

**MARKET RELEASE (ASX: RDY)**

## **ReadyTech delivers another year of strong growth**

**17 August 2022** – ReadyTech Holdings Limited (ASX:RDY) (**ReadyTech** or **Company**) (ABN 25 632 137 216), a SaaS provider of next generation cloud-based software to the education, workforce, government and justice sectors is pleased to announce its results for the financial year ended 30 June 2022 (FY22) delivering a strong result and achieving guidance.

### **FY22<sup>1</sup>: strong like-for-like<sup>2</sup> growth complemented by accretive acquisitions**

- Revenue up 56.5% to \$78.3 million
  - Like-for-like revenue growth of 16.8%
  - Net customer revenue retention increased to 106%
- Like-for-like subscription revenue growth of 21.9% to \$65.6 million; with 48 new high value customers won for an aggregate annual value of \$8 million
- Underlying EBITDA of \$28.6 million (excluding LTIP)
  - Underlying EBITDA margin of 36.5% (excluding LTIP)

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

“FY22 was a highly successful year for ReadyTech driven by the disciplined execution of our vertical SaaS playbook strategy. Our investments in product-market fit, sales and marketing – with a particular focus on enterprise accounts – saw the Company deliver strong organic growth across all verticals. At the same, we integrated 3 new strategic acquisitions into our shared platform of best practice SaaS – all of which brought new product capability and customer sets. Post-year end, we also completed the highly strategic acquisition of leading local government software provider, IT Vision.”

“We continued to realise the benefits of targeting higher value and enterprise customers, with 48 new large customers won during the year, well distributed across all segments. Our increasing penetration of the upper end of the market reflects our growing reputation as the vendor of choice for highly configurable, interoperable and scalable software, driven by a genuine focus on customers and their outcomes.”

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<sup>1</sup> All figures are in AUD and comparisons are made against FY21 unless specified. FY22 underlying results exclude 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 government licensing opportunity, and the accounting impact of contingent consideration of (\$5.2m).

<sup>2</sup> Like-for-like compares contribution from FY22 acquisitions of AVAXA, Open Windows and PhoenixHRIS against respective prior corresponding periods. FY21 revenue figures also include Open Office on a 12-month proforma basis.



“Through listening closely to customers, continuing to nurture our trusted customer relationships and delivering on a modular product strategy, we saw significant growth derived from cross-sell and upsell initiatives. As a low churn, subscription revenue business, this expansion with existing customers delivered net revenue return of 106%, also underlining the mission critical nature of ReadyTech’s suite of products across Education & Work Pathways, Workforce Solutions and Government & Justice.”

### **Strong like-for-like revenue growth delivered at high margins**

Revenue was \$78.3 million, up 16.8% on a like-for-like basis and ahead of guidance of mid-teens organic growth. Like-for-like growth best captures ReadyTech’s organic growth performance based on its business mix at 30 June 2022.

High quality subscription revenue reached \$65.6 million and continued to grow at a faster rate than total revenue on a like-for-like basis at 21.9%. Likewise, net customer revenue retention increased to 106% (FY21: 104%) reflecting low churn, customer expansion and successful cross-sell and upsell.

Organic growth was driven by a combination of new customer wins and significant user subscription and module upgrades. ReadyTech’s strategy of targeting higher value enterprise customers also lifted average revenue per new customer to \$51,600 (FY21: \$35,300), which includes the reward of 48 new customers generating aggregate annualised revenue of \$8 million.

The Company continued to execute its strategy of measured and targeted reinvestment in the business, including research and development growing to 32.5% of revenue (FY21: 30.5%). The underlying EBITDA margin, excluding LTIP impact of \$1.1 million (FY21: \$0.4 million), of 36.5% was in line with guidance.

### **Strong growth in Education & Work Pathways**

ReadyTech’s Education & Work Pathways segment delivered 17.3% like-for-like growth in revenue to \$31.0 million. Growth was driven by substantial new business and upsell of the highly successful learning management system, with demand driven by the trend towards increased digitisation of learning offerings. In addition, the highly strategic acquisition of AVAXA (which provided 2 major new TAFE customers to ReadyTech) made a part year contribution of \$1.7 million.

The shift in new business towards enterprise customers continued with average revenue per new customer of \$45,800 (FY21: \$38,800). With customers attracted by ReadyTech’s modern cloud tech stack, noteworthy wins included Australia’s largest employment service provider MAX Solutions, enterprise training institute Engineering Institute of Technology and NSW State Training Authority (STA), Training Services NSW.



### **Strong growth in Workforce Solutions software revenue**

Workforce Solutions delivered 15.8% revenue growth to \$23.5 million, including 20.7% growth in software revenue to \$15.4 million. Growth was driven by targeting larger employers, strong uptake of the all-in-one platform and significant upgrades from ReadyTech's customers in the stand-up economy.

ReadyTech Workforce Solution's enterprise strategy continues to deliver with average revenue per new customer of \$46,200 (FY21: \$39,400), which includes \$59,200 on average from new all-in-one customers. Strong momentum is being achieved in the hotel and accommodation sector with recent enterprise wins including The Langham, Novotel, Stamford and Ibis Hotels.

### **Uplift in Government & Justice subscription revenue**

Government & Justice performed strongly with 18.6% growth in revenue to \$23.9 million on a like-for-like basis and recurring revenue increasing to 76% of total revenue (FY21: ~65%). These strong results were predominately driven by Open Office which achieved its second and final set of earnout hurdles. Open Windows also performed well, delivering \$2.3 million of revenue since acquisition completion in December 2021.

Average revenue per new customer was \$186,000, up 15.4%, with module upgrades to existing customers complemented by new customer wins across local government, state government and the justice sector.

Post-year end, the Company completed the acquisition of IT Vision, which bolsters ReadyTech's Government offering and capability with a broad geographic and customer footprint across all Australian states and territories, positioning ReadyTech as a leading local government software provider.

### **Positive outlook for FY23, and increase in FY26 organic revenue target**

Commenting on ReadyTech's FY23 outlook, Mr Washbourne said:

"With great demand for people centric SaaS solutions across the education, workforce, government and justice sectors, a gross opportunity pipeline of over \$25 million, and realising the benefits of reinvestment in product-market fit, go-to-market and scaling, ReadyTech is strongly positioned to deliver growth in FY23 and beyond."

"Before the contribution of IT Vision, for FY23 ReadyTech expects organic revenue growth in the mid-teens, a \$2 million incremental revenue contribution from FY22 acquisitions, and EBITDA margin in the range of 35% to 36% excluding the impact of LTIP. IT Vision is expected to make an 11-month revenue contribution of \$12.6 million delivering an EBITDA margin of 22% to 24%."

"Reflecting our high confidence in our long-term outlook and to incorporate the projected contribution of IT Vision, ReadyTech increases its FY26 organic revenue target to over \$160 million."



**Analyst conference call details:**

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

Those wishing to dial into the briefing are encouraged to pre-register via the following link: <https://s1.c-conf.com/diamondpass/10023567-dg7f7s.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, 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](http://www.readytech.io).