ReadyTech Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	ReadyTech Holdings Limited
ABN:	25 632 137 216
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	20.0%	to	39,254
Profit from ordinary activities after tax attributable to the owners of ReadyTech Holdings Limited	up	364.6%	to	3,943
Profit for the year attributable to the owners of ReadyTech Holdings Limited	up	364.6%	to	3,943

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The profit for the Group after providing for income tax amounted to $3,943,000 (30 June 2019: loss of $1,490,000).

Refer to the Chief Executive Officer's letter and the 'Review of operations' in the Directors' report for further commentary and analysis on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(36.52)	(29.45)

4. Control gained over entities

Name of entities (or group of entities)	WageLink Australia Pty Ltd; Zambion Limited and its controlled entities
Date control gained	9 October 2019

	$'000
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	287
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

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11. Attachments

Details of attachments (if any):

The Annual Report of ReadyTech Holdings Limited for the year ended 30 June 2020 is attached.

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12. Signed

As authorised by the Board of Directors

Signed ____________________________ Date: 26 August 2020

Tony Faure
Chairman
Sydney

ReadyTech Holdings Limited

ABN 25 632 137 216

Annual Report - 30 June 2020

Dear Shareholder,

ReadyTech Holdings Limited completed its first full year as an ASX-listed entity at the close of FY20. During what are unarguably unprecedented times for global and local economies, as well as for the businesses, investors and individuals that are their lifeblood, I'm pleased to introduce an Annual Report that reflects ReadyTech's status as a mission-critical partner for those customers who rely on its technology to conduct the essential tasks of running their businesses and operations.

As I noted in last year's Annual Report, ReadyTech is a provider of people management software, primarily for Australian education providers and employers. Positioned at the core of these sectors, software like ReadyTech's offerings in student management and payroll make it a key enabler in the conduct of fundamental tasks, from compliance in education, to the payment of employees in the employment segment.

This provides ReadyTech with inherent resilience. Combined with an enterprise strategy focused on growing its footprint into higher value markets while retaining and adding value to existing customers, ReadyTech's management team have been able to deliver on investor expectations during what is more broadly a challenging time. In line with previous FY20 guidance, ReadyTech today reports revenue growth of 19.1% to $39.3 million, a 21.5% increase in underlying EBITDA to $15.6 million, and a 63.9% increase in underlying NPAT to $3.6 million excluding the impact of non-recurring costs.

Current economic conditions bring about significant opportunities for the technology sector, and for ReadyTech. With the immediate requirement for educators and employers to reassess and optimise the way they interact with students and employees, and an acceleration of digital transformation initiatives, ReadyTech is in a strong position to be their partner of choice as they undertake digital initiatives designed to support their growth and success into the future. This will require innovative thinking and the ability to adapt, both of which ReadyTech is well-equipped for.

I and the Board would like to thank investors for their continued support. ReadyTech's management team, headed by CEO Marc Washbourne, have been investing for many years in SaaS designed to help industries remain agile through times of change. This is now being repaid in its ability to meet the fast-changing customer needs presented by a new economic environment, and a new decade. I look forward to working with you all on our shared journey into the future of work, as ReadyTech enables its mission of becoming a world-class technology company through customer success.

Yours sincerely,

Tony Faure
Chairman

26 August 2020
Sydney

"*Whether it is managing compliance reporting in the education sector, or paying employees using our workforce solutions software, we operate from a foundational position at the very core of our customers' everyday business operations. We are a 'must-have', not a 'nice-to-have'.*"

Performance highlights FY20

- Revenue up 19.1% to $39.3 million (organic revenue up 10.0%)
  - Average annual revenue per customer up 18% to $10.5k
  - Client revenue retention maintained at 95%
- Statutory NPAT up 364.6% to $3.9 million
- Underlying EBITDA up 21.5% to $15.6 million
- Underlying NPAT up 63.9% to $3.6 million
- Non-recurring costs of $0.6 million

Dear Shareholder,

There is no doubt 2020 has been a year like no other we can remember. For many businesses and investors in Australia, and indeed around the world, it has brought about significant disruption and change. Whether that be entire workforces working from home, or businesses being asked to think differently about the ways they've operated in the past – or even about some new opportunities that are arising – we've all had to undertake adaptation amidst change, and do so at a fast pace.

I'm pleased to report ReadyTech has remained robust and resilient throughout this period. For over 20 years, we have delivered non-negotiable software solutions that our customers rely on to perform mission-critical functions within their businesses. Whether that is managing compliance reporting in the education sector, or paying employees using our workforce solutions software, we operate from a foundational position that sits at the very core of our customers' everyday business operations.

Much of what we offer is a 'must-have', not a 'nice-to-have'.

This allows us to hold strong during challenging times while continually offering new value through innovation. As a result in FY20, ReadyTech is pleased to report that we have continued to deliver sustainable growth. This includes underlying revenue growth of 19.1% to $39.3 million, an underlying Net Profit After Tax ('NPAT') of $3.6 million, up 63.9%, and the maintenance of our characteristically high client retention rate of 95%.

As a result of strong investment over many years, ReadyTech has now built a cohesive suite of next generation SaaS solutions in our key verticals that are valued by 4,000+ customers for helping them stay nimble through change, for being a joy to use, and for putting their needs first and foremost. During the year, although we could never have expected the conditions encountered in 2020, we've found ourselves in a position of being ready for change - and being able to help our customers navigate that too.

FY20 results update

ReadyTech experienced strong top line growth in FY20, translating into growing earnings and cash flow. As mentioned previously, in FY20 the combination of new client wins and cross-selling to existing customers underpinned 19.1% growth in revenue to $39.3 million. Within this, subscription and license revenue grew 18.2%, and comprised 89% of total revenue.

ReadyTech's cloud-based SaaS offering has demonstrated its scalability and strong operating leverage, with earnings continuing to grow faster than revenue, up 21.5% to $15.6 million. This highlights the scalable nature of SaaS student and workforce management platforms as more clients seek to replace their legacy vendors with ReadyTech's leading-edge, cloud-based offerings. While operating expenses were up 17.9% to $23.7 million, this reflects additional investment in employment costs as additional sales and technology related talent is added to the ReadyTech team to underpin future growth.

Product & strategy

ReadyTech continues to pursue a highly customer-centric SaaS strategy in the industries in which we operate. Backed by a shared platform of capability for best practice SaaS that can be applied across all our industry verticals, we've been successful in our aim of attracting new and higher value customers in our core segments while retaining and increasing revenue from existing customers. Our key product differentiators - our agility, usability and customer-centricity - are seeing us displace less flexible legacy technology and generate a pipeline of new, higher value business.

- **Enterprise customers**
  FY20 was a record year for new business across ReadyTech. In line with our strategy, we experienced strong demand for our next generation SaaS offerings at an enterprise level, evidenced by our breakthrough TAFE contract with Bendigo Kangan Institute (‘BKI’) in Victoria who selected our Student Management System, JR Plus, as the preferred technology for their student journey digital transformation project. Worth $7m including a 5-year software subscription, we expect this validation to lead to significant growth in both the TAFE and the broader enterprise education market.

  The strategic acquisition of New Zealand-based workforce management platform Zambion has also allowed us to attract larger customers and attract strong new badges in the employment segment during the second half. With a very advanced, mobile and cloud-based workforce management capability now unified as part of our HR3+ payroll and workforce management proposition across both Australia and New Zealand, we are experiencing and expect further interest from higher value customers in this segment.

- **Customer retention**
  ReadyTech’s formidable customer retention record continued in FY20, with a client retention rate maintained at 95%. The strong customer satisfaction and intimacy we maintain has allowed us to continue to grow our customer usage through product upsell and adoption, leading to ARPC growth of 18%. This was complemented by strong cross-sell across our product suite, with particular success offering our behavioural science-backed assessment and predictive analytics technology into the education and apprenticeships markets to support graduation and completion outcomes. Future retention is underpinned by our understanding of customer businesses, their participation in our development roadmap and investment in our customer success framework.

- **Research & Development**
  Investment in R&D was maintained at over $11m in FY20. With a key focus on improving usability and ensuring our platforms are an even better market fit for enterprise-level customers, ReadyTech released well received new modules including digital credentials for education and automated workflows for employment. Our agile development process remains highly responsive to changing customer needs (never more important than during COVID-19) and we expect continued commitment to R&D will be essential in supporting sustainable growth across our business into the future.

- **M&A**
  The strategic acquisition of Zambion and WageLink in FY20 demonstrated ReadyTech’s ability to buy and successfully integrate complementary capability and companies. Where such businesses have been diligently de-risked and can be plugged into our shared platform of best practice capability, our expertise means that we are in a strong position to help them to the next stages of accelerated growth. ReadyTech maintains a strong pipeline of future M&A opportunities and remains open to opportunities in the current COVID-19 environment that might not otherwise present themselves.

Talent and culture
ReadyTech continues to invest in new talent across the organisation. Most notably, we recently welcomed senior hire James Diamond into a brand new role as Chief Executive, Education to lead growth and development in this segment. With a very strong background in high growth SaaS and enterprise sales, we expect James to play a key role alongside our Chief Executive of Workforce Solutions, Daniel Wyner, in realising ReadyTech’s ambitions for enterprise customer growth. Other new additions including new sales and marketing roles that will underpin our brand and this future sales pipeline.

The benefit of our commitment to people and culture has never been clearer than during COVID-19. Since we transitioned in just 24 hours to a ‘work-from-home’ operational model, our team has adopted a business-as-usual approach, remaining highly productive and purposeful while ensuring our projects and sales pipelines are successfully managed remotely. Our team of ‘ReadyTechers’ have displayed inspirational dedication to our customers, including managing the seamless remote conduct of key enterprise projects with Bendigo Kangan Institute and University of Queensland.

Navigating COVID-19
ReadyTech entered the COVID-19 environment from a position of strength. With SaaS offerings in markets synonymous with sticky, ‘rusted-on’ customers, our business is characterised by long customer tenures, high levels of recurring revenue and low levels of churn, making it resilient and defensive in nature. In education, international students account for only 3% of students serviced.

ReadyTech has broadly maintained customer spend during this challenging economic period while benefitting in new areas of opportunity such as the adoption of technology to support remote work and delivery (including online learning and assessment) and accelerated sales processes. We’ve seen growing momentum in the Back-to-Work sector and are playing a key role in supporting increasing Jobseeker caseloads. Rapid response initiatives such as our ‘Remote Control’ customer content hub to support remote delivery and servicing, as well as the deployment of support for JobKeeper in payroll has deepened customer loyalty and trust in ReadyTech's team and brand.

As a result, we've remained on the front foot during COVID-19. As previously mentioned, we are hiring additional resources to underpin our next wave of growth and are pleased to have not stood down or reduced hours for any employees due to COVID-19.

