

ASX RELEASE

ReadyTech (ASX:RDY) continues growth momentum with strong 1H result

16 February 2022 – ReadyTech Holdings Limited (“ReadyTech” or the “Company”), a leading SaaS business focused on providing next generation cloud-based software to customers within the education and work pathways, workforce solutions, and government and justice sectors, is pleased to announce its results for the six months ended 31 December 2021 (1H FY22) in which the Company delivered another period of strong growth.

1H FY22: continued strong growth across all key metrics¹

- Revenue up 63.7% to \$35.7 million
 - Like-for-like² revenue growth of 16.8%
 - Net customer revenue retention increased further to 97%
- Like-for-like² subscription revenue growth of 23.3% to \$29.8 million; with 22 new high value customers won for an aggregate annual value of \$5 million
- Underlying EBITDA up 55.2% to \$12.9 million
 - Underlying EBITDA margin of 36.0% (excluding LTIP: 37.3%)
- Statutory NPAT up 336% to \$5.8 million.

Commenting on the 1H FY22 result, ReadyTech Co-Founder and CEO, Marc Washbourne said:

“ReadyTech has delivered another period of strong like-for-like growth, maintaining the trend of consistent increases in recurring SaaS revenue and earnings. The financial results that continue to be achieved are an outcome of our laser focus on delivering, implementing and supporting next generation, people-centric software across our Education & Work Pathways, Workforce Solutions and Government & Justice segments.”

“ReadyTech is increasingly being recognised for its configurable and adaptable cloud-based platforms, deep domain expertise and highly attractive user experience. Our deep investment in exceptional product-market fit, track record of successful delivery in the enterprise market, and a well-defined go-to-market strategy saw us win 22 new customers of high value during the half. This strong new business growth was complemented by account management teams executing on cross-sell and upsell opportunities, extending our share of wallet within the existing customer base.”

¹ All figures are in AUD and comparisons are made against 1H FY21 unless specified. 1H FY22 underlying results exclude non-recurring costs of (\$0.6) million, which includes the impact of transaction and restructuring costs of \$1.0 million, impairment of intangible asset of \$4.4 million relating to government licensing opportunity and the impact of revaluation of contingent consideration of \$(6.0) million.

² Like-for-like figures include pro-forma Open Office financials for 1H FY21 and exclude the contribution of AVAXA and Open Windows in 1H FY22.



“We also continued to execute our strategy of reinvestment for growth, with strategic hires across research and development, sales and marketing, and customer onboarding, ensuring that the vertical SaaS playbook ReadyTech has developed over many years continues to deliver high value and sustained growth within each segment we serve. Capability and customer footprint has been further enhanced through the acquisitions of AVAXA and Open Windows, which are integrating well into the high performing ReadyTech culture.”

Strong like-for-like revenue growth maintained at high margins

On a like-for-like² basis, revenue was \$35.0 million, up 16.8%. Total revenue for 1H FY22 was \$35.7 million (1H FY21: \$21.8 million), including the part year contributions of AVAXA and Open Windows of \$0.7 million.

High quality subscription revenue grew at a faster rate than total revenue on a like-for-like basis, with 23.3% growth to \$29.8 million. Likewise, net customer revenue retention increased to 97% (FY21: 96%) reflecting ReadyTech's focus on mission-critical software and customer satisfaction.

Organic growth was driven by a combination of new customer wins, user subscriptions and module upgrades. ReadyTech's strategy of targeting higher value and enterprise customers was also evident with average revenue per new customer increasing to \$59,800 (1H FY21: \$42,500) – including 22 new customers generating aggregate annualised revenue of \$5 million.

The Company continued to prudently reinvest top line growth back into the business, with planned growth in sales and marketing to 10% of revenue (1H FY21: 9.6%), research and development costs increasing to 30.5% of revenue (1H FY21: 27.2%) and LTIP impact of \$0.4 million (1H FY21: \$0.2 million).

Accelerated growth in Education & Work Pathways

1H FY22 saw an acceleration in revenue growth for Education & Work Pathways of 27% to \$14.9 million (1H FY21: \$11.7 million), which also included a \$0.6 million part period contribution from AVAXA. Growth was driven by substantial new business, in addition to significant upsell of the learning management system, capitalising on the accelerating trend to digitise learning offerings.

New customer wins were well-weighted towards enterprise, resulting in average revenue per new customer of \$52,700 (1H FY21: \$45,800). Noteworthy wins reflecting ReadyTech's proven experience and ability to deliver on complex technology requirements included enterprise training organisation Australian Pacific College, employment services provider Workways and tertiary education provider Avondale University.

Solid growth in Workforce Solutions

Workforce Solutions continued to increase traction in the stand-up economy, with 10.3% growth in revenue to \$11.1 million. Revenue growth was a function of new all-in-one platform customer wins and significant upgrades from existing customers. The value in all-in-one deployments was demonstrated by average revenue per new customers won during the half of \$116,300, which contributed to the increase in average revenue per new customer for the segment to \$48,200 (1H FY21: \$39,800).



With customers attracted to ReadyTech's integrated solutions for the replacement of disparate systems as well as strong product-market fit, key customer wins during the half-year included Auckland Theatre Company, major agricultural company Trevelyan Pack & Cool, and leading hotel operator The Langham.

Uplift in Government & Justice subscription revenue

Government & Justice delivered revenue growth of 19.3% to \$9.7 million, like-for-like² basis of 17.7%, which included 62% growth in subscription revenue to \$8 million. Recurring revenue is now 81% of segment revenue, compared to circa 60% for the pro-forma 1H FY21 period. Results also included an initial \$161,000 contribution from Open Windows, following the December 2021 acquisition. In the half, average revenue per Government & Justice customer was \$254,000 (FY21: \$145,000), reflecting the enterprise nature of the customer base.

With digital transformation providing a continuing tailwind, key local government wins included Town of Claremont (WA) and Oberon Council (NSW) – both customers choosing ReadyTech for its contemporary cloud-based platform and citizen-centric approach. In the justice market, the Fair Work Commission also represented a key win for the Company's proven and highly advanced case management software solution.

Positive outlook for FY22, and upgrade to FY26 organic revenue target to over \$140 million

Commenting on ReadyTech's outlook, Mr Washbourne said:

"The digital transformation agenda across the education, workforce, government and justice spectrum continues at a rapid pace and has a long runway ahead. As a vertical SaaS specialist operating in large and growing addressable markets, and executing on a high conviction gross opportunity pipeline, ReadyTech remains very well positioned to capitalise and continue to deliver sustainable revenue and earnings growth."

"After a strong 1H FY22, ReadyTech reiterates its outlook for FY22 organic revenue growth in the mid-teens³. The recent acquisitions of Open Windows and AVAXA are expected to deliver incremental FY22 revenue of \$2.2 million at an EBITDA margin of 16%. EBITDA margin at a group level is expected to be in the range of 36% to 38%, excluding the impact of LTIP."

"Given the strength of the business, and including the recent AVAXA and Open Windows acquisitions, we have increased ReadyTech's FY26 organic revenue target to over \$140 million."

³ With full 12 months FY21 Open Office revenue being \$18.3 million.



Analyst conference call details:

An investor call will be hosted by Marc Washbourne (CEO) and Nimesh Shah (CFO) at 10:30am AEDT today.

Those wishing to dial into the briefing are encouraged to pre-register via the following link: <https://sl.c-conf.com/diamondpass/10019138-sl4m1h.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 and training, employment, 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 www.readytech.io.