

# FY21 RESULTS PRESENTATION

ASX:RDY

## Presenters

Marc Washbourne – CEO & Co-Founder

Nimesh Shah – Chief Financial Officer



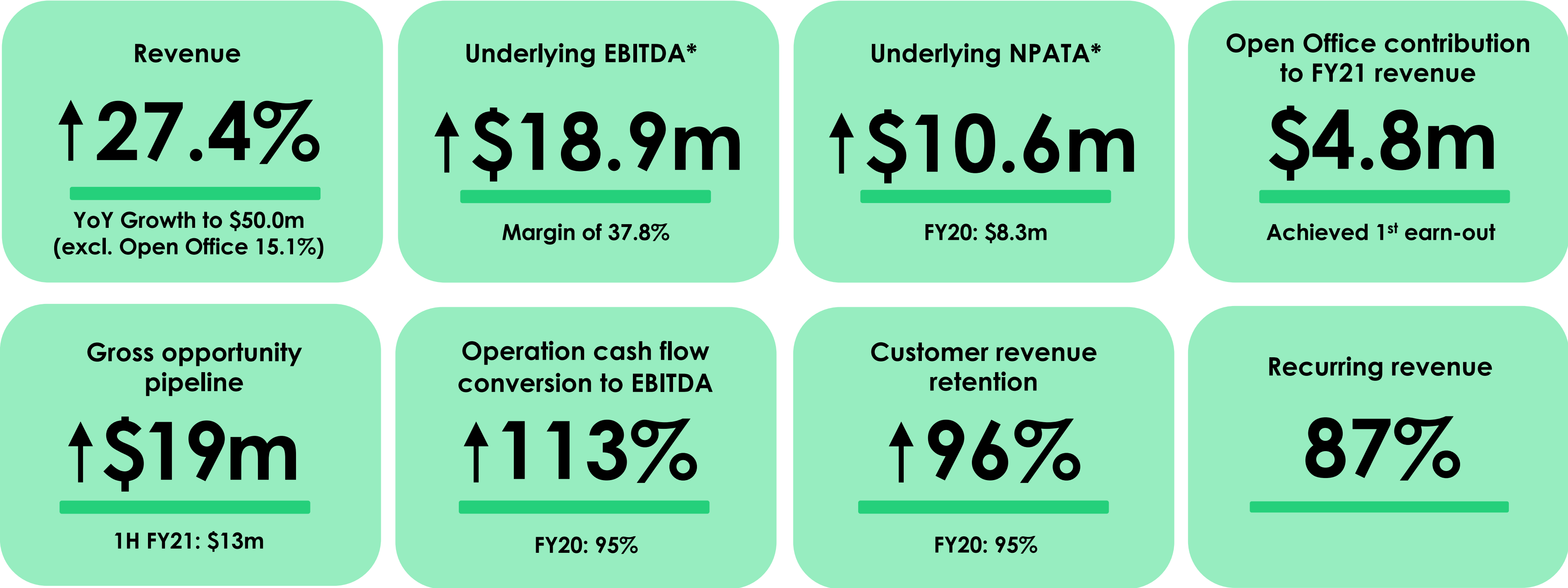




**NEXT GENERATION, PEOPLE-CENTRIC**

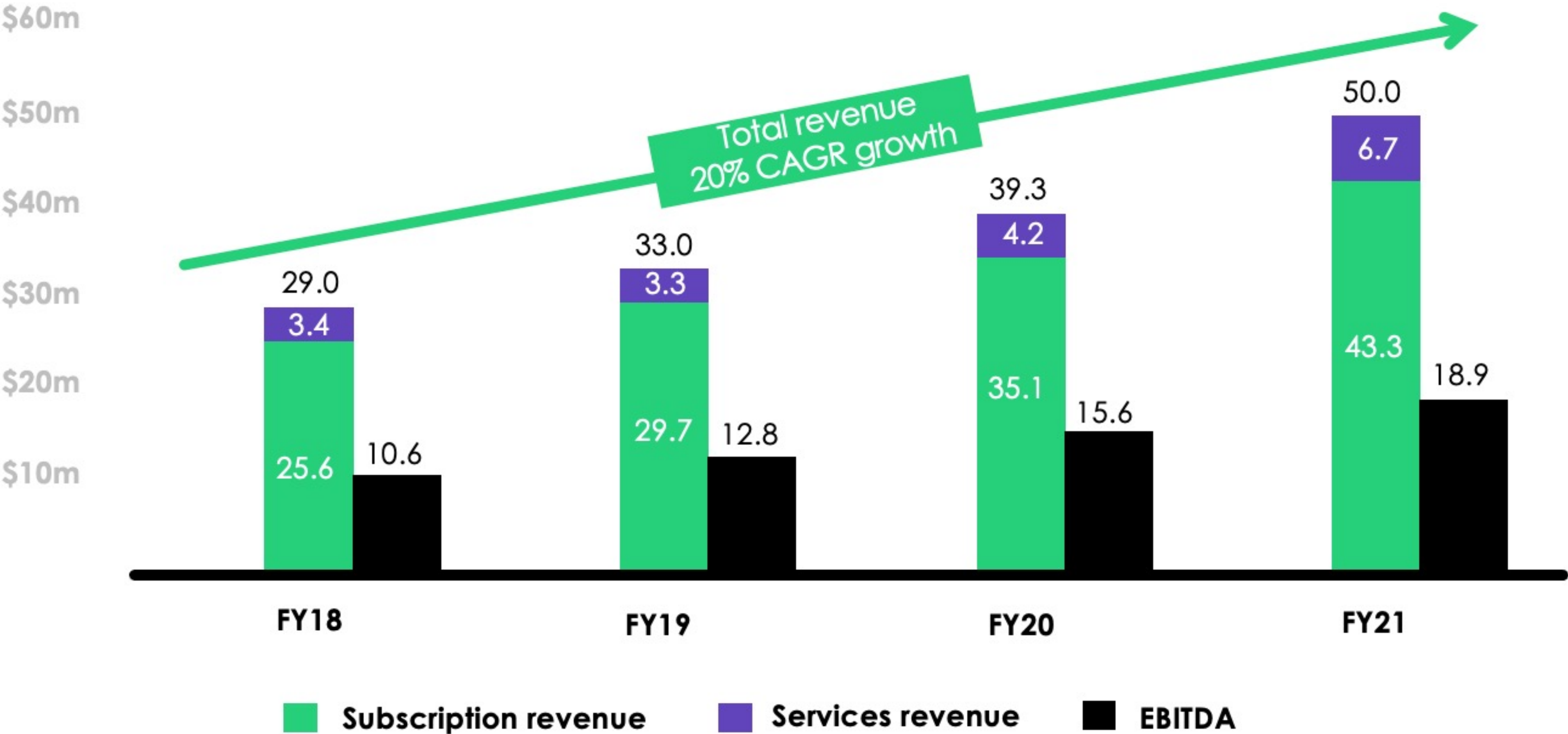
**SOFTWARE**

# Growth across all key metrics



\*FY21 Underlying results exclude the impact of transaction and restructuring costs of \$2.2m and the impact of revaluation of contingent consideration of \$1.8m.

# Outstanding growth in recurring SaaS revenue and EBITDA





# High value new business wins underpin continued growth

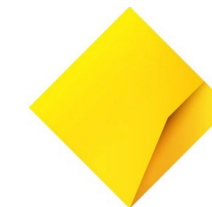
Substantial FY21 new business performance with **21 high value customers**, each generating over **\$100k in annualised subscription and implementation value**, with an aggregate annual value of \$5m.

**High conviction pipeline of \$19m** with opportunities across the sectors of tertiary education, local government, justice tech and stand-up economy for Workforce Solutions.

