

MARKET RELEASE

ReadyTech delivers strong FY21 results

24 August 2021 – ReadyTech Holdings Limited (ASX:RDY), a leading provider of SaaS technology in the Education & Work Pathways, Workforce Solutions and Government & Justice markets, is pleased to announce its results for the year ended 30 June 2021 (FY21) in which the Company continued to deliver strong growth and achieved earnings guidance.

FY21: strong growth across all key metrics¹

- Revenue up 27.4% to \$50.0 million
 - Revenue growth excluding Open Office of 15.1%
 - Customer revenue retention increased to 96% (FY20: 95%)
- Underlying EBITDA up 21.4% to \$18.9 million with an EBITDA margin of 37.8%
- Underlying NPATA up 27.0% to \$10.6 million
- Operating cashflow conversion 113% of EBITDA (FY20: 95%).

Commenting on the FY21 result, ReadyTech's CEO and Co-Founder, Marc Washbourne said:

"ReadyTech has delivered another strong and consistent year of revenue and earnings growth, which was achieved through both organic growth and the initial contribution of our Government & Justice vertical, following the successful integration of Open Office. Our performance is clear validation of our strategy and our vision to build a market-focused, mission critical software powerhouse."

"The results reflect increasing recognition in the marketplace of ReadyTech's expertise in next generation customer-centric SaaS solutions that streamline operations, improve user experience and meet the strict compliance and regulatory needs of the education, workforce, government and justice sectors. This is particularly true of the higher value end of the market, where we have seen strong new business performance across all markets we serve, with an impressive list of new customers onboarded during the year. At the same time, we continued to successfully execute on upsell/cross-sell to our loyal customer base."

"A strong top line and healthy profit margins have also allowed us to reinvest back in the business, supporting the long-term growth and earnings power of the company. ReadyTech operates in multiple large addressable markets that are ripe for digital transformation – and we are listening very closely to the needs of customers and investing accordingly. Our continued reinvestment in research and development supports ReadyTech's strong product-market fit, new roles in sales and marketing drive execution on go to market, and investment in customer onboarding contributes to the streamlining of operations as we scale."

¹ All figures are in AUD and comparisons are made against FY20 unless specified. FY21 underlying results exclude the impact of transaction and restructuring costs of \$2.2m and the impact of revaluation of contingent consideration of \$1.8m.



Strong result in line with guidance

New customer wins and cross-selling to existing customers, in addition to an initial \$4.8 million contribution from the Open Office acquisition, drove 27.4% growth in revenue to \$50.0 million. Excluding Open Office, revenue grew 15.1% to \$45.2 million. With a continued focus on high quality subscription contracts, 87% of revenue for the year was recurring, supported by customer revenue retention of 96%. The strong result was driven by execution of ReadyTech's strategy to target higher value customers, with average revenue per new customer increasing to \$35,500 (FY20: \$28,600), as well as cross-sell and upsell to existing customers.

ReadyTech achieved earnings guidance while making significant reinvestments into the business to underpin future growth. In line with the long-term stated strategy, sales and marketing spend increased to 11.0% of revenue (FY20: 9.6%). ReadyTech's EBITDA margin for FY21 was 37.8%, within the guided range of 37-39%, with the company remaining highly profitable during this period of strong reinvestment.

Strong revenue and earnings growth in Education & Work Pathways

Education & Work Pathways delivered 16.9% growth in revenue to \$24.9 million, driven by a combination of new business, cross-sell and significant upgrades from existing customers.

New business is increasingly being driven by higher value and enterprise customers with average revenue per new customer increasing 42% to \$38,800 (FY20: \$27,200), and with market adoption of ReadyTech's cloud solutions increasing across the education, training and back-to-work markets.

Key customer wins during the year included an enterprise account with the Commonwealth Bank's in-house registered training organisation (RTO), a private RTO National Business Institute (NBI) and UK employment services provider, Fedcap Employment. The landmark Bendigo TAFE and Kangan Institute (BKI TAFE) project is also progressing well with subscriptions being triggered and scope expanded to reflect additional requirements.

High growth in Workforce Solutions

Workforce Solutions grew revenue 13.3% to \$20.3 million, with particular new business strength in the all-in-one workforce management suite and significant upgrades from existing customers.

New customer wins are driven by the stand-up economy, including the targeted industry verticals of hospitality, manufacturing, aged care, agriculture and logistics. Strong uptake in the mid-to-enterprise market is evident in average revenue per new customer increasing 19.7% to \$39,400. Notable wins during the year included beverage manufacturer De Bortoli, transport operator Tasco Petroleum and New Zealand grower Bostock, with customers attracted by ReadyTech's all-in-one cloud offering and strength in mission-critical payroll.

Successful integration of Open Office

The strategic acquisition of Open Office during the year established ReadyTech's third vertical of Government & Justice. ReadyTech's FY21 results reflect the part year contribution of Open Office, which was \$4.8 million in revenue and \$1.7 million in EBITDA. On a 12-month proforma basis Open Office generated FY21 revenue of \$18.3 million, triggering the earlier than expected achievement of



first earnout hurdles – reflecting the strong progress on integration with ReadyTech. The vendors elected to take the \$9 million earnout consideration in ReadyTech fully paid ordinary shares.

Positive outlook

Commenting on ReadyTech's outlook, Mr Washbourne said:

"ReadyTech is playing a mission-critical enabling role for customers in our chosen verticals at a time of significant challenge, disruption and change. With our increasing penetration and strong product-fit into the large addressable markets of Education & Work Pathways, Workforce Solutions and Government & Justice, along with a growing investment in sales and marketing and a high conviction pipeline of \$19 million, we are very well positioned to execute on the opportunities that lay ahead. We see our strong growth continuing both in the year ahead and over the long term."

"ReadyTech targets organic revenue of over \$125 million by FY26. For FY22, we expect organic revenue growth in the mid-teens following full 12-month (FY21) Open Office revenue of \$18.3m. EBITDA margin is expected to be in the range of 36% to 38%."

Analyst conference call details:

An investor call will be hosted by Marc Washbourne (CEO) and Nimesh Shah (CFO) at 10:30am AEST, Tuesday 24 August 2021. Those wishing to dial into the briefing are encouraged to pre-register via the following link: <https://s1.c-conf.com/diamondpass/10015306-sdmd42a.html>. Registered participants will receive their dial in number upon registration.

– ENDS –

This announcement has been authorised for release by the Board of Directors of ReadyTech Holdings Limited.

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About ReadyTech

ReadyTech is a leading provider of mission-critical SaaS for the education, 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 readytech.io.