



# RESULTS PRESENTATION 1H FY21

17 FEBRUARY 2021

MARC WASHBOURNE, CHIEF EXECUTIVE OFFICER

NIMESH SHAH, CHIEF FINANCIAL OFFICER



# NEXT GENERATION SAAS

PEOPLE-CENTRIC SOFTWARE



I'm a ReadyTecher



# 1H FY21 KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

Results on track to achieve FY21 market guidance of mid-teens revenue growth and EBITDA margin in the range of 37% to 39%

## REVENUE

13.4%

YoY Growth  
to \$21.8m

## RECURRING REVENUE

89%

vs HY20: 88%

## EBITDA\*

\$8.3m

Margin of 37.9%

## UNDERLYING NPATA\*

\$4.7m

## CLTV TO CAC RATIO^

9.4x

vs HY20: 7.2x

## OPERATING CASH FLOW CONVERSION TO EBITDA

87%

vs HY20: 86%

## CUSTOMER REVENUE RETENTION

95%

vs HY20: 95%

## AVERAGE REVENUE PER CUSTOMER

\$11.8k

vs HY20: \$9.6K  
vs HY20 Growth: +22.3%

^CLTV: Customer life time value and CAC: Customer acquisition costs

\*Underlying results exclude the impact of non-recurring costs of \$1.3m

# NEW BUSINESS DRIVING TOP LINE GROWTH

## ReadyTech continues to expand its customer base with blue-chip customers



Annualised revenue per new customers has grown +49% to \$42.5k, with many customers above \$100k p.a. This is in line with strategy to target high value customers, backed by a strong revenue pipeline of \$13m and a win rate of 65% over the last 12 months.



Major new customer wins including MAX Solutions, Australia's largest back-to-work provider with 1,500+ users, against a backdrop of momentum in sector with increased caseload activity.



Continued investment in the Sales, Marketing and R&D teams, with 20+ new roles hired in the last 12 months.



Strong new customer growth in the Workforce Solutions segment led by all-in-one cloud platform proposition.



Launch of integrated Learning Management System (LMS) in Education delivering new upsell opportunity. Education market activity has been boosted by government support, including \$2b JobTrainer program.

## Example of new customer wins

### Student Management Systems & Work Pathways

**MAX** | EMPLOYMENT  
Enabling Opportunities



**aimbig**  
bigger than employment



### Workforce Solutions



**Dahlsens**  
SINCE 1877



# STRATEGIC PRIORITIES – THE READYTECH FLYWHEEL





# OPEN OFFICE

STRATEGIC ENTRY INTO THIRD VERTICAL  
OF GOVERNMENT AND JUSTICE CASE  
MANAGEMENT

I'm a ReadyTecher



# OPEN OFFICE INVESTMENT HIGHLIGHTS

## INDUSTRY LEADING PLATFORM WITH STRONG MARKET POSITION

- Open Office is a citizen-centric integrated software business that services the government and justice verticals.
- Comprehensive range of advanced software provides customers with an end-to-end offering.
- Founded c.20 years ago with a proven offering, track record and modern tech stack.
- Strong penetration of the core local government asset management, community health and finance systems markets driving revenue and earnings growth.

## ATTRACTIVE MARKET

- Government and global justice markets are digitising services at a record pace. Both are also seeing migration to cloud and SaaS based platforms. Resilient customer base with public sector budget support.
- Large TAM of 500+ local councils with each providing c.70 services in communities and c.35,000 touchpoints to drive growth.
- The global justice segment has a large, global addressable market.

## VISIBILITY OF FUTURE REVENUES

- Strong recurring revenues with all software provided on a subscription basis.
- Long established 'sticky' customer base with an average length of customer relationships at ~7 years.
- Extremely low levels of customer churn with retention rates of more than 95%.

## DIVERSIFIED CUSTOMER BASE

- The group's revenue is split across local government customers in all states of Australia, state government departments and global justice organisations, providing extremely low levels of customer concentration on both a geographic and service level basis.
- Open Office currently has 137 local government customers and 16 courts and justice customers.

## EXPERIENCED MANAGEMENT TEAM

- 80+ FTEs with an extremely experienced management team who have long tenure in the government software sector.
- Founder shareholders to join ReadyTech Executive Leadership.

