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 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	27.4%	to	50,027
Profit from ordinary activities after tax attributable to the owners of ReadyTech Holdings Limited	down	45.3%	to	2,155
Profit for the year attributable to the owners of ReadyTech Holdings Limited	down	45.3%	to	2,155

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 $2,155,000 (30 June 2020: $3,943,000).

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	(63.98)	(36.52)

Right-of-use assets and lease liabilities have been excluded from net tangible assets calculation.

4. Control gained over entities

Name of entities (or group of entities)	Pentagon Holdco Pty Ltd and its controlled entities
Date control gained	23 March 2021

	$'000
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	1,574
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 unmodified 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 2021 is attached.

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12. Signed

As authorised by the Board of Directors

Signed ____________________ Date: 24 August 2021

Tony Faure
Chairman
Sydney

ReadyTech Holdings Limited

ABN 25 632 137 216

Annual Report - 30 June 2021

Dear Shareholder,

It is with great pleasure that I introduce ReadyTech Holdings Limited's second Annual Report.

Last year I noted that the Group's position as a provider of mission-critical software in its chosen markets had helped us navigate through an unprecedented global pandemic, while continuing to deliver strong growth and results for our investors.

In conditions that required educators and employers to rapidly reassess their digital readiness and accelerate transformation initiatives, ReadyTech was in a prime position to become a partner of choice for both new and existing customers.

In financial year 2021 ('FY21') we continued to reap the rewards of delivering in this environment, strengthening our customer patronage and trust. Through the year, ReadyTech continued to demonstrate the foundational role our products play in helping our customer be successful – including supporting them in areas such as online learning, digital employee onboarding and engagement, and many more – proving that we have the right strategy and capabilities to deliver for them. Customers appreciate the vertical focus which both delivers software specifically designed for their business and enables them to readily configure and integrate with our flexible platforms.

The strength of the Group's cloud Software-as-a-Service ('SaaS') offering has also continued to attract new, higher value enterprise customers across our key vertical market segments. ReadyTech's ongoing programs to upsell and cross-sell our technology products are delivering greater value to customers and, as a result, gaining a larger share of wallet. Our technology solutions are now helping more and more companies deliver better results across more vertical markets.

ReadyTech has strong future growth potential. In FY21, investors approved an expansion into the Government & Justice market with the acquisition of Open Office and McGirr Technologies. These are vertical markets with very similar characteristics to ReadyTech's existing education and employment segments, and provide a great opportunity to add value to governments, courts and citizens as well as investors.

ReadyTech has also completed a rebrand that is representative of both our vibrant culture, and our core values which we are confident resonates with customers looking for technology leadership and passion that will guide them into the future.

The Board and I would like to thank shareholders for showing their continued support in ReadyTech. Having worked closely with the management team, I can vouch for the passion they demonstrate each and every day. Their genuine desire to build innovative, customer-centric products that our customers love, and to make a difference in the markets we serve is clear – whether that is to the operations of their business customers, or to end users like students, employees, jobseekers, apprentices, citizens and beyond.

This year, ReadyTech has declared itself ready for anything. We recommend watching this space.

Yours sincerely,

Tony Faure
Chairman

24 August 2021
Sydney

Dear Shareholder,

Being *ready* has always been important at ReadyTech. Not only is it reflected in our brand, it is also built into the fabric of the cloud-based, mission critical SaaS platforms we offer, our customer-centric approach to product development and customer service, and most importantly the culture of our teams. We've always had a clear vision on where our technology future lies – to not only lead trends in our markets and continue to innovate, but to also deliver continuous value, and win the business (and ultimately trust) of our customers.

I'm pleased to report that FY21 was a validation of our approach. Across our Education & Work Pathways and Workforce Solutions segments, our agile and next generation software has the become the enabling platform for customers accelerating digital transformation agendas as a result of COVID-19. From student experience transformation projects in education, to employers deepening engagement with their teams and empowering job seekers to enter the workforce, we are helping customers transform their services and adapt to a digital future.

This year we expanded into a new Government & Justice segment, opening further attractive markets ripe for digital transformation. With the acquisition of Open Office and McGirr Technologies ('Open Office'), we have added strong technology platforms to our suite, and a talented team ready to meet the opportunities for greater efficiency and an improved digital-first customer experience in the local government and justice sectors.

ReadyTech's shared capability in enterprise SaaS and our 365-strong team of ReadyTechers are now leading excellence and growth in multiple large verticals, servicing 4,600+ customers across Australia, and expanding into new geographies. We are *ready* for a very bright future.

FY21 results
ReadyTech achieved strong results in FY21:

- Revenue up 27.4% to $50.0 million (organic revenue up 15.1%)
  - Open Office contributing $4.8 million in FY21
  - Customer revenue retention maintained at 96%
- Underlying EBITDA up 21.4% to $18.9 million
- Underlying NPAT up 36.9% to $6.2 million
- Non-recurring costs of $4.0 million
  - Transaction and restructuring costs of $2.2 million
  - Revaluation of contingent consideration of $1.8 million

Strategy update
ReadyTech's FY21 results reflect the progress of our ambitious growth plans. A clearly articulated strategy for ReadyTech is attracting higher value enterprise customers across all segments. In the Education & Work Pathways and Workforce Solutions segments, we are seeing strong evidence of success with significant wins including Australia's largest employment services provider, Max Solutions, Fedcap UK and Mental Health First Aid for Education & Work Pathways, and J.C. Dahlsen and PBT Transport for Workforce Solutions. It was also highly encouraging to see our new Government & Justice segment convert multiple enterprise opportunities within months of joining ReadyTech, including Legal Services Commission SA and Town of Claremont in WA.

Additionally, we have an expanded $19 million high conviction new business pipeline – with growing interest from new international markets. To fuel this growth, our enterprise offerings are supported by deeper investment in our go-to-market and delivery capabilities for larger technology buyers.

The cross-selling and upselling of new value via modules and products is performing well to complement new business growth, with average revenue per customer expanding 20.1% to $12.7K across ReadyTech. This additional value includes the development of a wider ecosystem of complementary technologies in our segments that customers both need and desire for success in their operations. One example is our Learning Management System ('LMS') which has seen us successfully launch a market-leading offering into the learning sector at a time when education providers are seeking new tools to augment online and hybrid learning capabilities. We continue to actively evaluate opportunities to extend our product footprint into adjacent and international markets.

Our growth strategy is paired with an equally strong focus on customer retention. ReadyTech has the benefit of offering 'sticky' products that our customers simply must have in order to operate effectively. However, it is a great customer experience and a focus on customer success, service and support that keeps customers loyal to ReadyTech over the long-term. In FY21, we were very pleased to achieve 96% revenue retention. We have continued to listen closely to our customers, invest in our products to meet needs and act as a true technology partner that offers trusted, secure and scalable innovation. We continue to see that this customer-centric approach not only drives high retention, but also results in a delighted customer base who advocate for ReadyTech products and differentiate us from competitors.

Product-market fit is the cornerstone for SaaS company growth. ReadyTech continues to design and build tech for the unique characteristics and complexities of specific market verticals, while giving customers rapid onboarding journeys and deep flexibility via our highly configurable products. This gives us an advantage over competitors who offer more generic technology platforms. At the same time, we don't limit ReadyTech to one market with our approach, allowing us to operate across multiple large and attractive markets. In FY21, we have continued to invest in and refine our core platform of shared capability in SaaS practices across the whole of ReadyTech, enabling us to leverage our collective IP and maximise resources.

Open Office acquisition driving new growth
In FY21 ReadyTech also completed the acquisition of Open Office – a business comprised of software servicing local and state governments, courts, tribunals and commissions – both locally and internationally. Forming ReadyTech's new Government & Justice segment, the Open Office team has a shared vision with ReadyTech for the future of technology coupled with delivering a customer-centric approach. Together, we deliver trusted, customer-centric technology products that closely meet their specific, complex and localised needs.

We have made excellent progress in uniting Open Office's experienced management team, wider staff, product set and practices with ReadyTech and are looking forward to further fortifying the product streams in the coming year to maximise their future potential. The acquisition also opened up a highly attractive addressable market, including 500+ local councils across Australia, large state government and global justice market opportunities.