Open Office achieved **first earn-out** in June 2021, ahead of expectations, driven by new local government wins, **upsell of modules** to existing customers, and **successful roll-out** of the UK Ministry of Justice contract.

**Growth in sales and marketing** investment as planned of 11.0% of revenue (FY20: 9.6%), with continued focus on enterprise and account-based marketing, enterprise sales and **pipeline conversion**.

## Key Education & Work Pathways customer wins



## Key Workforce Solutions customer wins



## Key Government & Justice customer wins





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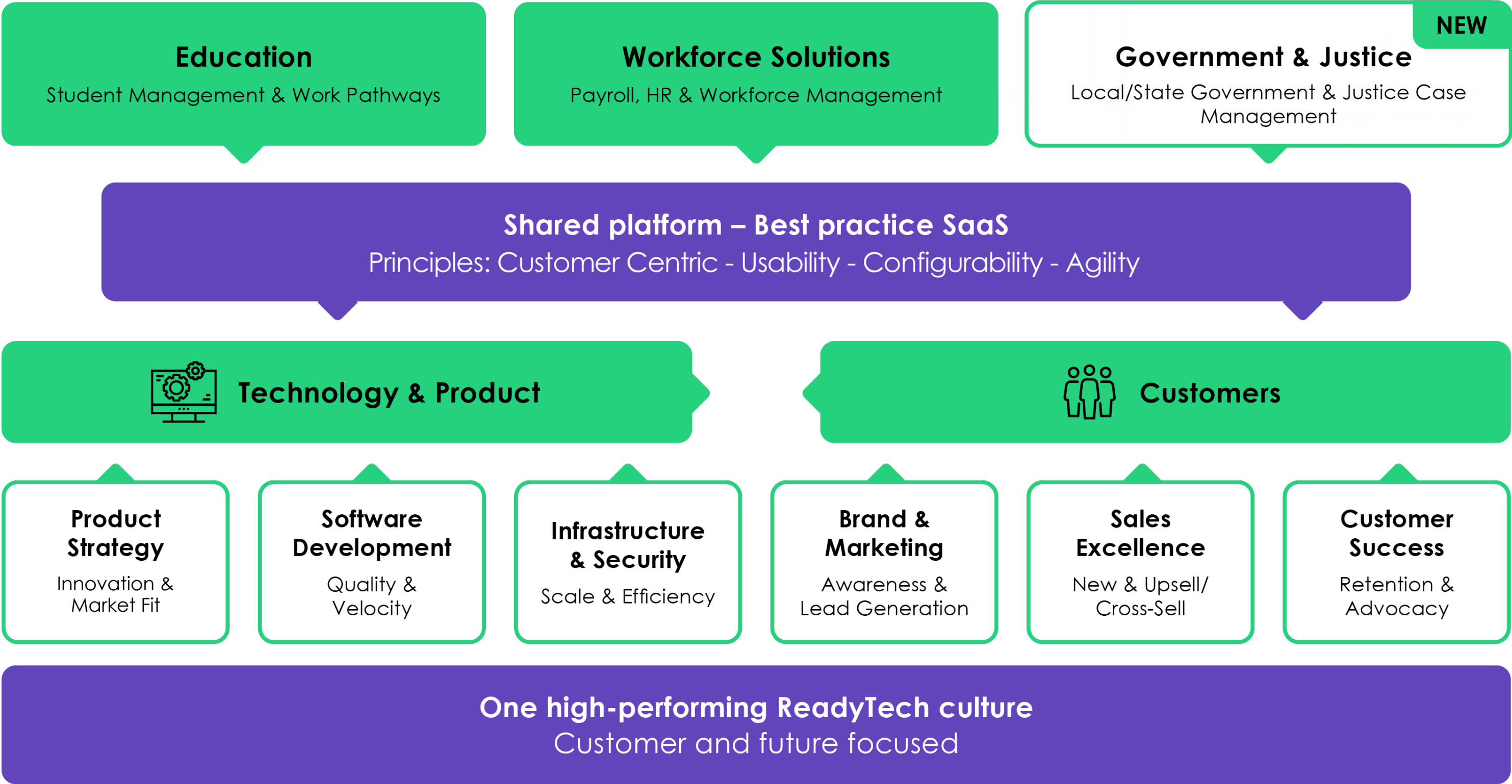
# Laser focus on strategic execution





# ReadyTech is building a vertical SaaS playbook

Delivering high value to segments and verticals



# Increased growth achieved through ongoing investment



## Product-market fit

Focused product alignment for superior retention and customer acquisition.



## Go-to-market

Grow sales and marketing spend and target higher value customers.



## Scaling

Efficient and streamlined operations to support accelerated growth.