## ROBUST PLATFORM WITH UNIQUE GROWTH OPPORTUNITIES

- Being part of ReadyTech allows for greater brand awareness and the ability to compete for lucrative 'blue-chip' contracts.
- Open Office to benefit from ASX-listed company status and support for investment in sales and marketing.

# OPEN OFFICE OVERVIEW AND MARKET OPPORTUNITY

Open Office is an integrated business that services the government and justice software verticals. The group consists of Open Office, which provides software solutions for a variety of local and state governments, and McGirr Technologies (McGirr), a market leader in the justice case software markets (collectively 'Open Office').

	LOCAL GOVERNMENT	STATE GOVERNMENT / AUTHORITIES	JUSTICE DEPARTMENTS
BUSINESS UNIT	OPEN OFFICE	OPEN OFFICE	MCGIRR
DESCRIPTION	Citizen-centric, end-to-end community engagement and workflow management solutions.	Pointed solutions configured to manage specific legislative environments.	Citizen-centric, end-to-end solutions to streamline justice processes.
DELIVERY	SAAS	SAAS	SAAS
GEOGRAPHIES	AUSTRALIA	AUSTRALIA	GLOBAL



Large target addressable market: 500+ councils and 200 global justice departments.



Provides RDY with a beachhead into the UK market to drive new growth into the future.



Resilient end market with public funding support.

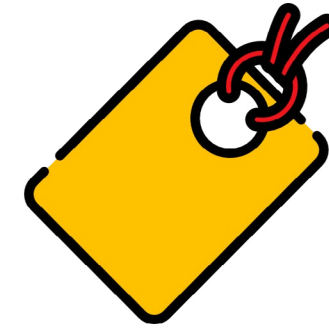


# OPEN OFFICE PRODUCT OFFERING

## SAAS SOLUTIONS OFFERED



**ASSET & PROPERTY  
MANAGEMENT**



**LICENSING, COMPLIANCE  
& ENVIRONMENT**



**FINANCE, HR  
& PAYROLL**



**CUSTOMER  
SERVICE MANAGEMENT**



**COMMUNITY  
24/7**



**COURTS AND JUSTICE  
CASE MANAGEMENT**

## DISTINCTIVE VALUE PROPOSITION THAT DIFFERENTIATES FROM COMPETITORS

### USER EXPERIENCE

- Citizen-centric
- Strong self-service
- Modern & Intuitive UI
- Supports “offline” mode
- Customer support excellence

### ADVANCED FUNCTIONALITY

- End-to-end, comprehensive solution
- Modular flexibility
- Automated workflows
- Custom reporting
- Insightful analytics

### CUSTOMER ONBOARDING

- Highly configurable
- Repeatable process
- Rapid delivery
- Flexible integration
- Seamless migration

### ARCHITECTURE

- SaaS offering
- Cloud-based
- Modern tech stack
- Mobile apps
- Highly secure



# READYTECH'S PLAYBOOK DELIVERS HIGH VALUE TO SEGMENTS AND VERTICALS

## Next Generation SaaS – Mission-Critical & Highly Trusted





# STRONG GROWTH

ACROSS KEY FINANCIAL METRICS



I'm a ReadyTecher



# FINANCIAL RESULTS ON TRACK TO MEET FY21 GUIDANCE

\$ MILLION			
	1H FY21	1H FY20	%YoY
Subscription and licence revenue	19.4	16.8	15.6%
Implementation, training and other revenue	2.4	2.5	(4.0%)
<b>Total revenue</b>	<b>21.8</b>	<b>19.2</b>	<b>13.4%</b>
Total expenses	(13.5)	(10.9)	(23.4%)
*Underlying EBITDA	8.3	8.3	0.5%
<b>*Underlying EBITDA Margin</b>	<b>37.9%</b>	<b>43.2%</b>	<b>(12.4%)</b>
Depreciation and amortisation	(2.2)	(1.9)	(17.6%)
Amortisation of acquired intangibles	(2.9)	(2.6)	(20.9%)
<b>Underlying EBIT</b>	<b>3.2</b>	<b>3.8</b>	<b>(14.6%)</b>
*Underlying NPAT	2.6	2.4	8.7%
Add: amortisation of acquired intangibles (post-tax)	2.1	1.9	10.0%
<b>*Underlying NPATA</b>	<b>4.7</b>	<b>4.3</b>	<b>9.3%</b>



