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 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	10.2%	to	113,833
Profit from ordinary activities after tax attributable to the owners of ReadyTech Holdings Limited	up	9.8%	to	5,464
Profit for the year attributable to the owners of ReadyTech Holdings Limited	up	9.8%	to	5,464

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 $5,464,000 (30 June 2023: $4,975,000).

Refer to the 'Review of operations' in the Directors' report for further commentary and analysis of the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(49.73)	(73.70)

4. Control gained over entity

Not applicable.

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.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

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.

11. Attachments

Details of attachments (if any):

The Annual Report of ReadyTech Holdings Limited for the year ended 30 June 2024 is attached.

12. Signed

As authorised by the Board of Directors

Signed ____________________________ Date: 27 August 2024

Tony Faure
Chair
Sydney

readytech

ReadyTech Holdings Limited

ABN 25 632 137 216

Annual Report - 30 June 2024

Directors	Tony Faure - Chair and Independent Non-Executive Director Helen Lea - Independent Non-Executive Director Marc Washbourne - Chief Executive Officer 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 and Principal place of business	Level 2, 77 King Street Sydney NSW 2000 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 Quay Quarter Tower 50 Bridge 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.io
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 Council's 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 Recommendations that were followed during the reporting period and identifies and explains any Recommendations that were not 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 at the end of, or during, the year ended 30 June 2024.

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 - Chair and Independent Non-Executive Director
Marc Washbourne - Chief Executive Officer
Timothy Ebbeck - Independent Non-Executive Director
Mark Summerhayes - Alternate Non-Executive Director to Tom Matthews (appointed as a Non-Executive Director on 30 July 2024)
Helen Lea - Independent Non-Executive Director (appointed on 21 May 2024)
Elizabeth Crouch AM - Independent Non-Executive Director (resigned on 21 May 2024)
Tom Matthews - Non-Executive Director (resigned on 30 July 2024)

Principal activities
During the financial year, the principal continuing activities of the Group consisted of:

- Education and Work Pathways - provider of education, apprenticeship and employment services technology powering better outcomes for students, learners and job seekers;
- Workforce Solutions - provider of integrated payroll, rostering, HR and recruitment for the workforce; and
- Government and Justice - provider of technology solutions for local and state government and justice agencies.

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

Review of operations
The profit for the Group after providing for income tax amounted to $5,464,000 (30 June 2023: $4,975,000).

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

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

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

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

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

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

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

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

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

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

Strong balance sheet and cash flows support growth initiatives
ReadyTech is in a strong financial position with $29.9 million of available funds for use at 30 June 2024 (consists of cash and cash equivalents and unused loans of $8.0m) and net leverage ratio of 0.5x. The strength of the Company's balance sheet supports strategic growth initiatives.

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

Material business risks
The following is a summary of material business risks that could adversely affect our financial performance and growth potential in future years.

Disruption to, or failure of, technology systems and software, including security breaches
The Group and its customers are dependent on the effective performance, reliability and availability of the Group's technology platforms, communications systems, servers, the internet, hosting services and the on-premise and cloud-based environments in which it provides such software solutions.

There is a risk that the Group's systems and software may be adversely affected by damaged or faulty equipment misuse by staff or contractors, disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "worms", malware, ransomware, internal or external misuse by websites, hacking or cyber-attacks, and other disruptions including natural disasters, power surges or outages, terrorist attacks, or other similar events.

There is also a risk that security and technical precaution measures taken by the Group and its third-party operators will not be sufficient to prevent unauthorised access to the Group's networks, systems and databases.

Operational or business delays, and damage to reputation, may result from any disruption or failure of the Group's information systems and product delivery platforms, which may be caused by events outside the Group's control. This could lead to claims against the Group by its customers, reduce the attractiveness of the Group's software and services to its clients, subject the Group to legal action and/or regulatory scrutiny and the potential termination of customer contracts.

* Adjusted EBITDA excludes long term incentive costs of $1.0m and non-recurring costs of $5.2m (accounting impact of contingent consideration of $2.4m, acquisition-related transaction costs of $1.3m and restructuring and integration costs of $1.5m).
** Cash EBITDA includes actual lease payments, labour capitalisation and excludes the impact of LTIP.

Business growth and client retention
ReadyTech's business is dependent on its ability to retain a portion of its existing clients and attract new business. ReadyTech sells its products under various subscription and licence models, all of which are exposed to the risk of expiry, non-renewal, and pricing risks. ReadyTech may fail to retain sufficient existing customers or attract sufficient new business for a number of reasons, such as the failure to meet customer expectations, poor customer service, technology disruptions, pricing or competition.

ReadyTech may also be unable to, or experience delays in, converting pipeline customers into new customers, especially larger customers who generally have longer sales cycles and procurement and tender processes.

