

MARKET RELEASE (ASX:RDY)

## ReadyTech's advancement in enterprise markets positions for a step change in growth

**26 February 2025** – ReadyTech Holdings Limited (ASX:RDY) (**ReadyTech** or **Company**), 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 six months ended 31 December 2024 (**1H FY25**), a period marked by progress in enterprise markets while addressing a growth inhibitor in Local Government segment, as the Company reaches an inflection point in its enterprise strategy.

### 1H FY25 highlights<sup>1</sup>:

- Total revenue up 6.6% to \$58.3 million; revenue excluding Government segment up 9%
- Enterprise pipeline of over \$37.5 million<sup>2</sup>, including contract opportunities at the shortlisted/preferred stage worth \$13.5 million
- Underlying EBITDA<sup>3</sup> of \$18.2 million, up 4.6% on prior corresponding period (pcp)
  - Underlying EBITDA margin of 31.2% (1H FY24: 31.8%)
  - Underlying cash EBITDA<sup>4</sup> margin of 14.7% (1H FY24: 14.3%)
- Non-cash impairment of goodwill and related assets for Government & Justice segment (CGU) of \$20.6 million, relating to integration of legacy production platforms and 1H FY25 performance
- Depth of current sales opportunity pipeline and advanced stage opportunities forming an inflection point for a return to mid-teens growth, underpinning a revenue target of \$160-\$170 million by FY27.

Commenting on the 1H FY25 result, ReadyTech Co-Founder and CEO Marc Washbourne said:

*"ReadyTech has made significant progress in delivering on our enterprise strategy, securing key new customers and expanding within our existing base over the first half of FY25. Revenue grew 6.6% driven by strong contributions from Education, Workforce Solutions and Justice, with growth trajectory maintained with new contract wins and upsell momentum. Our disciplined approach to targeting high-value enterprise opportunities has supported sustained segment EBITDA margins and ongoing subscription revenue growth."*

*"By focusing on verticals with substantial market potential and aligning our solutions with customer needs, we continue to build momentum. This is evident in our major contract wins which include our*

<sup>1</sup> All figures are in AUD and comparisons are made against 1H FY24 unless specified.

<sup>2</sup> Total value of first-year annualised subscription and implementation fees.

<sup>3</sup> Underlying EBITDA and NPATA excludes the impact of LTIP \$0.5m and non-cash impairment of goodwill and related assets for Government & Justice segments CGU of \$20.6m, fair value adjustment of contingent consideration of \$0.6m and \$1.5m relating to transactions and integration costs for acquisitions.

<sup>4</sup> Cash EBITDA includes actual lease payments, labour capitalisation and exclude the impact of LTIP.



largest Workforce Solutions deal to date, and entry into the University market. These contract wins highlight the demand for our software which empowers human-led sectors."

"Our pipeline is gaining strength in conviction, bolstered by multiple advanced-stage contract opportunities. In addition, the recent CouncilWise acquisition has reinforced this momentum, addressing a product reference gap and unlocking new opportunities in Local Government. With these strategic moves, ReadyTech is set for continued success that will translate into tangible growth in the second half and beyond."

### **New enterprise wins and upsell drive revenue growth**

ReadyTech generated total revenue of \$58.3 million in 1H FY25 (an increase of 6.6% on pcp) with recurring revenue representing 85.6% of total revenue.

Net revenue retention at 102%, reflecting progress across all segments and partly offset by 1H delays in upgrading Local Government customers to a complete cloud platform.

Expenses increased 7.8% to \$40.2 million, reflecting ReadyTech's investment in capability to support future revenue growth, and driving higher operating leverage. Annualised investment in Research & Development and Sales & Marketing represented 29% and 8.6% of revenue respectively.

Underlying EBITDA for the half grew 4.6% to \$18.2 million, representing a margin of 31.2% (1H FY24: 31.8%). Underlying cash EBITDA margin improved by 1.7% to 14.3%.

### **Customer retention and new wins drive growth across key segments**

Education & Work Pathways revenue increased 7.1% to \$20.3 million, with the Education vertical performing strongly. This was primarily driven by growth in Higher Education and TAFE customers, including ReadyTech's first university win with Avondale University, with further growth expected as more educational institutions upgrade their legacy software with cloud-based solutions. The segment delivered a strong EBITDA margin of 42.9% in 1H FY25.

Workforce Solutions, which provides cloud-based payroll and end-to-end workforce management software to enterprises, delivered 10.4% revenue growth in 1H FY25. Software grew 11.8% driven by several enterprise customer wins, including the single largest contract win to date of more than \$1 million in late 2024. At 36.4% margin, the division delivered EBITDA of \$6.0 million (+10.1% vs pcp).

The Justice segment performed strongly with growth coming from new customer wins, including a major new tribunal contract win, and upsell of additional services and modules, delivering revenue uplift of 13.0% to \$5.2 million. The Government segment was adversely impacted by product delays in 1H FY25, with revenue up 1.2% on pcp.

### **Enterprise strategy to drive growth towards medium term targets**

Commenting on ReadyTech's outlook, Mr Washbourne said:

"ReadyTech is well-positioned to capitalise on organisations transitioning from legacy systems as demand for cloud-based solutions accelerates across education, workforce, government, and justice. Our ongoing investment in innovation, AI-driven capabilities, and scalable technology positions us as a reliable partner for organisations transitioning to more efficient and modern software solutions."

"Our enterprise pipeline of \$37.5 million, including \$13.5 million in shortlisted and preferred stage opportunities, provides strong visibility into future growth. While Local Government revenue is



expected to remain stable, other segments are on track for double-digit growth, resulting in overall Group revenue increasing at high single-digits in FY25."

"With a growing base of enterprise customers, we expect further margin expansion, with underlying EBITDA margins in the range of 33%-34% (excluding LTIP) and an underlying cash EBITDA margin in the range of 17.5-18.5%. Our AI-powered product releases, including Talent IQ and Ask AI for Policy Bot, are already driving tangible benefits for customers, while upcoming innovations such as Council DA Agent will unlock new efficiencies in regulatory processes.

"As we continue scaling our solutions and the depth of current sales opportunity pipeline and active tenders forming an inflection point for a return to mid-teens growth, underpinning a revenue target of \$160m-\$170m by FY27"

#### **Investor call today at 10.30am (AEDT)**

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/10044565-8ymndb.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](http://www.readytech.io).