Investing for growth throughout FY21

14 new roles  
31% R&D of revenue

7 new roles  
11% sales & marketing of revenue

7 new customers  
Onboarding roles

Key growth initiatives

- Software Development Centre of Excellence & ReadyTech Academy
- Product portability studies in key international markets for Work Pathways and Justice tech sectors
- Deeper investment in product management capability and skills

- Enterprise sales roles and playbook
- Account-based marketing
- ReadyTech brand strategy
- International focus – 7% of revenue now generated offshore
- Expansion of channel partners & new reseller in NZ

- Strategic talent acquisition
- Consolidation of customer onboarding best practice with deeper investments in automation and self-service
- Unified ReadyTech practices and playbooks



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# FY21 financial performance





# Solid revenue growth of 27.4%

\$ MILLIONS			
	FY21	FY20	YoY % change
Subscription and licence revenue	43.3	35.1	23.4%
Implementation, training and other revenue	6.7	4.2	61.7%
<b>Total revenue</b>	<b>50.0</b>	<b>39.3</b>	<b>27.4%</b>
Total revenue (excl. Open Office)	45.2	39.3	15.1%
<b>Total expenses</b>	<b>(31.1)</b>	<b>(23.7)</b>	<b>(31.4%)</b>
<b>*Underlying EBITDA</b>	<b>18.9</b>	<b>15.6</b>	<b>21.4 %</b>
<b>*Underlying EBITDA margin</b>	<b>37.8%</b>	<b>39.6%</b>	<b>(1.9%)</b>
Depreciation & amortisation	(4.7)	(3.9)	(20.5%)
Amortisation of acquired intangibles	(6.4)	(5.5)	(16.4%)
Net finance expenses	(1.0)	(1.0)	3.7 %
Income tax expense	(0.6)	(0.7)	13.8 %
<b>*Underlying NPAT</b>	<b>6.2</b>	<b>4.5</b>	<b>36.9 %</b>
Add: amortisation of acquired intangibles (post-tax)	4.4	3.8	15.3 %
<b>*Underlying NPATA</b>	<b>10.6</b>	<b>8.3</b>	<b>27.0 %</b>

\* FY21 Underlying results excludes the impact of transaction and restructuring costs of \$2.2m and the impact of revaluation of contingent consideration of \$1.8m.

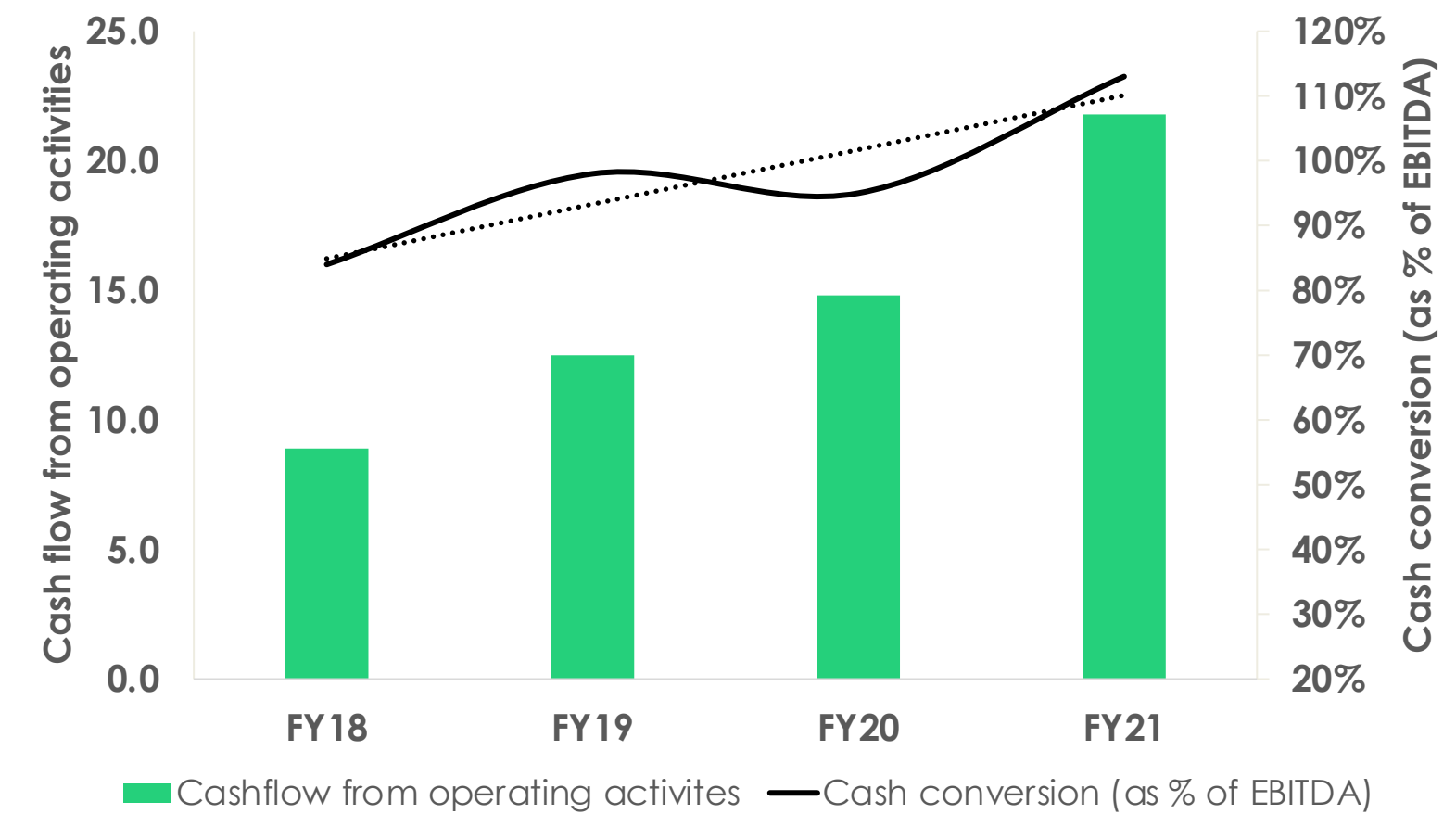
- Total revenue of \$50.0m representing 27.4% YoY growth and 15.1% YoY growth excluding Open Office. Subscription and license revenue was \$43.3m representing 87% total revenue and a 23.4% YoY growth.
- Open Office contributed revenue of \$4.8m with subscription and license revenue being \$3.7m.
- Total revenue growth was driven by new customer wins, upsell/ cross-sell to existing customers, resulting in average revenue per new customer of \$35.5k (24% growth) and significant user license and module upgrades.
- Planned growth in operating expenses reflects:
  - Sales and marketing costs increase to 11.0% of revenue (FY20: 9.6% of revenue).
  - Continued growth in R&D, with R&D costs of \$15.4m from \$12.3m in FY20, representing 30.7% of revenue.
  - LTIP impact \$0.4m (FY20: nil).
- Underlying EBITDA of \$18.9m representing margin of 37.8% which is in line with FY21 guidance of 37%-39%. Open Office EBITDA contribution was \$1.7m.