Outlook
ReadyTech expects strong opportunities for continued growth across education and employment verticals in the year ahead, despite the challenges presented to the economy by the direct and indirect impacts of COVID-19. In fact, despite the impact of COVID-19 in Q4 FY20, ReadyTech has responded well with sales volume growth of 55% in Q4. The strong pipeline we have in place, combined with forward visibility of sales and revenues, gives the Board confidence to provide financial guidance for FY21, with our expected revenue percentage growth in the mid-teens and an EBITDA margin in the range of 37%-39% (inclusive of LTIP).

There is a strong requirement for agile technology to support the education, training and employment journey, with rising demand for learning, upskilling, reskilling and the realisation of employment outcomes across Australia now a key plank of economic recovery. This is evidenced by the policy response, with Federal and State Governments through the JobTrainer program set to invest an extra $2.5bn in training, including the creation of 340,000 training places which will benefit many ReadyTech customers.

Overall, we believe COVID-19 has exposed the inflexibility of many existing systems, and with a momentum for digital transformation and change we expect benefits for ReadyTech's more refreshing next generation systems in the long-term.

The future of (our) work
I would like to thank shareholders for their continued support during FY20. While this may be an unprecedented and challenging time for many, I would like to finish by assuring you that your investment in ReadyTech is an investment in technology that supports the aspirational journey of individuals through learning and work, a contribution that pays off for our community well beyond dollars and cents.

Across our systems each day, ReadyTech supports the management and development of students learning with their hands and their minds, in trades, in vocational education, and in higher education. We enable Australian employers to pay their employees on time, every time, as those employees seek to provide for their families. We assist governments, as they seek to roll out new workforce policy programs at scale and at speed. We back employment services providers as they help transition job seekers through the trials of job seeking into the dignity of paid employment.

We feel privileged in these times to be such a part of the fabric of the economy and individual aspiration, and we look forward to working with you through FY21 and beyond to ensure our customers are ready for the future of work.

Yours sincerely,

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Marc Washbourne
Chief Executive Officer

26 August 2020
Sydney

Directors	Tony Faure - Chairman and Independent Non-Executive Director Marc Washbourne - Executive Director and Chief Executive Officer Elizabeth Crouch - Independent Non-Executive Director Timothy Ebbeck - Independent Non-Executive Director Tom Matthews - Non-Executive Director Mark Summerhayes - alternate Non-Executive Director to Tom Matthews
Company secretaries	Nimesh Shah Melissa Jones William Hundy
Registered office	Level 1, 35 Saunders St Pyrmont NSW 2009 Australia Tel: +61 2 9018 5525
Principal place of business	Level 1, 35 Saunders St Pyrmont NSW 2009 Australia Tel: +61 2 9018 5525
Share register	Link Market Services Limited Level 12, 680 George Street Sydney, NSW 2000 Australia Tel: 1300 554 474
Auditor	Deloitte Touche Tohmatsu Level 9, Grosvenor Place 225 George Street Sydney, NSW 2000, Australia Tel: +61 2 9322 7000
Stock exchange listing	ReadyTech Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: RDY)
Website	www.readytech.com.au
Business objectives	ReadyTech Holdings Limited has used cash and cash equivalents held at the time of listing, in a way consistent with its stated business objectives.
Corporate Governance Statement	The Directors and management are committed to conducting the business of ReadyTech Holdings Limited in an ethical manner and in accordance with the highest standards of corporate governance. ReadyTech Holdings Limited has adopted and has complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (‘Recommendations’) to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed was approved by the Board of Directors at the same time as the Annual Report and can be found at https://investors.readytech.com.au

The Directors present their report, together with the financial statements, on the consolidated entity ('Group' or 'ReadyTech') consisting of ReadyTech Holdings Limited ('Company' or 'parent entity') and the entities it controlled for the year ended 30 June 2020.

Directors
The following persons were Directors of ReadyTech Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Tony Faure - Non-Executive Chairman
Marc Washbourne - Chief Executive Officer
Elizabeth Crouch - Non-Executive Director
Timothy Ebbeck - Non-Executive Director
Tom Matthews - Non-Executive Director
Mark Summerhayes - Alternate Non-Executive Director to Tom Matthews (appointed 22 July 2019)

Principal activities
During the financial year the principal continuing activities of the Group consisted of:
- Education - market leading provider of student management system to vocational education and training, international and English Language and higher education providers; and
- Workforce Solutions (Employment) - provider of payroll and employee management solutions from cloud-based technology to outsourcing of human resource function.

Dividends
There were no dividends paid, recommended or declared during the current financial year or previous financial period.

Review of operations
ReadyTech Holdings Limited (ASX: RDY), a leading provider of SaaS technology in workforce solutions (employment) and education, is pleased to announce its results for the 12 months ended 30 June 2020 ('FY20'), that saw the Group achieve strong growth and performance across all of its key financial metrics.

ReadyTech’s operating strategy and business continuity planning has helped the Group navigate the current COVID-19-impacted operating environment, while positioning the business to further grow revenues and earnings through FY21.

The statutory net profit after tax ('NPAT') increased by 364.6% to $3.9 million.

Commenting on the FY20 results, ReadyTech CEO Marc Washbourne said: “FY20 has clearly shown the mission-critical nature of ReadyTech’s technology, which is supporting our customers through COVID-19 with next generation SaaS solutions. The continued growth achieved reflects the exceptional agility and dedication of the entire ReadyTech team. Importantly, growing operating cashflow, debt headroom, low gearing and a strong balance sheet support our investment in technological innovation and growing our team to deliver on the exciting opportunities we see.”

Strong top line growth translated to growing earnings and cashflows
Over FY20, the combination of new client wins and cross-selling to existing clients underpinned 20% growth in revenue to $39.3 million. Within this, subscription and license revenue grew 18.2%, and comprised 89% of total revenue.

With multiple attractive growth runways available, ReadyTech increased its investment in technology innovation and people to underpin future growth. Operating expenses were up 17.9% to $23.7 million reflecting additional employment costs as additional sales and technology related talent was added to the ReadyTech team. One strong investment, James Diamond was appointed into the newly created role of Chief Executive, Education, to lead sales and marketing as well as the team responsible for ReadyTech’s education technology solutions.

ReadyTech’s cloud-based SaaS offering demonstrated its scalability and strong operating leverage, with earnings continuing to grow faster than revenue, up 21.5% to $15.6 million. This highlights the scalable nature of SaaS student and workforce management platforms as more clients seek to replace their legacy vendors with ReadyTech’s flexible, cloud-based offerings.

Client growth and uptake of new modules underpins growth in Education
Education revenue was up 6.6% to $21.3 million reflecting client growth and uptake of new modules by existing clients for remote student serviceability during COVID-19.

A landmark enterprise contract with Bendigo TAFE & Kangan Institute was signed in January 2020. The implementation of this $7 million 5-year subscription contract for over 40,000 students is well underway, with the project being successfully managed remotely given COVID-19 restrictions.

“ReadyTech has experienced growing momentum in the Back-to-Work and Skills sectors, where clients are supporting job seekers with self-service support and job search to get back into the workforce. The rapid increase in job seeker caseloads and the increased support ReadyTech is providing to this segment of the market is especially pleasing,” said Mr Washbourne.

Rapid growth in Workforce Solutions (Employment)
Despite the challenging operating conditions due to COVID-19, Workforce Solutions (Employment) revenue was up 37.9% to $17.9 million reflecting platform capabilities to manage compliance requirements and remote staff management. Existing customer spend has increased driven by additional module uptake.

The complementary acquisitions of Zambion and WageLink are performing well. Following the successful integration into an all-in-one workforce management platform, HR3+, ReadyTech is gaining market share from legacy platform and enhancing trust from new blue-chip clients, including Glassons, dnata and Bed Bath & Beyond.

Positive outlook for continued growth in FY21
Commenting on ReadyTech’s outlook, Mr Washbourne said: “We expect strong growth across education and employment verticals, as there is strong demand for agile technology to support the upskilling and reskilling of our workforce in Australia, a key plank of economic recovery. This is evidenced by the policy response from Federal and State Governments, including the JobTrainer program which is set to commit over $2 billion in funding to support apprenticeships and create 340,000 new training places that will benefit many ReadyTech customers.

“Despite the impact of COVID-19 on the Australian economy in Q4 FY20, our business has responded well with FY20 Q4 new business up 55% compared to FY19 Q4. While COVID-19 has impacted the operating environment and created much uncertainty, we are seeing positive customer trends as the need to more effectively and efficiently remote manage employees and students has become critical. We believe these trends will gain momentum in FY21 and support further growth."

“The strong pipeline we have in place, combined with forward visibility of sales and revenues, gives the Board confidence to provide guidance for FY21, with the Group expected to deliver revenue growth in the mid-teens in terms of percentage growth, with an EBITDA margin in the range of 37%-39% (inclusive of LTIP).”

Significant changes in the state of affairs
On 9 October 2019, the Group acquired 100% of the ordinary shares in WageLink Australia Pty Limited ('WageLink') and Zambion Limited and its controlled entities ('Zambion') for total consideration of $1,550,000 and $10,317,000 respectively.

WageLink provides a range of payroll management services for small to medium sized businesses whilst Zambion provides web and app based payroll, HR, time and attendance, leave management system for small to medium sized businesses to manage their workforce.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Education
ReadyTech’s cloud-based software for managing people has proven to be resilient through the COVID-19 environment, with high recurring revenues of approximately 89% and low churn. In addition, ReadyTech has low exposure to the international student segment, accounting for only 3% of total students serviced by our Student Management System platforms.

ReadyTech has also experienced growing momentum in the Back-to-Work sector, where clients are supporting job seekers with self-service support and job search to get back into the workforce. The rapid increase in JobSeeker caseloads and the increased support ReadyTech is providing to this segment of the market is positive.