- Total revenue of \$21.8m represented 13.4% YoY growth. Subscription and licence revenue was \$19.4m or 89% of total revenue, which represents a 15.6% YoY growth (organic revenue growth of 10.3%).
- Total revenue growth was driven by new customer wins and upsell/ cross-sell to existing customers, which resulted in Average Revenue per Customer of \$11.8k (growth of 22.3%).
- Total expenses of \$13.5m reflects:
  - Continued investment in key sales and marketing roles and costs to 9.6% of revenue (1H FY20: 7.4% of revenue)
  - Continued growth in R&D with annualised R&D costs of \$12.3m representing growth of 7.9% compared to FY20 of \$11.4m
  - LTIP of \$0.2m (1H FY20: nil).
- EBITDA margin of 37.9% is in line with FY21 guidance of 37% to 39%.
- Increased customer lifetime value to \$81.4k from \$64.1k in FY20.

\* Underlying results exclude the impact of non-recurring costs of \$1.3m mainly relating to capital raising and acquisition costs



# INCREASED OPERATING CASHFLOW, DEBT HEADROOM AND COMFORTABLE BALANCE SHEET SUPPORT INVESTMENT

NET DEBT AS AT 31 DECEMBER*		
\$ MILLIONS	31-Dec-20	30-Jun-20
Total Debt	22.5	25.0
Cash and cash equivalents	34.2	10.2
Capital raise for Open Office transaction	(24.3)	-
<b>Adjusted cash and cash equivalents</b>	<b>9.9</b>	<b>10.2</b>
Net debt/EBITDA	0.9x	1.0x
BALANCE SHEET*		
\$ MILLIONS	31-Dec-20	30-Jun-20
Cash and cash equivalents	33.2	10.2
Trade and other receivables	4.3	3.5
Other current assets	0.7	1.3
<b>Total current assets</b>	<b>38.2</b>	<b>15.0</b>
Intangibles	60.7	62.6
Other non-current assets	8.9	8.2
<b>Total non-current assets</b>	<b>69.6</b>	<b>70.8</b>
<b>Total assets</b>	<b>107.8</b>	<b>85.9</b>
Trade and other payables	4.3	3.9
Contract liabilities	11.4	12.0
Deferred consideration	4.1	4.1
Borrowings	22.5	25.0
Other liabilities	6.5	7.8
<b>Total liabilities</b>	<b>48.8</b>	<b>52.8</b>
<b>Net assets</b>	<b>59.0</b>	<b>33.1</b>

\$ MILLIONS		
	1H FY21	1H FY20
EBITDA	8.3	8.3
Changes in working capital	(1.1)	(1.2)
Cash flow from operating activities	7.2	7.1
% conversion (as % of EBITDA)	87%	86%
Capitalised development costs	(2.4)	(2.3)
Other capital expenditure	(0.8)	(0.6)
Net cash flow pre financing and tax	4.0	4.2

- Gross debt facility of \$27.5m with a leverage ratio of 0.9x represents significant bank covenant headroom of \$5m. The existing debt facility has been re-financed for another three years in February 2021, which caters for the funding of the Open Office transaction.
- Cash balance of \$33.2m includes \$24.3m of cash which was raised for the Open Office transaction.
- Operating cash of \$7.2m which is an 87% conversion supported by continued growth in customers pre-paying annual subscription fees.