# Strong cashflow and balance sheet support further growth

NET DEBT AS AT 30 JUNE		
\$ MILLIONS	30 Jun 21	30 Jun 20
Total debt	31.5	25.0
Cash and cash equivalents	12.0	10.2
Adjusted net debt	19.5	14.8
Net debt/EBITDA	0.86x	1.0x

CASHFLOW CONVERSION		
\$ MILLIONS	FY21	FY20
EBITDA	18.9	15.6
EBITDA (excluding LTIP)	19.3	15.6
Changes in working capital	2.5	(0.8)
<b>Cash flow from operating activities</b>	<b>21.8</b>	<b>14.8</b>
<b>% conversion (as of % EBITDA)</b>	<b>113%</b>	<b>95%</b>



- Operating cash of \$21.8m, which is a 113% conversion as a % of EBITDA, supported by continued growth in customers pre-paying annual subscription fees.
- Conservatively geared with net debt of \$19.5m and leverage ratio of 0.86x.
- Available cash-for-use of \$18m, including \$12m cash and equivalents, and \$6m debt facility headroom, given \$37.5m facility drawn to \$31.5m currently.



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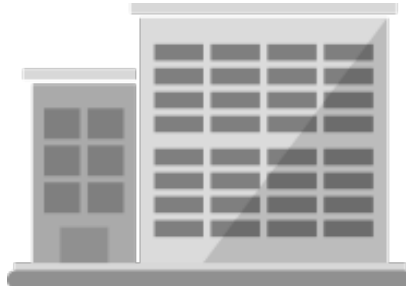
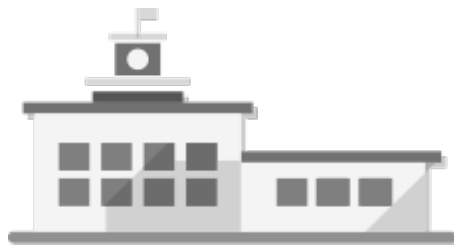





# Education & Work Pathways





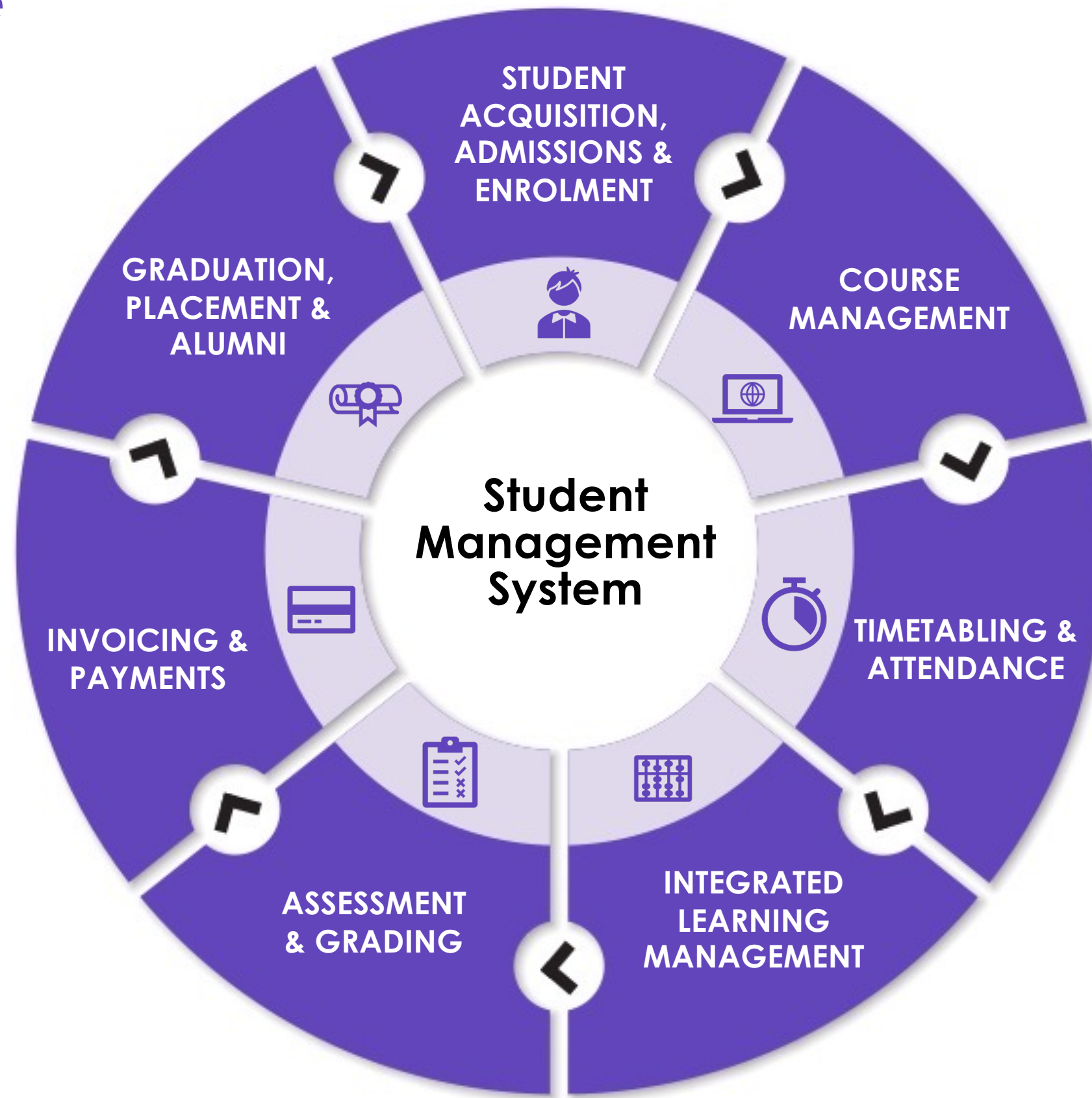
# Education market remains significant opportunity

