

MARKET RELEASE (ASX:RDY)

Further momentum in ReadyTech's enterprise strategy delivers landmark customer wins, 13.1% growth in recurring revenue and 20.2% growth in underlying cash EBITDA¹

27 August 2024 – ReadyTech Holdings Limited (**ReadyTech** or **Company**), a SaaS provider of next generation cloud-based software to the education, workforce, government and justice sectors, announces its results for the twelve months ended 30 June 2024 (**FY24**), a year that demonstrated the Company's continued success with its enterprise strategy and growing benefits of scale.

FY24² highlights

- Total revenue up 10.2% to \$113.8 million (FY23: \$103.3 million)
- Subscription revenue up 13.1% to \$95.4 million, with recurring revenue making up 83.8% of total
- 22 major enterprise contract wins across all segments with a total of \$12.5 million in deal value³; enterprise gross pipeline of new customers at \$31.8 million
- Average revenue per new customer up 25% to \$119.1k
- Underlying EBITDA⁴ of \$38.8 million, up 11.5% driven by continued success with recurring revenue model and operational leverage:
 - Underlying EBITDA margin within guidance at 34.1% (FY23: 33.7%)
 - Underlying cash EBITDA⁴ of \$20.2m, an increase of 20.2%, and underlying cash EBITDA⁵ margin of 17.8% (FY23: 16.3%)
- In FY25, revenue growth accelerating to low-to-mid double digits and underlying EBITDA margin of 34-35% expected, underpinned by strong momentum with enterprise strategy and cloud upgrades
- Medium term target of \$170 million in revenue and cash EBITDA margin of over 20%.

Commenting on the FY24 result, ReadyTech Co-Founder and CEO Marc Washbourne said:

"ReadyTech made significant progress with executing its enterprise strategy and delivered a solid financial result in FY24, despite some expected enterprise contracts shifting close dates in FY24, as flagged in February. Total revenue growth of 10.2% was driven by new customer wins across all of our verticals – Government & Justice, Education & Work Pathways and Workforce Solutions – as well as successful cloud upgrades and upsell of product modules to our existing customer base. Notably, we continued to improve profitability through our vertical SaaS revenue model and by leveraging our growing scale advantage."

¹ Includes actual lease payments, labour capitalisation and excludes the impact of LTIP.

² All figures are in AUD and comparisons are made against FY23 unless specified.

³ Deal value equals first year annualised subscription and implementation fees.

⁴ Excludes LTIP costs of \$1.0m and non-recurring costs of \$5.2m (accounting impact of contingent consideration of \$2.4m, acquisition-related transaction costs of \$1.3m and restructuring and integration costs of \$1.5m).

⁵ Includes actual lease payments, labour capitalisation and excludes the impact of LTIP.



“Over the year, ReadyTech signed another 22 enterprise contracts with a total deal value of \$12.5 million, further solidifying our position as a leading provider of cloud-based next generation software in human-led sectors. These wins demonstrate that ReadyTech’s cloud software and open ecosystem approach is resonating with large enterprises in our key focus markets. Our platform enables a streamlined transition from legacy systems and provides flexibility and interoperability with other systems, giving us a major point of competitive difference and the ability to effectively meet customer demand.”

Continued growth in recurring revenue coupled with scale benefits deliver improved margins

ReadyTech's total revenue increased 10.2% to \$113.8 million in FY24 (FY23: \$103.3 million) underpinned by 13.1% growth in subscription and license revenue. Implementation, training and other revenue declined 3.1% following a timing delay with several high conviction enterprise deals from 2H FY24 to FY25 and increased focus on streamlined out-of-the-box implementations. Subscription-based revenue represents 83.8% of total revenue.

In FY24, ReadyTech signed 22 new landmark enterprise contracts with the annualised deal value totalling \$12.5 million, increasing average revenue per new customer increasing by 25% to a record \$119.1k. Net revenue retention of 104% reflects strong customer retention and low churn, increased share of wallet and progress with upgrading IT Vision customers to cloud.

Expenses increased 9.6%, below the rate of revenue growth, to \$75.0 million with the Company benefiting from operational efficiency as well as initial AI-driven productivity improvements in software development and other key disciplines. ReadyTech is committed to ongoing investment in the key growth drivers of Research & Development (30.0% of revenue in FY24) and Sales & Marketing (7.1% of revenue in FY24) to support expanding pipeline and sustained long-term revenue growth.

