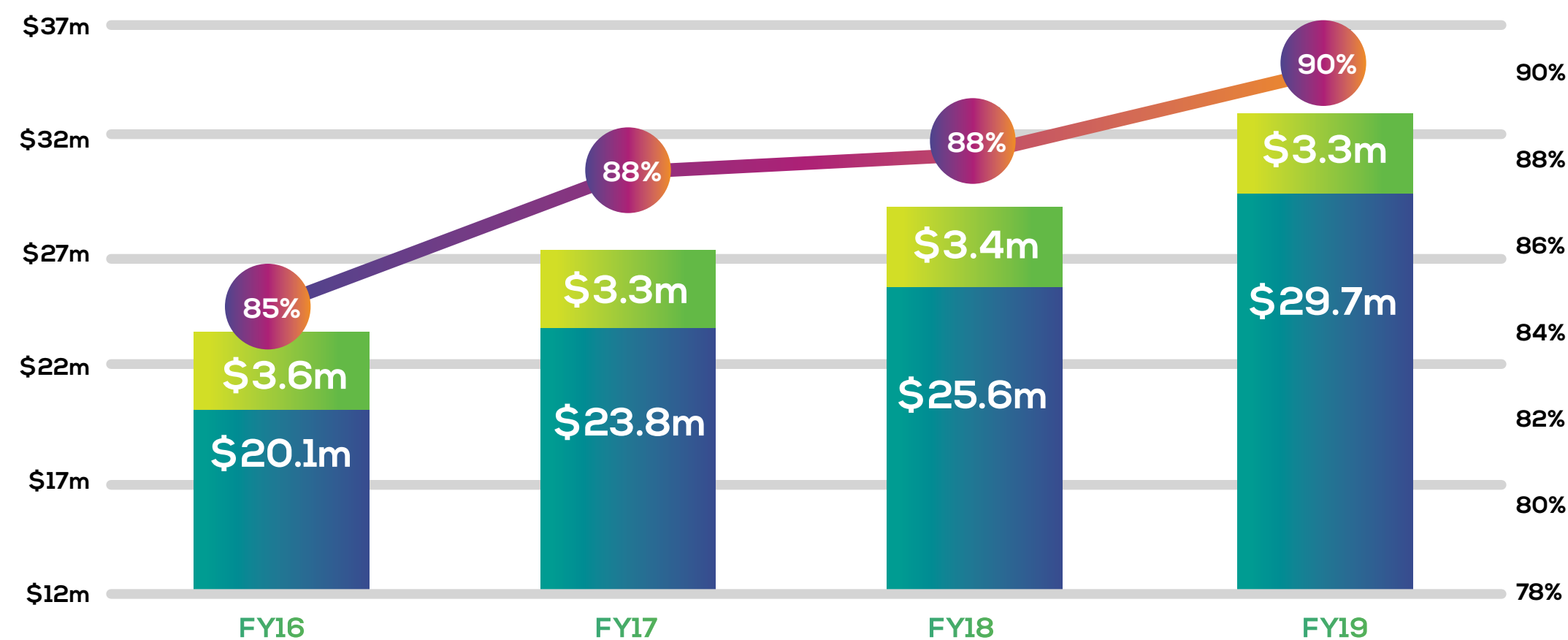**CONTINUED GROWTH IN SUBSCRIPTION & LICENCE REVENUE**

FY19
90%

SCALABLE PLATFORM SUPPORTS STRONG EBITDA MARGIN
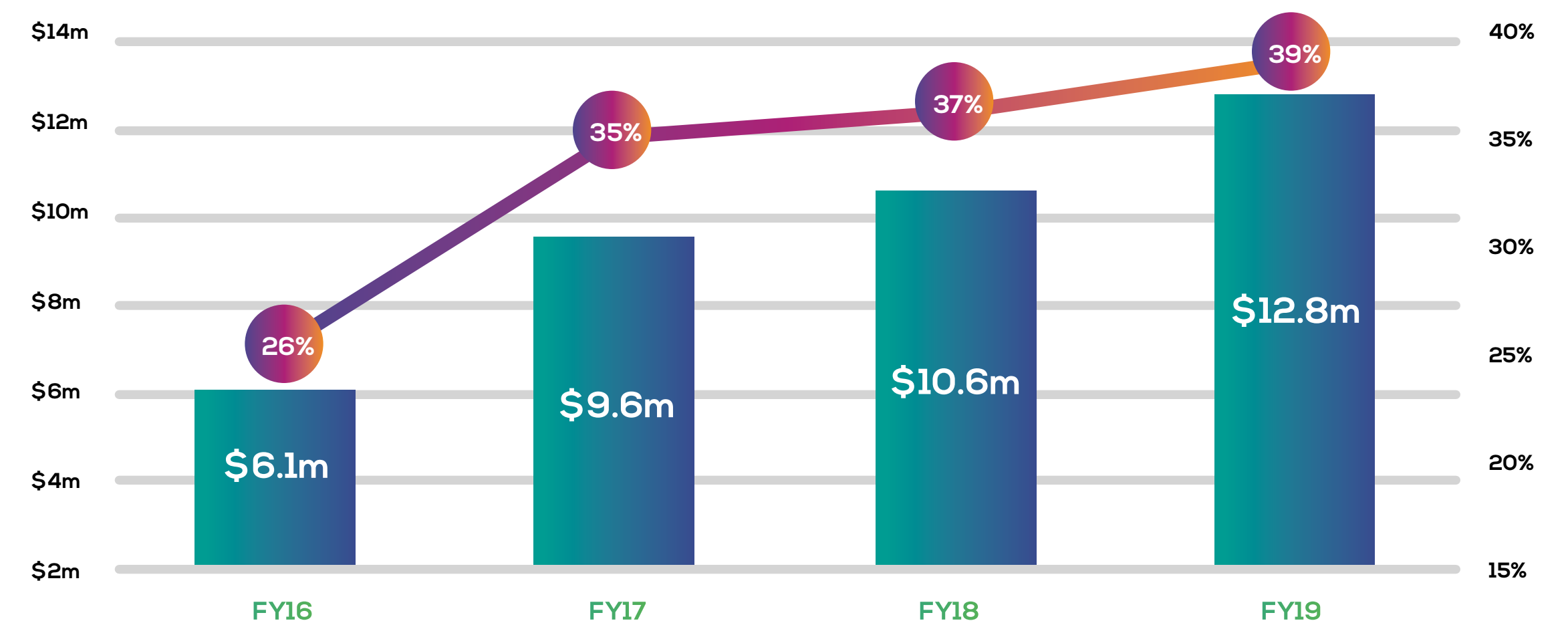
FY19
39%

Pro Forma Revenue ($m)

- Subscription and licence revenue
- Implementation, training and other revenue
- % Subscription and licence revenue

Pro forma EBITDA ($m) and EBITDA margin (%)