Workforce Solutions (Employment)
ReadyTech's workforce solutions platforms are at the heart of employer systems. The significant changes to compliance requirements in 2020 that affect awards, annualised salaries, single touch payroll and now the complexity of managing JobKeeper payments, are all standard capabilities of the software platform.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
The Group is the leading provider of mission critical people management software for educators, employers and facilitators of career transitions. Bringing together the best in student management, apprenticeship management, payroll and HR administration, work health and safety, employment services and behavioural science technology, we represent Australia's first software continuum supporting the development and success of tomorrow's workforce.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Tony Faure
Title:	Independent Non-Executive Chairman
Qualifications:	Tony holds a Bachelor of Economics (hons) from the University of Sussex.
Experience and expertise:	Tony is a deeply experienced business leader with a career history that includes advising some of Australia's leading technology and digital media companies. A former CEO of both ninemsn and HomeScreen Entertainment, Tony was the launch Managing Director of Yahoo! Australia & NZ between 1997 and 2001. He is a respected board member and has previously been a board member at several companies, including Australian Independent Business Media (publisher of Business Spectator/Eureka Report), Junkee Media and iSelect, as well as a member of the Starlight Children's Foundation Australia's NSW Advisory Board.
Other current directorships:	Chairman of oOh!media Ltd (ASX: OML), Uno Homeloans, PredictHQ Limited
Former directorships (last 3 years):	Stackla, Medical Media.
Special responsibilities:	Member of the Audit and Risk Committee and Remuneration and Nomination Committee
Interests in shares:	224,818 ordinary shares

Name:	Marc Washbourne
Title:	Chief Executive Officer
Qualifications:	Marc achieved a first-class in History from the University of Leeds, UK.
Experience and expertise:	Marc Washbourne is a founder of the ReadyTech business and was appointed CEO in 2006. A former software developer and original architect of JobReady, Marc brings to ReadyTech over 20 years of experience in technology and software solutions within the education and employment industries. Marc now heads up a global team of 200 people committed to the innovation and better technology for over 4,000 customers. Marc couples his strong technical background with a strategic vision for ReadyTech's Software-as-a-Service ('SaaS') products and underpinning best practice approaches shared across the platforms.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	4,008,414 ordinary shares

Name:	Elizabeth Crouch AM
Title:	Independent Non-Executive Director
Qualifications:	Elizabeth holds a Bachelor of Economics and will complete a Master of Cyber Security in 2020. She is a Fellow of the Australian Institute of Company Directors.
Experience and expertise:	Elizabeth is a seasoned non-executive Director with a career that includes strong experience at senior levels of both the public and private sectors in Australia. Elizabeth is the Emeritus Deputy Chancellor of Macquarie University and held previous non-executive Director roles with Chandler Macleod Group, McGrath Estate Agents and Macquarie University Hospital. She chairs the Board of the Sydney Children's Hospital Network, CREST-ANZ and SGS Economics and Planning and is also on the Boards of Bingo Industries and the NSW Government's Institute of Sport and Health Infrastructure.
Other current directorships:	Non-Executive Director of Bingo Industries Ltd (ASX: BIN)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee
Interests in shares:	9,934 ordinary shares

Name:	Timothy Ebbeck
Title:	Independent Non-Executive Director
Qualifications:	Timothy holds a Bachelor of Economics, is a Fellow of CPA Australia, a Fellow of the Australian Institute of Management, a Graduate Member of the Australian Institute of Company Directors, and a Member of the Australian Computer Society.
Experience and expertise:	Timothy has over 30 years of board, executive, and advisory experience across a breadth of industries including technology, media, consulting, and finance. Timothy's executive experience includes roles as Chief Executive Officer at SAP (ANZ), Managing Director of Oracle (ANZ) and Chief Commercial Officer of NBN Co, as well as Chief Financial Officer of Compaq (ANZ), Unisys (ANZ) and TMP Worldwide (APJ). His board roles have included being a non-executive Director for IXUP Limited, GeoOp Limited, Nvoi Limited, CPA Australia, Nextgen Distribution, and Insite Organisation. He is presently principal of Ebbeck TIG Consulting and consultant to MyWave.AI Group.
Other current directorships:	None
Former directorships (last 3 years):	IXUP Limited (ASX: IXU), GeoOp Limited (NZE: GEO), Nextgen Distribution Pty Ltd, Nvoi Limited (ASX: NVO).
Special responsibilities:	Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee
Interests in shares:	6,623 ordinary shares

Name:	Tom Matthews
Title:	Non-Executive Director
Qualifications:	Tom is a CFA charter holder, a member of the Sydney CFA Society and also has a Masters of Applied Finance and Investment from the Financial Services Institute of Australasia. In 2001, Tom was awarded a Bachelor of Sciences honours degree in Management Sciences from the London School of Economics.
Experience and expertise:	Tom has over 17 years of experience in private equity, principal investment, investment banking and middle market advisory and valuations in both Australia and the UK. A partner at leading private equity manager Pemba, Tom has led a number of transactions across Pemba's areas of focus since 2015, including investments into HR3, JobReady, Marque Group, Open Office and ONCALL. Tom has held a variety of senior roles prior to joining Pemba, including at private equity firm Sovereign Capital Partners in the UK, the Investment Banking Group of Macquarie Bank, and Deloitte Corporate Finance in both Sydney and London.
Other current directorships:	Marque Group, Open Office, ONCALL
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	34,565,926 ordinary shares

Name:	Mark Summerhayes
Title:	Alternate Non-Executive Director to Tom Matthews
Qualifications:	Mark holds a Master's Degree in Economics from the University of Cambridge.
Experience and expertise:	After graduating from Cambridge University in 1987, Mark spent seven years at Bain & Company advising corporates on a mix of strategy, Mergers and Acquisitions ('M&A'), and operational improvement projects. He was based in London, Munich and Sydney. Mark led assignments for leading European players in the Fast-Moving Consumer Goods ('FMCG'), financial services, telecoms healthcare and industrial sectors. In 1996 Mark co-founded SB Capital Partners, a private equity partnership, which was backed by Bain Capital, one of the leading US private equity firms. On the back of the success of this venture, Bain Capital subsequently launched its first dedicated European buy-out fund. In parallel to this activity, Mark assisted a wealthy Norwegian family build its own portfolio of private equity investments in both early and late stage situations and private equity funds. In 2001 Mark joined Smedvig Capital full time and as a Managing Director was one of the senior executives responsible for investing, managing and reporting on a diversified A$350 million private equity portfolio. Mark moved to Sydney in 2005 to join Pemba Capital Partners and co-led the spin out of the captive fund from Pemba in 2009 and then more recent $650 million fundraising (backed by HarbourVest and a group of other global and local LPs) which established the firm as one of the leaders in its segment in Australia and NZ.
Other current directorships:	Chairman of the Board at Coverforce and a Director of Ausreo, Instant Access, InteriorCo and ONCALL.
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None

Company secretaries
Nimesh Shah, Melissa Jones and William Hundy are joint company secretaries.

Nimesh Shah has been the Chief Financial Officer of ReadyTech since August 2017 and was appointed Company Secretary on 28 March 2019. Nimesh has over 20 years' experience as an executive in technology and online digital industries, utilising experience gained working across Australia and many parts of Asia. Nimesh was Global CFO for pioneering social networking site, Friendster, Inc. Nimesh was also Finance Director at Fairfax Digital Australia & New Zealand Pty Limited for seven years, playing an instrumental role in navigating the company into the world of online publishing and transaction businesses. Nimesh was also the Chief Financial Officer and Company Secretary of ASX-listed iSentia Group Limited, a position which he held until July 2017, where he played an instrumental role in transitioning iSentia to become a leading media intelligence organisation in Asia Pacific. Nimesh holds an MBA from the Australian Graduate School of Management and a Bachelor of Commerce with Merit from the University of New South Wales. Nimesh is also a member of Chartered Accountants Australia and New Zealand.

Melissa Jones is the General Manager of Company Matters, Link Group's governance and company secretarial team. Melissa has over 15 years' experience as a lawyer, company secretary and governance professional. Melissa is admitted as a Solicitor of the Supreme Court of New South Wales and holds a Bachelor of Laws (Honours).

William Hundy is a Solicitor and Company Secretary with Company Matters Pty Limited. William has over 30 years' experience as a lawyer, company secretary and governance professional. William is admitted as a Solicitor of the Supreme Court of New South Wales and holds a Bachelor of Laws, Bachelor of Commerce (UNSW), a Bachelor of Science (University of Sydney) and a Diploma of Corporate Management. He is a fellow of the Governance Institute of Australia, the Chartered Governance Institute and Australian Institute of Company Directors.

Meetings of Directors
The number of meetings of the company's Board of Directors ('the Board') held during the period ended 30 June 2020, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Tony Faure	13	13	2	2	4	4
Marc Washbourne**	13	13	2	2	4	4
Elizabeth Crouch	13	13	2	2	4	4
Timothy Ebbeck	13	13	2	2	4	4
Tom Matthews**	12	13	2	2	4	4
Mark Summerhayes*	7	12	-	-	-	-

Held: represents the number of meetings held during the time the Director held office.

* Mark Summerhayes attended six board meetings as an observer and one meeting as alternative director
** Marc Washbourne and Tom Matthews attended four Audit and Risk Committee meetings and two Nomination and Remuneration Committee meetings as observers

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel ('KMP') are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the incentives strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework seeks to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors' remuneration
Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors are not be entitled to participate in any employee incentive scheme established by the Company.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was disclosed in the Prospectus dated 29 March 2019, where the maximum annual aggregate remuneration is $750,000. For the financial year ended 30 June 2020, the fees payable to the current non-executive Directors (whether in cash or securities) will not exceed $600,000 in aggregate.

The annual non-executive Directors’ fees currently agreed to be paid by the Company are inclusive of superannuation and are $150,000 to the Chairman and $70,000 (inclusive of superannuation) to each of the other Independent non-executive Directors.

Any non-executive Director who devotes special attention to the business of the Group or who performs services which, in the opinion of the Remuneration Committee, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:
- base pay and non-monetary benefits;
- short-term performance incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The Group currently provides certain members of its senior management team with annual short-term incentives ('STI') which become payable upon satisfaction of specified performance criteria. These incentives are set out in each KMP service agreement. Payment of STI's in any given year will be determined by the company and will be conditional upon achievement of:

- performance criteria tailored to each respective role (if any); and
- the Group's financial performance against criteria set by the Nomination and Remuneration Committee.

No STI will be payable if the performance criteria are not met by the relevant KMP with respect to his or her STI award.

The STI program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

From time to time the Nomination and Remuneration Committee may, at their discretion, award bonuses to certain executives in recognition of work performed which are not linked to any specified performance criteria.

For KMP, the STI is maximum 40% of base salary with 70% based on Financial KPI and 30% on Personal KPI's.

The Financials KPIs are based on achieving Group revenue and Group net profit after tax ('NPAT') targets.

The Group will implement a long-term incentives ('LTI') plan in the financial year 2021.

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last 4 years.

Use of remuneration consultants
The Group did not engage any remuneration consultants during the years ended 30 June 2020 and 30 June 2019.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following Directors of ReadyTech Holdings Limited:
- Tony Faure - Non-Executive Chairman
- Marc Washbourne - Chief Executive Officer
- Elizabeth Crouch - Non-Executive Director
- Timothy Ebbeck - Non-Executive Director
- Tom Matthews - Non-Executive Director
- Mark Summerhayes - Alternate Non-Executive Director to Tom Matthews (appointed on 22 July 2019)

And the following person:
- Nimesh Shah - Chief Financial Officer

2020	Short-term benefits Cash salary and fees $	 Cash bonus $	 Annual leave $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled $	 Total $
Non-Executive Directors:							
Tony Faure	150,000	-	-	-	-	-	150,000
Elizabeth Crouch	69,996	-	-	-	-	-	69,996
Timothy Ebbeck	70,038	-	-	-	-	-	70,038
Executive Directors:							
Marc Washbourne*	310,000	24,800	(719)	21,003	3,112	-	358,196
Other Key Management Personnel:							
Nimesh Shah*	287,500	24,000	1,670	21,003	1,350	-	335,523
	887,534	48,800	951	42,006	4,462	-	983,753

* Marc Washbourne and Nimesh Shah received cash bonuses which were approved by the Nomination and Remuneration Committee and were not linked to any performance criteria.

