



ReadyTech Holdings Limited

ABN 25 632 137 216

18 November 2020

Annual General Meeting – Chair and CEO Addresses

ReadyTech Holdings Limited (ASX: RDY) (**ReadyTech**) attaches the Chair and CEO Addresses to be made at ReadyTech's Annual General Meeting today which will be held online (virtually).

This announcement has been authorised for release to ASX by the Chair of ReadyTech,

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CHAIR'S ADDRESS – Tony Faure

Good Morning Ladies and Gentlemen, and welcome to the 2020 Annual General Meeting of ReadyTech Holdings Limited.

I am Tony Faure, the Chair of the Board, and I would like to thank you all for attending our first ever online AGM this morning.

This AGM will be rather different to the inaugural AGM held last year, but we are pleased to be able to provide our shareholders the opportunity to participate in our AGM in a way that is safe and responsible during this challenging times.

It is now 11.00 am, the nominated time for the meeting. I have been advised by the Company Secretary that a quorum is present and so I am pleased to declare the meeting open.

If you lose connection to the meeting at any time, you can log back into the AGM Online platform by returning to the Link Log In page and following the prompts.

You will then receive an automated email with a recovery link for you to click on. Click on this link to re-connect to the AGM.

Alternatively, please call our share registry provider, Link Market Services on 1800 990 363 for assistance.

Joining me for this AGM today via our online platform are:

- Elizabeth Crouch, Non-Executive Director;
- Timothy Ebbeck, Non-Executive Director;
- Tom Matthews, Non-Executive Director;
- Marc Washbourne, Director and Chief Executive Officer;

- Nimesh Shah, our Chief Financial Officer and Joint Company Secretary; and
- Melissa Jones, our Joint Company Secretary.

Joshua Tanchel representative from our auditor, Deloitte Touche Tohmatsu, is also attending this meeting via our online platform and will be available to answer questions from shareholders.

Elizabeth Crouch, as chair of the Audit and Risk Committee and Tim Ebbeck, as chair of the Remuneration and Nomination Committee, will also be available to answer questions.

I will now make some brief comments about the company's performance in FY2020 and so far in 2021, before handing over to our CEO, to take you through these matters in more detail.

FY20 saw ReadyTech complete its first full year as an ASX-listed entity. The past 12 months were unprecedented times for global and local economies, as well as for the businesses, investors and individuals that are their lifeblood. This period clearly showcased the mission-critical nature of ReadyTech's technology solutions, and how we can support our customers with next generation SaaS solutions, strengthening the base from which our company can continue to grow in FY21.

For those shareholders that are new to our Company, ReadyTech is a provider of people management software, primarily for Australian education providers and employers. Our software offerings in student management and workforce solutions makes us a key enabler in the conduct of fundamental tasks, from compliance in education, to the payment of employees in any workforce environment.

Combined with an enterprise strategy focused on growing our footprint into higher value markets while retaining and adding value to our existing customers, ReadyTech's

management team have delivered on investor expectations during this very challenging time.

The company achieved its FY20 Prospectus guidance, generating:

- 19.1% growth in revenue to \$39.3 million
- 21.5% growth in underlying EBITDA to \$15.6 million, and
- 63.9% growth in underlying NPAT to \$3.6 million, excluding the impact of non-recurring costs.

We anticipate that FY21 will see ReadyTech's growth trajectory continuing, with the recent Q1 FY21 trading update reaffirming FY21 guidance, with revenue retention maintained at 95% and the Gross new business pipeline at \$14 million.

Furthermore, we are well positioned to support the back-to-work and skills sectors that will be key to Australia's economic recovery. We are also encouraged by our software's ability to help businesses in facilitating the provision of training and services as part of the Federal Government's \$2 billion JobTrainer Skills package which aims to deliver 340,000 new training places.

ReadyTech has always strived to identify additional opportunities to broaden our reach into different vertical markets. The recent execution of a Heads of Agreement and Exclusivity Agreement with leading government-based software provider Open Office and the subsequent completion of an oversubscribed \$25 million placement to fund this potential transaction, further emphasises ReadyTech's willingness to pursue attractive acquisition opportunities that add revenue and earnings to complement our already strong growth trajectory.

With educators and employers reassessing and optimising the way they interact with students and employees, and an acceleration of digital transformation initiatives,

ReadyTech is in a strong position to be their partner of choice as they undertake digital initiatives to support their growth and success. This will require innovative thinking and the ability to adapt, both of which we are well-equipped for.

On behalf of the Board, I would like to thank you, our shareholders, for your continued support. I would also like to thank and congratulate ReadyTech's management team, headed by Founder & CEO Marc Washbourne, and all of our team members for the tremendous efforts and dedicated commitment they have shown over the past 12 months to enable the Company to navigate through the extraordinarily challenging operating environment and deliver robust growth.

We have a strong business that is meeting the fast-changing customer needs presented by a new economic environment. With multiple growth opportunities available, and a business model underpinned by subscription revenues that highly recurring, we are well placed to deliver on our mission of becoming a world-class technology company through customer success.

I will now hand over to the CEO, Marc Washbourne.

CEO'S ADDRESS – Marc Washbourne

Thank you, Tony and Good Morning, everyone.

I'm delighted to present to you the Company's FY20 results, which saw ReadyTech deliver strong growth across all key financial metrics.

I would like to start by thanking the entire ReadyTech team for the exceptional work they undertook over FY20. While COVID-19 has certainly tested us, I believe that we are now an even stronger business and have laid solid foundations to underpin continued growth in FY21 and beyond.

FY20 has clearly shown the mission-critical nature of ReadyTech's technology solutions, supporting our customers through COVID-19 with next generation software as a service.