Underlying EBITDA⁶ grew 11.5% to \$38.8 million, with margin within guidance at 34.1% (FY24: 33.7%). Underlying cash EBITDA⁷ margin increased by 150 bps to 17.8%, and it is expected to improve further in coming years towards a medium-term target of over 20%.

New customer wins and strong net revenue retention across segments

Education & Work Pathways continued to perform strongly in FY24 with revenue growing at 12.5% on pcp and EBITDA margin improving by 160 bps to 45.6%. Revenue growth was driven by cloud platform upgrade of AVAXA TAFE customers, successful upsell to existing customers and new customer wins. ReadyTech signed new agreements with several notable enterprise customers, including University of Adelaide Professional and Continuing Education (PACE) and English Language Centre (ELC), Chisholm Institute and Melbourne Polytechnic, underlining the traction in the enterprise strategy in this segment. As a market-leading TAFE platform and having recently won its first university-wide student management system customer contract, ReadyTech is well positioned to capitalise on the major

⁶ Excludes LTIP costs of \$1.0m and non-recurring costs of \$5.2m (accounting impact of contingent consideration of \$2.4m, acquisition-related transaction costs of \$1.3m and restructuring and integration costs of \$1.5m).

⁷ Excludes actual lease payments, labour capitalisation and the impact of LTIP.



opportunity within the broader education market as legacy student management systems within TAFEs and higher education are being displaced by a modern cloud alternative.

Workforce Solutions delivered 7.6% revenue growth in FY24 driven by new customer wins and existing platform upgrades (software +9.7% vs pcp). The segment's EBITDA margin declined by 360 bps to 36.4% due to planned investment in onboarding and R&D staff over FY24. Increased focus on payroll compliance, remote and mobile working arrangements and growing need for efficiency and automation are expected to drive continued growth for ReadyTech's cloud-based payroll and all-in-one workforce management software in the coming years.

The Government & Justice segment delivered another strong year with 9.9% growth in revenue driven by wins in Ready Community and Ready Contracts, contract renewal with the HM Courts & Tribunals Service in the UK, and progress with the transition of IT Vision customers to the cloud offering. Transition of the approximately 170 IT Vision customers to Ready Community supported increase in average contract value and drove higher margins, with the segment EBITDA margin increasing by 150 bps to 29.4% in FY24. Leveraging its existing 51% market penetration within councils, Local Government represents a large ongoing opportunity for ReadyTech with an estimated \$345 million addressable market.

Strong balance sheet and cash flows support growth initiatives

ReadyTech is in a strong financial position with \$29.9 million of available funds for use at 30 June 2024 and net leverage ratio of 0.5x. The strength of the Company's balance sheet supports strategic growth initiatives.

The Company's cash flows continue to grow, underpinned by continued growth in recurring revenue. Cash flow from operating activities totalled \$40.3 million in FY24, up \$7.1 million on pcp, and representing cash flow conversion of 103.7%.

Solid platform for further growth

Commenting on ReadyTech's outlook, Mr Washbourne said:

"ReadyTech has started FY25 with strong momentum and we are on track for another year of solid growth. Winning our first university customer, Avondale University, in July 2024 has unlocked a huge new opportunity for us in the \$240 million higher education market, further expanding our addressable market within the Education space."

"In the year ahead and following some early wins, we are also excited to expand our investment in AI-enabled products for our customers via our first ReadyTech wide Emerging Technology team, who will unlock new value across our product set, delivering increased customer engagement and new revenue opportunities."

"Our enterprise gross pipeline now stands at \$31.8 million, including opportunities with large education customers which we are increasingly confident will soon be in a position to replace their legacy systems with our cloud platform."

"In FY25, we expect with further enterprise wins and strong net revenue retention to see revenue growth accelerating to low-to-mid double digits, and EBITDA margin of between 34% and 35%



(excluding the impact of LTIP). In the medium-term we expect strong momentum with pipeline conversion to deliver \$170 million in revenue in FY27, along with a cash EBITDA margin of over 20%.”

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.

Attendees can register for the call via the following link, and will receive their dial-in details upon registration: <https://s1.c-conf.com/diamondpass/10039767-2rdj5v.html>

– 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.