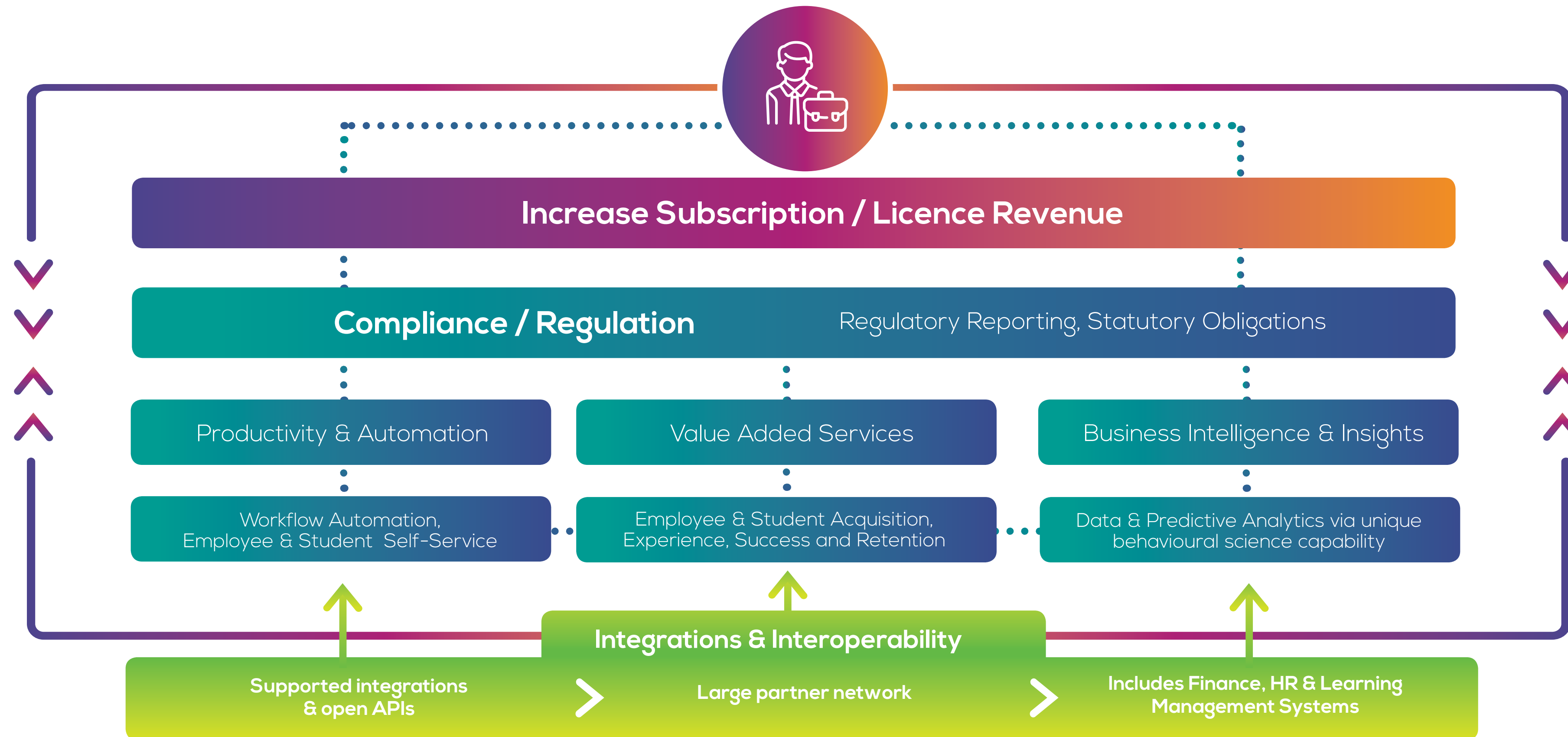

- EBITDA
- EBITDA margin (%)

GROWTH & PRODUCT STRATEGY

ASX: RDY

Student Management Systems (Education)

ReadyTech provides mission-critical student management systems (SMS) which are at the core of modern tertiary education institutions and then seeks to drive key performance outcomes such as improved student experience and graduation rates.

