

# Investor Presentation

October 2022



# Forward-Looking Statements

Any statements made in this presentation that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including our financial outlook and descriptions of our business plan and strategies. Forward-looking statements are based on PowerSchool management’s beliefs, as well as assumptions made by, and information currently available to, them. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “can have,” “likely” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Because such statements are based on expectations as to future financial and operating results and are not statements of fact, actual results may differ materially from those projected. Factors which may cause actual results to differ materially from current expectations include, but are not limited to: potential effects on our business of the COVID-19 pandemic; our history of cumulative losses; competition; our ability to attract new customers on a cost-effective basis and the extent to which existing customers renew and upgrade their subscriptions; our ability to sustain and expand revenues, maintain profitability, and to effectively manage our anticipated growth; our ability to retain, hire and integrate skilled personnel including our senior management team; our ability to identify acquisition targets and to successfully integrate and operate acquired businesses; our ability to maintain and expand our strategic relationships with third parties, including with state and local government entities; the seasonality of our sales and customer growth; our reliance on third-party software and intellectual property licenses; our ability to obtain, maintain, protect and enforce intellectual property protection for our current and future solutions; the impact of potential information technology or data security breaches or other cyber-attacks or other disruptions; and the other factors described under the heading “Risk Factors” in the Company’s prospectus dated July 27, 2021, filed with the Securities Exchange Commission (“SEC”) in connection with our IPO. Copies of such filing may be obtained from the Company or the SEC.

We caution you that the factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. All forward-looking statements reflect our beliefs and assumptions only as of the date of this presentation. We undertake no obligation to update forward-looking statements to reflect future events or circumstances.

# The leading cloud software for K-12 education

**45M+**

Students as  
PowerSchool  
Customers



**70%+**

of All Students  
Reached in the  
U.S. and Canada



**15K+**

School and  
District  
Organizations



**\$580M**

Annual  
Recurring  
Revenue (ARR)<sup>1</sup>



**31%**

Q2`22 Adjusted  
EBITDA  
Margin<sup>1</sup>



✓ **Comprehensive  
Vertical SaaS  
Solution**

✓ **Mission-critical  
for Essential and  
Resilient K-12 Vertical**

✓ **Highly Predictable  
and Profitable  
Financial Profile**

✓ **Multiple levers to  
Continue Double-  
Digit Revenue Growth**



Our mission is to **power the education ecosystem** with unified technology that **helps educators and students realize their potential.**

# Our Combination of Winning Strategies



**Market Leader**  
in K-12 SaaS Solutions



**Well-Positioned**  
to Capture Resilient,  
Large, and Growing  
Software and Personalized  
Learning Market



**Best-in-Class,  
Most Comprehensive  
Cloud Solution** Improving  
Education Outcomes



**Extensive Distribution  
Engine** Selling Across All  
States, Districts, Size, and  
Personas



**Strong Growth  
Trajectory** with Proven  
M&A Track Record to Drive  
Double Digit Growth



**Highly Recurring,  
Predictable,  
Profitable, and  
Scalable Financial Profile**



**CX Innovators  
Awards.**



# Most Mission-Critical Suite for K-12

PowerSchool's Unified Platform drives workflows that are necessary for operating any K-12 organization

## Unified Classroom

- Engaging students, easing teaching
- Whole child instruction
- Elevated career and college readiness



INTENTIONAL  
CURRICULUM  
MAPPING



COLLABORATIVE  
LESSON  
PLANNING



HIGH-QUALITY  
TIERED  
INSTRUCTION

## Unified Operations

- Increasing efficiencies in administration
- Interoperability and information sharing
- Data safety and privacy



CENTRALIZED  
SYSTEM OF  
RECORD



MODERNIZED  
DATA  
COLLECTION



SIMPLIFIED  
BUDGET  
MANAGEMENT

## Unified Insights

- Utilizing data to improve outcomes
- Comprehensive analytics
- Complete learning paths



DATA-INFORMED  
DECISION  
MAKING



FOCUS ON  
KEY  
INITIATIVES



CONNECTED AND  
COMPREHENSIVE  
DATA

## Unified Talent

- Empowering educators and their districts
- Improving teacher effectiveness
- Increasing staff retention