Great progress made penetrating the large addressable market of tertiary education, training and back-to-work

	ENTERPRISE (TAFE/UNIVERSITY)	PRIVATE COLLEGES (VET)	PRIVATE HIGHER ED	BACK- TO-WORK	STATE GOVT
					
MARKET SIZE*	67	4,150	133	167	8
RDY CUSTOMERS <sup>1</sup>	12 <sup>†</sup>	1,200+	10	78	1
	<p>Significant opportunity as TAFE/universities seek next-gen technology.</p> <p>Example customers:</p> 	<p>Market-leader for VET providers, enjoying benefits of scale and upsell.</p> 	<p>Progressing well with breakthrough higher education wins.</p> 	<p>Market leader to providers in major government funded back-to-work programs.</p> 	<p>Well-positioned to win further contracts given experience with ACT Govt.</p> 

# The next generation student management system

Our product differentiators and why we are winning customers in a sector ready for change



## WHY WE ARE WINNING CUSTOMERS

### OPEN ECOSYSTEM

Interoperability with best in class

### STUDENT RETENTION

Unique behavioural capability drives student success

### CLOUD & SAAS

Regular release/agility, modern UX

### HIGH CONFIGURABILITY

Rapid deployment and scalability

### LOCAL EXPERTISE

Assurance on compliance and local fit

### SUPERIOR STUDENT EXPERIENCE

Digital experience driving student engagement



# Driving growth in customer base

## Enterprise Student Management System



**Type of customer**  
Enterprise training organisation.

**Driver of new/change of system**  
A review of CBA's Enterprise Student Management System for retail banking staff, resulting in a competitive RFP process.

WHY WE WIN

- ReadyTech is an established vendor to deliver on highly specific workflows and in-depth governance requirements.
- Depth and rigour in all facets of onboarding to delivery and beyond.
- Capability to deliver on risk, governance, compliance, cyber and technology requirements.

## Private Training Provider Learning Management System



**Type of customer**  
Private training organisation offering nationally-recognised accredited qualifications.

**Driver of new/change of system**  
A review of Learning Management Systems (LMS) in the market to support the delivery of an end-to-end student learning experience.

WHY WE WIN

- ReadyTech's established reputation and 20+ years proven experience in VET sector.
- Breadth of integration capabilities to deliver a seamless end-to-end student learning experience.
- Best-of-breed solution purpose-built to meet Australian VET compliance standards.

## Employment Services UK – Behavioural Science



**Type of customer**  
UK not-for-profit employment services provider.

**Driver of new/change of system**  
Tender process for an assessment platform that could support scaling Fedcap Employment's service model now and into the future.

WHY WE WIN

- Resonated with the academic validity of the solution and approach.
- Ability to support ascertaining the readiness of participants, standardise experience and improve measurement.
- Depth and calibre of ReadyTech's experience in the broader employment services market.

# Revenue and earnings both growing strongly

## Highlights

- Revenue growth of 16.9% to \$24.9m, driven by substantial new business, cross-sell and significant upgrades from existing customers.
- Average revenue per new customer of \$38.8k (FY20: \$27.2k), up 42%.
- Continued growth expected through high value qualified leads in tertiary education and Work Pathways sectors.
- Strengthening recurring revenue base through successful customer engagement which resulted in revenue retention of 96%. Minimal impact of COVID-19 with less than 3% of international students across ReadyTech systems.
- BKI TAFE project progressing well with subscriptions being triggered and expanded scope to reflect additional requirements.
- CLTV to CAC ratio of 8.1x (FY20: 7.4x) with a CLTV of \$106k (FY20: CLTV of \$77k).

\$ MILLIONS			
	FY21	FY20	YoY % growth
Revenue	24.9	21.3	16.9%
EBITDA	11.6	8.8	32.0%
EBITDA margin %	47%	41%	



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# Workforce Solutions



# Workforce Solutions focused on addressable market of \$2.4bn

Mid-to-enterprise market focused SaaS solving complex payroll and workforce management in stand-up economy

Addressable market in ANZ represents **7 million employees** and **\$2.4 billion** spend on software and payroll outsourcing.