With the global digitisation of government services, migration to cloud and SaaS expected to accelerate in these markets – and increasing community expectations for modern services – we believe this acquisition positions ReadyTech to deliver new waves of growth in the Government & Justice sectors, including further expansion into international markets.

ReadyTech's investment in brand and reputation
Alongside these initiatives, ReadyTech also undertook a significant rebranding project in FY21 with the objective to evolve and elevate ReadyTech's master brand and brand architecture while also underpinning our growth plans. The rebrand set out to drive stronger cohesion between our product brands and ultimately build upon our strong reputation, credibility and trust within the markets we operate – all of which are critical factors for delivering ReadyTech's enterprise strategy and increasing our ability to attract and retain large customers.

Headlined by our bold aspiration to be ready for anything, ReadyTech's new brand identity and positioning demonstrate that we are not only ready to cut through the complexity for our customers, but that we will also put people first, do the right thing and be a part of positive change in the process – energising our team for a new phase of both local and global growth.

Strategic vision for talent and culture
In FY21 we continued to invest in a high performance ReadyTecher culture. With the recruitment of our new Head of People and Culture, Jess Griffin, we have 'doubled down' on our strategy to support the ongoing recruitment, engagement, and retention of top talent at ReadyTech.

Our vision for our people is inspired ReadyTechers doing the best work of their lives. This includes a focus on our talent attraction and acquisition efforts, enhancements to our ability to recruit high potential candidates, and embedding rewards, recognition and professional development programs into the end-to-end ReadyTecher employee journey. In this elevated war for talent, we are confident that we have a competitive employer proposition in the technology industry in Australia.

Ready for anything
ReadyTech is playing a mission-critical enabling role for customers in our chosen verticals at a time of significant challenge, disruption, and change. Powered by our inherent SaaS expertise, we continue to offer customers operating in complex environments the ability to manage non-negotiable activities such as operations and compliance with agile, cloud-first software platforms that help them undertake digital transformation and leave clunky legacy systems behind.

We live in the age of the customer, and in line with the consumer experience in banking, travel, retail, entertainment and leisure, we are bringing enterprise technology into a new era of user experience – maximising engagement and satisfaction while driving real business outcomes for customers.

As our market's demands and expectations change, our ability to attract higher value customers across our segments, gain a larger share of customer technology spend through delivering new value, and nurture existing customers with a great customer experience provides a solid foundation for the future. Our team's ability to innovate also puts us in a strong leadership position in the technology race, ensuring we remain ready to creatively solve the many challenges that our customers will face in the years to come.

The combination of these factors and our readiness for the future has supported the compelling results included in this year's Annual Report. At ReadyTech, we believe we're ready for anything. And we thank you for supporting our mission and growth journey so far.

Yours sincerely,

Marc Washbourne
Chief Executive Officer

24 August 2021
Sydney

Directors	Tony Faure - Chairman and Independent Non-Executive Director Marc Washbourne - 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
Registered office	Level 1, 35 Saunders St Pyrmont NSW 2009 Australia Ph: +61 2 9018 5525
Principal place of business	Level 1, 35 Saunders St Pyrmont NSW 2009 Australia Ph: +61 2 9018 5525
Share register	Link Market Services Limited Level 12, 680 George Street Sydney, NSW 2000 Australia Ph: 1300 554 474
Auditor	Deloitte Touche Tohmatsu Level 9, Grosvenor Place 225 George Street Sydney, NSW 2000, Australia Ph: +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 (Fourth 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 2021.

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

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;
- Workforce Solutions - provider of payroll and employee management solutions from cloud-based technology to outsourcing of human resource function; and
- Government and Justice - provider of case management software as a service solution to local governments, state governments and justice departments.

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 the Education & Work Pathways, Workforce Solutions and Government & Justice markets, is pleased to announce its results for the year ended 30 June 2021 ('FY21') in which the Group continued to deliver strong growth and achieved earnings guidance.

Commenting on the FY21 result, ReadyTech's CEO and Co-Founder, Marc Washbourne said:

"ReadyTech has delivered another strong and consistent year of revenue and earnings growth, which was achieved through both organic growth and the initial contribution of our Government & Justice vertical, following the successful integration of Open Office. Our performance is clear validation of our strategy and our vision to build a market-focused, mission critical software powerhouse."

"The results reflect increasing recognition in the marketplace of ReadyTech's expertise in next generation customer-centric SaaS solutions that streamline operations, improve user experience and meet the strict compliance and regulatory needs of the education, workforce, government and justice sectors. This is particularly true of the higher value end of the market, where have seen strong new business performance across all markets we serve, with an impressive list of new customers onboarded during the year. At the same time, we continued to successfully execute on upsell/cross-sell to our loyal customer base."

"A strong top line and healthy profit margins have also allowed us to reinvest back in the business, supporting the long-term growth and earnings power of the Group. ReadyTech operates in multiple large addressable markets that are ripe for digital transformation – and we are listening very closely to the needs of customers and investing accordingly. Our continued reinvestment in research and development supports ReadyTech's strong product-market fit, new roles in sales and marketing drive execution on go to market, and investment in customer onboarding contributes to the streamlining of operations as we scale."

Strong revenue and earnings growth in Education & Work Pathways
Education & Work Pathways delivered 16.9% growth in revenue to $24.9 million, driven by a combination of new business, cross-sell and significant upgrades from existing customers.

New business is increasingly being by driven higher value and enterprise customers with average revenue per new customer increasing 42% to $38,800 (FY20: $27,200), and with market adoption of ReadyTech's cloud solutions increasing across the education, training and back-to-work markets.

Key customer wins during the year included an enterprise account with the Commonwealth Bank's in-house registered training organisation ('RTO'), a private RTO National Business Institute ('NBI') and UK employment services provider, Fedcap Employment. The landmark Bendigo TAFE and Kangan Institute ('BKI TAFE') project is also progressing well with subscriptions being triggered and scope expanded to reflect additional requirements.

High growth in Workforce Solutions
Workforce Solutions grew revenue 13.3% to $20.3 million, with particular new business strength in the all-in-one workforce management suite and significant upgrades from existing customers.

New customer wins are driven by the stand-up economy, including the targeted industry verticals of hospitality, manufacturing, aged care, agriculture and logistics. Strong uptake in the mid-to-enterprise market is evident in average revenue per new customer increasing 19.7% to $39,400. Notable wins during the year included beverage manufacturer De Bortoli, transport operator Tasco Petroleum and New Zealand grower Bostock, with customers attracted by ReadyTech's all-in-one cloud offering and strength in mission-critical payroll.

Successful integration of Open Office
The strategic acquisition of Open Office during the year established ReadyTech's third vertical of Government & Justice. ReadyTech's FY21 results reflect the part year contribution of Open Office, which was $4.8 million in revenue and $1.7 million in EBITDA.

Significant changes in the state of affairs
On 6 November 2020, the Group issued 13,297,872 new fully paid ordinary shares to institutional investors to raise $25,000,000 (before transaction costs).

On 11 December 2020, the Group issued 702,922 performance rights to key management personnel as part of its long term incentives ('LTI') plan.

On 23 March 2021, the Group acquired 100% of the ordinary shares in Pentagon Holdco Pty Ltd (which owns Open Office Holdings Pty Ltd and McGirr Holdings Pty Ltd as well as other subsidiaries) for total consideration of $82,919,000.

On 21 April 2021, the Group issued 1,449,184 fully paid ordinary shares as part of a share purchase plan available to eligible investors, raising $2,724,466.