THE MODERN EDUCATION INSTITUTION

Customer Relationship Management (CRM)

STUDENT MANAGEMENT SYSTEM (SMS)

| ADMISSIONS & ENROLMENT | STUDENT SERVICES | ASSESSMENT & GRADING | WORKFLOW & PROCESS MANAGEMENT |
| SCHEDULING & ATTENDANCE | COMMUNICATIONS & ENGAGEMENT | CERTIFICATES & DIGITAL CREDENTIALS | QUOTES, INVOICING, PAYMENTS & COMMISSIONS |

STUDENT ASSESSMENT — My Profiling

STUDENT RETENTION — ESHER HOUSE Outcomes Through Science

STUDENT EXPERIENCE

REGULATORY REPORTING

ReadyTech Focus

Learning Management System (LMS)   **Financial System & Payments**

JR PLUS

VETtrak

STUDENT ACQUISITION

WORK PLACEMENT & ALUMNI

✓ Manage the key aspects of the student journey from education to employment

✓ SMS represents the single 'source of truth' for student data

✓ Integrates with other systems such as LMS/key partners including Canvas

JR PLUS

The Complete Student Management System
Focused on larger, complex institutions

ReadyTech
Ready for the Future of Work

OPPORTUNITY –
SECTOR IS CHANGE READY

- Sunset current legacy systems and digital transformation projects.
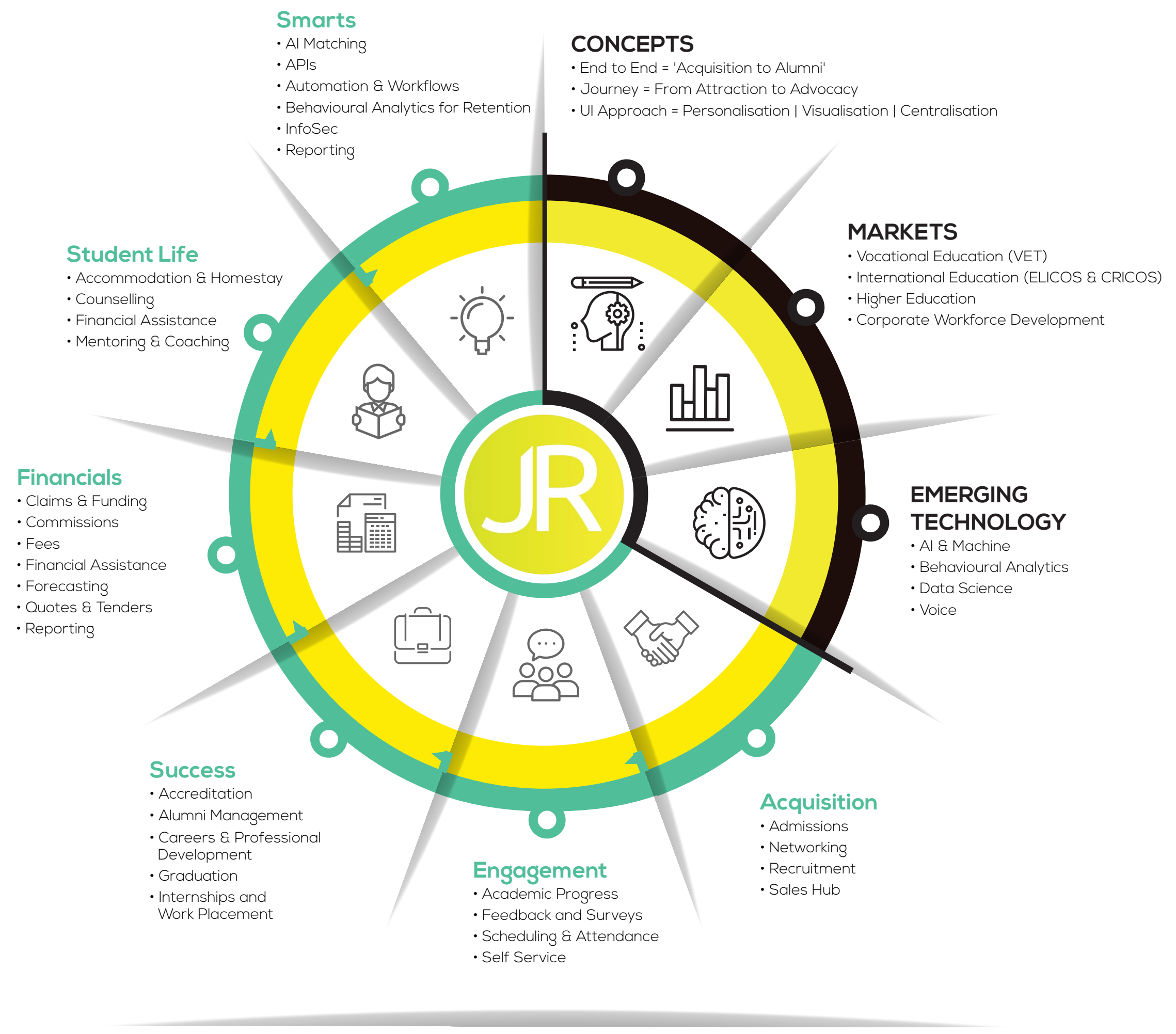
- Seeking agility to evolve business and maintain regulatory requirements, limited by rigid, slow moving systems.