Talent retention and acquisition
The Group's success depends to some extent on its ability to attract and retain key personnel; specifically technology talent, implementation and customer success roles, payroll specialists and senior management with extensive experience in, and knowledge of, the education, government, justice and employment industries in which the Group operates.

The loss of key personnel may adversely affect the Group's ability to develop its products, or implement its business strategies and may adversely affect its future financial performance. This continues to be an elevated risk due to a tight labour market, wage inflation driven by an increased demand for this talent by acceleration of digital strategies, lack of migration and skills shortages.

Technology and software
Long term development of software can lead to dependency on dated technology that restricts maintainability, speed of development, security and The Group's competitiveness in the market. Rapid growth can incur technical debt in service of speed to market. As with all information technology and software products, there is a risk of technology obsolescence. New technology may be perceived by customers to have advantages over the Group's current products.

Adoption of regulatory changes
The Group's products are significantly influenced and affected by government policy and regulations which apply to the education, employment and government related entities industries in which the Group operates. There is a risk that the Group may fail to keep abreast of such policy and regulations and potential changes to the same, which may have an adverse impact on its business, operations and financial performance.

Any material new or altered law, regulation or policy which impacts the Group's products could require the Group to increase spending and employee resources on regulatory compliance and/or change its business practices, which would adversely affect the Group's operations and profitability. Further, there is a risk that customers may reduce their usage of the Group's products, or that the Group may fail to attract new customers, if the Group fails to offer solutions with appropriate coverage of compliance or regulatory requirements as sought by its customers.

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

Matters subsequent to the end of the financial year
No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
The Group will continue to pursue growth in revenue in the next financial year. Refer to the "Review of operations " section above for further details.

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:	Chair and Independent Non-Executive Director
Qualifications:	Tony holds a Bachelor of Economics (hons) from the University of Sussex.
Experience and expertise:	Tony Faure is a seasoned Chair and Non-Executive Director with deep expertise in technology, data, digital media and marketing. Tony has advised some of Australia's leading technology, data and digital media companies. He previously served as CEO of ninemsn and HomeScreen Entertainment, and he was the launch Managing Director, Australia & NZ and later Regional Vice President, South Asia for Yahoo! from 1997 to 2001. Tony's board roles have included positions at SEEK, iSelect, Independent Business Media (publisher of Business Spectator/Eureka Report), Junkee Media, and the Starlight Children's Foundation Australia's NSW Advisory Board. He is also the former Chair of Pollenizer and former Non-Executive Director/Interim Chair of Uno Homeloans.
Other current directorships:	Chair of oOh!media Ltd (ASX:OML), PredictHQ Limited, Chair of LawPath and serves as Non-Executive Director at Common Interest, and is Vice Chair at Tidal VC
Former directorships (last 3 years):	Stackla, Medical Media, Uno Homeloans
Special responsibilities:	Member of the Audit and Risk Committee and Nomination and Remuneration Committee
Interests in shares:	378,819 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 committed to innovation and better technology. Marc couples his strong technical background with a strategic vision for ReadyTech's Software-as-a-Service ('SaaS') products, underpinning best practice approaches shared across the platforms.
Other current directorships:	Year13, Future Skills Organisation
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	4,293,308 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:	Tim Ebbeck has over 30 years of board, executive, and advisory experience across a breadth of industries including software and technology, AI, blockchain, media, sport, consulting, energy and finance. Tim's executive experience includes roles as Chief Executive Officer at SAP (ANZ), Chief Executive of Oracle (ANZ), Chief Commercial Officer of SAP (APJ), and Chief Commercial Officer of NBN Co. His board roles have included being Non-Executive Director for Bigtincan Limited (RDY.BTH), Indara Digital Infrastructure (JV Australian Super and Singtel), CPA Australia, Central Coast Local Health District, The Yield Technology Solutions, Nextgen Distribution, Museum of Applied Arts & Sciences NSW, and Insite Organisation. Tim is a professional company director and advisor to a range of companies in the technology and emerging industries and a former CEO member of the Business Council of Australia.
Other current directorships:	Indara Digital Infrastructure Limited, BigtinCan Holdings Ltd (ASX.BTH), and Central Coast Local Health District
Former directorships (last 3 years):	Xpon Technologies Ltd (ASX.XPN), The Yield Technology Solutions Pty Ltd, Envirosuite Ltd (ASX.EVS), Tymlez Group Ltd (ASX.TYM)
Special responsibilities:	Chair of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee
Interests in shares:	31,068 ordinary shares

Name:	Tom Matthews
Title:	Non-Executive Director (resigned on 30 July 2024)
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 20 years of experience in private equity, principal investment, investment banking and middle market advisory and valuations in both Australia and the UK. As a Managing Director at leading private equity manager Pemba, Tom has led a number of transactions across Pemba's areas of focus since 2015, including investments into ReadyTech, Marque Group, Open Office, ONCALL, RxPx, Vets Central, Acis, Aurizn, Lumia Care and Rennie Advisory. 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:	Vets Central, Acis, Aurizn, ONCALL, Lumia Care and Rennie Advisory
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	36,644,933 ordinary shares*

* Tom Matthews is a representative of Pemba entities. The number of shares includes Pemba interests.

