

ReadyTech Holdings Limited
ABN 25 632 137 216

MARKET RELEASE

ReadyTech bolsters position in enterprise education market with acquisition of Avaxa

27 September 2021 – ReadyTech Holdings Limited (ASX:RDY), a leading SaaS business focused on providing next generation cloud-based software to customers within the education, employment, government and justice sectors, is pleased to announce the strategic acquisition of Avaxa, expanding ReadyTech's presence in the enterprise education market.

- Acquisition of specialist enterprise student management software business, Avaxa
- Total consideration of \$2.2 million funded from cash position
- Increases ReadyTech's market share in the education segment, particularly TAFEs, through:
 - deep domain expertise
 - addition of key TAFE clients Chisholm Institute and Melbourne Polytechnic
 - ability to further expand TAFE footprint

Avaxa is a specialist enterprise student management software company supporting many of Australia's leading enterprises, TAFE and Higher Education institutions, with deep domain expertise. For two key TAFE clients – Chisholm Institute and Melbourne Polytechnic – Avaxa manages the student journey from enquiry to graduation, including course lifecycles, timetables and resources, finance, compliance, and business operations reporting.

The acquisition involves an upfront consideration of \$0.7 million and deferred consideration of up to \$1.5 million, consistent with a recurring revenue multiple of 2.2x. The consideration of \$2.2 million is expected to be fully paid in the next 12 months and the payments will be funded from ReadyTech's existing cash.

Strong strategic rationale

The acquisition is consistent with ReadyTech's strategy of growing share of higher value enterprise clients in the education vertical. Avaxa brings additional TAFE client relationships to ReadyTech's existing presence in the Australian enterprise education market, following the key ReadyTech win in 2020 with Bendigo Kangan Institute.

ReadyTech Chief Executive Officer, Marc Washbourne, stated: "We are pleased to announce the strategic acquisition of Avaxa, which will enable ReadyTech to further grow its footprint and reputation in the enterprise education market.

"Avaxa have built deep domain and specialist expertise and exhibit strong TAFE and enterprise capability, as well as client engagement, through their existing relationship with six of Australia's leading TAFE institutions that are supported by Avaxa's Strata software. The acquisition is highly



complementary to our education business and will allow us to leverage Avaxa's relevant customer base and reputation in the TAFE sector to position ReadyTech as a key technology partner for enterprise education institutions."

"In addition, the transaction delivers incremental recurring revenue, adding to ReadyTech's existing strong subscription revenue streams."

The acquisition of Avaxa is expected to deliver incremental recurring revenue in FY21 of approximately \$670,000 being a part-year benefit from October 2021, with an EBITDA margin of 15% (before projected transaction and integration costs of approximately \$250,000).

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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.