

MARKET RELEASE (ASX: RDY)

#### **Annual General Meeting – Presentation and Addresses**

**15 November 2022** – ReadyTech Holdings Limited (ASX: RDY) (**ReadyTech**) (ABN 25 632 137 216) attaches a copy of the presentation and addresses to be made at today's Annual General Meeting.

#### - ENDS -

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

#### For more information, please contact:

Nimesh Shah Chief Financial Officer

e. nimesh.shah@readytech.io

**p.** +61 437 980 296

#### **About ReadyTech**

ReadyTech is a leading provider of mission-critical SaaS for the education, employment services, 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.

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**ASX:RDY** 

2022 ANNUAL
GENERAL MEETING

15 November 2022



# Chair's address Tony Faure

# CEO's presentation Marc Washbourne



NEXT GENERATION, PEOPLE-CENTRIC

# SOFWARE

# ReadyTech delivers strong like-for-like growth

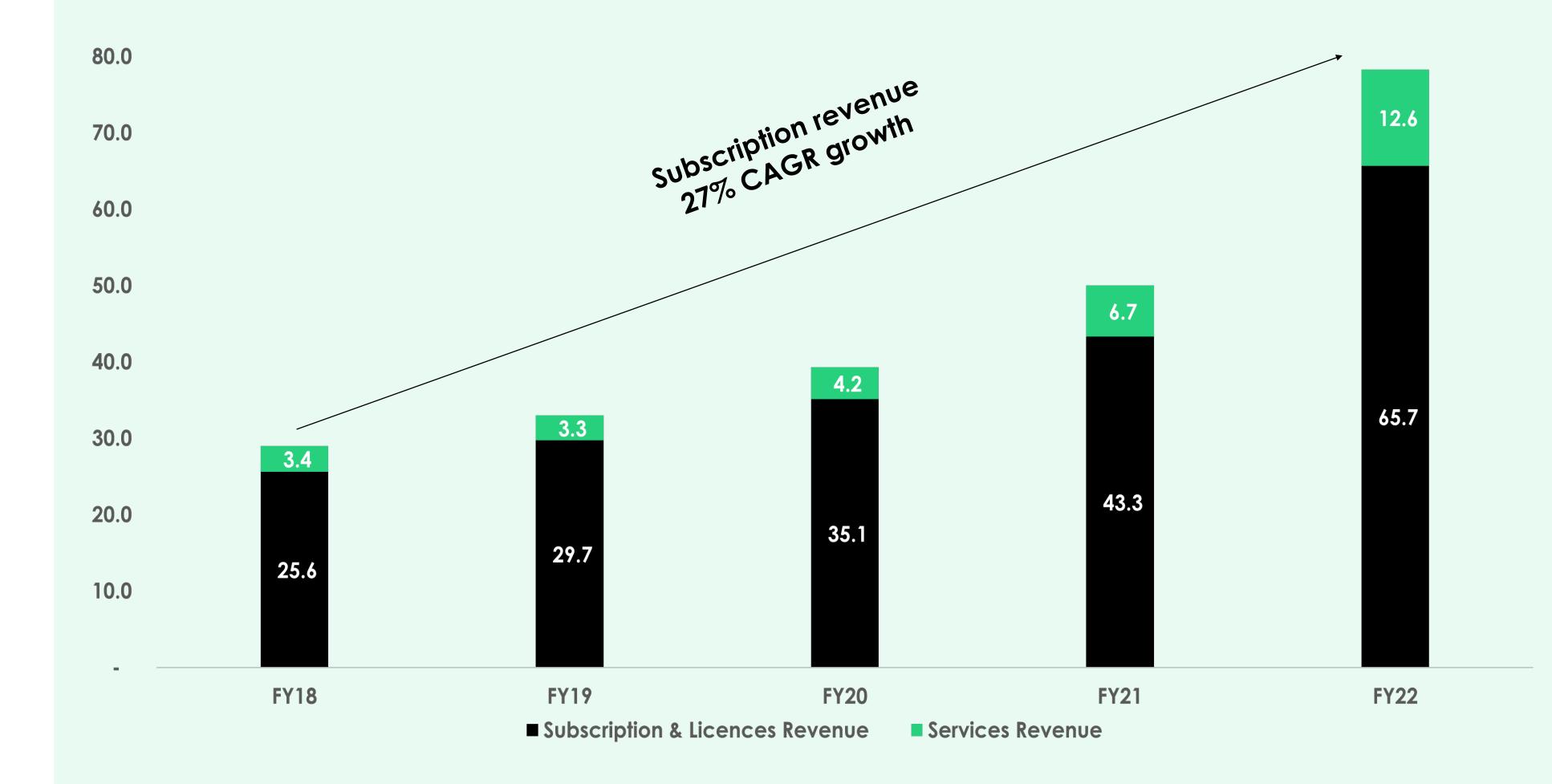
Net customer revenue Like-for-like revenue\* **Underlying EBITDA\*\* Underlying NPATA\*\*** retention 106% 1 \$14.3m 1 \$27.5m 1 16.8% Margin of 35.1% (exc. LTIP: 36.5%) YoY growth to \$78.3m FY21: \$10.6m FY21: 104% FY21: \$18.9m Growth in revenue per new High value customer acquisition Gross opportunity pipeline Recurring revenue > \$50K annualised value New customers only customer 48 new high value customers 84% 46% growth > \$25.0m customers Revenue per new customer Q1 FY21: \$19.0m Aggregate annual value \$8.0m FY21: 87% \$51.6k