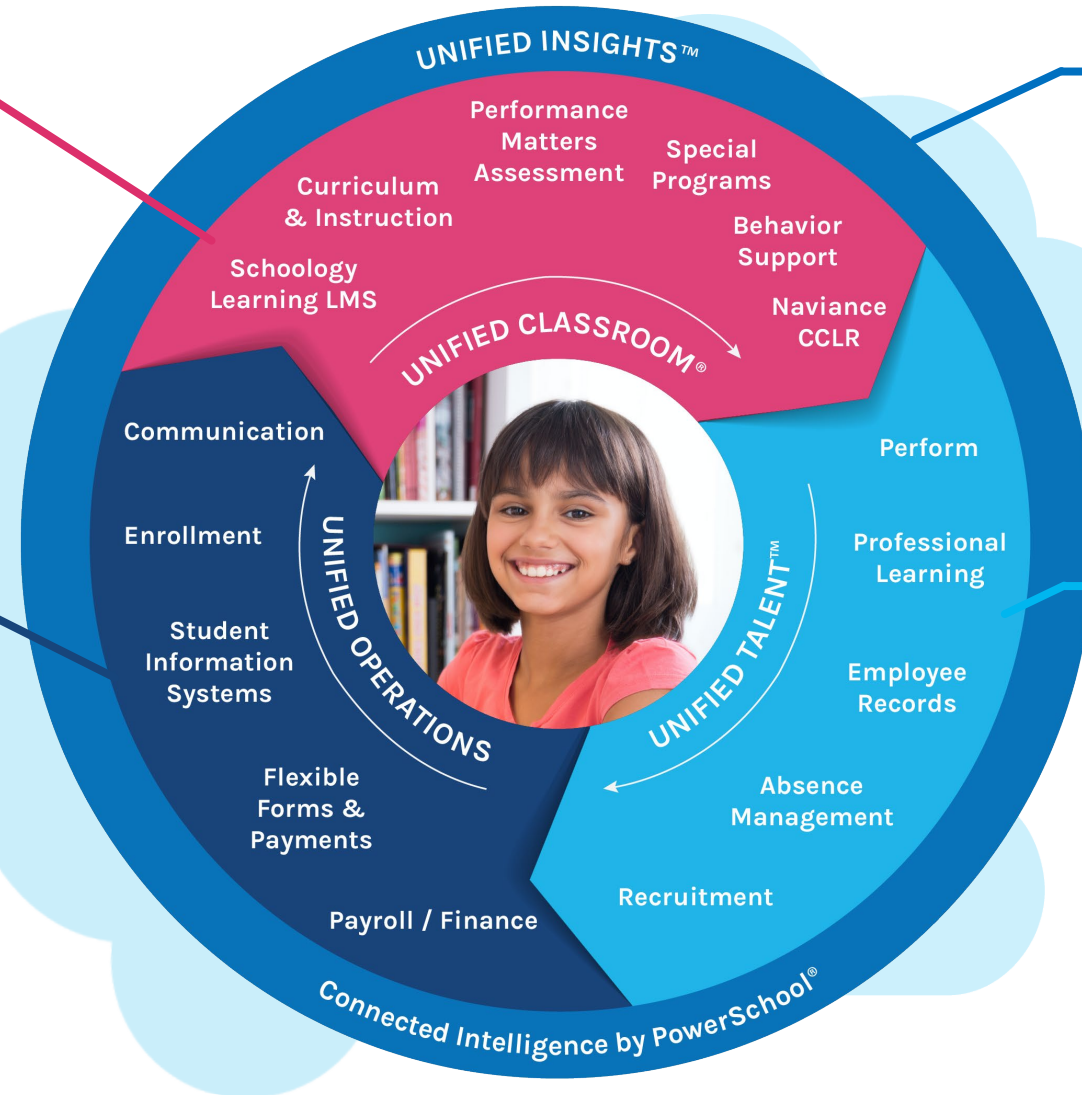
PERSONALIZED  
EVALUATION  
AND DEVELOPMENT



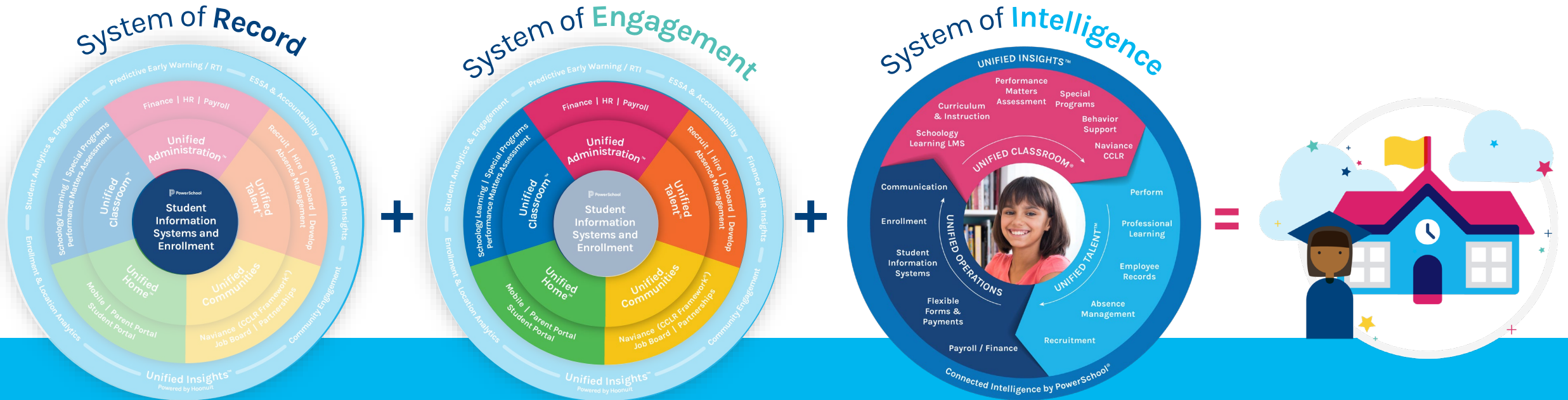
SIMPLIFIED  
ONBOARDING



REDUCED  
ADMINISTRATIVE  
BURDENS



# Serving as the K-12 System of Record, Engagement, and Intelligence



- Leading K-12 SIS provider in the United States
- Core hub for all student data from grades, attendance, health and enrollment
- Data powers everyday learning, teaching, and school operations

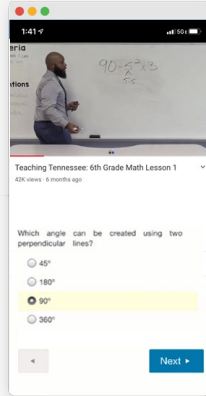