2019	Short-term benefits Cash salary and fees $	 Cash bonus $	 Annual leave $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled** $	 Total $
Non-Executive Directors:							
Tony Faure*	37,500	-	-	-	-	262,740	300,240
Elizabeth Crouch*	17,499	-	-	-	-	-	17,499
Timothy Ebbeck*	17,499	-	-	-	-	-	17,499
Tom Matthews*	31,846	-	-	-	-	-	31,846
Executive Directors:							
Marc Washbourne	285,000	-	9,313	20,531	1,174	-	316,018
Other Key Management Personnel:							
Nimesh Shah	257,500	-	8,703	20,531	511	-	287,245
Michael Benyon*/***	115,640	-	(9,196)	15,760	2,266	-	124,470
Rick Verloop*/***	115,760	-	(6,873)	15,640	2,293	-	126,820
	878,244	-	1,947	72,462	6,244	262,740	1,221,637

* represents remuneration from the date of appointment and/or to the date of resignation.
** Prior to the IPO, Tony Faure was issued 100,000 ordinary shares in ReadyTech HoldCo Pty Ltd on 19 March 2019. These shares were subsequently converted into 174,000 in ReadyTech Holdings Limited on 17 April 2019.
*** Michael Benyon and Rick Verloop resigned on a Directors from various subsidiaries of the Group on 8 March 2019 and were no longer designated as a KMP.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2020	Fixed remuneration 2019	At risk - STI 2020	At risk - STI 2019	At risk - LTI 2020	At risk - LTI 2019
Non-Executive Directors:						
Tony Faure	100%	100%	-	-	-	-
Elizabeth Crouch	100%	100%	-	-	-	-
Timothy Ebbeck	100%	100%	-	-	-	-
Executive Directors:						
Marc Washbourne	93%	100%	7%	-	-	-
Other Key Management Personnel:						
Nimesh Shah	93%	100%	7%	-	-	-
Michael Benyon	-	100%	-	-	-	-
Rick Verloop	-	100%	-	-	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Marc Washbourne
Title:	Chief Executive Officer
Agreement commenced:	13 December 2016
Term of agreement:	No fixed term
Details:	Base salary of $310,000 and 6 month notice period. Mr Washbourne’s employment contract provides for short term incentives. Upon the termination of Mr Washbourne’s employment contract, Mr Washbourne will be subject to post employment restraints for up to 12 months.

Name:	Nimesh Shah
Title:	Chief Financial Officer
Agreement commenced:	7 August 2017
Term of agreement:	No fixed term
Details:	Base salary of $300,000 and 6 month notice period. Mr Shah’s employment contract provides for short term incentives. Upon the termination of Mr Shah's employment contract, Mr Shah will be subject to post employment restraints for up to 12 months.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Options
There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2020.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Tony Faure	207,113	-	55,000	-	262,113
Marc Washbourne	4,008,414	-	-	-	4,008,414
Elizabeth Crouch	9,934	-	-	-	9,934
Timothy Ebbeck	6,623	-	-	-	6,623
Tom Matthews*	34,539,611	-	26,315	-	34,565,926
Nimesh Shah	1,290,432	-	-	-	1,290,432
	40,062,127	-	81,315	-	40,143,442

* 34,539,611 is attributed to Tom Matthews through his capacity as director of Pemba Capital Partners.

Other transactions with key management personnel and their related parties
During the year ended 30 June 2020, Tom Matthews and Mark Summerhayes received $nil (2019: $28,982) for consultancy services provided to the Group in connection with the IPO and various acquisitions and therefore these fees do not form part of their remuneration as disclosed in the ‘Details of Remuneration’ section of the Directors' Report. As at 30 June 2020 $nil (2019: $nil) was outstanding in relation to the services provided.

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of ReadyTech Holdings Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of ReadyTech Holdings Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu
There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor
Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Tony Faure
Chairman

26 August 2020
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Directors
ReadyTech Holdings Limited
Level 1
35 Saunders Street
Pyrmont NSW 2009

26 August 2020

Dear Directors

Auditor's Independence Declaration to ReadyTech Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of ReadyTech Holdings Limited.

As lead audit partner for the audit of the financial report of ReadyTech Holdings Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Joshua Tanchel
Partner
Chartered Accountants

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue from contracts with customers	5	39,254	32,711
Interest revenue calculated using the effective interest method		14	20
Expenses			
Hosting and other direct costs		(2,836)	(1,961)
Employee benefits expense		(17,349)	(14,033)
Depreciation and amortisation expense		(9,375)	(8,063)
Advertising and marketing expenses		(467)	(464)
Consultancy and professional expenses		(800)	(6,482)
Administration expenses		(591)	(678)
Communication and IT expenses		(1,047)	(707)
Occupancy costs		(365)	(384)
Management fees		-	(112)
Other expenses		(845)	(526)
Finance costs	6	(920)	(1,938)
Profit/(loss) before income tax (expense)/benefit		4,673	(2,617)
Income tax (expense)/benefit	7	(730)	1,127
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of ReadyTech Holdings Limited		3,943	(1,490)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(86)	-
Other comprehensive income for the year, net of tax		(86)	-
Total comprehensive income for the year attributable to the owners of ReadyTech Holdings Limited		3,857	(1,490)
		Cents	**Cents**
Basic earnings per share	40	4.93	(2.15)
Diluted earnings per share	40	4.93	(2.15)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

ReadyTech Holdings Limited
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	8	9,214	6,322
Trade and other receivables	9	4,536	3,474
Contract assets	10	540	-
Prepayments		720	471
Total current assets		15,010	10,267
Non-current assets			
Property, plant and equipment	11	1,016	532
Intangibles	12	62,607	52,918
Right-of-use assets	13	2,818	2,046
Deferred tax	7	4,399	3,909
Total non-current assets		70,840	59,405
Total assets		85,850	69,672
Liabilities			
Current liabilities			
Trade and other payables	14	3,890	3,061
Contract liabilities	15	11,741	10,354
Lease liabilities	16	828	543
Income tax payable	7	1,709	246
Employee benefits	17	2,603	995
Provisions	18	-	49
Contingent consideration	19	4,096	756
Total current liabilities		24,867	16,004
Non-current liabilities			
Contract liabilities	20	214	496
Borrowings	21	25,000	21,500
Provisions	22	61	59
Lease liabilities	23	2,310	1,653
Employee benefits		331	750
Total non-current liabilities		27,916	24,458
Total liabilities		52,783	40,462
Net assets		33,067	29,210
Equity			
Issued capital	24	119,581	119,581
Reserves	25	(83,030)	(82,944)
Accumulated losses		(3,484)	(7,427)
Total equity		33,067	29,210

The above statement of financial position should be read in conjunction with the accompanying notes

ReadyTech Holdings Limited
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018	28,432	(10,058)	(6,325)	12,049
Loss after income tax benefit for the year	-	-	(1,490)	(1,490)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,490)	(1,490)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 24)	91,149	-	-	91,149
Share-based payments	-	162	-	162
Reorganisation reserve	-	(73,048)	-	(73,048)
Deemed contribution	-	-	388	388
Balance at 30 June 2019	119,581	(82,944)	(7,427)	29,210

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2019	119,581	(82,944)	(7,427)	29,210
Profit after income tax expense for the year	-	-	3,943	3,943
Other comprehensive income for the year, net of tax	-	(86)	-	(86)
Total comprehensive income for the year	-	(86)	3,943	3,857
Balance at 30 June 2020	119,581	(83,030)	(3,484)	33,067

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		43,767	34,328
Payments to suppliers and employees (inclusive of GST)		(27,587)	(21,495)
		16,180	12,833
Interest received		14	20
Interest and other finance costs paid		(920)	(1,938)
Payment of acquisition costs		(312)	-
Payment of IPO costs		-	(4,480)
Income taxes paid		(1,211)	(4,330)
Net cash from operating activities	37	13,751	2,105
Cash flows from investing activities			
Payment for purchase of subsidiaries, net of cash acquired	35	(5,426)	(1,454)
Payment of contingent consideration	28	(2,119)	-
Final payments for prior period's subsidiary acquisition		(756)	(480)
Payments for property, plant and equipment	11	(639)	(322)
Payments for intangibles	12	(4,329)	(3,592)
Net cash used in investing activities		(13,269)	(5,848)
Cash flows from financing activities			
Proceeds from issue of shares	24	-	17,100
Payment of share issue transaction costs and IPO expenses from proceeds		-	(3,859)
Proceeds from borrowings		6,000	-
Repayment of borrowings		(2,500)	(8,250)
Repayment of lease liabilities		(612)	(512)
Payment of bank guarantee		(478)	-
Net cash from financing activities		2,410	4,479
Net increase in cash and cash equivalents		2,892	736
Cash and cash equivalents at the beginning of the financial year		6,322	5,586
Cash and cash equivalents at the end of the financial year	8	9,214	6,322

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover ReadyTech Holdings Limited as a Group consisting of ReadyTech Holdings Limited ('Company or 'parent entity') and the entities it controlled at the end of, or during, the period (collectively referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is ReadyTech Holdings Limited's functional and presentation currency.

ReadyTech Holdings Limited is a listed public Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 35 Saunders St
Pyrmont
NSW 2009
Australia

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 August 2020. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 16 'Leases' and its related amendments, which was mandatorily effective for annual periods commencing on or after 1 January 2019 was early adopted effective from 1 July 2018, the impact of which was disclosed in the annual report for the year ended 30 June 2019.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Details of new Accounting Standards and Interpretations adopted during the year ended 30 June 2020 which are most relevant to the Group are provided below:

Interpretation 23 Uncertainty over Income Tax
The Group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 ‘Income Taxes’ in circumstances where uncertain tax treatments exists. The interpretation requires: the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 July 2019.

Deficiency of net current assets
The statement of financial position has a deficiency of net current assets of $9,857,000 (2019: $5,737,000) at the reporting date. The deficiency is attributable to contract liabilities of $11,741,000 (2019: $10,354,000) disclosed as current liabilities. Contract liabilities represents upfront payments received from customers on signed sales contracts. In accordance with the Group’s revenue recognition policy as details below, revenue is recognised when the services are performed.