- Focus on improving student outcomes (admission, retention, course completion, employability) and student experience.

- Seeking productivity and efficiency through business systems.

- Sentiment shifted from large, upfront technology investments.

UNIQUE DIFFERENTIATORS –
WHY WE WIN

- Pure cloud provides such benefits as agile development and regular releases via subscription offering.

- Local and strong regulation expertise and customer service offering.

- The ability to support "student life" from accommodation, counselling, financial assistance, mentoring and coaching. Marketplace manages employment pathways and internships.

- Delivered through Assess to Educate (A2E) – a unique value-added product focussed on increasing student outcomes.

Smarts
- AI Matching
- APIs
- Automation & Workflows
- Behavioural Analytics for Retention
- InfoSec
- Reporting

CONCEPTS
- End to End = 'Acquisition to Alumni'
- Journey = From Attraction to Advocacy
- UI Approach = Personalisation | Visualisation | Centralisation

Student Life
- Accommodation & Homestay
- Counselling
- Financial Assistance
- Mentoring & Coaching

MARKETS
- Vocational Education (VET)
- International Education (ELICOS & CRICOS)
- Higher Education
- Corporate Workforce Development

Financials
- Claims & Funding
- Commissions
- Fees
- Financial Assistance
- Forecasting
- Quotes & Tenders
- Reporting

EMERGING TECHNOLOGY
- AI & Machine
- Behavioural Analytics
- Data Science
- Voice

Success
- Accreditation
- Alumni Management
- Careers & Professional Development
- Graduation
- Internships and Work Placement

Engagement
- Academic Progress
- Feedback and Surveys
- Scheduling & Attendance
- Self Service

Acquisition
- Admissions
- Networking
- Recruitment
- Sales Hub

8

ReadyTech Offerings across the Tertiary Education Sector

ReadyTech provides a range of market-leading technology solutions across the tertiary education sector including mission-critical Student Management Systems (SMS).
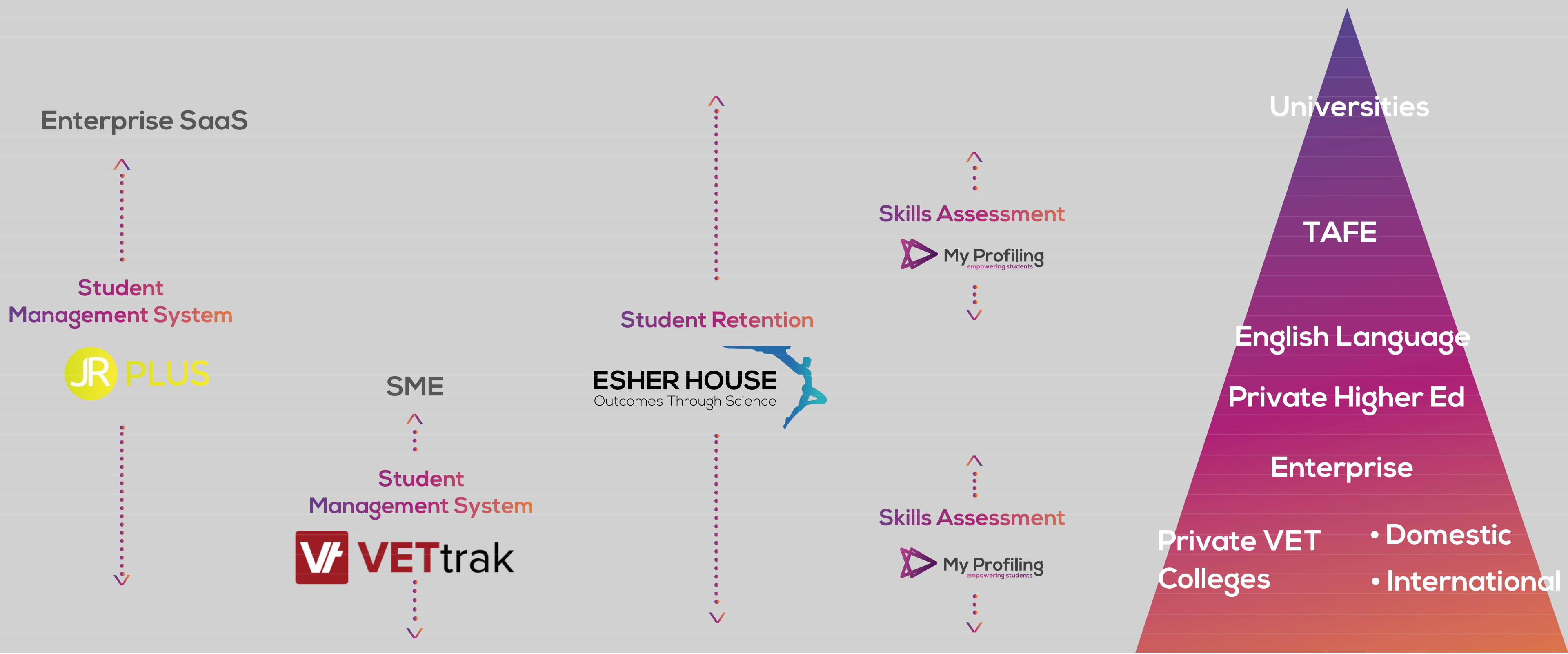
ReadyTech Education Market Opportunity

ReadyTech has made strong progress penetrating into new segments including higher education, government, TAFEs and international education including CRICOS and ELICOS.