- Fosters collaboration and engagement between teachers, administrators, students and parents for better student outcomes
- Enables the powerful conversions of user and decision-making ecosystems

- Enables data-informed decision making to drive student and educator success
- Real-time insights with reporting tools and dashboards
- Predictive modeling and machine learning for personalized learning

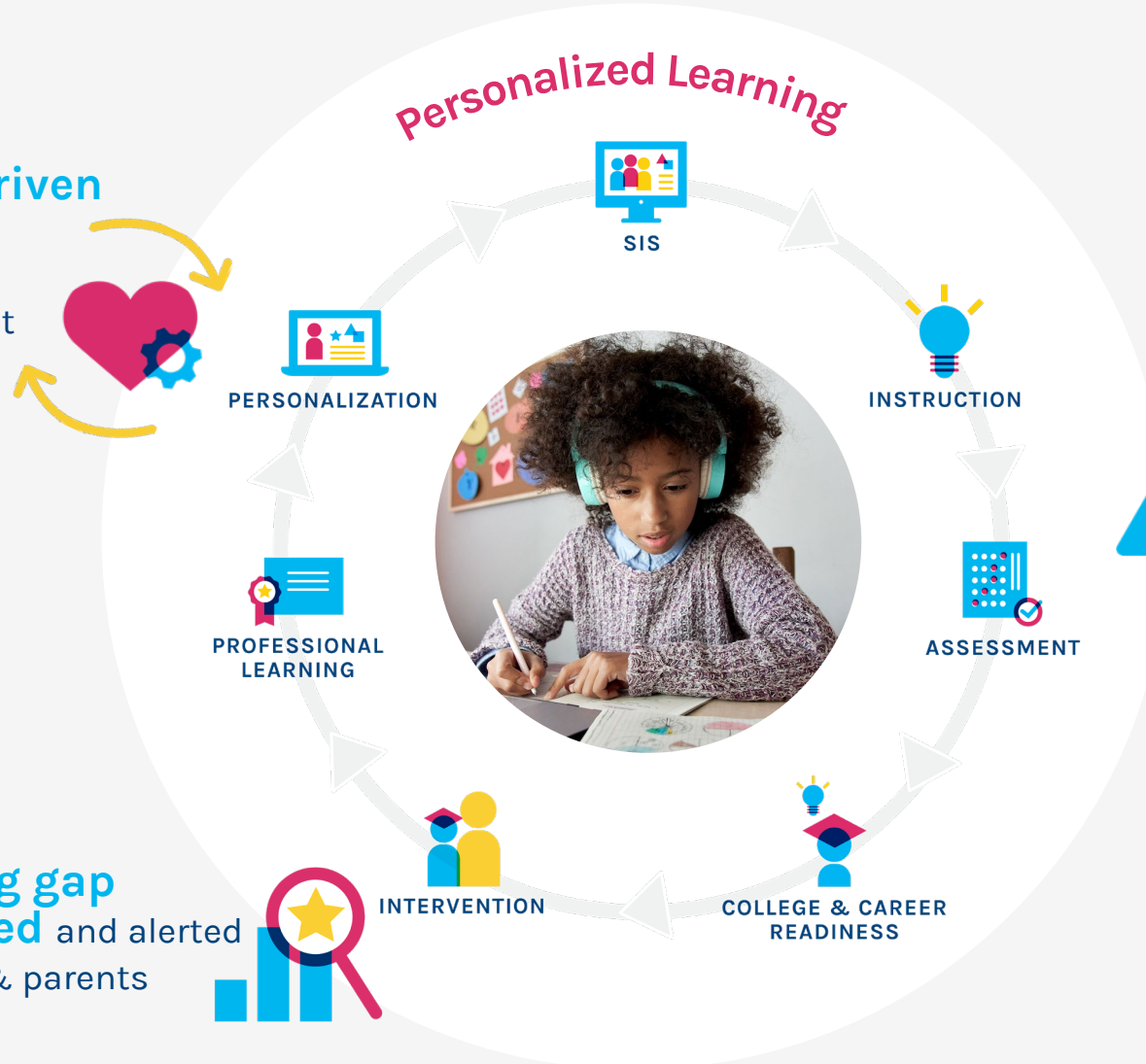
## Better Student Outcomes

# Well-Positioned to Drive Personalized Education

Data and Engagement Enable Opportunity for Revolutionary Insights and Personalization