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 consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Group's operations going forward. The Group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 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
Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

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), PredictHQ Limited, Tidal Ventures Opportunity Fund
Former directorships (last 3 years):	Stackla, Medical Media, Uno Homeloans
Special responsibilities:	Member of the Audit and Risk Committee and Remuneration and Nomination Committee
Interests in shares:	341,804 ordinary shares

Name:	Marc Washbourne
Title:	Chief Executive Officer
Qualifications:	First-class degree (History), University of Leeds, UK. Company Directors Course, AICD
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 the JobReady software, Marc brings to ReadyTech over 20 years of experience in technology for the education, employment and government sectors. Marc now heads up a global team people committed to the innovation and better technology for over 4,600 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:	Year13, Digital Skills Organisation
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	4,059,414 ordinary shares

Name:	Elizabeth Crouch AM
Title:	Independent Non-Executive Director
Qualifications:	Elizabeth holds a Bachelor of Economics and a Master of Cyber Security. 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 executive experience in 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 Boards of the Sydney Children's Hospital Network, the Customer Owned Banking Association and SGS Economics and Planning and is also on the Boards of Bingo Industries and the NSW Government's Health Infrastructure and the NSW Institute of Sport.
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:	31,555 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), Chief Commercial Officer of SAP (APJ), 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 Tymlez Group Ltd (ASX:TYM), non-executive Director for Xpon Technologies Ltd, Independent Chairman of the The Yield Technology Solutions, and non-executive director positions with IXUP Limited, GeoOp Limited, Nvoi Limited, CPA Australia, Nextgen Distribution, and Insite Organisation. He is presently principal of Ebbeck TIG Consulting and advisor to Surevision Global Pty Ltd and Helio Media Pty Ltd.
Other current directorships:	Tymlez Group Ltd (ASX:TYM), Xpon Technologies Ltd, The Yield Technology Solutions Pty Ltd.
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:	17,273 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 18 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, ONCALL and RxMx. 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, ONCALL, RxMx
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	34,590,926 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 recently co-led the $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:	519,000 ordinary shares

Company secretaries

Nimesh Shah and Melissa Jones 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).

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the period ended 30 June 2021, 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	16	16	2	2	4	4
Marc Washbourne*	16	16	2	2	4	4
Elizabeth Crouch	16	16	2	2	4	4
Timothy Ebbeck	16	16	2	2	4	4
Tom Matthews*	16	16	2	2	4	4
Mark Summerhayes	13	16	-	-	-	-

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

* 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 information
- 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; and
- 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; and
- 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 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 2021, 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 and an additional fee of $10,000 for chairing board sub-committees.

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 four components:
(i) fixed remuneration consisting of base pay, non-monetary benefits and other remuneration such as superannuation;
(ii) short-term incentives; and
(iii) long-term incentives.

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

(i) Fixed 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.

(ii) Short-term incentives
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.

(iii) Long-term incentives
The long-term incentives ('LTI') include long service leave and share-based payments. The Group implemented a LTI plan during the financial year ended 31 June 2021 where performance rights are awarded to executives over a period of three years based on long-term incentive measures. These include earnings per share ('EPS') targets and a total shareholder return ('TSR') targets relative to the S&P/ASX All Tech Index.

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.

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

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 2021 and 30 June 2020.

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

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

2021	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**	69,996	-	-	-	-	-	69,996
Executive Directors:							
Marc Washbourne*	310,000	101,680	10,243	21,694	3,255	97,342	544,214
Other Key Management Personnel:							
Nimesh Shah*	300,000	98,400	7,958	21,694	2,481	94,201	524,734
	899,992	200,080	18,201	43,388	5,736	191,543	1,358,940

* Marc Washbourne and Nimesh Shah received cash bonuses approved by the Nomination and Remuneration Committee based on financial and personal KPIs.
** The amount presented excludes expense reimbursements of $259.

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**	69,996	-	-	-	-	-	69,996
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
	887,492	48,800	951	42,006	4,462	-	983,711

* 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.
** The amount presented excludes expense reimbursements of $42.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2021	2020	2021	2020	2021	2020
Non-Executive Directors:						
Tony Faure	100%	100%	-	-	-	-
Elizabeth Crouch	100%	100%	-	-	-	-
Timothy Ebbeck	100%	100%	-	-	-	-
Executive Directors:						
Marc Washbourne	62%	93%	20%	7%	18%	-
Other Key Management Personnel:						
Nimesh Shah	64%	93%	18%	7%	18%	-

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
Name	2021	2020	2021	2020
Executive Directors:				
Marc Washbourne	100%	100%	-	-
Other Key Management Personnel:				
Nimesh Shah	100%	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 $375,000 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 $350,000 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 2021.

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 2021.

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 2021.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
11/12/2020	30/06/2022	30/06/2022	$1.790
11/12/2020	30/06/2023	30/06/2023	$1.800

Performance rights are subject to an earnings per share ('EPS') hurdle (50% of grant value) and a relative total shareholder return ('TSR') hurdle which is compared against the S&P/ASX All Tech Index (50% of grant value).

Performance rights will be evaluated in two tranches. The first tranche, equivalent to 50% of the total grant value, will be evaluated two years from 1 July 2020 ('the beginning of the performance period'). The second tranche, also equivalent to 50% of the total grant value, will be evaluated three years from the beginning of the performance period.

Details of the performance hurdles are as follows:
- EPS - if the compound annual growth rate of EPS is less than the target of 9%, no vesting will occur. If the target is met, 50% of rights will vest. In the event that the compound annual growth rate is between 10-14%, vesting will be pro-rated between 50-100%.
- TSR - if the relative TSR of the company ranks at or above the 75th percentile, 100% of the rights will vest. In the event that the company ranks at the 50th percentile, 50% of the rights will vest. For any achievement between the 50th and 75th percentile, vesting will be pro-rated between 50-100%.

The performance rights are not subject to an exercise price.

Performance rights granted carry no dividend or voting rights.

Additional information
The earnings of the Group for the four years to 30 June 2021 are summarised below:

	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Sales revenue	50,027	39,254	32,711	25,626
Adjusted EBITDA*	18,884	14,954	13,013	8,668
Profit/(loss) after income tax	2,155	3,943	(1,490)	(5,201)

* Earnings before interest, tax, depreciation, amortisation and other non-operating items.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018*
Share price at financial year end ($)	2.40	1.40	1.54	-
Basic earnings per share (cents per share)	2.37	4.93	(2.15)	(8.63)

* No share price as at the 30 June 2018 as the Company was not listed on the Australian Securities Exchange ('ASX') until 16 April 2019.

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	262,113	-	79,691	-	341,804
Marc Washbourne	4,008,414	-	51,000	-	4,059,414
Elizabeth Crouch	9,934	-	21,621	-	31,555
Timothy Ebbeck	6,623	-	10,650	-	17,273
Tom Matthews	34,565,926	-	25,000	-	34,590,926
Mark Summerhayes	-	-	519,000	-	519,000
Nimesh Shah	1,290,432	-	77,729	-	1,368,161
	40,143,442	-	784,691	-	40,928,133

Performance rights holding
The number of performance rights over ordinary 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	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Marc Washbourne	-	173,630	-	-	173,630
Nimesh Shah	-	168,029	-	-	168,029
	-	341,659	-	-	341,659

Other transactions with key management personnel and their related parties
There was no transaction with key management personnel and their related parties during the financial year ended 30 June 2021 (2020: none).

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 under performance rights
Unissued ordinary shares of ReadyTech Holdings Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
11/12/2020	30/06/2022	351,462
11/12/2020	30/06/2023	351,460
		702,922

The performance rights are not subject to an exercise price.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

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 2021 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of ReadyTech Holdings Limited issued on the exercise of performance rights during the year ended 30 June 2021 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 (including Independence Standards) 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.