<sup>\*\*</sup>FY22 underlying results excludes non-recurring costs of \$0.8m which includes the impact of transaction and one-off costs of \$1.6m, impairment of intangible asset of \$4.4m relating to a government licensing opportunity, and the accounting impact of contingent consideration of (\$5.2m).



<sup>\*</sup>Like-for-like compares revenue contribution from FY22 acquisitions of AVAXA, Open Windows and PhoenixHRIS against respective prior corresponding periods. FY21 revenue figures also include the 12- month revenue for Open Office of \$18.3m.

# Outstanding and sustained growth in recurring SaaS revenue



> readytech

# High value new business wins and strategic M&A underpin continued growth

Substantial FY22 new business performance with 48 high value customers, each generating over \$50k in annualised subscription and implementation value, with an aggregate annual value of \$8.0m.

Increasing demand for products at enterprise level across ReadyTech including wins with major hotel groups, blue-chip corporates such as Wesfarmers and government customers including Training Services NSW, City of Melton and TASCAT.

Currently pursuing high conviction gross pipeline of >\$25m with opportunities across the sectors of tertiary education, local government, justice tech and the stand-up economy for Workforce Solutions.

In FY22, executed and announced 4 highly strategic acquisitions:

- AVAXA (Education) adding 2 key TAFE customers fortifying market position.
- Open Windows (Government) adding procurement management capability to strengthen ERP and provide new upsell opportunity.
- PhoenixHRIS (Workforce Solutions) adding talent management and onboarding capability to elevate product-market fit and provide new upsell opportunity.
- IT Vision (Government) enhancing position as a leading local government software provider with addition of 190 customers.



