Note 2. Significant accounting policies (continued)

The Directors are satisfied that the Group will be able to meet its working capital requirements through the normal cyclical nature of receipts and payments and budgeted cash flows generated from operations.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Corporate/group reorganisation (prior year)

ReadyTech Holdings Limited was incorporated on 8 March 2019. On 16 April 2019 the shareholders of the Company undertook a corporate reorganisation, in which ReadyTech Holdings Limited acquired ReadyTech HoldCo Pty Limited and its subsidiaries ('existing Merged Group').

This corporate reorganisation did not represent a business combination in accordance with AASB 3 ‘Business Combination’. Instead the appropriate accounting treatment for recognising the new group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. Accordingly the financial statements are a continuation of the existing Merged Group and as such:

- The assets and liabilities recognised and measured are at carrying amounts of the existing Merged Group rather than at fair value
- Shareholders' equity has come across at book value as at the date of the reorganisation;
- No 'new' goodwill has been recognised as a result of the combination; and
- The comparatives presented are those of the existing Merged Group.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ReadyTech Holdings Limited as at 30 June 2020 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 2. Significant accounting policies (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is ReadyTech Holdings Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue

The principal activities of the Group during the year consisted of:
- Education: provider of student management system to vocational education and training, international and English Language and higher education providers; and
- Employment: provider of payroll and employee management solutions from cloud-based technology to outsourcing of human resource function.

Subscription, implementation and hosting revenue
Subscription, implementation and hosting revenue includes sales from cloud based solutions that provide customers with software, services, platforms and content such as Aussiepay, ePayroll, JobReady.Plus, JobReady.Live, HR3 Payroll, HR3 Human Resources, VETtrak Student Portal, VETtrak Trainer Portal, Zambion, HR3 Plus and Myprofiling. Subscription based revenue can either be hosted on the Group’s servers, or on premise, available to be purchased by the customer which allows immediate download.

Training revenue
Training revenue includes assessment and behavioural intervention programs that deliver outcomes for government policy objectives – particularly with adult, youth and disabled unemployed initiatives.

Revenue Recognition
Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control’ of the goods or services underlying a particular performance obligation is transferred to the customer.

Note 2. Significant accounting policies (continued)

Revenue is recognised upon transfer of control of promised products and services to customers at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Revenue is recognised net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Revenue from contracts with customers
The Group provides cloud based hosted student management systems software, and employee and payroll management software to its customers. Customers gain access to the use of the hosted Intellectual Property Software via licence subscription fees, which provide them access to the software over the licence fee term. The Group can provide subscription licences, hosting and implementation services within these contracts. The sale of software subscription licenses in conjunction with integration services (including hosting) is treated as a single performance obligation (‘software solution services’) as the licence, implementation and hosting are integrated services promised in the contract into an integrated bundle of services that represent the combined output for which the customer has contracted.

Revenue is recognised on the basis of stage of completion. ReadyTech determines stage of completion based on input method (time) under AASB 15. Fees billed in advance are recognised in the statement of financial position as contract liabilities and brought to account when the performance obligation has been satisfied.

(i) Off premise licences, implementation and hosting
ReadyTech has assessed and concluded that the performance obligations for the sale of software subscription licences, related installation and hosting services are not distinct. The Company assessed that the promise to the customer is provision of the software subscription licence that is integrated to the customers’ network and hosted by ReadyTech. Hence, under AASB 15, ReadyTech considers the sale of subscription licence, related installation and hosting service as a single performance obligation as the subscription licence, implementation and hosting are integrated services promised in the contract into an integrated bundle of services that represent the combined output for which the customer has contracted. The related installation and hosting should be bundled as one performance obligation and recognised over the period of the contract.

(ii) On-premise licences
Certain products are available to be purchased by the customer which allows immediate download. These products are not tailored for customer use throughout the duration of the contact and no maintenance / training services are included. There is optionality for customers to purchase additional support and maintenance. This is accounted for as a separate performance obligation and revenue is recognised over time.

Accordingly, the sale of a licence represents a right of use license that a customer obtains of an entity’s intellectual property, and revenue is recognised when the license transfers to the customer. For on premise licenses, this is assessed to be at the point of sale.

(iii) Training, consultancy and other revenue
Training, consultancy and other revenue is earned as the services are delivered at a point in time.

Contract balances
Timing of revenue recognition may differ from the timing of invoicing to customers. Receivables are recorded when revenue is recognised prior to invoicing, or deferred income when revenue is recognised subsequent to invoicing. For multi-year agreements, customers are generally invoiced at the beginning of the contract.

Contract liabilities comprise mainly of unearned revenue related to subscription licences, which are cloud based. Contract liabilities are generally invoiced at the beginning of each contract period.

Note 2. Significant accounting policies (continued)

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from our customers, such as invoicing at the beginning of a subscription term with revenue recognised using the output method (time) over the contract period, or to provide customers with financing.

Loss making contracts
A provision under AASB 137 is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

Variable consideration
Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as additional licenses, discounts, rebates and refunds. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Other income
Other income is recognised when it is received or when the right to receive payment is established. The revenue is measured at the transaction price agreed under the contract.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Dividend income is recognised when the dividend is declared.

Research and Development ('R&D') Tax Credits are recognised as grant income in the period which R&D incentive is received.

Government grants
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

During the financial year ended 30 June 2020, the Group received $210,000 in payments from the Australian Government as part of its ‘Boosting Cash Flow for Employers’ scheme in response to the Coronavirus (‘COVID-19’) pandemic. These non-tax amounts have been net off in the relevant expenses.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

ReadyTech Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Receivables from related parties and other receivables are recognised at amortised cost, less any provision for impairment.

Contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 2. Significant accounting policies (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line or diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-5 years
Fixtures and fittings	3-10 years
Computer equipment	3-5 years
Office equipment	3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. Useful life of intangible assets are 5 years.

Research costs are expensed in the period in which they are incurred.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer relationships
Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life between 9 and 14 years.

Software
An intangible asset arising from software development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Significant costs associated with the acquisition of software or software internally developed is amortised on a straight-line basis over the period of its expected benefit, being a finite useful life of 5 years. Amortisation commences when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2. Significant accounting policies (continued)

Contract liabilities
Contract liabilities are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Group has transferred the goods or provided the services to the customer. The liability is the Group's obligation to transfer goods or provide services to a customer from which it has received consideration.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Business combinations under common control
Common control transactions are specifically scoped out of AASB 3 'Business Combinations'. Common control transactions are accounted for in the consolidated financial statements prospectively from the date of obtaining the ownership interest. The directors have elected to use existing book values of assets and liabilities of the entities subject to the business combination and record the difference between the purchase price paid by the Company and the existing book value of the entity acquired immediately prior to the business combination as a reserve. Where equity instruments are issued as part of the consideration, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of ReadyTech Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 28 for further information.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 12 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Contingent consideration
The contingent consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost. Refer to note 35 for further information.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. Refer to note 35 for further information.

Capitalised software development expenditure
Software development expenditure have been capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant software. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into two reportable operating segments: Education and Employment. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 4. Operating segments (continued)

The CODM reviews adjusted EBITDA (earnings before interest, tax, depreciation and amortisation adjusted for non-cash and significant items). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (‘AAS’) and represents the profit under AAS adjusted for non-specific non-cash and significant items. The Directors consider EBITDA to reflect the core earnings of the Group.

The information reported to the CODM is on a monthly basis.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Education	mainly provides products and services to tertiary education providers. Core products are its cloud-based student management systems (SMS) for education and training providers to manage the student lifecycle from student enrolment to course completion. ReadyTech also provides platforms to help state governments manage vocational education and training (VET) programs, software platforms for the pathways and back-to-work sector to manage apprentices and job seekers, and a competency assessment and skills profiling tools to track on-the-job training through a qualification; and
Workforce Solutions (Employment)	provides products and services to mid-sized company across various industries with payroll software, outsourced payroll services and human resource management (HRM) software solutions to employers to assist them with payroll and the management of their employees. HRM consists of human resource (HR) administration and talent management. HR administration involves employee records, workplace health and safety (WHS) and organisational structure.

Refer to note 5 for disclosure of revenues from external customers for these principal products and services.

Intersegment transactions
No intersegment transactions were made during the year ended 30 June 2020 (30 June 2019: $nil).

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the years ended 30 June 2020 and 30 June 2019 no single customer contributed 10% or more to the Group's external revenue.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 2020	Workforce Solutions (Employment) $'000	Education $'000	Corporate $'000	Total $'000
Revenue				
Sales to external customers	17,920	21,334	-	39,254
Interest revenue	13	1	-	14
Total revenue	17,933	21,335	-	39,268
EBITDA	8,198	8,782	(2,026)	14,954
Depreciation and amortisation				(9,375)
Interest revenue				14
Finance costs				(920)
Profit before income tax expense				4,673
Income tax expense				(730)
Profit after income tax expense				3,943

Consolidated - 2019	Workforce Solutions (Employment) $'000	Education $'000	Corporate $'000	Total $'000
Revenue				
Sales to external customers	12,981	19,730	-	32,711
Interest revenue	14	6	-	20
Total revenue	12,995	19,736	-	32,731
Adjusted EBITDA	6,219	7,881	(1,087)	13,013
IPO, transaction and related costs				(5,649)
Depreciation and amortisation				(8,063)
Interest revenue				20
Finance costs				(1,938)
Loss before income tax benefit				(2,617)
Income tax benefit				1,127
Loss after income tax benefit				(1,490)

All assets and liabilities, including taxes are not allocated to the operating segments as they are managed on an overall group basis.

Note 5. Revenue from contracts with customers

	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue from contracts with customers	39,254	32,711

Note 5. Revenue from contracts with customers (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 2020	Workforce Solutions (Employment) $'000	Education $'000	Total $'000
Major product lines			
Subscription, licence and hosting	16,204	18,888	35,092
Implementation, training, consultancy and other	1,716	2,446	4,162
	17,920	21,334	39,254

Consolidated - 2019	Workforce Solutions (Employment) $'000	Education $'000	Total $'000
Major product lines			
Subscription, licence and hosting	11,776	17,625	29,401
Implementation, training, consultancy and other	1,205	2,105	3,310
	12,981	19,730	32,711

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period is $6.5 million. The Group expects to recognise this revenue over the remaining four year duration of the contracts on a straight line basis.