\*excludes Open Office transactions



# EDUCATION: STUDENT MANAGEMENT SYSTEMS & WORK PATHWAYS

CONTINUED REVENUE GROWTH WITH  
STRONG PIPELINE OF ENTERPRISE OPPORTUNITIES

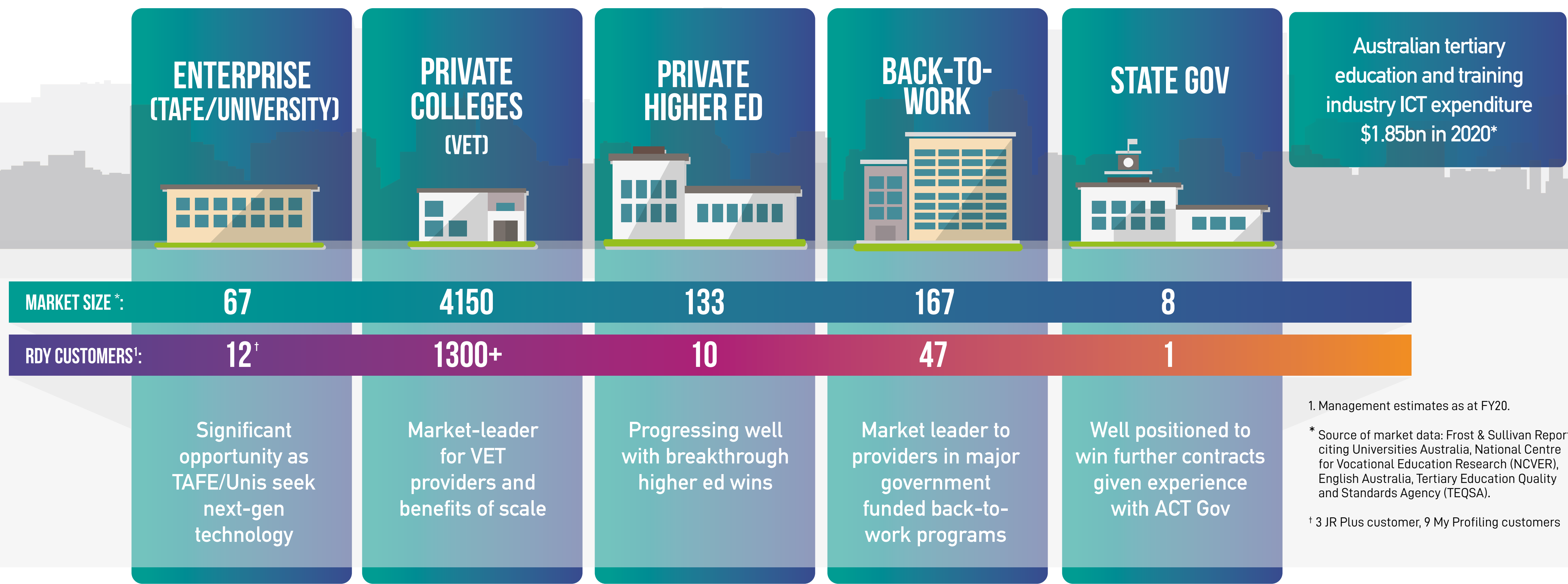


I'm a ReadyTecher



# READYTECH EDUCATION MARKET OPPORTUNITY

STRONG PROGRESS MADE PENETRATING THE LARGE ADDRESSABLE MARKET OF TERTIARY EDUCATION, TRAINING AND BACK-TO-WORK



Example customers:



# DRIVING GROWTH IN CUSTOMER BASE

## BACK-TO-WORK



### Type of customer:

Australia's largest Employment Services provider.

### Drivers of new/change of system:

Management team identified need for new platform to drive digital strategy and support for future government contracting.

## WHY WE WON

- ReadyTech's ability to deliver on digital strategy.
- Strong community investment / ongoing development.
- Ability to scale combined with deep sector expertise.

## PRIVATE COLLEGE



### Type of customer:

Highly diversified VET community college.

### Drivers of new/change of system:

Consolidation of short courses, traditional VET and international students onto one platform for easier management.

## WHY WE WON

- Ability to understand and support all facets of education business.
- Support for streamlining workflows and increasing data management efficiency.
- Strong referral and reputation from market.

## ENTERPRISE



### Type of customer:

Enterprise Workforce Development.

### Drivers of new/change of system:

Audi Australia's current Student Management System was reaching the end of its lifecycle.