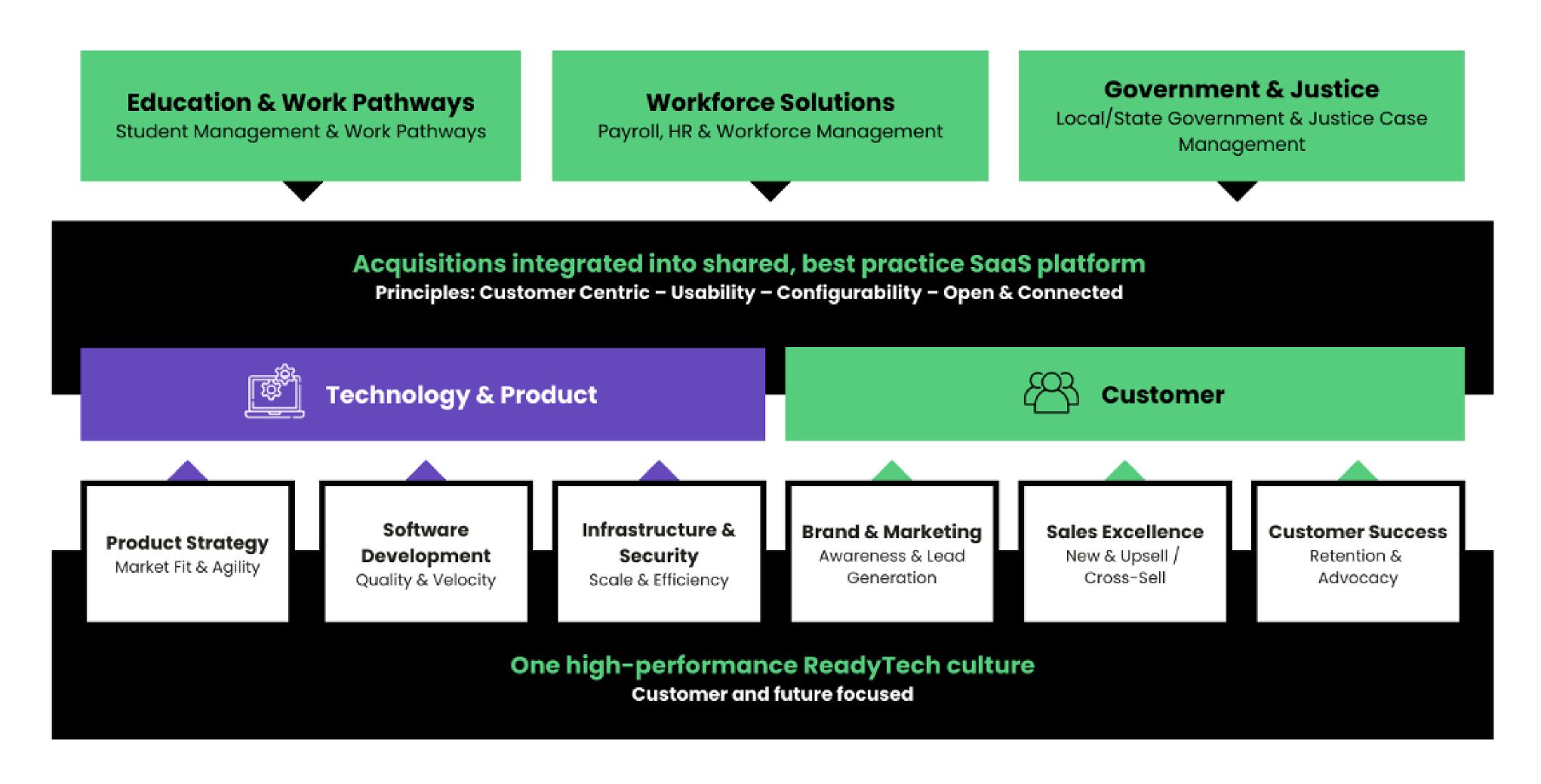


# Laser focused on strategic execution



## ReadyTech is executing on a vertical SaaS playbook

Delivering high value across all segments



## Accelerated growth achieved through ongoing investment





Focused product alignment for superior retention and customer acquisition

- 17 new roles and R&D 32.5% of revenue.
- Strategic focus on themes of enterprise market fit, mobility and interoperability.
- Government & Justice Focus on citizencentric approach. Open Windows procurement management elevates local government ERP market fit.
- Workforce Solutions Major focus on lifting employee experience and mobility.
   PhoenixHRIS talent acquisition strengthens stand-up economy market fit.
- Education & Work Pathways Strong focus on TAFE market fit. Open ecosystem improves interoperability and access to new product value for customers.



### Go-to-market

Growth in sales and marketing spend and targeting higher value customers

- 30% growth in S&M roles with focus on enterprise, S&M expenses 9% of revenue.
- Growth in strategic partners and channel strategy to drive new referrals and customer opportunities.
- Upsell and cross-sell performing well led by:
  - ✓ LMS for education sector.
  - ✓ PhoenixHRIS and upgrade to all-in-one for Workforce Solutions.
  - ✓ Customer service for local government.
- In Education, AVAXA amplifies credibility in TAFE sector with 3 of the 5 largest TAFEs in Victoria.



## Scaling

Efficient and streamlined operations to support accelerated growth

- 17 new customer onboarding roles to manage demand.
- Focus on customer onboarding selfservice, management platforms and automation.
- Development of channel strategy to scale customer onboarding.
- Increased customer intelligence to enhance effectiveness of customer success.
- Strong progress on ReadyTech horizontal capability and best practice playbooks.