Note 6. Expenses

	Consolidated	
	2020 $'000	**2019 $'000**
Profit/(loss) before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	880	1,797
Interest charges on lease liability right-of-use asset	40	141
Finance costs expensed	920	1,938
Superannuation expense		
Defined contribution superannuation expense	1,478	1,316
Business combination expense included in employee benefits expense		
Employee benefit expense relating to the acquisition of Esher House Pty Ltd*	-	(803)
Share option expense for Daniel Wyner and Tony Faure (Chairman)	-	426
Impairment of receivables		
Impairment of receivables	298	4
IPO expenses**	-	6,357

Note 6. Expenses (continued)

* A portion of the Esher House acquisition consideration was settled by way of issue of a special class of shares which are contingent on the ex-proprietor, Darren Coppin's continuing employment with the business. These shares will be transferred by Darren Coppin to the Company under the Security Sale Deed in exchange for Shares on Completion of IPO. With valuation at IPO, a credit of $803,000 was recognised during the financial year ended 30 June 2019.

** IPO expenses are included in 'Consultancy and professional expenses' and 'Other expenses' in the Statement of profit or loss and other comprehensive income.

Note 7. Income tax

	Consolidated 2020 $'000	Consolidated 2019 $'000
Income tax expense/(benefit)		
Current tax	2,812	2,117
Deferred tax - origination and reversal of temporary differences	(1,805)	(2,943)
Adjustment recognised for prior periods	(277)	(301)
Aggregate income tax expense/(benefit)	730	(1,127)
Deferred tax included in income tax expense/(benefit) comprises:		
Increase in deferred tax assets	(1,805)	(2,943)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	4,673	(2,617)
Tax at the statutory tax rate of 27.5% (2019: 30%)	1,285	(785)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Acquisition costs	-	29
Research and development expenses	675	-
Research and development tax offset	(945)	-
Provision for bonus	-	(241)
Other non-assessable items	(8)	171
	1,007	(826)
Adjustment recognised for prior periods	(277)	(301)
Income tax expense/(benefit)	730	(1,127)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Amounts credited directly to equity		
Deferred tax assets	-	(526)

Note 7. Income tax (continued)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	61	16
Labour capitalisation	1,178	992
Contract liabilities	3,288	3,275
Employee benefits	809	531
Accrued expenses	344	226
Software	1,123	1,204
Borrowing costs	50	91
Customer relationships	(3,950)	(4,356)
Brand names	(131)	-
IPO costs	1,324	1,834
Right-of-use assets	(697)	-
Lease liabilities	864	-
Other	136	96
Deferred tax asset	4,399	3,909
Movements:		
Opening balance	3,909	532
Credited to profit or loss	1,805	2,943
Credited to equity	-	526
Additions through business combinations and common control transaction	(1,315)	(92)
Closing balance	4,399	3,909

	Consolidated 2020 $'000	Consolidated 2019 $'000
Income tax payable		
Income tax payable	1,709	246

As at 30 June 2020, the Group has capital losses totalling $3,005,000 (2019: $3,005,000) which have not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash at bank	9,210	6,243
Cash on deposit	4	79
	9,214	6,322

Note 9. Current assets - trade and other receivables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Trade receivables	3,612	3,096
Less: Allowance for expected credit losses	(221)	(53)
	3,391	3,043
Other receivables	1,145	431
	4,536	3,474

Allowance for expected credit losses
The Group has recognised a loss of $298,000 in profit or loss in respect of impairment of receivables for the period ended 30 June 2020 (2019: $4,000).

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	**2020 %**	**2019 %**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
Not overdue	1.00%	-	1,428	1,778	14	-
0 to 3 months overdue	2.50%	-	1,770	914	44	-
3 to 6 months overdue	30.00%	-	216	194	65	-
Over 6 months overdue	49.50%	25.00%	198	210	98	53
			3,612	3,096	221	53

The Group has analysed and provided more allowance for expected credit losses due to the Coronavirus ('Covid-19') pandemic.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Opening balance	53	271
Additional provisions recognised	298	4
Receivables written off during the year as uncollectable	(130)	(222)
Closing balance	221	53

Note 10. Current assets - contract assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Contract assets	540	-

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	2020 $'000	2019 $'000
Opening balance	-	-
Additions	540	-
Closing balance	540	-

Allowance for expected credit losses
The allowance for expected credit losses on contract assets for the year ended 30 June 2020 is $nil (2019: $nil).

Note 11. Non-current assets - property, plant and equipment

	Consolidated 2020 $'000	Consolidated 2019 $'000
Leasehold improvements - at cost	920	617
Less: Accumulated depreciation	(378)	(303)
	542	314
Fixtures and fittings - at cost	124	143
Less: Accumulated depreciation	(31)	(104)
	93	39
Motor vehicles - at cost	20	-
Less: Accumulated depreciation	(6)	-
	14	-
Computer equipment - at cost	358	222
Less: Accumulated depreciation	(148)	(137)
	210	85
Office equipment - at cost	265	324
Less: Accumulated depreciation	(108)	(230)
	157	94
	1,016	532

Note 11. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improve-ments $'000	Fixtures and fittings $'000	Motor vehicles $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Balance at 1 July 2018	422	112	-	51	107	692
Additions	117	36	-	98	71	322
Depreciation expense	(225)	(109)	-	(64)	(84)	(482)
Balance at 30 June 2019	314	39	-	85	94	532
Additions	347	65	-	212	15	639
Additions through business combinations (note 35)	-	11	28	9	141	189
Disposals	-	-	-	-	(1)	(1)
Depreciation expense	(119)	(22)	(14)	(96)	(92)	(343)
Balance at 30 June 2020	542	93	14	210	157	1,016

Note 12. Non-current assets - intangibles

	Consolidated 2020 $'000	Consolidated 2019 $'000
Goodwill - at cost	31,605	22,767
Patents and trademarks - at cost	475	-
Customer relationships - at cost	19,825	18,121
Less: Accumulated amortisation	(5,463)	(3,605)
	14,362	14,516
Software - at cost	32,559	25,767
Less: Accumulated amortisation	(16,394)	(10,132)
	16,165	15,635
	62,607	52,918

Note 12. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Patents and trademarks $'000	Customer relationships $'000	Software $'000	Total $'000
Balance at 1 July 2018	21,250	-	15,633	16,396	53,279
Additions	-	-	-	3,592	3,592
Additions through business combinations (note 35)	1,517	-	605	902	3,024
Amortisation expense	-	-	(1,722)	(5,255)	(6,977)
Balance at 30 June 2019	22,767	-	14,516	15,635	52,918
Additions	-	-	-	4,329	4,329
Additions through business combinations (note 35)	8,872	477	1,707	2,524	13,580
Exchange differences	(34)	(2)	(3)	15	(24)
Amortisation expense	-	-	(1,858)	(6,338)	(8,196)
Balance at 30 June 2020	31,605	475	14,362	16,165	62,607

Impairment testing
Goodwill acquired through business combinations has been allocated to the following groups of cash generating units ('CGU'):

	Consolidated	
	2020 $'000	**2019 $'000**
Education	18,276	18,276
Workforce Solutions (Employment)	13,329	4,491
	31,605	22,767

Goodwill and the group of CGUs to which it belongs is tested annually for impairment or at the end of each reporting date where an indicator impairment exists.

The recoverable amount of the group of CGUs, which includes the carrying values of all intangibles, is determined based on value-in-use calculations using a five year discounted cash flow model, with a terminal value applied to the discounted cash flows after year five. This model incorporates the forecast to 30 June 2021 and extrapolated for a further four years using a steady growth rate.

The following table sets out the key assumptions used in the value-in-use calculations:

	Pre-tax discount rate used		Terminal growth rate		EBITDA growth rate per annum from FY21 to FY25	EBITDA growth rate per annum from FY20 to FY24
Groups of CGUs	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Education	17%	17%	1%	3%	1%	3%
Workforce Solutions (Employment)	17%	17%	1%	3%	1%	3%

Note 12. Non-current assets - intangibles (continued)

Impairment testing results
No impairment existed at 30 June 2020. Based on the value-in-use calculation methodology and assumptions stated above, the carrying amount of each group of CGUs at balance date does not exceed its recoverable amount.

Impact of possible changes in assumptions
A reasonable possible change in assumptions would not cause the carrying amount of each group of CGUs to exceed its recoverable amount.

Note 13. Non-current assets - right-of-use assets

	Consolidated	
	2020 $'000	2019 $'000
Right-of-use assets - at cost	3,875	3,278
Less: Accumulated depreciation	(1,057)	(1,232)
	2,818	2,046

The Group leases land and buildings for its offices under agreements of 5 years. At the inception of a lease management determines the non-cancellable period of a lease, including options to extend the lease if it is reasonably certain to exercise that option. The Group also leases plant and equipment under agreements of 3 years.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Right-of-use asset $'000
Balance at 1 July 2018	1,389
Additions	1,261
Depreciation expense	(604)
Balance at 30 June 2019	2,046
Additions	1,608
Depreciation expense	(836)
Balance at 30 June 2020	2,818

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2020 $'000	2019 $'000
Trade payables	185	806
Accrued expenses	2,050	1,621
GST payable	1,655	634
	3,890	3,061

Refer to note 27 for further information on financial instruments.

Note 15. Current liabilities - contract liabilities

	Consolidated	
	2020 $'000	2019 $'000
Contract liabilities	11,741	10,354

Note 16. Current liabilities - lease liabilities

	Consolidated	
	2020 $'000	2019 $'000
Lease liability	828	543

Refer to note 27 for further information on financial instruments.

Note 17. Current liabilities - employee benefits

	Consolidated	
	2020 $'000	2019 $'000
Employee benefits	2,603	995

Note 18. Current liabilities - provisions

	Consolidated	
	2020 $'000	2019 $'000
Lease make good	-	49

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Note 19. Current liabilities - contingent consideration

	Consolidated	
	2020 $'000	2019 $'000
Contingent consideration	4,096	756

Refer to note 28 and note 35 for further details on contingent consideration.

Note 20. Non-current liabilities - contract liabilities

	Consolidated	
	2020 $'000	2019 $'000
Contract liabilities	214	496

Note 21. Non-current liabilities - borrowings

	Consolidated	
	2020	2019
	$'000	$'000
Borrowings	25,000	21,500

Refer to note 27 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2020	2019
	$'000	$'000
Borrowings	25,000	21,500

Assets pledged as security
Borrowings are secured over the assets of the Group.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2020	2019
	$'000	$'000
Total facilities		
Borrowings (Facility A)	21,500	21,500
Borrowings (Facility B)	6,000	6,000
	27,500	27,500
Used at the reporting date		
Borrowings (Facility A)	21,500	21,500
Borrowings (Facility B)	3,500	-
	25,000	21,500
Unused at the reporting date		
Borrowings (Facility A)	-	-
Borrowings (Facility B)	2,500	6,000
	2,500	6,000

The Group has established two facilities, Facility A and Facility B:

- Facility A - $21,500,000 (30 June 2019: $21,500,000) with an amortising loan term over 3 years and an interest rate set at BBSY plus a margin of 2.4% (30 June 2019: 2.75% to 3.75%) depending on the Net Leverage Ratio of the Group. As at 30 June 2020, $21,500,000 (2019: $21,500,000) of the total facility has been drawn down.
- Facility B - $6,000,000 (30 June 2019: $6,000,000) with a bullet term repayment after 3 years and an interest rate set at BBSY plus a margin of 4.4% (30 June 2019: 3% to 4%) depending on the Net Leverage Ratio of the Group. As at 30 June 2020, $3,500,000 (2019: $nil) of the total facility has been drawn down.