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

24 August 2021
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

24 August 2021

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 2021, 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 2021 $'000	2020 $'000
Revenue from contracts with customers	5	50,027	39,254
Interest revenue calculated using the effective interest method		3	14
Expenses			
Hosting and other direct costs		(3,473)	(2,836)
Employee benefits expense		(23,711)	(17,349)
Depreciation and amortisation expense		(11,057)	(9,375)
Advertising and marketing expenses		(437)	(467)
Consultancy and professional expenses		(2,800)	(800)
Administration expenses		(710)	(591)
Communication and IT expenses		(1,343)	(1,047)
Occupancy costs		(435)	(365)
Revaluation of contingent consideration		(1,840)	-
Other expenses		(477)	(845)
Finance costs	6	(963)	(920)
Profit before income tax expense		2,784	4,673
Income tax expense	7	(629)	(730)
Profit after income tax expense for the year attributable to the owners of ReadyTech Holdings Limited		2,155	3,943
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(32)	(86)
Other comprehensive income for the year, net of tax		(32)	(86)
Total comprehensive income for the year attributable to the owners of ReadyTech Holdings Limited		2,123	3,857
		Cents	**Cents**
Basic earnings per share	41	2.37	4.93
Diluted earnings per share	41	2.34	4.93

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 2021

	Note	Consolidated 2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	8	11,995	9,214
Trade and other receivables	9	7,141	4,536
Contract assets	10	1,445	-
Prepayments		1,024	720
Total current assets		21,605	14,470
Non-current assets			
Property, plant and equipment	11	928	1,016
Intangibles	12	140,698	62,607
Right-of-use assets	13	2,404	2,818
Contract costs	14	1,362	540
Deferred tax	7	2,593	4,399
Total non-current assets		147,985	71,380
Total assets		169,590	85,850
Liabilities			
Current liabilities			
Trade and other payables	15	7,058	3,890
Contract liabilities	16	16,725	11,741
Lease liabilities	17	996	828
Income tax payable	7	2,487	1,709
Employee benefits		4,803	2,603
Contingent consideration	18	12,488	4,096
Total current liabilities		44,557	24,867
Non-current liabilities			
Contract liabilities	19	549	214
Borrowings	20	30,917	25,000
Provisions	21	62	61
Lease liabilities	23	1,654	2,310
Employee benefits		433	331
Contingent consideration	22	16,320	-
Total non-current liabilities		49,935	27,916
Total liabilities		94,492	52,783
Net assets		75,098	33,067
Equity			
Issued capital	24	159,095	119,581
Reserves	25	(82,668)	(83,030)
Accumulated losses		(1,329)	(3,484)
Total equity		75,098	33,067

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

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

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 July 2020	119,581	(83,030)	(3,484)	33,067
Profit after income tax expense for the year	-	-	2,155	2,155
Other comprehensive income for the year, net of tax	-	(32)	-	(32)
Total comprehensive income for the year	-	(32)	2,155	2,123
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 24)	39,514	-	-	39,514
Share-based payments (note 38)	-	394	-	394
Balance at 30 June 2021	159,095	(82,668)	(1,329)	75,098

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

	Note	Consolidated 2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		59,748	43,767
Payments to suppliers and employees (inclusive of GST)		(34,198)	(27,587)
		25,550	16,180
Interest received		3	14
Interest and other finance costs paid		(963)	(920)
Payment of acquisition costs		(1,673)	(312)
Income taxes paid		(3,421)	(1,211)
Net cash from operating activities	37	19,496	13,751
Cash flows from investing activities			
Payment for purchase of subsidiaries, net of cash acquired	35	(40,301)	(5,426)
Payment of contingent consideration	28	-	(2,119)
Final payments for prior period's subsidiary acquisition		(2,408)	(756)
Payments for property, plant and equipment	11	(395)	(639)
Payments for intangibles	12	(5,739)	(4,329)
Proceeds from disposal of property, plant and equipment		4	-
Net cash used in investing activities		(48,839)	(13,269)
Cash flows from financing activities			
Proceeds from issue of shares	24	27,724	-
Proceeds from borrowings		15,000	6,000
Share issue transaction costs		(564)	-
Repayment of borrowings		(9,000)	(2,500)
Repayment of lease liabilities		(1,036)	(612)
Payment of bank guarantee		-	(478)
Net cash from financing activities		32,124	2,410
Net increase in cash and cash equivalents		2,781	2,892
Cash and cash equivalents at the beginning of the financial year		9,214	6,322
Cash and cash equivalents at the end of the financial year	8	11,995	9,214

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 24 August 2021. 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.

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 2021 which are most relevant to the Group are provided below:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Group has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

Deficiency of net current assets
The statement of financial position has a deficiency of net current assets of $22,952,000 (2020: $10,397,000) at the reporting date. The deficiency is mainly attributable to (i) contract liabilities of $16,725,000 disclosed in current liabilities, contract liabilities represents upfront payments received from customers on signed sales contracts which will not result in an outflow of cash within the next twelve months; (ii) an amount of $4,803,000 in relation to employee benefits is included in current liabilities, the majority of this liability is not expected to be settled in cash within the next twelve months.

In addition, there is a contingent consideration liability of $12,488,000 which is payable only if recurring revenue targets are met, consequently, this payable will be partially funded by the incremental operating cash flow to be generated from acquired businesses.

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').

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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
- Workforce Solutions: provider of payroll and employee management solutions from cloud-based technology to outsourcing of human resource function.
- Government and Justice - provider of case management software as a service solution to local governments, state governments and justice departments.

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.

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.

Note 2. Significant accounting policies (continued)

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 as defined in the contract.

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.

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.

Note 2. Significant accounting policies (continued)

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.

Government grants
Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. 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.

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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 capitalised as an asset. These costs are not subsequently amortised. Instead, patents and trademarks are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. They are carried at cost less accumulated impairment losses.

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 between 5 and 10 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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Note 2. Significant accounting policies (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

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.

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.

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

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 three reportable operating segments: Education, Workforce Solutions, and Government and Justice. 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.

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.

Note 4. Operating segments (continued)

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) and learning management systems (LMS) 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	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.
Government and Justice	provides government and justice case management software as a service solutions to local governments, state governments and justice departments. Core products in asset management, property, licensing and compliance, finance, HR and payroll, customer management and courts and justice.

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 2021 (30 June 2020: $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 2021 and 30 June 2020 no single customer contributed 10% or more to the Group's external revenue.

Operating segment information

Consolidated - 2021	Workforce Solutions $'000	Education $'000	Government and Justice $'000	Corporate $'000	Total $'000
Revenue					
Sales to external customers	20,288	24,901	4,838	-	50,027
Interest revenue	2	-	1	-	3
Total revenue	20,290	24,901	4,839	-	50,030
EBITDA	8,496	11,614	1,699	(2,925)	18,884
Transaction and restructuring costs					(2,243)
Revaluation of contingent consideration					(1,840)
Depreciation and amortisation					(11,057)
Interest revenue					3
Finance costs					(963)
Profit before income tax expense					2,784
Income tax expense					(629)
Profit after income tax expense					2,155

Note 4. Operating segments (continued)

Government and Justice is a new operating segment during the financial year ended 30 June 2021. Refer note 35 for further information.

Consolidated - 2020	Workforce Solutions $'000	Education $'000	Government and Justice $'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

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	
	2021 $'000	**2020 $'000**
Revenue from contracts with customers	50,027	39,254

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

Consolidated - 2021	Workforce Solutions $'000	Education $'000	Government and Justice $'000	Total $'000
Major product lines				
Subscription, licence and hosting	18,041	21,518	3,738	43,297
Implementation, training, consultancy and other	2,247	3,383	1,100	6,730
	20,288	24,901	4,838	50,027

Consolidated - 2020	Workforce Solutions $'000	Education $'000	Government and Justice $'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

Note 6. Expenses

	Consolidated 2021 $'000	2020 $'000
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	861	880
Interest charges on lease liability right-of-use asset	102	40
Finance costs expensed	963	920
Superannuation expense		
Defined contribution superannuation expense	1,939	1,478
Impairment of receivables		
Impairment of receivables	144	298

During the financial year ended 30 June 2021, the Group received $158,000 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 netted off in the relevant expenses.