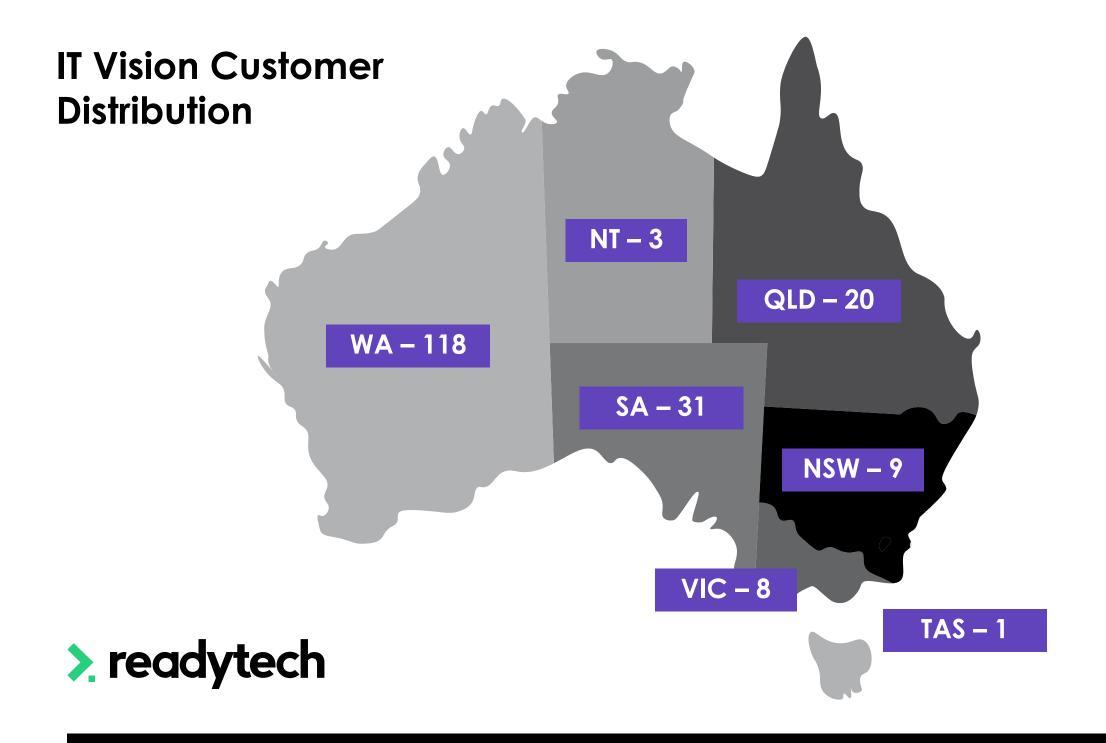


# IT Vision: boosts ReadyTech's position in local government

The acquisition of IT Vision will greatly enhance ReadyTech's customer footprint and ability to service local governments across Australia

IT Vision enjoys strong local government market positions in WA and SA and have seen a growing customer set in QLD which will enhance ReadyTech's traditional market and existing customer focus in VIC, TAS and NSW.

ReadyTech will benefit from a highly experienced, respected and specialised local government management team who are highly incentivised to integrate with ReadyTech and to grow customers, subscription revenue and EBTIDA.





**Nigel Lutton** CEO (Director)



Angelo Nardi Manager, Sales (Director)



Steve Tilden

Manager, Development
(Director)



Adrian Halid
Chief Technology
Officer (Director)

## FY23 outlook reaffirmed

ReadyTech reaffirms the outlook as disclosed to the market on 17 August 2022.

Before the contribution of IT Vision, for FY23 ReadyTech expects:

- Organic revenue growth in the mid-teens.
- \$2.0m incremental revenue contribution of FY22 acquisitions.
- EBITDA margin in the range of 35% to 36%, excluding the impact of LTIP.

IT Vision 11-month contribution in FY23 is projected to be \$12.6m at an EBITDA margin of 22%-24%.

ReadyTech's long term target is to organically grow revenue to over \$160m by FY26.





# Thank you.



## Disclaimer

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#### For more information:

Ronn Bechler Automic Group **t.** +61 400 009 774

e. ronn.bechler@automicgroup.com.au

#### About ReadyTech

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#### **CHAIR'S ADDRESS**

Good morning and welcome to the 2022 Annual General Meeting of ReadyTech Holdings Limited.

This year ReadyTech continued to capitalise on the opportunities created by digitisation and the resulting demand for upgraded technology platforms in our Education & Work Pathways, Government & Justice and Workforce Solutions verticals.

We successfully leveraged the platform we have build across the company in marketing, people & culture, security and technological discipline to cement our position as a leading provider of mission-critical cloud Software-as-a-Service products.