We exited FY20 with strong momentum, as new business wins in the fourth quarter were up 55% versus FY19's fourth quarter.

Earlier in the year we signed a breakthrough contract with Kangan Institute and Bendigo TAFE for \$7 million with a 5 year subscription. This is a key client win showcasing the strength of our advanced platform offering, and positions us well to win further enterprise level clients.

We also experienced growing momentum in the Back to Work and Skills sectors, where our clients are supporting jobseekers to get back into the workforce. Due to the rapid increase in JobSeeker caseloads and the support for the skills sector, which has included the Govt's \$2bn JobTrainer program, this also supported that strong exit from FY20.

Moving on to the key operational and financial highlights for FY20. ReadyTech achieved strong growth across all key metrics with revenue growth of 19.1% and organic growth of 10%.

Most importantly, our earnings are increasing at a faster rate than revenue, highlighting the scalability of our SaaS platforms. As we scale and maintain margins, we are able to use operational leverage to further invest in R&D and sales, while also growing shareholder value.

Despite the challenging operating environment, we maintained a strong focus on our strategic priorities.

Annual Revenue per Client increased 18% to \$10,500, with our customer success team doing an exceptional job in helping clients adopt new modules for a remote world.

R&D spend was maintained at over \$11 million, supporting the development of new product features and modules, to underpin long-term sustainable growth.

Our highly complementary acquisition of Zambion has been fully integrated into HR3+, a unified payroll and workforce management platform.

Lastly, we maintained our commitment to retain and invest in new talent, including the appointment of our new Chief Executive for Education and further sales as well as senior marketing roles.

These results were achieved despite the difficult trading conditions engendered by COVID-19.

I am proud with how we responded to the challenge of navigating through this unique period. We did not stand down a single employee due to COVID-19 and instead, continued to invest in new talent.

New features were deployed rapidly to address clients' requirements such as JobKeeper reporting. Through our response, we believe we have significantly increased customer loyalty during this period.

The resilience of our business is achieved by our recurring revenue profile, as well as low exposure to international students in the education segment.

For some of you who are new to ReadyTech, we operate across two verticals, Education and Workforce Solutions.

We provide our clients with next generation mission-critical SaaS solutions. Our approach across all verticals is highly customer-centric and based on strong usability and agility, and we have one high performing culture across both segments as well as a shared set of best practice SaaS disciplines.

The growth we have been delivering has been driven by increasing demand from customers to replace existing legacy systems with cloud-based, configurable solutions that are continually updated.

A lot of existing systems are slow moving and too rigid to adapt to changing needs and new regulatory requirements. Our SaaS architecture allows us to respond quickly to clients' requirements, and this is a key reason we are winning new business.

The market opportunity for ReadyTech in the Education sector is very large. We are already the market leaders for VET providers, and there are significant opportunities to secure further TAFEs, Universities and corporates.

ReadyTech has experienced growing momentum in the Back-To-Work market, supporting increasing job seeker caseloads with market leading cloud-based products within jobactive, the Australian Government's \$1.3 billion program to get more Australians to work.

ReadyTech is well positioned to gain further traction in this sector as job seeker numbers and demand for digital solutions increase, with our JR Live platform one of only 3 systems accredited by the Federal Government in this market.

Our all-in-one unified workforce management software HR3+ is a go-to solution for clients looking to switch over from legacy systems to a pure cloud and all-in-one offering.

Compliance is our key strength, and we are able to provide more value to clients by quickly rolling out updates in response to changing regulatory requirements, such as JobKeeper payments that we responded to this year.

Traditionally, companies in mid-market will use separate systems for different tasks. Instead, our HR3+ platform provides a single view of employee with a unified employee experience.

The average revenue per HR3+ client is 3 times greater than a payroll-only client. We have experienced strong uptake from blue chip clients in HR3+ following the launch earlier this year, and believe that it positions us well to capture market share going forward.

As previously discussed, a key part of ReadyTech's business model is centred around identifying attractive and complementary verticals that can be acquired and grown even further and this has been the driving force behind the recent potential acquisition of Open Office, an integrated business that services the Government and Justice verticals.

The potential acquisition will allow ReadyTech to enter a market with high barriers of entry and has an exceptionally large Total Addressable Market which include over 500 local councils in Australia, 200 global justice departments and close to 35,000 touchpoints to drive growth. The acquisition also provides ReadyTech with an established customer base of 130 customers and a beachhead into the UK market which will open up new courses of growth.

To support the potential acquisition of Open Office, we recently announced the successful completion of an oversubscribed \$25 million placement, providing us with certainty of funding as we finalise due diligence and transactions documents. If the acquisition does not occur, we will use the placement proceeds to fund other growth opportunities, including potential M&A, consistent with our stated strategy.

Alongside the placement, we also announced a Share Purchase Plan to provide retail shareholders with the opportunity to invest at the same price as the placement. The SPP will aim to raise approximately \$4 million and would be conducted in 2021 and be used in connection with the potential completion of the acquisition of Open Office.

I'd like to close my presentation with the outlook for FY21. The strength of our SaaS platforms, and the high percentage of recurring revenue not only enabled us to provide guidance for FY21 with our FY20 result in August, when most companies are not able to,

but to reaffirm that guidance when we undertook the recent capital raising and again today at our AGM.

We expect ReadyTech to continue its growth trajectory in FY21, with revenue retention currently at 95% and a gross new business pipeline maintained at \$14 million for Q1 FY21.

ReadyTech is in a very strong position going forward, and we look forward to growing the company for the benefit of our team, clients and shareholders. Thank you, I'll now hand back to Tony for the formal part of this meeting.