



ReadyTech Holdings Limited

ABN 25 632 137 216

17 November 2021

Annual General Meeting – Chair and CEO Addresses

ReadyTech Holdings Limited (ASX: RDY) (**ReadyTech**) attaches the Chair and CEO Addresses to be made at ReadyTech's Annual General Meeting today which will be held online (virtually).

This announcement has been authorised for release to ASX by the Chair of ReadyTech.

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Chair's Address – Tony Faure

Good morning and welcome to the 2021 Annual General Meeting of ReadyTech Holdings Limited.

The last 12 months have been significant for the Company, with the acquisition of Open Office forming our Government and Justice vertical, and the execution of strategic initiatives driving strong organic growth and value creation.

For those shareholders that are new to the story, ReadyTech is a provider of next generation, mission critical, people-centric software. We serve three key verticals in Education and Work Pathways, Workforce Solutions and Government and Justice, where we put the people served – students, employees, jobseekers, apprentices and citizens – at the heart of our products.

Digital transformation accelerated in FY21 as education providers, workplaces and governments adjusted to hybrid working, learning and operating environments. Against this backdrop, and with focused execution of ReadyTech's enterprise sales strategy, we saw strong adoption of our cloud-based SaaS solutions from new high value customers, in addition to strong upsell and cross sell into our existing customers.

Financial highlights for FY21 included:

- 27.4% growth in revenue to \$50.0 million, noting revenue growth excluding Open Office was 15.1%,
- 21.4% growth in underlying EBITDA to \$18.9 million,
- 27.0% growth in underlying NPATA to \$10.6 million, and
- Operating cashflow conversion of 113% of EBITDA

Importantly we see the strong growth continuing in FY22 and beyond. We have strong new client interest, as supported by a high conviction \$19 million pipeline, and see a long runway ahead for increasing penetration in our target markets.

With a track record of consistent delivery and a high level of confidence in ReadyTech's longer term prospects, the Board was also comfortable with our long-term aspiration being provided to the market for the first time in August. To reiterate, ReadyTech's target is to organically grow revenue to over \$125 million by FY26, that's more than doubling revenue over the next 5 years.

Post year end the Company announced the acquisition of Avaxa, which is a great example of how we are expanding our presence in the enterprise education market. As shareholders will know, ReadyTech won a landmark contract with Bendigo Kangan Institute in 2020 and where the software subscription has now commenced. Avaxa adds to our Victorian TAFE presence with key clients Chisolm Institute and Melbourne Polytechnic, with TAFEs a key focus in the Education vertical going forward.

TAFE is just one area where we see significant enterprise opportunity. Workforce Solutions is well placed to address the needs of the stand up economy with its all-in-one solution. Likewise, we expect Government and Justice will capitalise on its reputation and market position with medium to large councils in Australia and build on the Ministry of Justice contract recently awarded to us in the UK.

On behalf of the Board, I would like to take the opportunity to acknowledge the Executive team and our staff for their tremendous effort throughout the year. And of course, to you, our shareholders, we thank you for your ongoing support over the past 12 months and we look forward to delivering sustainable returns into the future.

CEO's Address – Marc Washbourne

Thank you Tony and good morning everyone.

I will take you through the operational highlights of FY21 and end on the outlook for FY22 and beyond.

I first would like to take a moment to thank the entire ReadyTech team for their outstanding effort and contribution during the year.

Our next generation and cloud based software has become the enabling platform for customers digital transformation agendas. From student experience transformation projects in education, to employers deepening engagement with their teams, from improving access to justice to supporting local government to enhance service delivery to citizens, we are helping customers transform the way they do business and adapt to a digital future.

It was an incredibly busy year, both in terms of organic and inorganic growth, and these results are testament to the dedication of our talented team of ReadyTechers.

We saw strong growth and progression on all key metrics in FY21. Revenue grew 27.5% to \$50 million, including the initial Open Office contribution of \$4.1 million. Excluding Open Office, revenue growth was a healthy 15.1%.

Underlying EBTIDA was \$18.9 million, representing an EBITDA margin of 37.8%, and Underlying NPATA was \$9.6 million.

Similarly, our levels of recurring revenue, customer revenue retention, cash flow conversion and gross opportunity pipeline remained strong.

Importantly FY21 added to our strong and sustained record of performance. We have consistently achieved outstanding growth in recurring revenue and strong EBITDA margins, with a 20% CAGR in total revenue.

A core part of our strategy has been to onboard higher value and enterprise customers. As a snapshot of our achievements in that segment over the year, we won 21 new high value customers, each generating over \$100,000 in annualised subscription and implementation value, equating to an aggregate annual value of \$5 million.

Following a period of strong conversion, we also maintain a high conviction pipeline of \$19 million, including opportunities across Tertiary Education, Local Government, Justice-Tech, State Government, as well as the stand-up economy for Workforce Solutions.

During the year we completed the acquisition of Open Office, which pleasingly achieved its first earn-out in June, ahead of expectations. This was driven by new local government wins, upsell of modules to existing customers and successful roll out of the UK Ministry of Justice contract.

A key driver of new business, as well as cross sell and upsell, has been our continued investment in sales and marketing, which represented 11% of revenue in FY21, up from 9.6% in FY20.

In terms of strategic execution, ReadyTech delivers high value to its customers and we reinvest for growth across three key verticals: Education and Work pathways, Workforce Solutions, and our latest market entry Government and Justice.

We provide our clients with market focused, mission-critical SaaS solutions. Our best practice SaaS platform is customer centric based on strong usability and agility, which is configurable but not customised. We are harnessing one high performing, customer and future focused culture spanning all aspects of the business from technology and product development through to sales and customer success.

Growth investments have been across three key pillars. Firstly with respect to product-market fit, in developing customer centric software, we created 14 new R&D roles in FY21, with research and development representing 31% of revenue.

The next pillar is Go To Market, where we have grown sales and marketing to target high value customers. We added 7 new roles in FY21, taking sales and marketing spend to 11% of revenue.

Thirdly, scaling, for efficient and streamlined operations to support accelerated growth, we added 7 new customer onboarding heads during the year and a range of initiatives to sustain our momentum.

With respect to outlook, I am pleased to reaffirm the outlook provided to the market with the release of FY21 results on 24 August 2021.

To reiterate, we expected FY22 organic growth in the mid-teens. FY22 EBITDA margin is expected to be in the range of 36% to 38%. Likewise, we maintain a high conviction gross opportunity pipeline of \$19 million.

The acquisition of Avaxa, as announced to the market on 27 September 2021, will incrementally contribute revenue of \$0.7 million at an EBITDA margin of 15% in FY22.

We are also delighted to reaffirm our longer term targets. That is, ReadyTech targets organic revenue of over \$125 million by FY26.

At ReadyTech, we are ready to meet the evolving needs of our customers and the huge opportunity enabled by ongoing digital transformation of the large and open markets in which we operate.

We look forward to delivering this growth for the benefit of shareholders and keeping you updated on our progress.

Thank you, that concludes my presentation. I will now hand back to Tony for the formal agenda.