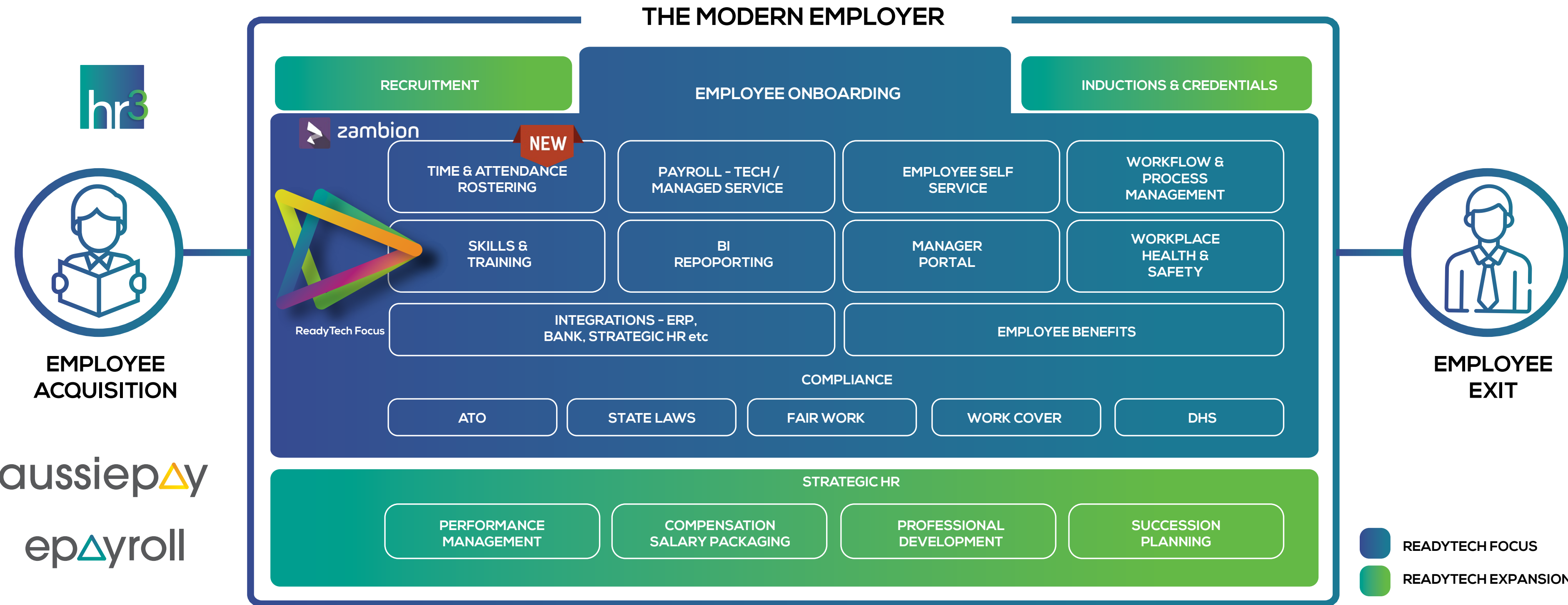| Market	Total market (#)	ReadyTech customers[2]	ReadyTech's market position
Higher education – Public	40	3	• Making progress with breakthrough client win with University of Queensland – differentiated through JobReady Plus cloud offering capable of managing entire student lifecycle and behavioural science ofering to drive student outcomes.
Higher education – Private	134	7	• Multiple recent wins and pipeline of opportunities in private higher education with cloud offering and new innovations of value to the sector.
TAFE	40	9	• Significant opportunity for JR Plus as a number of TAFEs are seeking next generation SMS. • 9 TAFE customers are currently using My Profiling's competency assessment and skills profiling platform.
Domestic VET (Private)[1]	4,150	1,387	• Market leader for VET providers with VETtrak strong brand presence and JR Plus positioned as a premium SMS for medium to large, more complex providers.
International Colleges (CRICOS & ELICOS)[1]	1,147	145	• Growing footprint with international colleges and well positioned to capitalise on the robust international student market.
Enterprise training	n/a	37	• Strong pipeline with key wins in blue-chip companies and enterprise providers such as Boral, Volkswagen, Crown and Rio Tinto demonstrating ReadyTech's strong position.
State Government VET	8	1	• ReadyTech is well positioned given its experience developing the ACT Government's VET system.

Source of market data: Frost & Sullivan Report citing Universities Australia, National Centre for Vocational Education Research (NCVER), English Australia, Tertiary Education Quality and Standards Agency (TEQSA).