Note 7. Income tax

	Consolidated 2021 $'000	2020 $'000
Income tax expense		
Current tax	4,043	2,812
Deferred tax - origination and reversal of temporary differences	(2,813)	(1,805)
Adjustment recognised for prior periods	(203)	(277)
Adjustment for change in tax rate	(398)	-
Aggregate income tax expense	629	730
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(2,813)	(1,805)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	2,784	4,673
Tax at the statutory tax rate of 30% (2020: 27.5%)	835	1,285
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development expenses	717	675
Research and development tax offset	(920)	(945)
Other non-assessable items	(47)	(8)
Other non-deductible expenditure	645	-
	1,230	1,007
Adjustment recognised for prior periods	(203)	(277)
Change in corporate tax rate	(398)	-
Income tax expense	629	730

Note 7. Income tax (continued)

	Consolidated 2021 $'000	Consolidated 2020 $'000
Amounts credited directly to equity		
Deferred tax assets	(242)	-

	Consolidated 2021 $'000	Consolidated 2020 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	88	61
Labour capitalisation	1,714	1,178
Contract liabilities	5,122	3,288
Employee benefits	1,247	809
Accrued expenses	906	344
Software	1,734	1,123
Borrowing costs	-	50
Customer relationships	(8,621)	(3,950)
Brand names	(142)	(131)
IPO costs	1,196	1,324
Right-of-use assets	(721)	(697)
Lease liabilities	795	864
Contract costs	(670)	-
Other	(55)	136
Deferred tax asset	2,593	4,399
Movements:		
Opening balance	4,399	3,909
Credited to profit or loss	2,813	1,805
Credited to equity	242	-
Additions through business combinations and common control transaction (note 35)	(4,853)	(1,315)
Adjustment recognised for prior periods	(406)	-
Change in tax rate	398	-
Closing balance	2,593	4,399

	Consolidated 2021 $'000	Consolidated 2020 $'000
Income tax payable		
Income tax payable	2,487	1,709

As at 30 June 2021, the Group has capital losses totalling $2,996,023 (2020: $3,005,000) which have not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Income tax (continued)

Change in corporate tax rate
The corporate tax rate applicable to base rate entities reduces from 27.5% to 26% for the 2020-21 income year and further reduces to 25% prospectively from the 2021-22 income year. In financial year 2020, the Group qualifies as a base rate entity as it has a turnover of less than $50 million and less than 80% of its assessable income is derived from base rate entity passive income. In financial year 2021, the Group no longer qualifies as a base rate entity as it has a turnover of more than $50 million and therefore full company tax rate of 30% applies. The Group has remeasured its deferred tax balances, and any unrecognised potential tax benefits arising from carried forward tax losses, based on the effective tax rate that is expected to apply in the year the temporary differences are expected to reverse or benefits from tax losses realised. The impact of the change in tax rate on deferred tax balances has been recognised as tax expense in profit or loss or as an adjustment to equity to the extent to which the deferred tax relates to items previously recognised outside profit or loss.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2021 $'000	2020 $'000
Cash at bank	11,853	9,210
Cash on deposit	142	4
	11,995	9,214

Note 9. Current assets - trade and other receivables

	Consolidated	
	2021 $'000	2020 $'000
Trade receivables	7,209	3,612
Less: Allowance for expected credit losses	(293)	(221)
	6,916	3,391
Other receivables	225	1,145
	7,141	4,536

Allowance for expected credit losses
The Group has recognised a loss of $144,000 in profit or loss in respect of impairment of receivables for the period ended 30 June 2021 (2020: $298,000).

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	2021 %	2020 %	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Not overdue	1.00%	1.00%	4,596	1,428	44	14
0 to 3 months overdue	1.00%	2.50%	1,767	1,770	18	44
3 to 6 months overdue	17.00%	30.00%	569	216	98	65
Over 6 months overdue	48.00%	49.50%	277	198	133	98
			7,209	3,612	293	221

Note 9. Current assets - trade and other receivables (continued)

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Opening balance	221	53
Additional provisions recognised	144	298
Additions through business combinations	95	-
Receivables written off during the year as uncollectable	(167)	(130)
Closing balance	293	221

Note 10. Current assets - contract assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Contract assets	1,445	-

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

	2021 $'000	2020 $'000
Opening balance	-	-
Additions	1,445	-
Closing balance	1,445	-

Allowance for expected credit losses
The allowance for expected credit losses on contract assets for the year ended 30 June 2021 is $nil (2020: $nil).

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Leasehold improvements - at cost	920	920
Less: Accumulated depreciation	(557)	(378)
	363	542
Fixtures and fittings - at cost	210	124
Less: Accumulated depreciation	(67)	(31)
	143	93
Motor vehicles - at cost	20	20
Less: Accumulated depreciation	(11)	(6)
	9	14
Computer equipment - at cost	655	358
Less: Accumulated depreciation	(336)	(148)
	319	210
Office equipment - at cost	274	265
Less: Accumulated depreciation	(180)	(108)
	94	157
	928	1,016

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 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
Additions	-	86	-	297	12	395
Disposals	-	-	-	-	(3)	(3)
Write off of assets	-	(6)	-	-	(1)	(7)
Depreciation expense	(179)	(30)	(5)	(188)	(71)	(473)
Balance at 30 June 2021	363	143	9	319	94	928

Note 12. Non-current assets - intangibles

	Consolidated 2021 $'000	Consolidated 2020 $'000
Goodwill - at cost	81,431	31,605
Patents and trademarks - at cost	474	475
Customer relationships - at cost	36,476	19,825
Less: Accumulated amortisation	(7,740)	(5,463)
	28,736	14,362
Software - at cost	53,888	32,559
Less: Accumulated amortisation	(23,831)	(16,394)
	30,057	16,165
	140,698	62,607

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 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
Additions	-	-	-	5,739	5,739
Additions through business combinations (note 35)	49,842	-	16,653	15,591	82,086
Exchange differences	(16)	(1)	(2)	(4)	(23)
Write off of assets	-	-	-	(1)	(1)
Amortisation expense	-	-	(2,277)	(7,433)	(9,710)
Balance at 30 June 2021	81,431	474	28,736	30,057	140,698

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Education	18,276	18,276
Workforce Solutions	13,313	13,329
Government and Justice	49,842	-
	81,431	31,605

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

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 2022 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 CAGR from FY22 to FY26	EBITDA CAGR from FY21 to FY25
	2021	2020	2021	2020	2021	2020
Groups of CGUs	%	%	%	%	%	%
Education	15%	17%	2%	1%	15.6%	16.9%
Workforce Solutions	15%	17%	2%	1%	22.1%	15.2%
Government and Justice	15%	-	3%	-	22.0%	-

Impairment testing results
No impairment existed at 30 June 2021. 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	
	2021	**2020**
	$'000	**$'000**
Land and buildings - right-of-use	4,645	3,875
Less: Accumulated depreciation	(2,241)	(1,057)
	2,404	2,818

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.

Note 13. Non-current assets - right-of-use assets (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	Land and buildings - right-of-use $'000
Balance at 1 July 2019	2,046
Additions	1,608
Depreciation expense	(836)
Balance at 30 June 2020	2,818
Additions	359
Additions through business combinations (note 35)	173
Lease termination	(60)
Lease modification	(12)
Depreciation expense	(874)
Balance at 30 June 2021	2,404

For other lease related disclosures refer to the following, refer:
- note 6 for details of interest on lease liabilities and other lease expenses;
- note 17 and note 23 for details of lease liabilities at the beginning and end of the reporting period; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 14. Non-current assets - contract costs

	Consolidated 2021 $'000	2020 $'000
Costs to obtain contracts	413	351
Contract fulfilment costs	949	189
	1,362	540

Note 15. Current liabilities - trade and other payables

	Consolidated 2021 $'000	2020 $'000
Trade payables	1,695	185
Accrued expenses	3,880	2,050
GST payable	1,483	1,655
	7,058	3,890

Refer to note 27 for further information on financial instruments.

Note 16. Current liabilities - contract liabilities

	Consolidated	
	2021	2020
	$'000	$'000
Contract liabilities	16,725	11,741

Note 17. Current liabilities - lease liabilities

	Consolidated	
	2021	2020
	$'000	$'000
Lease liability	996	828

Refer to note 27 for further information on financial instruments.

