

MARKET RELEASE

**ReadyTech's strong FY20 results signal continued growth for FY21**

- Revenue up 19.1% to \$39.3 million (organic revenue up 10.0%)
  - Average annual revenue per customer up 18% to \$10.5k
  - Client revenue retention maintained at 95%
- Statutory NPAT up 364.6% to \$3.9 million
- Underlying EBITDA up 21.5% to \$15.6 million
- Underlying NPAT up 63.9% to \$3.6 million
- Operating cashflow up 18.4% to \$14.8 million

**SYDNEY, 26 August 2020** – ReadyTech Holdings Limited (ASX:RDY), a leading provider of SaaS technology in workforce solutions (employment) and education, announced pleasing results for the 12 months ended 30 June 2020 (FY20), with the Company achieving strong growth and performance across all of its key financial metrics.

**FY20: strong growth in revenues and earnings<sup>1</sup>**

ReadyTech's strategy, operational discipline and business continuity planning has helped the Company navigate the current COVID-19-impacted operating environment, while positioning the business to further grow revenues and earnings in FY21.

Commenting on the FY20 results, ReadyTech CEO Marc Washbourne said: "FY20 has clearly shown the mission-critical nature of ReadyTech's technology, which is supporting our customers through COVID-19 with next generation SaaS solutions. Our continued growth and customer loyalty reflects the exceptional agility and dedication of the entire ReadyTech team. Importantly, we have been able to invest in technological innovation and grow our team on the back of strong operating cashflows, low gearing and a strong balance sheet, allowing us to capture important new opportunities."

**Top line growth translated to growing earnings and cashflows**

Over FY20, the combination of new client wins and cross-selling to existing clients underpinned 19.1% growth in revenue to \$39.3 million. Within this result, recurring revenue grew 18.2%, comprising 89% of total revenue.

With multiple, attractive growth runways available, ReadyTech increased its investment in technology innovation and people to underpin future growth. Operating expenses were up 17.9% to \$23.7 million reflecting new sales and technology related talent, including James Diamond who joined ReadyTech's team as the Chief Executive, Education. In this senior leadership role, James will focus on sales generation and marketing as well as retaining accountability for ReadyTech's education technology solutions.

---

<sup>1</sup> All figures are in AUD and comparisons are made against FY19 unless specified.

ReadyTech's cloud-based SaaS offering demonstrated its scalability and strong operating leverage, with earnings continuing to grow faster than revenue, up 21.5% to \$15.6 million. This highlights the scalable nature of SaaS student and workforce management platforms as more clients seek to replace their legacy vendors with ReadyTech's next generation cloud-based offerings.

### **Client growth and uptake of new modules underpins growth in Education**

Education revenue was up 6.6% to \$21.3 million, and EBITDA was up 8.5% to \$8.8 million, reflecting client growth and uptake of new modules by existing clients for remote student serviceability during COVID-19.

A landmark enterprise contract with Bendigo TAFE & Kangan Institute was signed in January 2020. The implementation of this \$7 million 5-year subscription contract for over 40,000 students is well progressed, with the project being successfully managed remotely given COVID-19 restrictions.

"ReadyTech has experienced growing momentum in the Back-to-Work and Skills sectors, where clients are supporting job seekers with self-service support and job search to get back into the workforce. The rapid increase in job seeker caseloads and the increased support ReadyTech is providing to this segment of the market is an important focus," said Mr Washbourne.

### **Rapid growth in Workforce Solutions (Employment)**

Despite the challenging operating conditions due to COVID-19, Workforce Solutions (Employment) revenue was up 37.9% to \$17.9 million and EBITDA was up 34.3% to \$8.3 million, reflecting ReadyTech's investment in platform capabilities to manage compliance and remote staff. Existing customer spend has increased, driven by additional module uptake.

The complementary acquisitions of Zambion and Wagelink are performing well. Following successful integration into an all-in-one workforce management platform as HR3+, ReadyTech is gaining market share from legacy platforms and winning new blue-chip clients, including Glassons, Dnata and Bed Bath & Beyond.

### **Increased operating cashflow, debt headroom, and comfortable balance sheet support growth**

Operating cashflow was up 18.4% to \$14.8 million given positive changes to working capital including through customers being billed upfront. With net debt to EBITDA at 1x, and debt headroom available, ReadyTech is well placed to continue investing in technology and people to drive organic growth, while considering potential strategic acquisitions.

### **Positive outlook for continued growth in FY21**

Commenting on ReadyTech's outlook, Mr Washbourne said: "We expect strong growth across education and employment verticals given the clear demand for flexible technology to support the upskilling and reskilling of Australia's workforce. This remains a key pillar of economic recovery with policy responses from Federal and State Governments including the JobTrainer program. This program dedicates over \$2 billion in funding to support apprenticeships and create 340,000 new training places that will benefit many ReadyTech customers.

For personal use only

“Despite the impact of COVID-19 on the Australian economy in Q4 FY20, our business has responded well with FY20 Q4 new business up 55% compared to FY19 Q4. While there remains an element of uncertainty in the broader economic environment, we are seeing positive customer trends such as the need to more effectively and efficiently remote manage employees and students, which has become imperative. These trends are likely to gain momentum in FY21 and support further growth.

“The strong pipeline we have in place, combined with forward visibility of sales and revenues, gives the Board confidence to provide guidance for FY21, with the Company expected to deliver revenue growth in the mid-teens in terms of percentage growth, with an EBITDA margin in the range of 37%-39% [inclusive of LTIP].”

**Analyst conference call details:**

An investor call will be hosted by Marc Washbourne (CEO) and Nimesh Shah (CFO) at 10:30am AEST today, Wednesday 26 August 2020. Those wishing to dial into the briefing are encouraged to pre-register via the following link: <https://s1.c-conf.com/DiamondPass/10009251-invite.html>. Once registered, you will receive an individual passcode and PIN allowing for direct access to the briefing.

Alternatively, at the time of the results call, dial your respective local number below and provide the conference ID to the operator. Please be aware that there may be a short wait:

Australia Toll Free: 1 800 558 698  
Australia Local: +61 (0)2 9007 3187  
Conference ID: 10009251

- ENDS -

*This announcement has been authorised for release to ASX by the Board of Directors of ReadyTech Limited.*

**For more information please contact:**

Ronn Bechler  
Market Eye  
E: [ronn.bechler@marketeye.com.au](mailto:ronn.bechler@marketeye.com.au)  
P: +61 400 009 774

**About ReadyTech**

ReadyTech is a leading provider of SaaS technology that helps providers of education and employment manage the increasingly 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, payroll and HR admin, employment services and behavioural science technology, ReadyTech supports the development and success of tomorrow’s workforce.