1. An operator in the domestic private VET market can also be an operator in the International English colleges market, resulting in double-counting of the number of operators in the total market. Double-counting issues do not arise for ReadyTech's number of customers; 2. Management estimates as at FY19

Payroll and HR Administration to Payroll & Workforce Management

ReadyTech is at the core of the employment software ecosystem offering mission-critical Payroll and Workforce Management solutions

THE MODERN EMPLOYER

hr3

zambion

RECRUITMENT	EMPLOYEE ONBOARDING	INDUCTIONS & CREDENTIALS

NEW

TIME & ATTENDANCE ROSTERING	PAYROLL - TECH / MANAGED SERVICE	EMPLOYEE SELF SERVICE	WORKFLOW & PROCESS MANAGEMENT
SKILLS & TRAINING	BI REPOPORTING	MANAGER PORTAL	WORKPLACE HEALTH & SAFETY

ReadyTech Focus

INTEGRATIONS - ERP, BANK, STRATEGIC HR etc	EMPLOYEE BENEFITS

COMPLIANCE

ATO	STATE LAWS	FAIR WORK	WORK COVER	DHS

STRATEGIC HR

PERFORMANCE MANAGEMENT	COMPENSATION SALARY PACKAGING	PROFESSIONAL DEVELOPMENT	SUCCESSION PLANNING

EMPLOYEE ACQUISITION

EMPLOYEE EXIT

aussiepay

epayroll

- **READYTECH FOCUS**
- **READYTECH EXPANSION**

✓ Mission-critical HR functions such as HR admin and payroll

✓ Enable our customers to remain compliant with evolving regulatory compliance

✓ Add-on modules such as T&A, WHS, BI Reporting, workflow automation enhance value for customers

ReadyTech
Ready for the Future of Work

For personal use only

zambion

State of the art, advanced cloud and app based Workforce management including:

- Rostering
- Time and Attendance
- Awards Interpretation
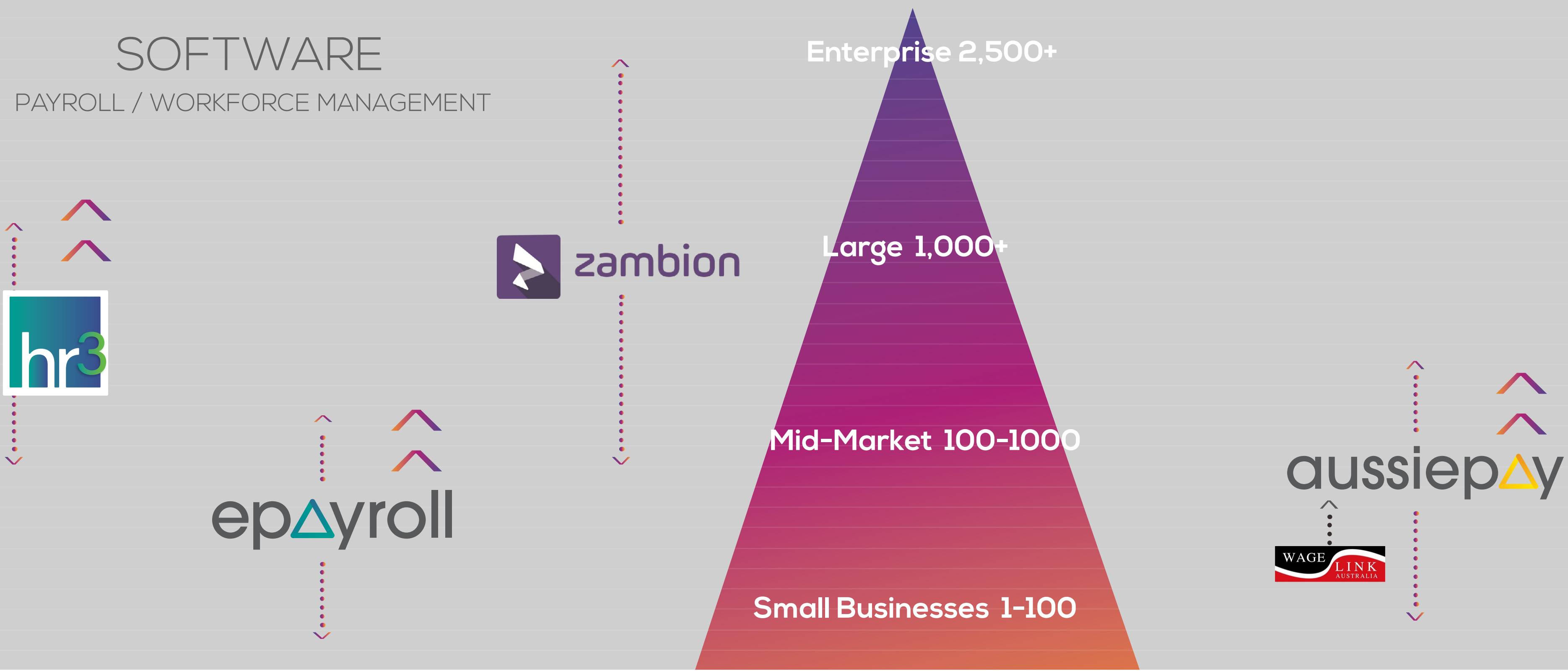
Existing Customers

Strategic Rationale

- Zambion complementary capability acquisition (Sep 2019) to enhance employment offering.

- Strong New Zealand customer base and opportunity to upsell into HR3 customer base and wider Australian mid-market.

- Estimated between 35-40% of HR3 customers have Time and Attendance and Rostering requirement.

- Ability to support Trans-Tasman organisations.

- Growing, profitable business and earnings accretive acquisition.