Note 18. Current liabilities - contingent consideration

	Consolidated	
	2021	2020
	$'000	$'000
Contingent consideration	12,488	4,096

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

Note 19. Non-current liabilities - contract liabilities

	Consolidated	
	2021	2020
	$'000	$'000
Contract liabilities	549	214

Note 20. Non-current liabilities - borrowings

	Consolidated	
	2021	2020
	$'000	$'000
Borrowings	31,000	25,000
Less: establishment fees	(83)	-
	30,917	25,000

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	
	2021	2020
	$'000	$'000
Borrowings	31,000	25,000

Note 20. Non-current liabilities - borrowings (continued)

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 2021 $'000	Consolidated 2020 $'000
Total facilities		
Borrowings (Facility A)	23,000	21,500
Borrowings (Facility B)	14,500	6,000
	37,500	27,500
Used at the reporting date		
Borrowings (Facility A)	23,000	21,500
Borrowings (Facility B)	8,000	3,500
	31,000	25,000
Unused at the reporting date		
Borrowings (Facility A)	-	-
Borrowings (Facility B)	6,500	2,500
	6,500	2,500

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

- Facility A - $23,000,000 (30 June 2020: $21,500,000) with an amortising loan term over 3 years and an interest rate set at BBSY plus a margin of 2.3% (30 June 2020: 2.4%) depending on the Net Leverage Ratio of the Group. As at 30 June 2021, $23,000,000 (30 June 2020: $21,500,000) of the total facility has been drawn down.
- Facility B - $14,500,00 (30 June 2020: $6,000,000) with a bullet term repayment after 3 years and an interest rate set at BBSY plus a margin of 2.3% (30 June 2020: 4.4%) depending on the Net Leverage Ratio of the Group. As at 30 June 2021, $8,000,000 (30 June 2020: $3,500,000) of the total facility has been drawn down.

Note 21. Non-current liabilities - provisions

	Consolidated 2021 $'000	Consolidated 2020 $'000
Lease make good	62	61

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 22. Non-current liabilities - Contingent consideration

	Consolidated 2021 $'000	Consolidated 2020 $'000
Contingent consideration	16,320	-

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

Note 23. Non-current liabilities - lease liabilities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Lease liability	1,654	2,310

Refer to note 27 for further information on financial instruments.

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current (note 16)	996	828
Non-current	1,654	2,310
	2,650	3,138

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Balance at start of the year	3,138	2,196
Additions	336	1,554
Lease termination	(64)	-
Lease modification	(12)	-
Additions through business combinations (note 35)	186	-
Interest	102	-
Repayment of lease liabilities	(1,036)	(612)
Balance at end of the year	2,650	3,138

Note 24. Equity - issued capital

	Consolidated 2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	102,149,776	80,005,367	159,095	119,581

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2019	80,005,367		119,581
Balance	30 June 2020	80,005,367		119,581
Issue of shares	6 November 2020	13,297,872	$1.88	25,000
Shares issued on acquisition of subsidiary	23 March 2021	7,397,353	$1.67	12,354
Shares issued under Share Purchase Plan	21 April 2021	1,449,184	$1.88	2,724
Less transaction costs (net of tax)		-	$0.00	(564)
Balance	30 June 2021	102,149,776		159,095

Note 24. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. 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	
	2021 $'000	2020 $'000
Foreign currency reserve	(118)	(86)
Share-based payments reserve	556	162
Common control reserve	(10,058)	(10,058)
Reorganisation reserve	(73,048)	(73,048)
	(82,668)	(83,030)

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.

Note 25. Equity - reserves (continued)

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	Reorganisation $'000	Total $'000
Balance at 1 July 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)
Foreign currency translation	(32)	-	-	-	(32)
Share-based payments	-	394	-	-	394
Balance at 30 June 2021	(118)	556	(10,058)	(73,048)	(82,668)

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 2021 and 30 June 2020 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.

Note 27. Financial instruments (continued)

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 outstanding:

	2021		2020	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Borrowings	2.68%	31,000	2.84%	25,000
Net exposure to cash flow interest rate risk		31,000		25,000

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

For the Group the borrowings outstanding totalling $31,000,000 (2020: $25,000,000), are principal and interest payment loans. An increase/decrease in interest rates of 100 (2020: 100) basis points would have an adverse/favourable effect on loss before tax of $310,000 (2020: $250,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

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 2021 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.

Note 27. Financial instruments (continued)

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 - 2021	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	-	1,695	-	-	-	1,695
Other payables	-	1,483	-	-	-	1,483
Contingent consideration	-	12,488	16,320	-	-	28,808
Interest-bearing - variable						
Bank loans	2.68%	831	831	31,419	-	33,081
Lease liability	3.50%	1,080	894	850	-	2,824
Total non-derivatives		17,577	18,045	32,269	-	67,891

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

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 - 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	28,808	28,808
Total liabilities	-	-	28,808	28,808

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

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.

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 2019	756
Additions	6,215
Amounts paid	(2,875)
Balance at 30 June 2020	4,096
Additions	25,280
Revaluation of contingent consideration	1,840
Amounts paid	(2,408)
Balance at 30 June 2021	28,808

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

Note 28. Fair value measurement (continued)

The level 3 unobservable inputs are as follows:

Description	Unobservable inputs	Range	Outcome
Contingent consideration	Probability of achieving revenue targets and probability of executing new key contracts	to satisfy/not to satisfy	If key contracts specified as earn-out triggers are executed and the associated 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 2021 $	Consolidated 2020 $
Deloitte and related network firms		
Audit or review of the financial statements	260,800	203,500
Other services		
Tax compliance	18,500	33,000
Research and development tax services	52,578	36,066
Other assurance services	-	46,263
	71,078	115,329
	331,878	318,829

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 2021 $	Consolidated 2020 $
Short-term employee benefits	1,118,273	937,243
Post-employment benefits	43,388	42,006
Long-term employment benefits	5,736	4,462
Share-based payments	191,543	-
	1,358,940	983,711

Note 31. Contingent liabilities

The Group has given bank guarantees as at 30 June 2021 of $632,000 (2020: $949,000). The bank guarantees are for various office leases. 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
Pentagon Holdco Pty Ltd and its controlled entities was majority owned by Pemba Capital, a related party, prior to its acquisition by the Group. The impact of the acquisition is presented in the Business Combinations note (note 35).

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.

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	
	2021 $'000	**2020 $'000**
Loss after income tax	(679)	(1,058)
Total comprehensive income	(679)	(1,058)

Statement of financial position

	Parent	
	2021 $'000	**2020 $'000**
Total current assets	693	15,104
Total assets	70,222	29,857
Total current liabilities	2,399	1,263
Total liabilities	2,399	1,263
Equity		
Issued capital	159,722	120,208
Share-based payments reserve	394	-
Reorganisation reserve	(89,471)	(89,471)
Accumulated losses	(2,822)	(2,143)
Total equity	67,823	28,594

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 2021 and 30 June 2020.

Note 33. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

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:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2021 %**	**2020 %**
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%	100.00%
Zambion Limited*	New Zealand	100.00%	100.00%
Zambion Pty Ltd*	Australia	100.00%	100.00%
Pentagon HoldCo Pty Ltd**	Australia	100.00%	-
Pentagon BidCo Pty Ltd**	Australia	100.00%	-
Open Office Holdings Pty Ltd**	Australia	100.00%	-
McGirr Holdings Pty Ltd**	Australia	100.00%	-
McGirr Information Technology Pty Ltd**	Australia	100.00%	-
McGirr Technologies, Inc.**	Australia	100.00%	-

* Acquired by the Group during the year-ended 30 June 2020. Refer to note 35.
** Acquired by the Group during the year-ended 30 June 2021. Refer to note 35.