Machine learning-driven personalized assessment sent to student



Systems of record & engagement **identify opportunity to 'intervene'**

Learning gap **identified** and alerted teachers & parents

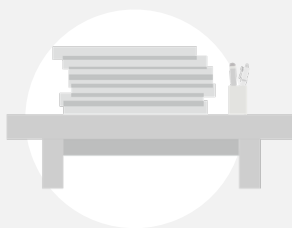




# Leading Provider in the Competitive Landscape

~50% of new ARR<sup>1</sup>

from opportunities with no competition, typically replacing:



- Pen & paper
- Spreadsheets
- Legacy systems

	PowerSchool	TOP COMPETITORS
Student Information System	Reach ~19M Students	Infinite Campus, SKYWARD, Edupoint
Classroom	~19M Students	INSTRUCTURE, illuminate education
Talent	~26M Students	frontline education
Administration	Customers in 48 States & Provinces	tyler technologies
Insights	12 State Contracts	BrightBytes
College & Career Readiness	40% of High Schoolers	xello

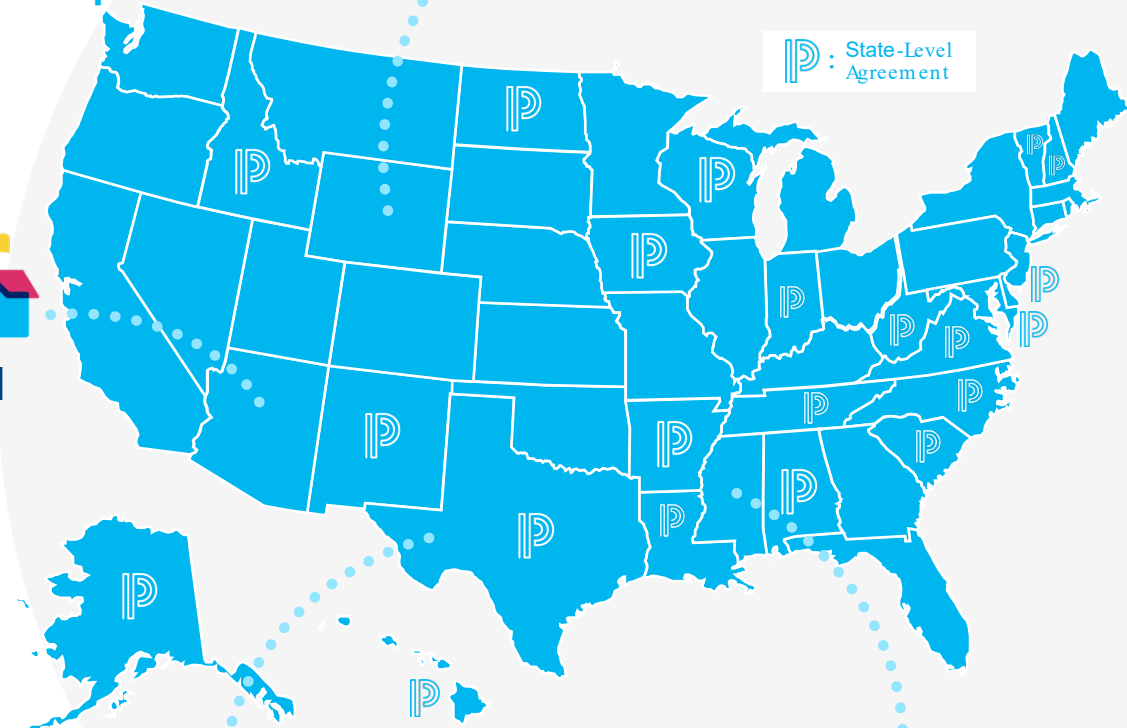
# Serving Every Major Type of K-12 Organization