Note 22. Non-current liabilities - provisions

	Consolidated	
	2020 $'000	2019 $'000
Lease make good	61	59

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Note 23. Non-current liabilities - lease liabilities

	Consolidated	
	2020 $'000	2019 $'000
Lease liability	2,310	1,653

Refer to note 27 for further information on financial instruments.

	Consolidated	
	2020 $'000	2019 $'000
Current (note 16)	828	543
Non-current	2,310	1,653
	3,138	2,196

Reconciliation
Reconciliation of lease liabilities (current and non-current) at the beginning and end of financial year are set out below:

	Consolidated	
	2020 $'000	2019 $'000
Balance at start of the year	2,196	1,447
Additions	1,554	1,261
Repayment of lease liabilities	(612)	(512)
Balance at end of the year	3,138	2,196

Note 24. Equity - issued capital

	Consolidated			
	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid	80,005,371	80,005,371	119,581	119,581

Note 24. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2018	38,171,440		26,807
Issue of shares	31 October 2018	100,000	$1.00	100
Issue of shares	19 March 2019	100,000	$2.63	263
Conversion of DC class shares to ordinary shares	15 April 2019	1,138,383	$2.63	2,991
Share split (1 to 1.74)	16 April 2019	29,237,269	$0.00	-
Uplift of reorganisation		-	$0.00	73,647
New shares issued on IPO	16 April 2019	11,258,279	$1.51	17,000
Less transaction costs (net of tax)		-	$0.00	(1,227)
Balance	30 June 2019	80,005,371		119,581
Balance	30 June 2020	80,005,371		119,581

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 25. Equity - reserves

	Consolidated 2020 $'000	Consolidated 2019 $'000
Foreign currency reserve	(86)	-
Share-based payments reserve	162	162
Common control reserve	(10,058)	(10,058)
Reorganisation reserve	(73,048)	(73,048)
	(83,030)	(82,944)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Common control reserve
Common control reserve is used to recognise the difference between the consideration paid and the historical values of assets and liabilities acquired, between entities under common control.

Reorganisation reserve
Reorganisation reserve is used to recognise the difference between the consideration paid and the historical values of assets and liabilities acquired, between ReadyTech Holdings Limited and the subsidiaries it acquired.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Share-based payments $'000	Common control $'000	Reorgan-isation $'000	Total $'000
Balance at 1 July 2018	-	-	(10,058)	-	(10,058)
Share-based payments	-	162	-	-	162
Reorganisation	-	-	-	(73,048)	(73,048)
Balance at 30 June 2019	-	162	(10,058)	(73,048)	(82,944)
Foreign currency translation	(86)	-	-	-	(86)
Balance at 30 June 2020	(86)	162	(10,058)	(73,048)	(83,030)

Note 26. Equity - dividends

There were no dividends paid, recommended or declared during the current financial year or previous financial period.

Note 27. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's foreign exchange risk is managed to ensure sufficient funds are available to meet foreign denominated financial commitments in a timely and cost-effective manner. The Group will continually monitor this risk and consider entering into forward foreign exchange, foreign currency swap and foreign currency option contracts if appropriate.

Creditors and debtors as at 30 June 2020 and 30 June 2019 were reviewed to assess currency risk at year end. The value of transactions denominated in a currency other than the functional currency of the respective subsidiary was insignificant and therefore the risk was determined as not being significant.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk.

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	2020		2019	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Borrowings	2.84%	25,000	4.48%	21,500
Net exposure to cash flow interest rate risk		25,000		21,500

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

For the Group the borrowings outstanding totalling $25,000,000 (2019: $21,500,000), are principal and interest payment loans. An increase/decrease in interest rates of 100 (2019: 100) basis points would have an adverse/favourable effect on loss before tax of $250,000 (2019: $250,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Note 27. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 9, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2020 and rates have increased in each category up to 6 months overdue.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	185	-	-	-	185
Other payables	-	1,655	-	-	-	1,655
Contingent consideration	-	4,096	-	-	-	4,096
Interest-bearing - variable						
Bank loans	2.84%	669	25,333	-	-	26,002
Lease liability	3.50%	922	934	1,503	-	3,359
Total non-derivatives		7,527	26,267	1,503	-	35,297

Note 27. Financial instruments (continued)

Consolidated - 2019	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	806	-	-	-	806
Other payables	-	634	-	-	-	634
Contingent consideration	-	756	-	-	-	756
Interest-bearing - variable						
Bank loans	4.48%	958	882	21,898	-	23,738
Lease liability	4.00%	543	1,653	-	-	2,196
Total non-derivatives		3,697	2,535	21,898	-	28,130

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 28. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	4,096	4,096
Total liabilities	-	-	4,096	4,096

Consolidated - 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	756	756
Total liabilities	-	-	756	756

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Contingent consideration has been valued using a discounted cash flow model.

Note 28. Fair value measurement (continued)

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Contingent consideration $'000
Balance at 1 July 2018	480
Losses recognised in profit or loss	(244)
Additions	1,000
Amounts paid	(480)
Balance at 30 June 2019	756
Additions	6,215
Amounts paid	(2,875)
Balance at 30 June 2020	4,096

Refer to note 35 for details of the contingent consideration arrangements arising from business combinations.

The level 3 assets and liabilities unobservable inputs are as follows:

Description	Unobservable inputs	Range	Outcome
Contingent consideration	Probability of achieving revenue targets	to satisfy/not to satisfy	If revenue targets are achieved 100% of the contingent consideration is payable/if revenue targets are not achieved no contingent consideration is payable

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	2020 $	**2019 $**
Deloitte and related network firms		
Audit or review of the financial statements	203,500	140,000
Other services		
Tax compliance	33,000	-
Research and development tax services	36,066	-
Other assurance services	46,263	-
Acquisition related services	-	95,524
IPO related services	-	1,269,051
	115,329	1,364,575
	318,829	1,504,575

Note 30. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2020	2019
	$	$
Short-term employee benefits	937,285	880,191
Post-employment benefits	46,468	78,706
Share-based payments	-	262,740
	983,753	1,221,637

Note 31. Contingent liabilities

The Group has given bank guarantees as at 30 June 2020 of $949,000 (2019: $472,000). The bank guarantees are for various office leases and bank facility for WageLink. No cash outflows are expected from the bank guarantees given by the Group.

Note 32. Related party transactions

Parent entity
ReadyTech Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the Directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2020	2019
	$	$
Payment for goods and services:		
Payment for services from key management personnel	-	28,982

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $'000	2019 $'000
Loss after income tax	(1,058)	(1,085)
Total comprehensive income	(1,058)	(1,085)

Statement of financial position

	Parent	
	2020 $'000	2019 $'000
Total current assets	15,104	14,956
Total assets	29,857	29,898
Total current liabilities	1,263	246
Total liabilities	1,263	246
Equity		
Issued capital	120,208	120,208
Reorganisation reserve	(89,471)	(89,471)
Accumulated losses	(2,143)	(1,085)
Total equity	28,594	29,652

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
ReadyTech HoldCo Pty Ltd	Australia	100.00%	100.00%
ReadyTech BidCo Pty Ltd	Australia	100.00%	100.00%
JobReady Tech Pty Ltd	Australia	100.00%	100.00%
Esher House Pty Ltd	Australia	100.00%	100.00%
Thymos Pty Ltd	Australia	100.00%	100.00%
VETtrak Pty Ltd	Australia	100.00%	100.00%
Rtoms Pty Ltd	Australia	100.00%	100.00%
Lirac HoldCo Pty Ltd	Australia	100.00%	100.00%
Lirac BidCo Pty Ltd	Australia	100.00%	100.00%
Australian Payroll Professionals Holdings Pty Ltd	Australia	100.00%	100.00%
HR3 Pty Ltd	Australia	100.00%	100.00%
eLearning Australia Pty Ltd	Australia	100.00%	100.00%
WageLink Australia Pty Ltd*	Australia	100.00%	-
Zambion Limited*	New Zealand	100.00%	-
Zambion Pty Ltd*	Australia	100.00%	-

* Acquired by the Group during the year-ended 30 June 2020. Refer to note 35.

Note 35. Business combinations

Acquisition of WageLink Australia Pty Ltd
On 9 October 2019, the Group acquired 100% of the ordinary shares of WageLink Australia Pty Ltd for the total consideration transferred of $1,550,000. WageLink provides a range of payroll management services for small to medium sized business. The goodwill of $909,000 represents future growth of WageLink. The values identified in relation to the acquisition of WageLink Australia Pty Ltd are final as at 30 June 2020.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	151
Trade receivables	35
Property, plant and equipment	4
Customer relationships	933
Trade payables and other payables	(5)
Deferred tax liability	(280)
Employee benefits	(134)
Other provisions	(63)
Net assets acquired	641
Goodwill	909
Acquisition-date fair value of the total consideration transferred	1,550
Representing:	
Cash paid or payable to vendor	1,240
Contingent consideration	310
	1,550
Acquisition costs expensed to profit or loss	126
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,550
Less: cash and cash equivalents	(151)
Less: contingent consideration	(310)
Net cash used	1,089

As part of the acquisition of WageLink Pty Limited an amount of contingent consideration has been agreed, which is subject to WageLink meeting pre-determined revenue thresholds based on the last twelve months' revenue. Refer to note 28 for further information.

The amount of contingent consideration recognised of $310,000 is the maximum amount payable if the pre-determined revenue thresholds are met. If these thresholds are not met, then no amount is payable. Given the current performance of the business, it appears probable that the thresholds will be met and as such, contingent consideration of $310,000 has been recognised.