ReadyTech Offerings cover the Employment Sector

ReadyTech provides Payroll & HR administration technology and managed services across the employment market and increasingly targets higher value customers.

SOFTWARE

PAYROLL / WORKFORCE MANAGEMENT

Enterprise 2,500+

Large 1,000+

Mid-Market 100-1000

Small Businesses 1-100

zambion

hr3

epayroll

aussiepay

WAGE LINK AUSTRALIA

Customers Include:

brand collective

JD

CAMP AUSTRALIA

SIMONDS

Capital RADIOLOGY

SIZE

For personal use only

Growth Initiatives

ReadyTech enjoys a range of opportunities to maintain strong rates of growth into the future.

Technology

Continued investment in SaaS products – R&D spend of $10M pa

Education – investment in enterprise/higher education product strategy including:
- New apps
- Student services
- Integrations

Employment – investment in new modules including:
- Onboarding
- Workflow automation
- CFO Reporting Portal
- Enhanced User Interface

Security – ongoing commitment to invest in InfoSec – ISO27001 and IRAP compliance.

Talent

Invest in new talent to drive growth

Sales - Investment in enterprise/higher education enterprise sales strategy. Continued investment in broader sales and marketing.

Customer Success - Invest in customer success to grow advocacy, ARPC and secure retention rates.

R&D - Building talent attraction strategies and talent pipeline to underpin future growth. Expand R&D capabilities such as data analytics and AI.

Existing Customers

Grow APRC with Licence growth, upsell of modules and cross sell of value added services

ARPC - 12% growth in average revenue per customer from FY18 to FY19.

Cross and Up-Sell - Up-sell of workforce management to employment customers. My Profiling and behavioural science cross-sell pipeline growing strongly in FY20.

Growth - in user subscriptions on the back of strong macro trends in Tertiary education and employment sectors.

New Value - Offer new modules including self-service, WHS and business intelligence.

New Customers

Win new and higher value customers

Pipeline - Retained pipeline >$15m of potential opportunities with strengthening conviction.

Higher Value - New clients on average 3.6x larger than average client churn.

Target - Employment to target sectors with payroll complexity including retail (e.g. client win Glue Store) and construction sectors.

Enterprise - Continued development of enterprise sales and marketing capability.

M&A/Partnerships

M&A strategy and strategic partnerships

New Partnerships
Focus on new partnerships to deliver value to customers and referrals.

Credly — Digital Credentials

flare — Employee Benefits

M&A – Maintaining active M&A register focused on complementary technology and/or customer base.

Consultants - Launch of Education Certified Consultant Program.

OUTLOOK

ReadyTech maintains the prospectus forecast for CY19 (Pre-acquisition)
  Pro-forma Revenue: $35.1M – 14% yoy growth compared to CY18
  Pro-forma EBITDA : $14.6M - 28% yoy growth compared to CY18

New business pipeline and growth in existing customer ARPC will continue to drive revenue growth for both employment and education segments.

APPENDIX

$ MILLIONS	FY19	FY18
Statutory revenue	**32.7**	**25.6**
Employgroup and HR3	-	2.9
My Profiling (3 months)	0.3	0.8
R&D tax offset income	-	(0.3)
Pro forma revenue	**33.0**	**29.0**
Statutory EBITDA	**7.4**	**5.3**
Employgroup and HR3	-	1.3
My Profiling (3 months) and Earnout trueup	(0.1)	0.4
R&D tax offset income	-	(0.3)
Impact of lease accounting	-	0.5
Offer and related IPO costs including Esher house vendor payment	5.6	2.8
Legacy ownership and structuring	-	1.4
Incremental public company costs	(0.3)	(0.7)
Transaction costs	0.2	-
Pro forma EBITDA	**12.8**	**10.6**

$ MILLIONS	FY19	FY18
Statutory NPAT	**(1.5)**	**(2.3)**
Employgroup and HR3	-	1.1
My Profiling (3 months) and Earnout trueup	(0.1)	0.4
R&D tax offset income	-	(0.3)
Offer and related IPO costs including Esher house vendor payment	5.6	2.8
Legacy ownership and structuring	-	1.4
Incremental public company costs	(0.3)	(0.7)
Transaction costs	0.2	-
New debt facility	0.3	(0.2)
Amortisation of capitalised development expenses	-	(0.4)
Amortisation of acquired intangibles	4.9	4.2
Tax effect	(3.4)	(1.6)
Pro forma NPATA	**5.7**	**4.3**

Board of Directors

ReadyTech
Ready for the Future of Work

Tony Faure
Independent Non-Executive Chairman

- Currently the Chairman of ASX-listed oOh!-media, data intelligence platform PredictHQ and start-up accelerator Pollenizer
- Previously a board member of Australian Independent Business Media, Junkee Media, Torque Data, iSelect, biNu, Lasttix, and Stackla
- Previously CEO of ninemsn, and HomeScreen Entertainment, and Managing Director at the launch of Yahoo! Australia & NZ
- Tony is also a member of the Audit and Risk Committee, and Remuneration and Nomination Committee

Marc Washbourne
CEO

See management slide

Elizabeth Crouch
Independent Non-Executive Director

- Currently the Chairman of Customer Owned Banking Association, SGS Economics and Planning, and NSW Government's Non-Government Schools Advisory Council, and is an Emeritus Deputy Chancellor of Macquarie University having served the governing council for 17 years
- Currently on the board of the NSW Government's Institute of Sport, Health Infrastructure and the Western Sydney Local Health District
- Previously a Non-Executive Director at Chandler Macleod Group, McGrath Estate Agents, and Macquarie University Hospital
- Elizabeth is also Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee

Timothy Ebbeck
Independent Non-Executive Director

- Over 30 years of board, executive and advisory experience across a breadth of industries including technology, media, consulting and finance
- Currently the Managing Director and Senior Vice President of Automation Anywhere (ANZ)
- Previously CFO of Unisys South Pacific, Compaq Computers South Pacific, TMP Worldwide (Asia Pacific and Japan), CFO and CEO of SAP (ANZ), Chief Commercial Officer of NBN Co, and Managing Director of Oracle (ANZ),
- Tim is also Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee

Tom Matthews
Non-Executive Director (Pemba Representative)

- Over 15 years of experience in private equity, principal investment, investment banking and middle market advisory and valuations
- Partner at Pemba, a leading private equity manager investing in small and mid-sized private businesses in Australia and New Zealand
- Prior to Pemba, Tom worked at UK-based specialist private equity fund Sovereign Capital Partners where he focussed on healthcare, education andbusinesses services sectors
- Tom previously worked with the investment banking group at Macquarie Bank focussing on principal investment opportunities, and gained experience at Deloitte Corporate Finance focussing on business valuations, independent expert's reports and corporate advice

Mark Summerhayes
Non-Executive Director (Alternate Director to Tom Mathhews)

- Currently Managing Director at Pemba Capital Partners, a leading investor in small and mid-sized private businesses in Australia and New Zealand
- Currently Chairman of the Board at Coverforce and a Director of Ausreo, Instant Access, InteriorCo and ReadyTech
- Previously a co-founder of SB Capital Partners, Managing Director at Smedvig Capital and a board member of Device Technologies
- Previously at Bain & Company advising corporates on a mix of strategy, M&A, and operational improvement projects

18

Management Team

Senior management

Marc Washbourne
CEO

- Marc Washbourne was one of the founders of the JobReady business and was appointed CEO in 2006

- As a former software developer, Marc brings to ReadyTech over 20 years of experience in technology and software solutions within the education and employment industries

- Marc has been an active member of the CEO Institute since 2011 and is a member of the advisory board of Year 13 Pty Ltd

- Marc was educated in the U.K. at the Royal Grammar School of High Wycombe and achieved a first-class degree in History from the University of Leeds

Nimesh Shah
CFO

- Nimesh has been the CFO of ReadyTech since August 2017

- Nimesh has over 20 years' experience as an executive in technology and online digital industries across Australia and many parts of Asia including over 7 years as Finance Director of Fairfax Digital

- Previous CFO experience for companies including pioneering social networking site, Friendster, Inc., and ASX-listed leading media intelligence organisation, iSentia Group Limited

- Nimesh holds an MBA from the Australian Graduate School of Management and a Bachelor of Commerce with Merit from the University of New South Wales. Nimesh is also a member of The Institute of Chartered Accountants in Australia

Business leadership

Daniel Wyner
Chief Executive, Employment

- Joined ReadyTech in 2018 and heads up Employment segment.
- Over 10 years of experience as an executive in the information, software and service industry
- Former Asia Pacific Regional Director at CCH Australia, owned by multinational global provider of professional information software solutions and services Wolters Kluwer. Previously Head of Strategy, Mergers & Acquisitions

Michael Benyon
Head of Revenue, Employment

- Michael has experience spanning 35 years in payroll software.
- Michael has been instrumental in building ReadyTech's trust, growth and influence in the payroll industry.
- Most recently, Michael worked with an advisory group with the ATO on the roll-out of Single Touch Payroll (STP) initiative.
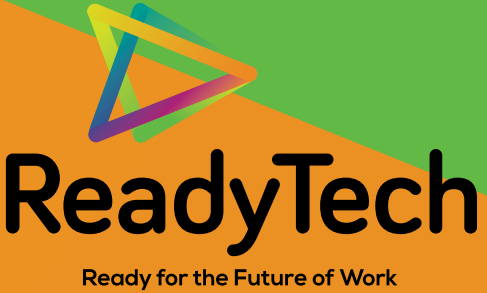
Tony Jones
GM, JobReady

- Joined JobReady in an operational role in 2006
- Project Director of AVETARS for ACT State Government
- Previously worked on major IT transformation projects at Universal Music Group in UK

Trevor Fairweather
GM, VETtrak

- GM of VETtrak since 2018
- Over 20 years of experience in senior management and executive roles in the technology sector
- Previous experience at MYOB, Acendre and EstimateOne

GLOSSARY

A2E	Assess2Educate, a ReadyTech product
ACV	Annual contract value
ARPC	Average revenue per customer
CAC	Customer acquisition cost
CAGR	Compounded annual growth rate
CLTV	Customer lifetime value
CY	Refers to the calendar year ending 31 December
DHS	Department of Human Services
FY	Refers to the financial year ending 30 June
LMS	Learning management system
NPATA	Net profit after tax but excluding the non-cash amortisation of acquired intangibles (including customer-related intangibles and acquired software) from prior acquisitions undertaken by ReadyTech
SMS	Student management system
STP	Single Touch Payroll
WHS	Work, health and safety

ReadyTech

Ready for the Future of Work

ASX: RDY