Our customers increasingly rely on ReadyTech's next generation, innovative software, as they undergo digital transformation journeys and look for increased agility, scalability, security and an elevated customer experience.

For those shareholders who are new to the company, ReadyTech's products are 'must-have' rather than 'nice-to-have' – we help customers adhere to regulatory and compliance requirements, drive productivity improvements, automate foundational customer workflows and provide business insights across rich data sets.

We therefore become critical to our customer's operations across these verticals, and by continually focusing on customer needs, our products create sticky, long-term and deep customer relationships. ReadyTech's team enhances this strategy by staying focused on product-market fit, delivering a consumer-grade user experience for business customers and striving for excellence in customer success and service.

Financial results for FY22 clearly demonstrate that ReadyTech's offering is resonating across our markets and that the strategy being delivered by the management team is creating enhanced shareholder value. Highlights include:

- 56.5% growth in revenue to \$78.3 million, including like-for-like revenue growth of 16.8%;
- 45.8% growth in underlying EBITDA to \$27.5 million and;
- 54.1% growth in underlying NPATA to \$14.3 million

Our continuing growth in recurring revenue shows we are delivering on our commitment to partner with – and delight – our customers. This supports not only higher subscription revenue growth over time, but also increased share of wallet through upselling, and new customer acquisition through customer referrals and advocacy.

We also continue to reinvest for the long-term health of the business and are able to achieve this while maintaining strong margins. Key investments in FY22 included further automation to help us better service customers and scale effectively with high quality sales and marketing as we pursue high value enterprise accounts, and continual product innovation to offer customers new and better value.

Similarly through disciplined M&A, ReadyTech continued to add new product capability, as well as new customers, building on the strong market positions and highly compelling product offerings we have in our core markets. Post year end, we completed the acquisition of local government software specialist IT Vision, further expanding our presence in the Government segment and bringing a loyal customer base undergoing a transition to cloud and software as a service.

Shareholders will be aware that ReadyTech has received a conditional, non-binding indicative proposal from Pacific Equity Partners (**PEP**) and its affiliates to acquire ReadyTech by way of a Scheme of Arrangement at an offer price of \$4.50 per share. The proposal is subject to a number of conditions as outlined in our announcement to the ASX on 1 November 2022.

We have this morning released an update to the market regarding the proposal, noting that we have received written reconfirmation from PEP of their proposed acquisition at an offer price of \$4.50 per share.

The proposal and reconfirmation have been provided on a non-binding indicative basis and continue to be subject to a number of conditions.

As Chair of the Independent Board Committee established to consider this proposal, I can confirm that the Committee has formed the view that it is in the interests of shareholders to engage further with PEP and I confirm that discussions between the parties are currently ongoing and on a non-exclusive basis.

No agreement has been reached between the parties in relation to the value, structure and terms of any transaction and there is no certainty that these discussions will result in any transaction.

ReadyTech will of course keep shareholders updated on any material developments in accordance with its continuous disclosure obligations.

With that, on behalf of the Board, I would like to thank shareholders for being a part of ReadyTech's journey and for your continued support of the company. I would also like to thank Marc, Nimesh, our management team and all ReadyTechers for their commitment through the year.

I look forward to working with my fellow directors and the senior leadership team to deliver further growth and value to shareholders going forward.

I will now handover to our CEO, Marc Washbourne, for an operational update and our future outlook.

#### **CEO'S PRESENTATION**

Thank you Tony and good morning everyone.

ReadyTech's bold vision has been to build a business software powerhouse providing next generation, mission-critical SaaS technology in carefully selected industry verticals.

Leading with our deep vertical market expertise and drawing on the shared SaaS capabilities we have developed over many years, we seek to be a highly trusted

partner to our customers and help them solve complex domain problems, while positioning them for a digital future.

We also have a vision for our people, empowering them to challenges themselves, to develop their careers at ReadyTech and to inspire them to do the best work of their lives. Our collective spirit, encapsulated by our brand, is to be ready for anything, in enterprise business technology.

The FY22 operational highlights and outlook for FY23 and beyond that I will guide you through over the next few slides clearly demonstrate we are realising this vision.

The stand out metric for FY22 was the delivery of 16.8% like-for-like growth to \$78.8 million in revenue. This flowed through into strong earnings with underlying EBITDA of \$27.5 million, representing an EBITDA margin of 35.1%, or 36.5% with the exclusion of LTIP. Underlying NPATA was \$14.3 million.