Compliance reporting in **45 U.S. states** and **5 Canadian provinces**

**30** state-, province-, and territory-wide contracts across the U.S. and Canada



**15K+**  school and district organizations

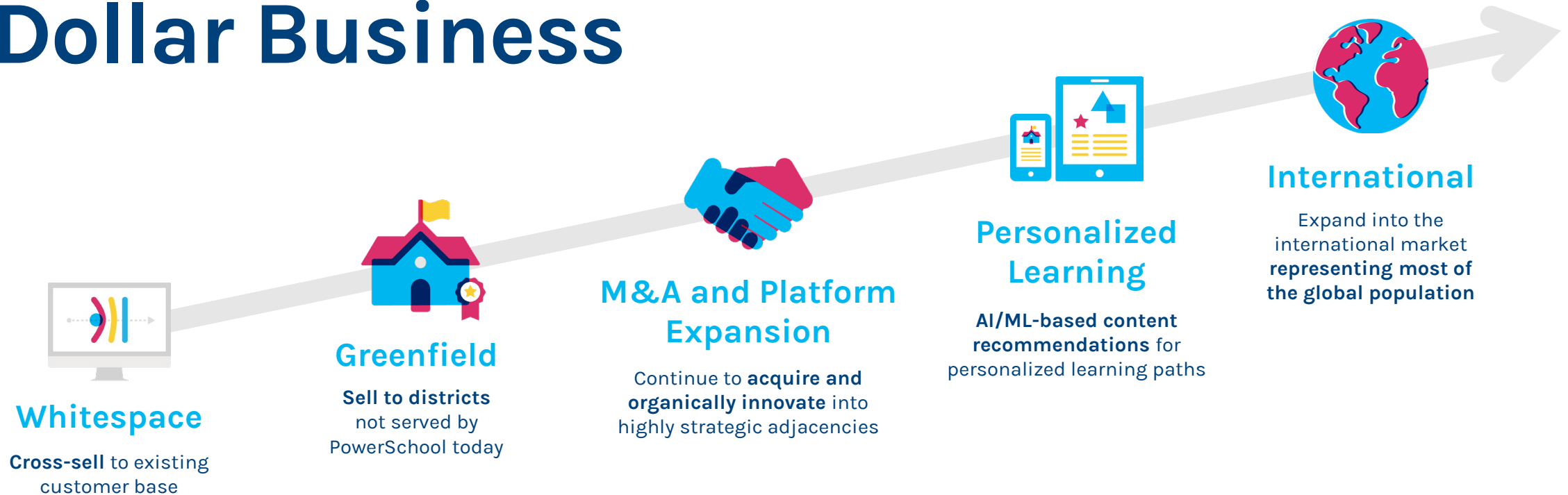


 : State-Level Agreement

Reaching **over 45M**  students globally

Contracts with **over 90** of the 100 largest districts in the U.S. 

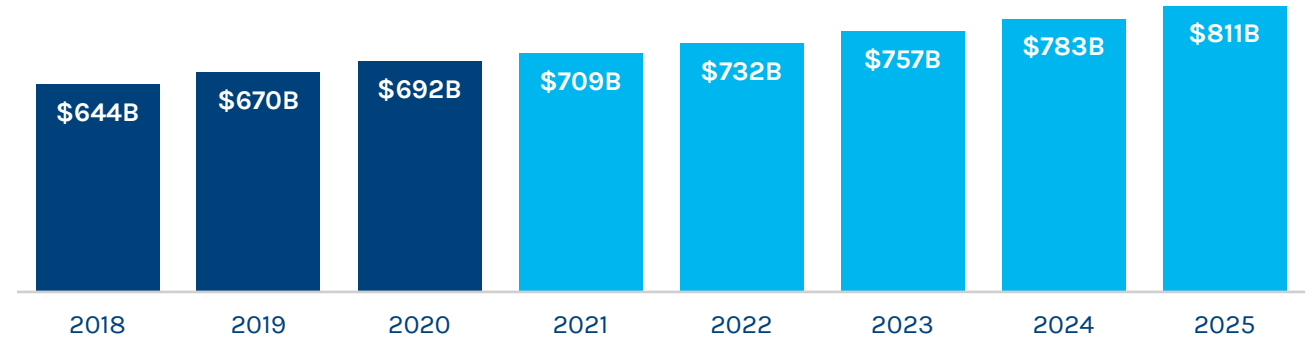
# Significant Growth Opportunity with Clear Path to Multi-Billion Dollar Business



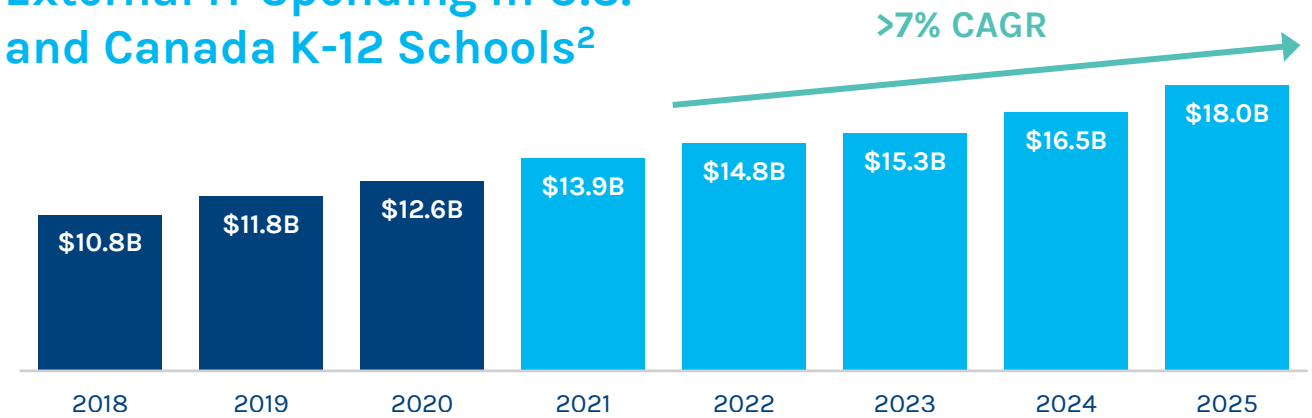
# The K-12 Education Market is Large & Expanding