Note 35. Business combinations

Acquisition of Pentagon HoldCo Pty Ltd and its controlled entities
On 23 March 2021, the Group acquired 100% of the ordinary shares of Pentagon HoldCo Pty Ltd and its controlled entities for the total consideration transferred of $82,919,000. This is a Government software as a service ('SaaS') provider business and operates in the Government and Justice division of the Group. It was acquired to diversify into a new segment. The goodwill of $49,842,000 represents future growth. The acquired business contributed revenues of $4,838,000 and profit after tax of $1,574,000 to the Group for the period from 23 March 2021 to 30 June 2021. The values identified in relation to the acquisition of Pentagon HoldCo Pty Ltd are final as at 30 June 2021.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	4,984
Trade receivables	5,394
Other assets	362
Right-of-use assets	173
Customer relationships	16,653
Software	15,591
Trade and other payables	(894)
Contract liabilities	(1,944)
Provision for income tax	(523)
Net deferred tax liability	(4,853)
Employee benefits	(1,680)
Lease liability	(186)
Net assets acquired	33,077
Goodwill	49,842
Acquisition-date fair value of the total consideration transferred	82,919
Representing:	
Cash paid or payable to vendor	45,285
ReadyTech Holdings Limited shares issued to vendor	12,354
Contingent consideration	25,280
	82,919
Acquisition costs expensed to profit or loss	1,673
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	82,919
Less: cash and cash equivalents	(4,984)
Less: contingent consideration	(25,280)
Less: shares issued by Company as part of consideration	(12,354)
Net cash used	40,301

As part of the acquisition of Pentagon Holdco Pty Ltd and its controlled entities an amount of contingent consideration has been agreed. The contingent consideration is payable in three tranches, depending on total revenue and recurring revenue targets. The first and second tranche are payable in cash or ordinary shares and the third tranche is payable in cash. Refer to note 28 for further information.

The amount of contingent consideration recognised represents the fair value as at the date of acquisition, if the relevant targets are met. If these targets are not met, then no amount is payable. As at 30 June 2021, the fair value of contingent consideration has increased to $27,120,492.

Note 35. Business combinations (continued)

As at 30 June 2021, recurring and total revenue targets related to the first tranche of contingent consideration have been met.

Acquisition of WageLink Australia Pty Ltd (prior year)
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 (prior year)
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 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 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'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	**2021 $'000**	**2020 $'000**
Revenue	42,464	37,252
Interest revenue calculated using the effective interest method	2	14
Hosting and other direct costs	(2,861)	(2,792)
Employee benefits expense	(19,786)	(16,353)
Depreciation and amortisation expense	(9,441)	(8,871)
Advertising and marketing expenses	(423)	(454)
Consultancy and professional expenses	(2,745)	(798)
Administration expenses	(663)	(569)
Communication and IT expenses	(1,241)	(927)
Occupancy costs	(409)	(356)
Revaluation of contingent consideration	(1,840)	-
Other expenses	(561)	(817)
Finance costs	(947)	(919)
Profit before income tax expense	1,549	4,410
Income tax expense	(536)	(727)
Profit after income tax expense	1,013	3,683
Other comprehensive income		
Foreign currency translation	(10)	26
Other comprehensive income for the year, net of tax	(10)	26
Total comprehensive income for the year	1,003	3,709

Note 36. Deed of cross guarantee (continued)

Equity - accumulated losses	2021 $'000	2020 $'000
Accumulated losses at the beginning of the financial year	(3,519)	(7,202)
Profit after income tax expense	1,013	3,683
Accumulated losses at the end of the financial year	(2,506)	(3,519)

Statement of financial position	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	7,177	8,768
Trade and other receivables	2,290	4,228
Contract assets	13	-
Prepayments	882	706
	10,362	13,702
Non-current assets		
Investments	93,235	10,316
Property, plant and equipment	787	881
Intangibles	49,148	52,823
Right-of-use assets	2,026	2,727
Contract costs	1,362	540
Deferred tax	8,475	5,429
	155,033	72,716
Total assets	165,395	86,418
Current liabilities		
Trade and other payables	10,694	4,954
Contract liabilities	12,243	11,327
Lease liabilities	842	794
Income tax payable	2,127	1,792
Employee benefits	3,298	2,505
Contingent consideration	12,488	4,096
	41,692	25,468
Non-current liabilities		
Contract liabilities	549	214
Borrowings	30,917	25,000
Provisions	62	61
Lease liabilities	1,419	2,252
Employee benefits	433	331
Contingent consideration	16,320	-
	49,700	27,858
Total liabilities	91,392	53,326
Net assets	74,003	33,092
Equity		
Issued capital	159,095	119,581
Reserves	(82,586)	(82,970)
Accumulated losses	(2,506)	(3,519)
Total equity	74,003	33,092

Note 37. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2021 $'000	2020 $'000
Profit after income tax expense for the year	2,155	3,943
Adjustments for:		
Depreciation and amortisation	11,057	9,375
Write off of non-current assets	8	-
Net loss/(gain) on disposal of property, plant and equipment	(1)	1
Net fair value loss on financial assets	1,840	-
Share-based payments	394	-
Foreign exchange differences	(9)	(62)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	2,789	193
Decrease/(increase) in deferred tax assets	1,806	(490)
Increase in prepayments	(304)	(249)
Increase in other operating assets	(1,905)	(511)
Increase in trade and other payables	2,191	569
Increase in contract liabilities	3,375	395
Increase in provision for income tax	255	1,324
Decrease in deferred tax liabilities	(4,853)	(1,315)
Increase in employee benefits	2,302	949
Decrease in other provisions	(1,679)	(317)
Increase/(decrease) in other operating liabilities	75	(54)
Net cash from operating activities	19,496	13,751

Note 38. Share-based payments

On 11 December 2020, the Group issued 702,922 performance rights to key management personnel as part of its long term incentives ('LTI') plan. The LTI performance rights are subject to an earnings per share ('EPS') hurdle (50% of grant value) and a relative total shareholder return ('TSR') hurdle which is compared against the S&P/ASX All Tech Index (50% of grant value).

These LTI performance rights will be evaluated in two tranches. The first tranche, equivalent to 50% of the total grant value, will be evaluated two years from 1 July 2020 ('the beginning of the performance period'). The second tranche, also equivalent to 50% of the total grant value, will be evaluated three years from the beginning of the performance period.

If the compound annual growth rate of EPS is less than the target of 9%, no vesting will occur. If the target is met, 50% of rights will vest. In the event that the compound annual growth rate is between 10-14%, vesting will be pro-rated between 50-100%.

If the relative TSR of the Company ranks at or above the 75^{th} percentile, 100% of the rights will vest. In the event that the Company ranks at the 50^{th} percentile, 50% of the rights will vest. For any achievement between the 50^{th} and 75^{th} percentile, vesting will be pro-rated between 50-100%.

The performance rights are not subject to an exercise price.

Note 38. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2021

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
11/12/2020	30/06/2022	-	351,462	-	-	351,462
11/12/2020	30/06/2023	-	351,460	-	-	351,460
		-	702,922	-	-	702,922

No performance rights are exercisable at the end of the financial year ended 30 June 2021.

The weighted average share price during the financial year was $1.90 (2020: $1.65).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.5 years.

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
11/12/2020	30/06/2022	$2.10	47.00%	2.12%	0.09%	$1.790
11/12/2020	30/06/2023	$2.10	47.00%	2.12%	0.12%	$1.800

Note 39. Non-cash investing and financing activities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Additions to the right-of-use assets	359	-
Shares issued in relation to business combinations	12,354	-
	12,713	-

Note 40. Changes in liabilities arising from financing activities

Consolidated	Borrowings $'000	Lease liability $'000	Total $'000
Balance at 1 July 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
Net cash from/(used in) financing activities	6,000	(1,036)	4,964
Acquisition of leases	-	336	336
Changes through business combinations (note 35)	-	186	186
Other changes	(83)	26	(57)
Balance at 30 June 2021	30,917	2,650	33,567

Note 41. Earnings per share

	Consolidated 2021 $'000	Consolidated 2020 $'000
Profit after income tax attributable to the owners of ReadyTech Holdings Limited	2,155	3,943

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	90,887,774	80,005,371
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,220,548	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	92,108,322	80,005,371

	Cents	Cents
Basic earnings per share	2.37	4.93
Diluted earnings per share	2.34	4.93

Note 42. Events after the reporting period

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Group's operations going forward. The Group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 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 2021 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

24 August 2021
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 2021, 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:

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- 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 & 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.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Acquisition of Pentagon Holdco Pty Ltd and its subsidiaries including Open Office and McGirr (collectively "Open Office") and associated fair values of acquired balances On 23 March 2021, the Group completed the acquisition of Open Office for $82.92 million, resulting in goodwill of $49.84 million as disclosed in Notes 2 and 35. This transaction falls under the scope of AASB 3 *Business Combinations* which requires significant management judgement in determining the fair value of assets acquired, including intangible assets which are inherently judgemental. The valuation of goodwill, customer relationship intangibles and contingent liabilities requires management judgement and can be affected by: • the likelihood of the Group being awarded the Government Licensing Project • the revenue growth assumptions in determining the achievement of earn out targets The Group has elected to record the acquisition related entries as final as at 30 June 2021.	Our procedures included, but were not limited to: • Completing a walkthrough of the acquisition process and assessing the design and implementation of the key controls addressing the risk; • Testing the opening balance sheet for the acquired business; • Assessing the competence and objectivity of the management's experts; • Engaging our valuation specialists to assess the intangibles valuation report, including attending a series of calls with management and management's experts to assess the valuation methodology, key underlying assumptions and understand subsequent adjustments made to the model; • Evaluating management's assessment in relation to the likelihood of securing the Government Licensing Project through discussion with management, and corroborating this assumption to correspondence with the relevant government agency and Open Office's sales pipeline.; • Assessing management's assumption of time period required to achieve the earn out targets and comparing the assumptions against Open Office's historical revenue growth rates; • Performing an independent assessment of the time period required to achieve the earn out revenue targets and comparing against management's assumptions; • Assessing the methodology used in allocating the calculated goodwill to the Group's identified cash-generating unit ("CGU") We also assessed the appropriateness of the disclosures in Note 2 and Note 35 to the financial statements.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Capitalisation of internally generated software During the year, the Group capitalised internal software development project costs totalling $5.52 million as disclosed in Notes 2 and 12. These projects were predominantly in relation to the development of the Group's key platforms. The costs mainly comprised of payroll expenses. The capitalisation of internally generated software costs requires significant judgment due to the size of the internal costs capitalised and assessing the capitalisation amount from the payroll costs for each engineer. The Group's judgements also included whether capitalised costs were of developmental rather than research and administrative nature (which would result in the costs being expensed rather than capitalised) and whether costs, including payroll costs, were directly attributable to relevant projects.	Our procedures included, but were not limited to: • Assessing the nature of the projects against the requirements of AASB 138 *Intangible Assets* if the capitalisation criteria have been met; • Assessing management's movement schedule of capitalised labour by agreeing the underlying salaries and expenses to the respective payroll report; • Assessing the procedures applied by the Group to review the rates applied to capitalise payroll costs; • On a sample basis, discussing with respective entity's software engineers to corroborate the roles and responsibilities as assessed by management; • Assessing the percentage of salaries and expenses that were capitalised; and • Recalculating the amortisation expense for the year which relates to capitalised labour. We also assessed the appropriateness of the disclosures in Note 2 and Note 12 to the financial statements.

Deloitte.

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 2021, 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 on pages 12 to 18 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report of ReadyTech Holdings Limited, for the year ended 30 June 2021, 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, 24 August 2021

Voting rights

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 currently 90,005 Class A Performance Shares and 90,005 Class B Performance Shares on issue. As set out in the Notice of Meeting and accompanying documents dated 15 February 2021 (**Notice**), prior to Blooming (as defined in the Notice) the holders will not be entitled to vote at any general meeting or class meeting of the Company except where a vote is required by law.

After Blooming, the holders will not be entitled to vote ay any general meeting or class meeting of the Company except in the following circumstances:

(i) on a proposal to reduce the share capital of the Company;
(ii) on a resolution to approve the terms of a buy-back agreement;
(iii) on a proposal that affects rights attached to the Class A Performance Shares;
(iv) on a proposal to wind up the Company;
(v) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
(vi) during the winding up of the Company.

Holders of performance rights have no voting rights.

The below information is current as at 28 July 2021.

Distribution of equity securities

Analysis of number of equity security holders (fully paid ordinary shares) by size of holding:

Range	Number of holders	% of holders	Number of securities	% of securities
1 to 1,000	729	28.58	429,914	0.42
1,001 to 5,000	955	37.44	2,534,742	2.48
5,001 to 10,000	380	14.90	2,888,707	2.83
10,001 to 100,000	439	17.21	11,214,713	10.98
100,001 and over	48	1.88	85,081,700	83.29
Total number of security holders	**2,551**	**100.00**	**102,149,776**	**100.00**
Holders holding less than a marketable parcel of shares*	**42**	**1.65%**	**1,230**	**0.00**

*marketable parcel of shares calculated based on closing market price on 28 July 2021 of $2.36.

Restricted securities

6,002,762 shares are currently subject to voluntary escrow arrangements. The voluntary escrow period ends on the date 5 trading days after the released by the Company of its 30 June 2021 audited full year accounts.

On-market buy back

There is no current on-market buy back.

Total of quoted and restricted securities

Ordinary shares not subject to voluntary escrow (quoted securities)	**96,147,014**
Ordinary shares subject to voluntary escrow (restricted securities)	6,002,762
Total number of shares	**102,149,776**

Unquoted securities

Type of security	Number of holders	Number of securities
Class A Performance Shares	8	90,005
Class B Performance Shares	8	90,005
Performance Rights	4	702,922

Class A Performance Shares and Class B Performance Shares

Range	Number of holders	% of holders	Number of securities	% of securities
1 to 1,000	3	37.50	2,408 Class A Performance Shares 2,408 Class B Performance Shares	2.65
1,001 to 5,000	2	25.00	2,112 Class A Performance Shares 2,112 Class B Performance Shares	2.34
5,001 to 10,000	1	12.50	6,775 Class A Performance Shares 6,775 Class B Performance Shares	7.52
10,001 to 100,000	2	25.00	78,710 Class A Performance Shares 78,710 Class Be Performance Shares	87.45
100,001 and over	0	0	0	0
Total number of security holders	**8**	**8**	**90,005 Class A Performance Shares** **90,005 Class B Performance Shares**	**100.00**

Performance Rights

Range	Number of holders	% of holders	Number of securities	% of securities
1 to 1,000	0	0	0	0
1,001 to 5,000	0	0	0	0
5,001 to 10,000	0	0	0	0
10,001 to 100,000	0	0	0	0
100,001 and over	4	100.00	702,922	100
Total number of security holders	**4**	**4**	**702,922**	**100.00**

Twenty largest quoted equity security holders

No.	Shareholder	Number of shares	% of issued equity
1	PEMBA CAPITAL PARTNERS FUND I GP PTY LTD	33,294,212	32.59
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	16,753,814	16.40
3	OPEN OFFICE PTY LTD	4,213,238	4.12
4	CITICORP NOMINEES PTY LIMITED	4,127,761	4.04
5	NATIONAL NOMINEES LIMITED	3,532,837	3.46
6	MARC RAYMOND WASHBOURNE	2,861,363	2.80
7	NANAYAKKARA HOLDINGS PTY LTD	2,236,905	2.19
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,830,705	1.79
9	CS THIRD NOMINEES PTY LIMITED	1,464,804	1.43
10	MALVERN AVENUE MANAGEMENT PTY LTD	1,305,509	1.28
11	SYCAMORE MANAGEMENT PTY LTD	1,280,190	1.25
12	WASHBOURNE GROUP PTY LTD	1,147,051	1.12
13	MARISH PTY LTD	878,646	0.86
14	ANKSH PTY LTD	860,288	0.84
15	DARREN COPPIN	843,545	0.83
16	PEMBA CAPITAL PARTNERS PTY LTD	841,731	0.82
17	BNP PARIBAS NOMINEES PTY LTD	687,186	0.67
18	LORD COPPIN OF MARLBOROUGH PTY LTD	435,000	0.43
19	NIMESH SHAH	430,144	0.42
20	PEMBA CAPITAL PARTNERS PTY LTD	403,668	0.40
Top 20 holders of Shares		**79,428,597**	**77.76**
Balance of Shares		**22,721,179**	**22.24**
Total Shares on issue		**102,149,776**	**100.00**

Substantial holders

Shareholder	Date of notice	Number of shares	% of issued equity[1]
Microequities Asset Management Pty Ltd	11 November 2020	11,967,676	12.83%
The Pemba Entities[2]	27 November 2020	34,539,611	37%

1 Percentage of issued equity held as disclosed in the substantial holding notices provided to the Company.

2 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).