

23 March 2021

MARKET RELEASE

ReadyTech completes acquisition of Open Office

- ReadyTech's acquisition of Open Office was completed today.
- Completion follows the receipt of shareholder approval for the acquisition at ReadyTech's Extraordinary General Meeting held on Friday, 19 March 2021.
- The acquisition reinforces ReadyTech's strategy to provide mission critical Software-as-a-Service (SaaS) to targeted markets leveraging its modern technology platforms, all underpinned by its best practice approach to deploying customer-centric software.
- With Open Office, ReadyTech enters the attractive government and justice sectors delivering new growth opportunities and consistent revenue streams.
- Open Office's experienced management team is being retained, and is aligned with ReadyTech's vision, strategy and culture.

ReadyTech Holdings Limited (ASX: RDY) a leading provider of SaaS technology in the education and workforce solutions markets, is pleased to announce that it has completed the acquisition of Open Office and McGirr (collectively Open Office), a leading government and justice case management SaaS provider with strong customer bases in Australia and overseas (United Kingdom and Canada).

The acquisition of Open Office involves Upfront Consideration of \$54 million and Earn Out Consideration of up to an additional \$26 million, as described in the Explanatory Memorandum released on ASX on 15 February 2021.

Completion follows shareholder approval of the acquisition at ReadyTech's Extraordinary General Meeting held on Friday, 19 March 2021. Open Office's experienced management are aligned with ReadyTech's vision, strategy and culture and will be retained to further strengthen the expanded team.

Commenting on the completion of the acquisition, ReadyTech co-founder & CEO Marc Washbourne said: "We're delighted to welcome the Open Office team to ReadyTech, and are excited by the growth potential we see for our expanded SaaS businesses. With growing revenues, strong margins, profitable operations and positive cashflows, ReadyTech is in a unique position to support our customers, build exciting careers for our people, and deliver sustainable growth in shareholder value."

Managing Director of Open Office, Phillip Simone (who will take on the role of Chief Executive, Government and Justice on completion) said: "Open Office has a strong foothold into all levels of government in Australia. This is an exciting new chapter for us, as ReadyTech's proven capability will assist in driving deeper connections with an industry that has strong barriers to entry, leveraging the robust, long-term relationships we already have with our customers."

Previous FY21 earnings guidance reaffirmed, and expected Open Office contribution to FY21 performance

- ReadyTech reaffirms its FY21 guidance (excluding Open Office) previously provided to the market:
 - Revenue growth rate in the mid-teens
 - EBITDA margin in the range of 37% to 39%.
- Open Office is expected to contribute \$4.3 million of revenue in FY21, also with an EBITDA margin in the range of mid to high 30%.

Transaction overview

The key strategic and commercial rationale for the acquisition includes:

- Consistent with ReadyTech's strategy to identify new and attractive verticals and provide mission critical SaaS, underpinned by its best practice approach to deploying customer-centric software.
- Presents an opportunity for ReadyTech to continue its successful track record of organic and inorganic expansion into new markets.
- Strategically compelling as it enables accelerated growth through entry into the government and justice sectors.
- Unlocks new addressable markets and enables ReadyTech to leverage Open Office's experienced management team and capabilities to build ReadyTech market share in these new markets.
- Delivers incremental recurring revenue, adding to ReadyTech's existing strong subscription revenue streams.
- The Earn Out Consideration structure (as described in the Explanatory Memorandum) will assist in de-risking the transaction for ReadyTech shareholders.

Share Purchase Plan

On Friday, 6 November 2020, ReadyTech announced a Share Purchase Plan (**SPP**) scheduled to be conducted in 2021 in connection with the potential completion of the acquisition of Open Office, to allow eligible ReadyTech shareholders an opportunity to acquire additional shares in ReadyTech.

Eligible shareholders on the ReadyTech register at 7:00pm (Sydney time) on 5 November 2020 (Record Date), with a registered address in Australia or New Zealand will have the opportunity to subscribe for up to \$10,000 worth of ReadyTech shares through the SPP, subject to eligibility criteria and other terms and conditions of the SPP which will be set out in the SPP booklet. The SPP booklet is expected to be despatched to eligible shareholders on Thursday, 25 March 2021. It is expected that the SPP will open on Thursday, 25 March 2021 and will close on Monday, 12 April 2021.¹

The SPP is intended to give a participation opportunity to retail shareholders on the register around the time of the Placement. Shares issued under the SPP will rank equally with existing shares of ReadyTech.

¹ Indicative dates that are subject to change at ReadyTech's discretion.

ReadyTech is aiming to raise approximately \$4 million under the SPP. ReadyTech may decide to accept applications (in whole or in part) that result in the SPP raising more or less than \$4 million in its absolute discretion. If a scale back is applied, an eligible shareholder may be allocated fewer ReadyTech shares than they applied for under the SPP. If ReadyTech decides to conduct any scale back, it will apply the scale back having regard to the size of the existing shareholdings of the applicants as at the Record Date.

New Shares under the SPP are to be issued at the lower of the price paid by investors under the Placement, and a 1% discount to the 5-day VWAP of ReadyTech shares up to the SPP closing date².

– ENDS –

This announcement has been approved by the Independent Board Committee.

For more information please contact:

Ronn Bechler
Market Eye
P: +61 400 009 774
E: ronn.bechler@marketeye.com.au

Nimesh Shah
Chief Financial Officer
P: + 61 437 980 296
E: nimesh.shah@readytech.io

Important Notice

Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on ReadyTech's current expectations, estimates and projections about the industry in which ReadyTech operates, and beliefs and assumptions. Forward looking statements can generally be identified by the use of forward-looking words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of ReadyTech and Open Office, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward - looking statements. ReadyTech cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of ReadyTech only as of the date of this release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. ReadyTech will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

² Subject to the ASX listing rules, including any minimum price required by the ASX listing rules.