

MARKET RELEASE (ASX: RDY)

Update on non-binding indicative proposal to acquire ReadyTech

15 November 2022 – ReadyTech Holdings Limited (ASX: RDY) (**ReadyTech**) (ABN 25 632 137 216) refers to its announcement dated 1 November 2022 advising that it has received a conditional, non-binding indicative proposal from funds managed or advised by Pacific Equity Partners Pty Limited and its affiliates (**PEP**), a leading Australian private equity firm, to acquire ReadyTech by way of a Scheme of Arrangement at an offer price of \$4.50 per share (**Proposal**).

As previously advised, the Independent Board Committee carefully considered the Proposal, with advice from its financial and legal advisers, and granted PEP non-exclusive access to certain non-public due diligence information to allow it to develop a more certain Proposal.

Following receipt of the Proposal, ReadyTech has also held discussions with representatives of PEP and meetings have also taken place between the parties' financial and legal advisers.

Following these meetings and the due diligence undertaken to date, ReadyTech has received a written reconfirmation from PEP that they remain willing, on a conditional, non-binding indicative basis, to pursue an acquisition of ReadyTech at an offer price of \$4.50 per share (**Reconfirmation**), subject to completing due diligence.

The Reconfirmation proposed offer price of \$4.50 per share represents:

- an enterprise value of \$563 million¹;
- an acquisition proforma FY22 revenue multiple of 6.0x²;
- an acquisition proforma FY22 EBITDA multiple of 18.4x²;
- 51% premium to the VWAP set in the 1-month prior to the announcement of the Proposal;
- 49% premium to the VWAP set in the 3-months prior to the announcement of the Proposal;
- 50% premium to the VWAP set in the 6-months prior to the announcement of the Proposal;
- 7% premium to ReadyTech's all-time high share price, set on November 4th, 2021.

¹ Based on fully diluted share capital of 114,321,851 ordinary shares and a further 1,499,915 performance rights (which includes the performance rights to be issued under the FY23 plan), with adjusted proforma net corporate debt of \$38.4 million and lease liabilities of \$3.4 million.

² Based on FY22 reported revenue and underlying EBITDA, adjusted for the proforma impact of FY22 acquisitions (AVAXA, Open Windows and PhoenixHRIS) and the IT Vision acquisition.



The Independent Board Committee notes that the Reconfirmation has been provided on a non-binding indicative basis and continues to be subject to a number of conditions including:

- Completion of satisfactory ongoing due diligence;
- Negotiation and execution of binding transaction documentation, including a scheme implementation deed containing other customary terms and conditions;
- Obtaining binding commitments from debt financiers;
- Final PEP investment committee approval; and
- Receipt of all necessary regulatory and court and shareholder approvals.

The Reconfirmation also includes a reference to a potential scrip alternative for shareholders to elect to receive all cash, all scrip or a blend of cash and scrip consideration in a newly incorporated entity, potentially subject to a scrip scaleback mechanism. PEP has advised that it intends to work with the Independent Board Committee to agree the details of the scrip alternative and scaleback mechanism, as well as the terms of the shareholders' agreement to which shareholders, who elect to receive scrip consideration, would be a party.

The ReadyTech Independent Board Committee is currently of the view that it is in the interests of ReadyTech's shareholders to engage further with PEP in relation to the Proposal.

In the interests of all shareholders, the Independent Board Committee will consider any alternative proposals that support this objective, although no other proposals have been received to date.

The discussions with PEP are on-going and no agreement has been reached between the parties in relation to the value, structure or terms of a transaction. ReadyTech will keep shareholders fully informed on any material developments in accordance with its continuous disclosure obligations.

Shareholders do not need to take any action in relation to the Proposal or Reconfirmation. There is no certainty that these discussions will result in a transaction.

– ENDS –

This announcement has been authorised for release by the Independent Board Committee 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.