## WHY WE WON

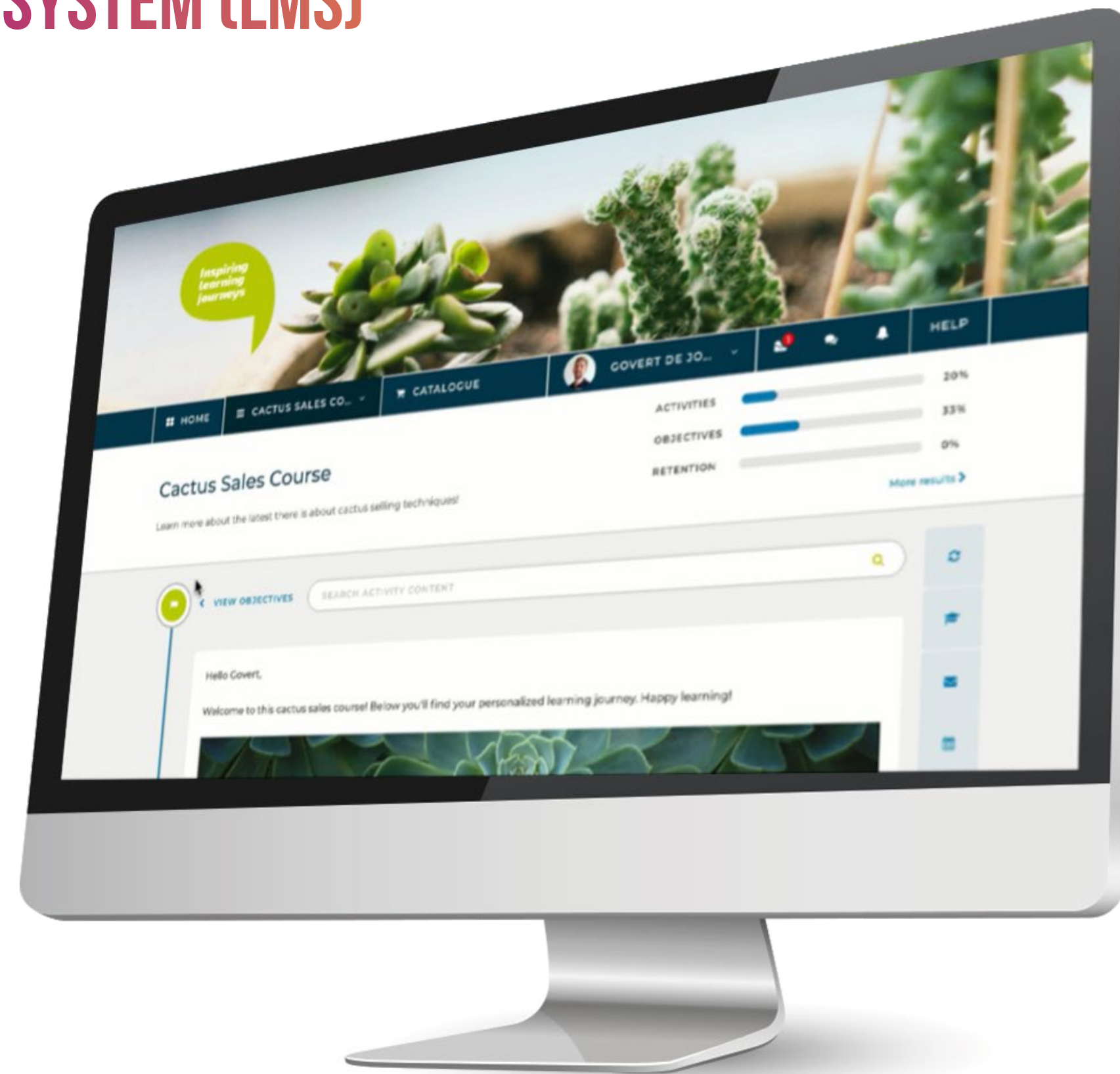
- Established vendor to deliver on highly specific workflows and in-depth requirements.
- Depth and rigour in all facets of onboarding to delivery and beyond.
- Capability to deliver on risk, governance, compliance, cyber and technology requirements.



# STUDENT MANAGEMENT SYSTEM STRENGTHENING PRODUCT SET AND INDUSTRY REPUTATION

## LAUNCH OF LEARNING MANAGEMENT SYSTEM (LMS) NEW UPSELL OPPORTUNITY

- ReadyTech launched integrated LMS in 1H FY21 as strong upsell opportunity to deliver new revenue stream.
- Includes white-label of globally leading online learning technology.
- Expect to perform well with growing demand for online learning, accelerated by COVID-19.



## ENTERPRISE PROGRESS

- Growing reputation as a viable alternative SaaS platform for enterprise.
- BKI TAFE project progressing well and on track for go-live in 1H FY22.

 **BendigoTAFE**

 **KANGAN**  
INSTITUTE

# GROWTH IN EDUCATION REVENUE AND EBITDA



\$ MILLIONS			
	1H FY21	1H FY20	Growth
Revenue	11.7	10.7	9.5%
EBITDA	5.4	4.8	11.7%

- Revenue growth of 9.5% driven by strong new business and significant upgrades from existing customers.
- Strengthening recurring revenue base through increased customer engagement, with retention revenue at 95%. Minimal impact of COVID-19 with less than 3% of international students across ReadyTech's Student Management Systems (SMS).
- Growth in average revenue per new customer is 68% in 1H FY21 compared to FY20.
- Continued investment in sales and marketing to drive high value qualified leads for the work pathways and tertiary education sectors.
- BKI progressing well with go-live projected in 1H FY22.
- CLTV to CAC ratio of 11.0x with a CLTV of \$102k (FY20: CLTV of \$77k).