Similarly, operational metrics remained strong with net customer revenue retention of 106%, up from 104% in FY21. Our gross opportunity pipeline as at 30 June was over \$25 million, increasing from \$19 million over the course of the year.

Pipeline conversion was particularly strong with the achievement of 48 new high value customer wins, including strong success at the enterprise end of the market which we very purposefully target, producing 46% growth in revenue per new customer. We also maintain a high proportion of recurring revenue at 84%, a core foundation of the ReadyTech business.

The strong growth achieved in FY22 extended our track record of sustained performance. We have consistently delivered outstanding growth in high quality, recurring subscription revenue with a 5 year CAGR of 27%.

The 48 new high value customers won during the year, each generate a minimum of \$50,000 in annualised subscription and implementation value, delivering an aggregate annual value of \$8.0 million. Some of the new badges acquired at the enterprise level reflect strong demand across all segments, and include major hotel groups Pullman and Novatel, blue-chip corporates such as Wesfarmers and government customers including Training Services NSW, the City of Melton and TASCAT, the Tasmanian Civil and Administrative Tribunal.

Notwithstanding the strong organic results, M&A was a key feature of FY22 for ReadyTech with 4 highly strategic acquisitions announced in AVAXA, Open Windows, PhoenixHR and IT Vision, noting IT Vision was completed post year end.

As a reminder of our core strategy, we operate our business across three key verticals: Education and Work Pathways, Workforce Solutions, and Government and Justice. Each of these verticals and any acquisitions are managed and integrated across our shared set of SaaS best practices. These are based on the fundamental principles of customer centricity, usability, configurability and interoperability.

We empower and motivate our teams spanning technology and product, sales and marketing and customer service and success, with one-high performing ReadyTech culture.

Our accelerated growth has been achieved through ongoing and disciplined investment across three key pillars: product-market fit, go-to-market and scaling.

In developing product alignment to customer needs and a strategic focus on market fit for the enterprise end of our markets, we created 17 new R&D roles in FY22 with R&D investment at 32.5% of revenue. On top of this strong direct investment in product, the contracts and procurement capability added through the acquisition of Open Windows has elevated our market fit in local government, while the PhoenixHR talent acquisition module has strengthened our product offering for the stand-up economy in Workforce Solutions.

With respect to go-to-market, we have purposefully grown sales and marketing to target high value customers, and increased sales and marketing roles by 30% in the year, while also expanding our network of strategic partners and channel strategy. The AVAXA acquisition has also significantly amplified our reputation and credibility in the TAFE sector with our customer set now including 3 of the 5 largest TAFEs in Victoria.

Investment in scaling underpins our vision of long-term sustainable growth. 17 new customer onboarding roles were added during the year to manage new customer demand, and we also made excellent progress across a range of initiatives to support the streamlining of our operations including onboarding automation, customer self-service, and the leveraging of implementation partners.

Across this disciplined and determined strategy of reinvestment for future growth, a total of 42 new roles were added across ReadyTech for the year.

I have touched on the strategic rationale for the first three acquisitions but let me discuss the largest and most recent transaction in more detail. The combination of IT Vision with Open Office in our Government vertical, has enabled us to become one of the leading local government software providers by volume and has provided a significant expansion in our footprint and market penetration across Australia.

IT Vision has an incredibly strong position in WA and SA, whereas the traditional base for ReadyTech local government has been the eastern states of Australia. With this broad base, we expect to enjoy a range of benefits of scale and significantly expand go-to market presence and activities.

IT Vision also brings a highly talented team, with all key individuals highly incentivised for integration to ReadyTech and growth in both subscription revenue and EBITDA.

Today we reaffirm the FY23 outlook as disclosed to the market on 17 August 2022.

Before the contribution of IT Vision, for FY23 ReadyTech expects organic revenue growth in the mid-teens, a \$2.0 million incremental revenue contribution from FY22 acquisitions, and EBITDA margin in the range of 35% to 36%, excluding the impact of LTIP. The 11-month contribution of IT Vision in FY23 is projected to be \$12.6m at an EBITDA margin of 22%-24%.

With ReadyTech remaining well positioned for long term growth, I am also pleased to reiterate our FY26 organic revenue target of over \$160 million.

I will now hand back to Tony for the formal part of the meeting.