Targeting initial industry verticals with all-in-one offering



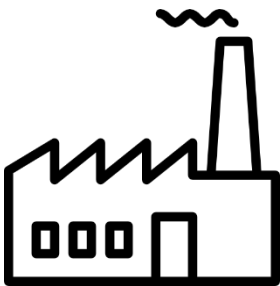
LOGISTICS



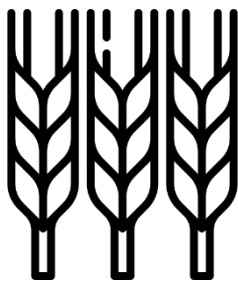
HOSPITALITY



AGED & DISABILITY CARE



MANUFACTURING



AGRICULTURE



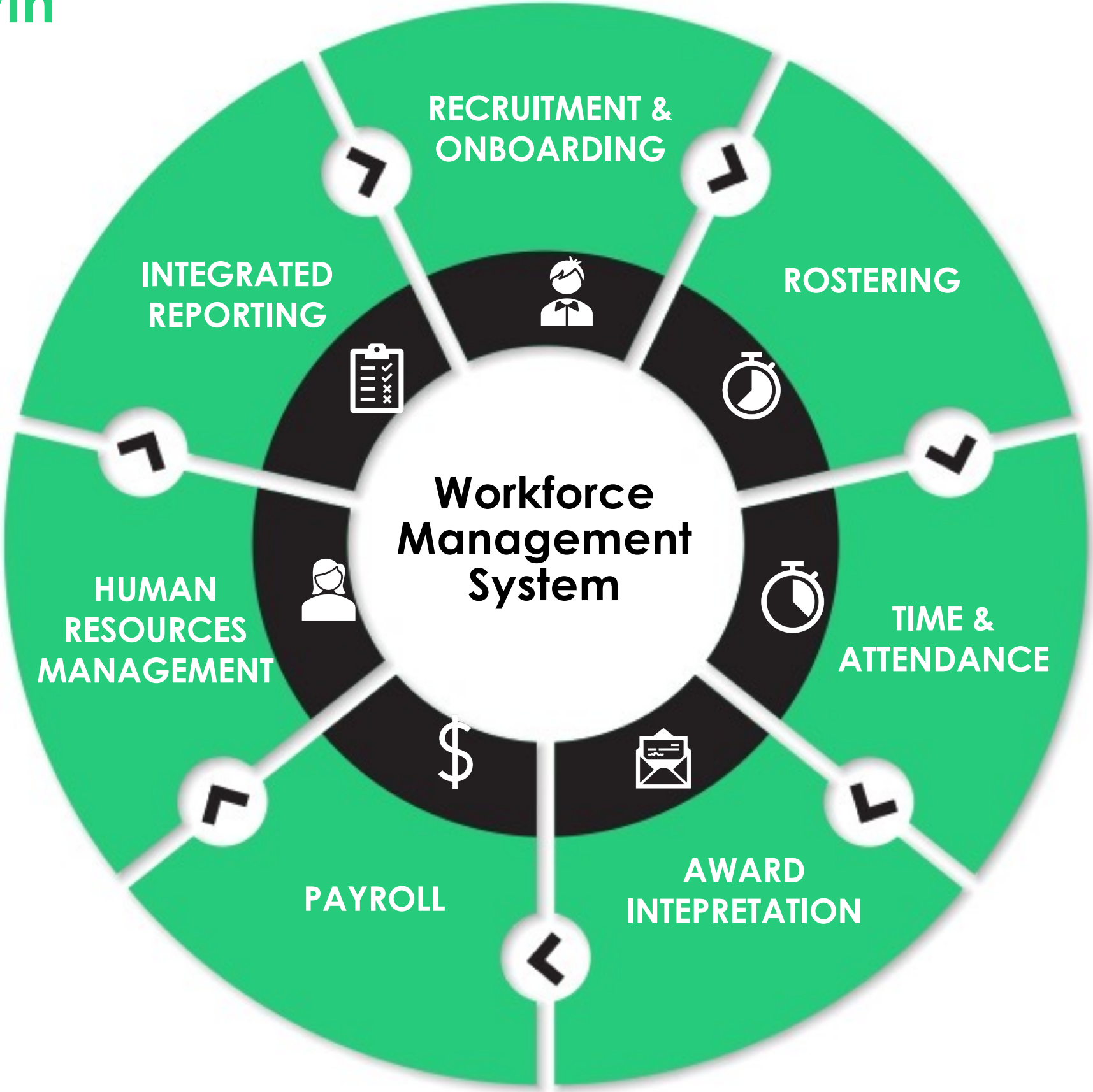
RETAIL

Key target  
is stand-up  
economy



# All-in-one workforce management system

Our all-in-one cloud offering is differentiated, meeting customer needs and driving growth



## WHY WE ARE WINNING CUSTOMERS

### TRUST

Highly trusted brand for mission-critical payroll function

### ONE VENDOR RELATIONSHIP

Replacing separate legacy systems with one vendor

### CONNECTED DATA

Real-time and efficient data management

### UNIFIED INTERFACE

One employee experience reducing friction

### EXPANDED COMPLIANCE

Support for Australia & NZ in one platform

### HIGH VALUE CUSTOMERS

Average revenue per all-in-one customer is on average 3 times higher than payroll only

# Strong pipeline conversion to secure new customers

## De Bortoli



### Type of customer

Beverage manufacturer with 380 employees.

### Driver of new/change of system

Integration of time & attendance, HR and payroll systems. Need for leave management capability and to ensure industrial relations compliance (annualised salaries) is maintained.

WHY WE WIN

- An integrated and comprehensive solution from a trusted supplier.
- Comfortability in ReadyTech's industrial relations compliance.
- All-in-one solution to eliminate time wasted on manual double handling of data due to poor integration of multiple systems in place.

## Tasco Petroleum



### Type of customer

Logistics business with 240 employees.

### Driver of new/change of system

Need for an integrated payroll, rostering, human capital management and time & attendance system which eliminates manual roster processing, ensures accuracy of payroll and award interpretation.

WHY WE WIN

- Single vendor with recruitment, HR and WHS functionalities.
- Compliant award interpretation.
- Improved employee engagement via employee self-service mobile app (Android/iPhone).
- Automation of paper-based process through online forms.
- Ability to control security permissions/access to source of truth.

## Bostock



### Type of customer

Agriculture (growers) with 370 employees.

### Driver of new/change of system

The need to replace an ageing payroll and time attendance system in the business with real-time, date effective processing.

WHY WE WIN

- Single vendor, real-time visibility of work-force attendance.
- Compliance with complex rostering – introduced modernised processes for advanced rostering with a mobility platform and gain productivity by removing doubling handling of data.



# Sustainable revenue and EBITDA growth

\$ MILLIONS			
	FY21	FY20	YoY % growth
Revenue	20.3	17.9	13.3%
EBITDA	8.5	8.3	2.4%
EBITDA margin %	42%	46%	



## Highlights

- Revenue growth of 13.3% to \$20.3m, driven by new customer wins from all-in-one platform, and significant upgrades from existing customers.
- Average revenue per new customer of \$39.4k (FY20: \$32.9k), up 19.7%.
- New customer wins in targeted industry verticals of hospitality, retail, aged care, agriculture and logistics.
- Revenue retention maintained at 94%.
- Continued investment in R&D as well as sales and marketing to 9.3% of revenue.
- CLTV to CAC ratio of 7.8x (FY20: 7.4x) with a CLTV of \$66k (FY20: CLTV of \$70k).

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# Government & Justice





# Digital transformation creating addressable market

Market tailwinds across Government & Justice driving growth

Global digitisation of government services and migration to cloud and SaaS.

Estimate that over 75% of the 530+ councils have purchased a core solution 10+ years ago.