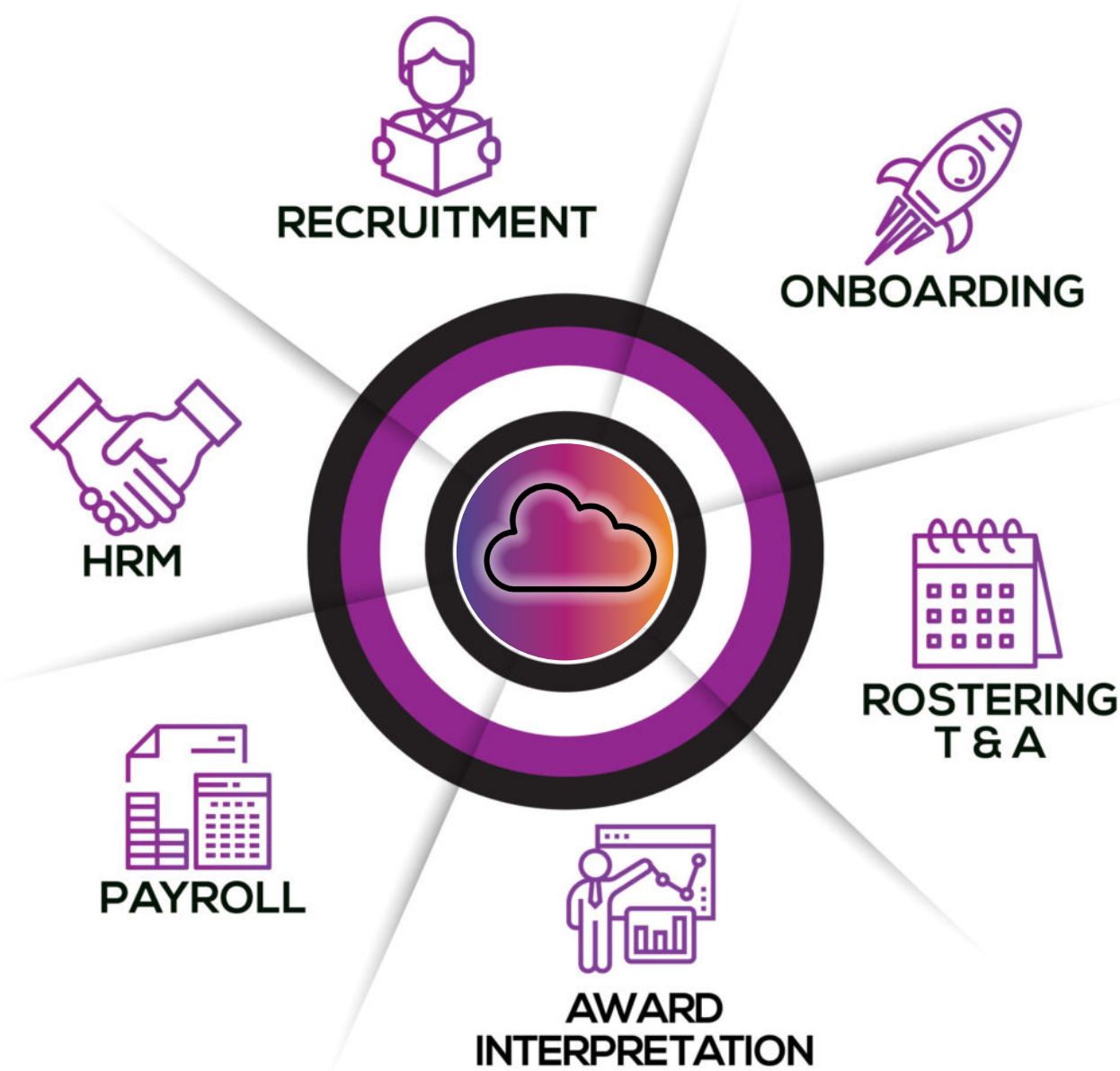
# WORKFORCE SOLUTIONS

STRONG GROWTH DRIVEN BY NEW  
CUSTOMERS AND EXPANSION OF  
CURRENT CUSTOMER SPEND

I'm a ReadyTecher



# WORKFORCE SOLUTIONS CLOUD OFFERING



## BENEFITS OF ALL-IN-ONE PLATFORM



### ONE VENDOR

Traditionally in mid-market, separate systems – legacy technology.