- **HIGHLY RESILIENT** and Growing End-Market
- **3<sup>RD</sup>-HIGHEST** discretionary spend category by the United States Government
- **>\$7B OF US/CANADA** K-12 IT spending is allocated towards software and IT services<sup>2</sup>
- **COVID-19 HAS DRAWN MORE ATTENTION** to education and the technology gap, with an expected growth in K-12 funding

## U.S. K-12 Total Expenditures<sup>1</sup>

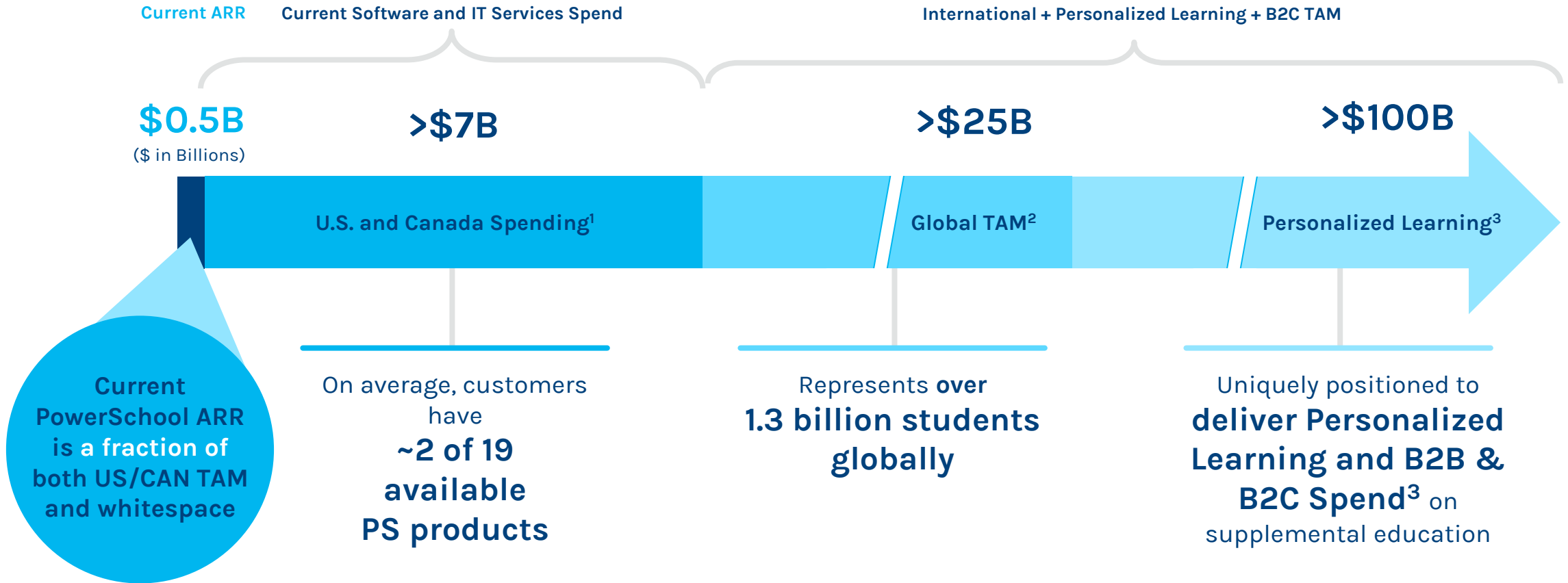


## External IT Spending in U.S. and Canada K-12 Schools<sup>2</sup>



# Large, Underpenetrated TAM with Strong Tailwinds

Current ARR Represents a Fraction of US and Canada K-12 Software spending of \$7B



# Unified Platform Enables Cross-Sell



Detroit Public  
Schools, MI



Alabama  
State DOE



Colorado Springs  
School District 11, CO



Delaware  
DOE

Platform strategy and two-pronged GTM approach **maximizes cross-sell** by leveraging integration, deep relationships, and product expertise:

**~2**

**Products Per  
Customer** Out  
of 19 Available

**107%**

**Net Revenue  
Retention Rate  
(NRR)<sup>1</sup>**

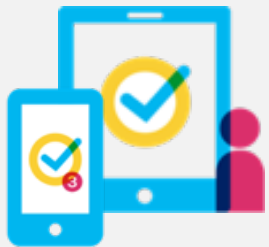
**>2,500**

**Sales Transactions  
of \$10K or Higher  
over last 12 months<sup>2</sup>**

# Building on Strong Tailwind



Strong stimulus and ongoing funding increase



Higher usage, adoption, and demand across our solutions

Uniquely positioned to drive holistic digital transformation, identify at-risk students, and accelerate learning gains :

**\$13B**  
of additional funding from CARES (March 2020)<sup>1</sup>

**\$54B**  
of additional funding from ESSER II (December 2020)<sup>1</sup>

**TEA**  
Texas Education Agency  
**2-Year State-Level LMS Using CARES Funding**

**\$122B**  
of additional funding from ESSER III for next 3 years (March 2021)<sup>1</sup>

Only **~12%** of \$122B ESSER III funds spent (as of June 2022)<sup>1</sup>

**\$3,460** per student, per district to be spent over next 3 years<sup>2</sup>

# Proven Platform for M&A

- ✔ 8 Strategic Acquisitions Since Beginning of 2019
- ✔ Focus on Product-Driven, Growth Accretive Targets
- ✔ History of Meeting or Exceeding Integration and Value Creation Targets
- ✔ Universe of 120+ Partners Provides Unique Vantage into Adjacencies