Next generation public sector employees driving customer and digital agenda.

Digitisation accelerated by COVID-19 to become imperative.

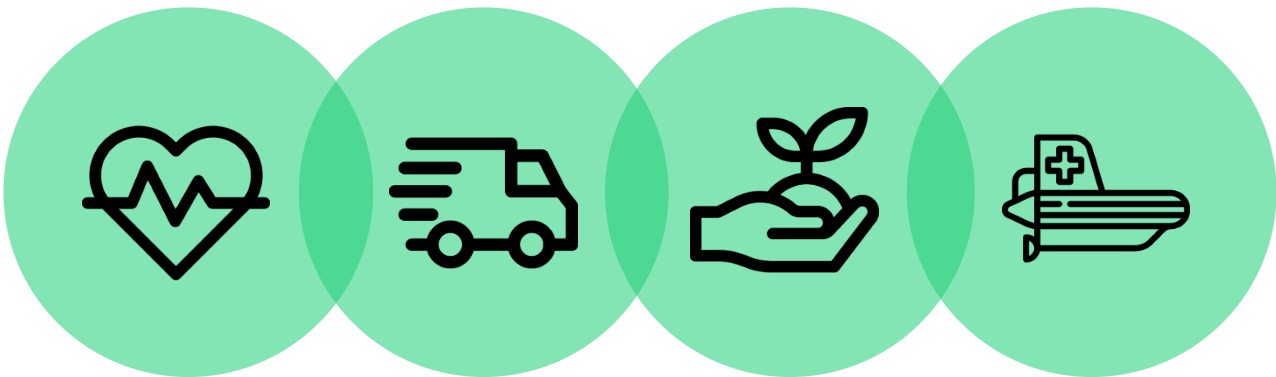
## Local Government

- 530+ local councils in Australia\*



## State Government

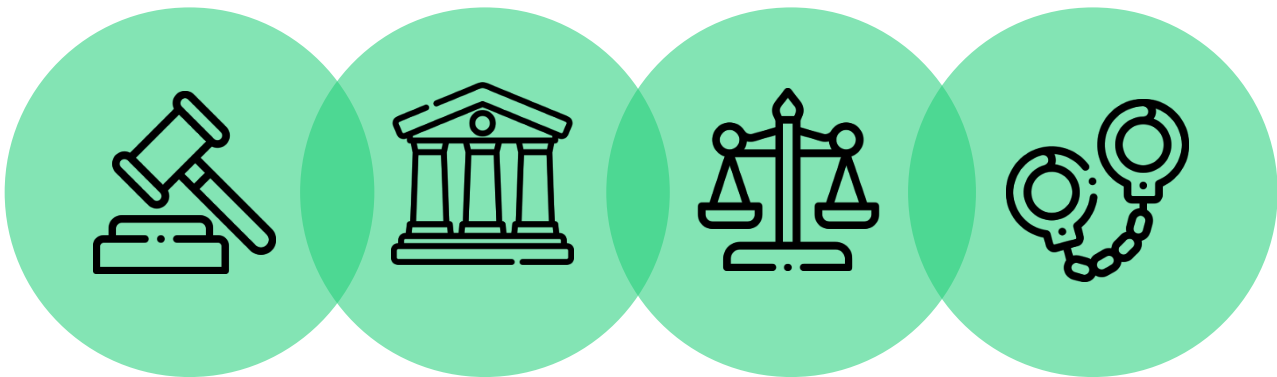
Point solutions supporting specific legislative needs across:



Health      Transport      Environment      Water Authorities

## Justice

Citizen-centric justice case management solutions with large and global addressable market of ~\$211m\* across:



Courts      Tribunals      Commissions      Prosecutors

# Ready to digitize Government & Justice

Digital transformation for improved customer service and growing community expectations



## WHY WE ARE WINNING CUSTOMERS

### CITIZEN-CENTRIC

360-view of customer and connected self-service

### MODULAR ARCHITECTURE

Solves discreet challenges and enables land and expand to full ERP

### CLOUD-BASED SAAS

Modern UX, remote access & mobile apps all highly attractive to citizens as well as digital savvy council staff

### HIGH CONFIGURABILITY

Repeatable customer onboarding reduces time to go-live

### TRACK RECORD

Exemplary success rate for customer implementations

### DRIVING GOWTH

Estimate that over 75% of the 500+ councils have purchased a core solution 10+ years ago



# Recent customer wins

## Goondiwindi Regional Council



**Type of customer**  
Local government (council)

**Driver of new/change of system**  
Deliver fully integrated solution across all key corporate applications, which embodies the principle of data entry once only into the software solution.

**WHY WE WIN**

- Attraction to true SaaS cloud solution.
- Completely different approach to all other vendors, aligned to council strategy of putting the customer at the centre of their service delivery.
- Capability of meeting council's immediate requirements and also flexible enough to satisfy future demand requirements, future-proofing council investment.

## Glen Innes Severn Council\*



**Type of customer**  
Local government (council)

**Driver of new/change of system**  
Council was seeking to implement a comprehensive and fully integrated solution based on current open systems technology and standards.

**WHY WE WIN**

- Delivering greater levels of customer satisfaction and organisational efficiencies through the transformation of its current business processes through our fully integrated solution.
- Customer-centric enterprise solution to enable council's digital transformation.
- Partner with a vendor with a demonstrable and successful track record in similar projects, having access to a substantial range of experienced resources, with current capability and capacity.

## Legal Services Commission SA\*



**Type of customer**  
Justice case management

**Driver of new/change of system**  
The incumbent solution reached end-of-life and with a digital transformation strategy in place, LSC SA was in need of a partner to modernise their grant and legal practice management.

**WHY WE WIN**

- The only solution in the market to successfully combine grants and practice management functionality in a single solution.
- Rich history in delivering successful outcomes to justice sector at state and federal levels.
- The agility and ability to address and implement their stringent requirements demonstrated customer-centricity throughout the entire pre-sales and proof-of-concept phases of the engagement.