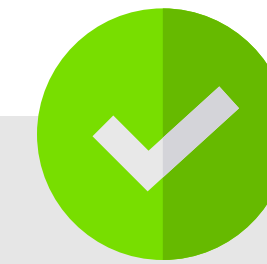
### UNIFIED

Single view of employee and unified employee experience via mobile.



### EFFICIENT

Real-time management of connected data.



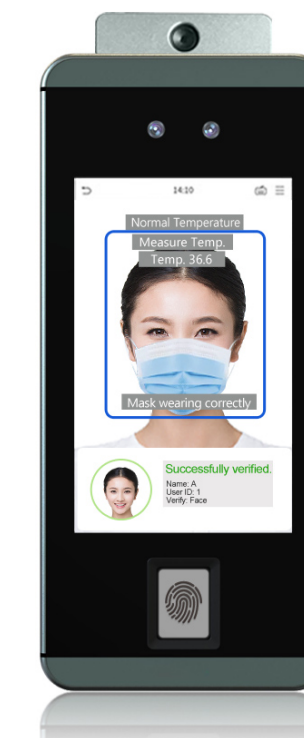
### HIGH VALUE

Average revenue per customer is typically 3 times greater than payroll-only customer.



### EXPANDED

Ability to support Australia and NZ on one platform.



### Enhanced product capability – facial recognition time capture

- Next-gen facial and temperature recognition device integration.
- Supports time capture for contactless workforce management.
- Seamless workflow and risk management for the COVID-19 period and beyond.



# NEW CUSTOMER GROWTH ACHIEVED WITH COMPELLING OFFERING



**Type/size of customer:**  
Building retail. 1,100 employees.

## Drivers of new/change of system:

Consolidating companies onto one HRIS as previously multiple systems for payroll, rostering, HR, time and attendance.

## WHY WE WON

- ReadyTech was selected as met needs for administrative efficiency and automation in rostering, payroll processing and HCM.
- Sole source-of-truth also provides all business reporting requirements.



**Type/size of customer:**  
Wellness. 375+ employees.

## Drivers of new/change of system:

Outgrew previous platform. They had disparate systems in place across the business and needed to consolidate these, as well as identifying the need for a time & attendance solution.

## WHY WE WON

- Vendor care and ReadyTech local expertise.
- Accuracy via sole source-of-truth, total compliance and confidence in pay and accruals. System provides strong visibility across workforce data.
- Productivity improvement via software automation and integration.
- ReadyTech system supports decentralisation and empowering people.



**Type/size of customer:**  
Group of childcare centres/early learning.  
Approx 400 employees across 12 ABNs.

## Drivers of new/change of system:

Issues with previous provider – service, errors, lack of accuracy. Also, the way the previous payroll and time & attendance systems integrated caused many time-consuming issues.

## WHY WE WON

- A unified service for payroll and time & attendance to drive efficiency.
- Supported by a commitment to high service standards and a local presence.

## STRENGTHENING UPSELL OPPORTUNITY ACROSS PRODUCT SET



- Comprehensive offering provides multiple sources of new and extension revenue:
  - Upsell from Payroll only to Workforce Management and/or HR
  - Upsell to Managed Services



- Average revenue per client is typically 3 times greater than payroll only client.
- Investment in facial recognition software.



# GROWTH IN WORKFORCE REVENUE AND EBITDA



\$ MILLIONS			
	1H FY21	1H FY20	Growth
Revenue	10.1	8.5	19.4%
EBITDA	4.3	4.1	2.9%

- Revenue of \$10.1m, growth of 19.4% driven by new customer wins with Zambion all-in-one platform, as well as managed services. Retention revenue is 96%.
- Growth in average revenue per new customer is 33% in 1H FY21 compared to FY20.
- Increased investment in sales and marketing costs as planned of 8.7% of revenue in 1H FY21 compared to 1H FY20 6.8% of revenue.
- CLTV to CAC ratio of 7.2x with a CLTV of \$64k (FY20: CLTV of \$60k).