**Rapid Value Expansion**



**Increase Share of Wallet Potential**



**Established Integration Playbook**

  
A PowerSchool Unified Classroom™ Product

**Leading provider of Learning Management Systems to K-12 districts in the U.S.**

**~5M students added in 2020**



# Financial Highlights

## Profitable & Consistent Top-Line Growth

**107%**

Net Revenue Retention Rate (NRR)<sup>1</sup>



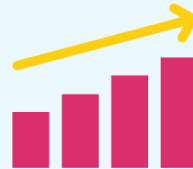
**86%**

Recurring Revenue Mix<sup>2</sup>



**68%**

Adjusted Gross Margin<sup>2</sup>



**\$580M**

Annual Recurring Revenue (ARR)<sup>1</sup>



**31%**

Adjusted EBITDA Margin<sup>2</sup>



✓ **Double-Digit** Cloud Growth

✓ **Highly Predictable** Revenue Stream

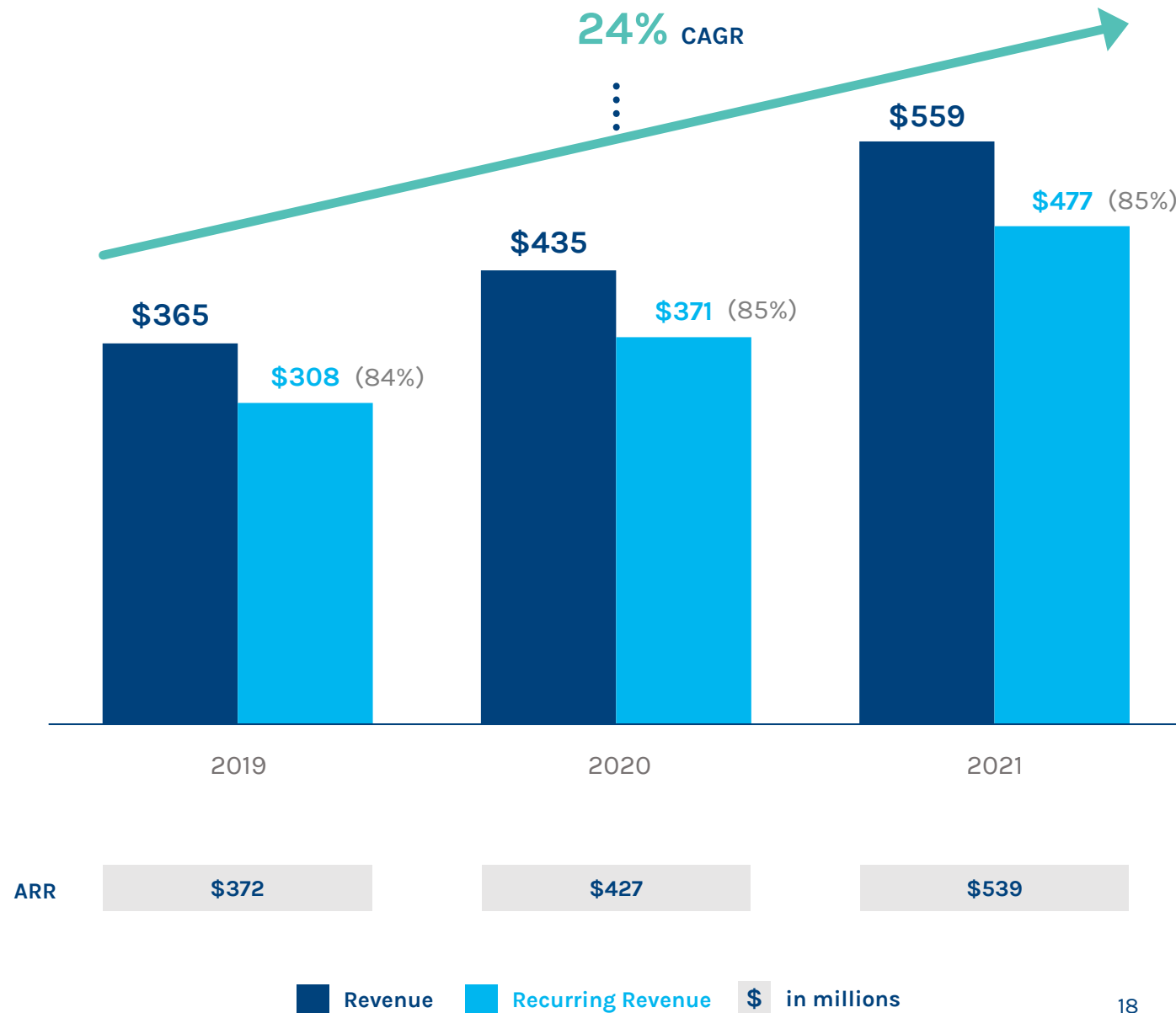
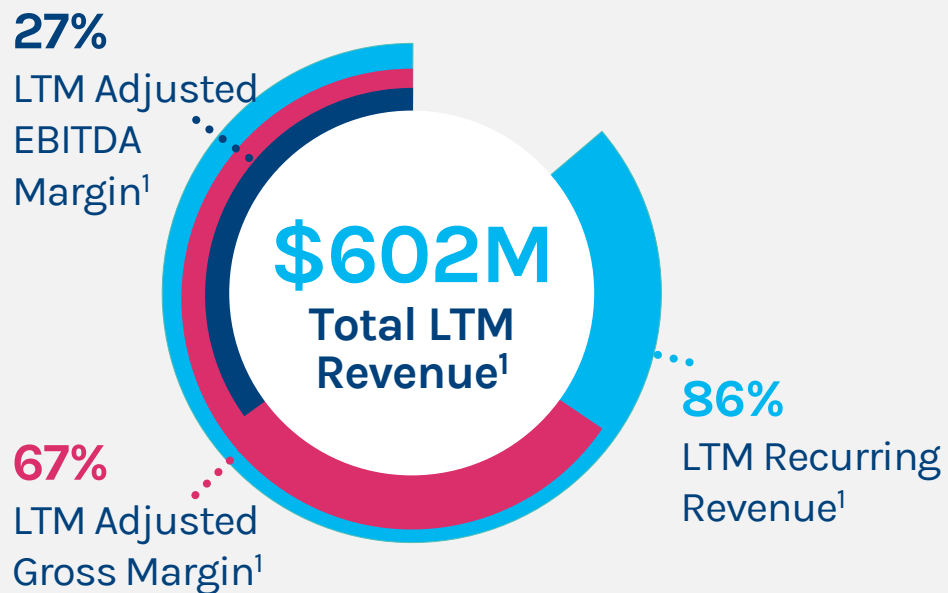
✓ **Demonstrated Cross-Sell** Growth Opportunity

✓ **Strong and Expanding Margin** Profile

✓ **Proven M&A** Track Record

# Premium Financial Profile

Profitable and consistent top-line growth driven by cross-sell and retention success



# Clear Capital Allocation Priorities

## 1 Growth accretive opportunities

- In-year opportunities that expand platform and are accretive to margins and overall financial profile

## 2 Strategic M&A

- Focused on leading products that can scale and have connectivity into core products like SIS
- Careful evaluation of buy, build or partner
- Long-term focus on building out personalized learning vision

## 3 Deleveraging

- Reduced net debt by \$810M after IPO
- Long-term net leverage target of 3x-4x

# PowerSchool Experienced Management Team

Established team with K-12, enterprise software, and public company experience



**Hardeep Gulati**  
CEO

23 Years of Relevant Experience



**Eric Shander**  
CFO

29 Years of Relevant Experience



**Craig Greenseid**  
CHIEF REVENUE OFFICER

21 Years of Relevant Experience



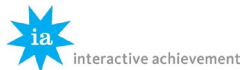
**Maulik Datanwala**  
CHIEF OPERATING OFFICER

16 Years of Relevant Experience



**Marcy Daniel**  
CHIEF PRODUCT OFFICER

27 Years of Relevant Experience



**Devendra Singh**  
CHIEF TECHNOLOGY OFFICER

28 Years of Relevant Experience



**Fred Studer**  
CHIEF MARKETING OFFICER

30 Years of Relevant Experience



**Alan Taylor**  
SVP CORPORATE DEVELOPMENT

10 Years of Relevant Experience