# Strong Government & Justice contribution



## Highlights

- P&L contribution reflects the short period of ownership post acquisition.
- On a 12-month proforma basis, Open Office generated FY21 revenue of \$18.3m, driven by new customer wins and successful upsell to existing customer base.
- Open Office revenue contribution from local government sector of 64% and justice case management sector of 36%.
- Revenue retention was 99% for FY21, reflecting high customer loyalty and mission critical nature of the product.
- Proforma average revenue per customer \$145k (FY20: \$111k), up 31%, driven by module upgrades to existing customers and winning customers from local and state government, as well as the justice sector.
- First earn-out achieved in FY21, ahead of expectations.

\$ MILLIONS	
	ReadyTech ownership
Revenue	4.8
EBITDA	1.7
EBITDA margin %	35%



# Strategy and outlook

**Well positioned to grow**

**ReadyTech targets organic revenue of over \$125m by FY26.**

# FY22 outlook

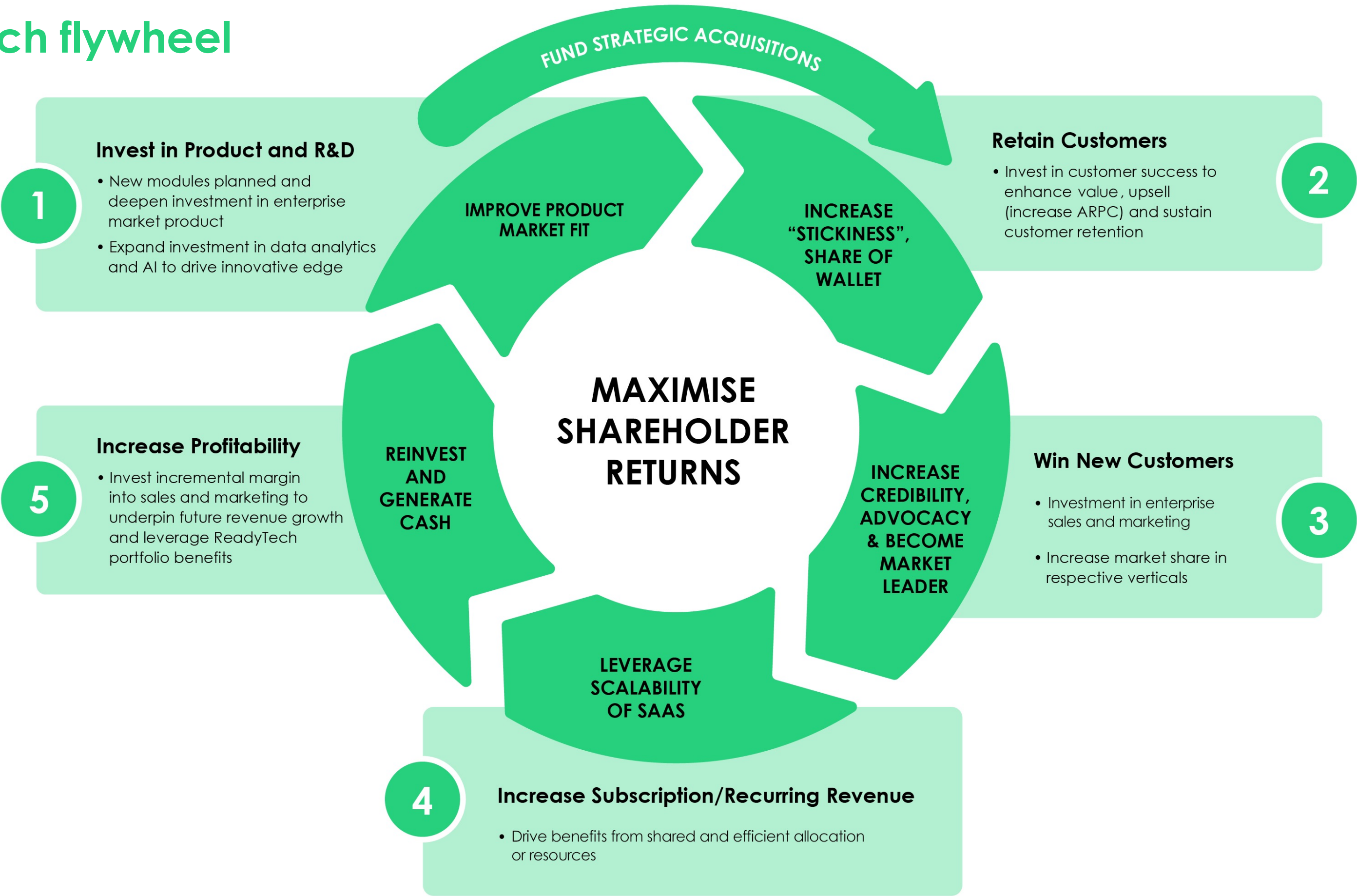
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RDY expects FY22 organic revenue growth in the mid-teens, with full twelve months FY21 Open Office revenue being \$18.3m. EBITDA margin is expected to be in the range of 36% to 38%.



# Strategic approach underpins long term growth

## The ReadyTech flywheel



# Key take-outs



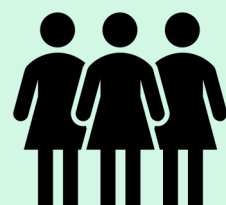
## ROBUST & GROWING BUSINESS PIPELINE

Sizeable new business high conviction pipeline of \$19m annualised subscription and implementation fees, including a number of enterprise opportunities across all segments.



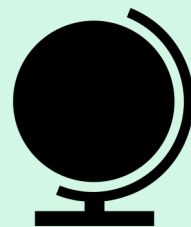
## CONTINUED SUCCESSFUL M&A

Open Office acquisition performing, ahead of expectations, driven by new local government wins, upsell of modules to existing customers and successful roll-out of the UK Ministry of Justice contract.



## REVENUE DRIVEN BY CONTINUOUS RE-INVESTMENT

Ongoing investment in sales and marketing with focus on enterprise capability, robust product market fit through R&D and new talent – 28 new roles invested in FY21.



## PRODUCT VALIDATION INTO INTERNATIONAL MARKETS

Expansion into international markets with existing ReadyTech products of McGirr Technologies (justice case management), Esher House (behavioural science) and Job Ready (back-to-work).



## 5-YEAR OUTLOOK

Well positioned to achieve organic revenue of over \$125m by FY26.



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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](https://readytech.io).