Note 35. Business combinations (continued)

Acquisition of Zambion Limited and its controlled entities
On 9 October 2019, the Group acquired 100% of the ordinary shares of Zambion Limited and its controlled entities ('Zambion') for the total consideration transferred of $10,317,000. Zambion develops and implements Software-as-a-Service ("SaaS") solutions for small to medium sized businesses to manage their workforce. The software product is a web and app based payroll, HR, time and attendance, leave management system that is compliant with Australia and New Zealand's tax, superannuation and fair work legislation. The goodwill of $7,963,000 represents technology and revenue synergies from cross-selling extended capability to ReadyTech's existing client base as well as future growth. The values identified in relation to the acquisition of Zambion are final as at 30 June 2020.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	75
Trade receivables	742
Other current assets	29
Property, plant and equipment	185
Brand names and trademarks	477
Customer relationships	774
Software	2,524
Trade and other payables	(255)
Contract liabilities	(710)
Provision for income tax	(139)
Deferred tax liability	(1,035)
Employee benefits	(106)
Other provisions	(207)
Net assets acquired	2,354
Goodwill	7,963
Acquisition-date fair value of the total consideration transferred	10,317
Representing:	
Cash paid or payable to vendor	4,412
Contingent consideration	5,905
	10,317
Acquisition costs expensed to profit or loss	186
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	10,317
Less: cash and cash equivalents	(75)
Less: contingent consideration	(5,905)
Net cash used	4,337

As part of the acquisition of Zambion Limited an amount of contingent consideration has been agreed. The contingent consideration is payable in three amounts, dependent on recurring revenue growth targets. The Directors expect the contingent consideration to be paid out during the next 12 months. Refer to note 28 for further information.

The amount of contingent consideration recognised of $5,905,000 is the maximum amount payable if the recurring revenue growth targets are met. If these targets are not met, then no amount is payable. Given the current performance of the business, it appears probable that the thresholds will be met and as such, contingent consideration of $5,905,000 has been recognised.

Note 35. Business combinations (continued)

Acquisition of eLearning Australia Pty Ltd ('eLearning') (prior year)
On 12 September 2018, the Group acquired 100% of the ordinary shares eLearning Australia Pty Ltd for total consideration of $2,828,000. eLearning provides software solutions to Australian recognised training organisations through online platforms and mobile applications. Goodwill of $1,517,000 was recognised on acquisition which represents the expected future growth of eLearning.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	374
Trade receivables	29
Customer relationships	605
Software	902
Trade and other payables	(25)
Contract liabilities	(284)
Provision for income tax	(92)
Deferred tax liability	(181)
Employee benefits	(17)
Net assets acquired	1,311
Goodwill	1,517
Acquisition-date fair value of the total consideration transferred	2,828
Representing:	
Cash paid or payable to vendor	1,828
Contingent consideration	1,000
	2,828
Acquisition costs expensed to profit or loss	96
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	2,828
Less: cash and cash equivalents	(374)
Less: contingent consideration	(1,000)
Net cash used	1,454

Note 36. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each Company guarantees the debts of the others:

ReadyTech HoldCo Pty Ltd
ReadyTech BidCo Pty Ltd
JobReady Tech Pty Ltd
Esher House Pty Ltd
Thymos Pty Ltd
VETtrak Pty Ltd
Rtoms Pty Ltd
Lirac HoldCo Pty Ltd
Lirac BidCo Pty Ltd
Australian Payroll Professionals Holdings Pty Ltd
HR3 Pty Ltd
eLearning Australia Pty Ltd
WageLink Australia Pty Ltd
Zambion Limited
Zambion Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by ReadyTech Holdings Limited, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and statement of financial position are substantially the same as the Group and therefore have not been separately disclosed.

Note 37. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated 2020 $'000	2019 $'000
Profit/(loss) after income tax (expense)/benefit for the year	3,943	(1,490)
Adjustments for:		
Depreciation and amortisation	9,375	8,063
Net loss on disposal of property, plant and equipment	1	-
Share-based payments	-	425
Foreign exchange differences	(62)	-
IPO expenses included in investing activities	-	2,106
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	193	(635)
Increase in deferred tax assets	(490)	(2,851)
Increase in prepayments	(249)	(262)
Increase in other operating assets	(511)	-
Increase in trade and other payables	569	723
Increase/(decrease) in contract liabilities	395	(1,019)
Increase/(decrease) in provision for income tax	1,324	(2,425)
Decrease in deferred tax liabilities	(1,315)	(181)
Increase in employee benefits	949	147
Increase/(decrease) in other provisions	(317)	24
Decrease in other operating liabilities	(54)	(520)
Net cash from operating activities	13,751	2,105

Note 38. Non-cash investing and financing activities

	Consolidated 2020 $'000	2019 $'000
Share issued to KMP	-	263
Conversion of DC shares to ordinary shares	-	2,991
Increase in share capital on reorganisation of the Group	-	73,048
	-	76,302

Note 39. Changes in liabilities arising from financing activities

Consolidated	Borrowings $'000	Lease liability $'000	Total $'000
Balance at 1 July 2018	29,750	-	29,750
Net cash used in financing activities	(8,250)	(512)	(8,762)
Recognition of lease liability on adoption of AASB 16	-	1,447	1,447
Additions	-	1,261	1,261
Balance at 30 June 2019	21,500	2,196	23,696
Net cash from/(used in) financing activities	3,500	(612)	2,888
Additions	-	1,554	1,554
Balance at 30 June 2020	25,000	3,138	28,138

Note 40. Earnings per share

	Consolidated 2020 $'000	Consolidated 2019 $'000
Profit/(loss) after income tax attributable to the owners of ReadyTech Holdings Limited	3,943	(1,490)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	80,005,371	69,316,495
Weighted average number of ordinary shares used in calculating diluted earnings per share	80,005,371	69,316,495
	Cents	**Cents**
Basic earnings per share	4.93	(2.15)
Diluted earnings per share	4.93	(2.15)

Note 41. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Education
ReadyTech's cloud-based software for managing people has proven to be resilient through the COVID-19 environment, with high recurring revenues of approximately 89% and low churn. In addition, ReadyTech has low exposure to the international student segment, accounting for only 3% of total students serviced by our Student Management System platforms.

ReadyTech has also experienced growing momentum in the Back-to-Work sector, where clients are supporting job seekers with self-service support and job search to get back into the workforce. The rapid increase in JobSeeker caseloads and the increased support ReadyTech is providing to this segment of the market is positive.

Workforce Solutions (Employment)
ReadyTech's workforce solutions platforms are at the heart of employer systems. The significant changes to compliance requirements in 2020 that affect awards, annualised salaries, single touch payroll and now the complexity of managing JobKeeper payments, are all standard capabilities of the software platform.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 36 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Tony Faure
Chairman

26 August 2020
Sydney

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Independent Auditor's Report to the members of ReadyTech Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ReadyTech Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Revenue recognition For the year ended 30 June 2020, the Group has reported revenue from contracts with customers of $39.25 million while the consolidated statement of financial position shows contract liabilities of $11.96 million. The revenue is disclosed in Note 5, and the contract liabilities are disclosed in Notes 15 and 20. Significant judgement is involved by management in applying Accounting Standard AASB 15 *"Revenue from Contracts with Customers"* in determining how the Group satisfies a performance obligation and how the revenue should be recognised, especially for bundled goods or services and attributing the fair value to each element of the bundled product. In addition, the calculation of revenue and contract liabilities is predominantly manual in nature which increases the risk of a calculation error.	Our procedures included, but were not limited to: • Assessing the revenue recognition policy against the requirements of the relevant accounting standard; • Obtaining and understanding the process which management uses to record revenue and contract liabilities; • Understanding the revenue cycle and evaluating the relevant controls; • Assessing the appropriateness of management's revenue recognition policies for any contract involving bundled goods and services and ensuring they are in accordance with the requirements of the relevant accounting standard; • Assessing the appropriateness of the fair value attributed to each element of the bundle by reviewing a sample of customer contracts to determine the appropriate allocation of the transaction price to the various performance obligations; • Obtaining the revenue and deferred revenue schedules from management and assessing the reconciliation of the amounts recorded to the control accounts in the general ledger; • On a sample basis, agreeing the revenue and contract liabilities to supporting documentation including customer contracts and cash receipts; and • Performing a recalculation of the expected revenue and contract liabilities to be reported for the year and as at 30 June 2020 and comparing them to calculations performed by management. We also assessed the appropriateness of the disclosures in Notes 2, 5, 15 and 20 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of ReadyTech Holdings Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Joshua Tanchel
Partner
Chartered Accountants
Sydney, 26 August 2020

The shareholder information set out below was applicable as at 23 July 2020.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

Range	Number of holders	% of holders	Number of securities	% of holders
1 to 1,000	250	16.28	144,818	0.19
1,001 to 5,000	530	34.51	1,473,280	1.84
5,001 to 10,000	326	21.22	2,523,623	3.15
10,001 to 100,000	398	25.91	10,490,386	13.11
100,001 and over	32	2.08	65,373,260	81.71
	1,536	100.00	80,005,367	100.00
Holders holding less than a marketable parcel of shares*	64	4.71	14,264	0.02

* Marketable parcel of shares is calculated based on closing market price on 23 July 2020 of $1.40

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	**% of total shares issued**
Pemba Capital Partners Fund I Gp Pty Ltd	33,294,212	41.61
National Nominees Limited	7,867,202	9.83
J P Morgan Nominees Australia Pty Limited	5,728,780	7.16
HSBC Custody Nominees (Australia) Limited	2,928,215	3.66
Marc Raymond Washbourne	2,861,363	3.58
Darren Coppin	1,592,419	1.99
Sycamore Management Pty Ltd (VERLOOP FAMILY)	1,310,190	1.64
Malvern Avenue Management Pty Ltd (THE BENYON HILL FAMILY)	1,300,190	1.63
Washbourne Group Pty Ltd (THE WASHBOURNE FAMILY)	1,147,051	1.43
Anksh Pty Ltd (Nimesh Shah)	860,288	1.08
Pemba Capital Partners Pty Ltd (THE LIRAC)	841,731	1.05
Sargon Ct Pty Ltd (HENROTH PTY LIMITED)	719,536	0.90
Marish Pty Ltd (THE JONES FAMILY)	659,717	0.82
Nimesh Shah	430,144	0.54
Pemba Capital Partners Pty Ltd (PEMBA CAPITAL CO-INVESTMENT)	403,668	0.50
Mr Brett David Goodrich	388,618	0.49
Cazria Pty Ltd	331,125	0.41
Trevor Fairweather	261,000	0.33
BNP Paribas Nominees Pty Ltd (IB AU NOMS RETAILCLIENT DRP)	239,691	0.30
Tony Jones	208,771	0.26
	63,373,911	79.21

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
Pemba Entities*	34,539,611	43.17
ReadyTech Holdings Limited	19,919,230	24.90
Microequities Asset Management Pty Ltd	7,654,314	9.57
The Washbourne entities**	4,008,414	5.01

* Pemba Capital Partners Fund I Partnership LP, Pemba Capital Partners Pty Limited ACN 121 906 045 as trustee of The Pemba Capital Co-Investment Trust and Pemba Capital Partners Pty Ltd ACN 121 906 045 as trustee of The Lirac Trust (together, the Pemba Entities)

** Marc Raymond Washbourne and Washbourne Group Pty Limited ACN 627 033 363 as trustee of the Washbourne Familty Trust (together, the Washbourne Entities)

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Ordinary	31 December 2020	19,919,230

On-market buy back
There is no current on-market buy back.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	31 December 2020	19,919,230