# OUTLOOK

RDY expects FY21 revenue growth rate in the mid teens, with EBITDA margin in the range of 37%-39%, excluding the Open Office transaction.



# KEY TAKEAWAYS



Growth in average revenue of new customers in 1H FY21 of 49%, backed by a strong revenue pipeline of \$13m and a win rate of 65% over the last 12 months.



Navigating through COVID-19 with software supporting companies to remotely manage people (jobs) and students (skills). Minimal impact with less than 3% of international students across ReadyTech's Student Management Systems.



Strong and scalable growth in revenue and earnings with 27% increase in customer lifetime value to \$81.4k from \$64.1k in FY20.



Continued investment in sales and marketing, technology and talent.



Acceleration of digital transformation/ government support programs underpins substantial growth opportunities.



RDY expects FY21 revenue growth rate in the mid teens, with EBITDA margin in the range of 37%-39%, excluding the Open Office transaction.

# APPENDIX



# EDUCATION

## STRONG OPPORTUNITY FOR GROWTH AND COMPELLING DIFFERENTIATORS

### OPPORTUNITY

- LEGACY**  
Sunset current legacy systems with digital transformation projects.
- CONSOLIDATION**  
Seeking improved productivity, efficiency and system consolidation.
- AGILITY**  
Seeking agility to evolve technology and maintain regulatory requirements, limited by rigid, slow-moving systems.
- EXPERIENCE**  
Focus on improving student outcomes and student experience.
- INVESTMENT MODEL**  
Sentiment has shifted from large, upfront technology investments.

### WHY WE WIN

- Pure cloud provides agile development and regular releases via subscription.
- Customer-centric cloud solutions, providing an entire suite of student management services.
- Local and strong regulation expertise and technology partner offering.
- Student Coach – a unique value-added predictive capability focused on increasing student outcomes.
- Strong student self-service and support for “student life”. Marketplace manages employment pathways and internships.
- Attractive nature of SaaS subscription contracts and payments.



# WORKFORCE SOLUTIONS

LARGE ADDRESSABLE MARKET OPPORTUNITY WITH TRUSTED AND ADVANCED PRODUCT

## OPPORTUNITY

### REGULATORY CHANGES

Continuous regulatory and legislative changes, affecting awards, annualised salaries ('underpayment' issues) & Single Touch Payroll

### OPTIMISE

Increasing necessity to optimise the workforce. Efficiency gains through productivity, managing people better

### REMOTE

Growing demand for remote staff management

### ALL-IN-ONE

Growing demand to shift from legacy systems to pure cloud and all-in-one offering

### MANAGED

Growing demand to outsource all or part of payroll compliance management due to growing complexity or cost & changing market conditions

## WHY WE WIN

Compliance is ReadyTech's key strength. Flexible cloud-based system with regular releases, such as JobKeeper payments. Highly trusted brands

Date effective (what and when it happened) automation including in-platform automated compliance checker

State-of-the-art cloud workforce management including timesheets, rostering and employee self-service

Unified cloud offering with payroll, workforce management and HR, delivered with mobile employee experience

ReadyTech offers a trusted managed service on its platforms, locally based with dedicated payroll consultants with easy transitions (hybrid model)





# DISCLAIMER

This presentation has been prepared by ReadyTech Holdings Limited for professional investors. The information contained in this presentation is for information purposes only and does not constitute an offer to issue, or arrange to issue, securities or other financial products. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. The presentation has been prepared without taking into account the investment objectives, financial situation or particular need of any particular person.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in the presentation. To the maximum extent permitted by law, none of ReadyTech Holdings Limited, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this presentation nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies.

Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

The distribution of this document in jurisdictions outside Australia may be restricted by law. Any recipient of this document outside Australia must seek advice on and observe such restrictions.





**For more information:**

Ronn Bechler

Market Eye Pty Ltd

P: +61 400 009 774

E: [ronn.bechler@marketeye.com.au](mailto:ronn.bechler@marketeye.com.au)

**About ReadyTech**

ReadyTech (ASX:RDY) is a leading Australian provider of next generation SaaS technology for educators and employers managing the complex human journey through study, work and career transitions. ReadyTech provides people management software to over 4,000 educators, employers and facilitators of work transitions. Bringing together the best in student management, apprenticeship management, workforce management, employment services and behavioural science technology, ReadyTech's technology ecosystem supports the development and success of tomorrow's workforce.