Name:	Mark Summerhayes
Title:	Alternate Non-Executive Director to Tom Matthews and appointed as a Non-Executive Director on 30 July 2024
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. Mark 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. More recently has co-led a $650 million and a $400 million fundraising (backed by some of the largest global and local LPs) which has established the firm as one of the leaders in its segment in Australia and NZ.
Other current directorships:	Currently Chairman of the Board at Coverforce and a Director of Ausreo, Instant Access, InteriorC
Former directorships (last 3 years):	SB Capital Partners, Managing Director at Smedvig Capital and a board member of Device Technologies
Special responsibilities:	None
Interests in shares:	555,036 ordinary shares

Name:	Helen Lea
Title:	Independent Non-Executive Director (appointed on 21 May 2024)
Experience and expertise:	Helen has held various executive, directorship and committee advisory roles for ASX listed and private companies. Helen is an expert in transformation, talent and performance, human resources and holds a Master of Arts: Industrial Psychology (University of the Witwatersrand). Helen is a member of the Australian Institute of Company Directors and a Fellow member of the Australian Human Resources Institute. Helen is also a registered organisational psychologist and a member of the Australian Psychological Society. Helen's previous executive experience included roles as Chief Employee Experience Officer & Government Policy Lead at MYOB, Executive director at Telstra and Interim executive roles at Seven Group Holdings and Uniting.
Other current directorships:	MiQ Private Wealth
Former directorships (last 3 years):	Butn
Special responsibilities:	Chair of the Nomination and Remuneration Committee, member of the Audit and Risk Committee
Interests in shares:	Nil

Name:	Elizabeth Crouch AM FAICD
Title:	Former Independent Non-Executive Director (resigned on 21 May 2024)
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 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 Hearing Australia and Catholic Schools Parramatta Diocese Ltd. She is also on the Boards of the NSW Government's Health Infrastructure and the NSW Institute of Sport.
Other current directorships:	None
Former directorships (last 3 years):	Bingo Industries Pty Ltd
Special responsibilities:	Former Chair of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee
Interests in shares:	41,899 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 and Australian Institute of Company Directors.

Melissa Jones is the General Manager of Company Matters, a part of MUFG Corporate Markets, a division of MUFG Pension & Market Services. Melissa has over 20 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) and is a Fellow of the Governance Institute of Australia.

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') held during the period ended 30 June 2024, 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	12	12	4	4	4	4
Marc Washbourne*	12	12	4	4	4	4
Timothy Ebbeck	12	12	4	4	4	4
Tom Matthews**	10	12	3	4	-	-
Mark Summerhayes**	5	12	-	-	-	-
Helen Lea***	2	2	1	1	1	1
Elizabeth Crouch AM****	11	11	3	3	3	3

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

* Marc Washbourne attended 4 Audit and Risk Committee meetings and 4 Nomination and Remuneration Committee meetings as an observer.
** In FY2024, Mark Summerhayes was an Alternative Non-Executive Director for Tom Matthews and attended a number of meetings either as an alternate or in an observer capacity.
*** Helen Lea was appointed to the Board of ReadyTech on 21 May 2024.
**** Elizabeth Crouch ceased to be a director on 21 May 2024.

Remuneration report (audited)
Commenting on the FY24 remuneration report, ReadyTech Chair of the Nomination and Remuneration Committee, Helen Lea said:

"The primary objective of the Nomination and Remuneration Committee is to ensure that we align Executive Key Management Personnel (KMP) rewards with shareholder interests and achievement of our business strategy, whilst ensuring that we attract and retain exceptional Executives, Directors and Employees who are collectively responsible for delivering long-term profitable growth and sustainable shareholder returns.

Our remuneration framework provides a tight relationship between performance and remuneration and has driven strong growth for the Company. On a regular basis, we undertake independent benchmarking for KMP remuneration to ensure we remain competitive and can attract and retain talented executives with the specialised skills and expertise required. This report describes the linkage between our strategic initiatives, remuneration principles and remuneration framework, and how these, in turn, drive shareholder returns".

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 people who have 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; and
- 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 aligned to the 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 Chair's fees are determined independently to the fees of other non-executive Directors and all non-executive Director remuneration is based on comparative roles in the external market. 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 performed by AON Advisory Pty Ltd, remuneration consultants, in FY2022, where the maximum annual aggregate remuneration is $750,000. For the financial year ended 30 June 2024, the fees payable to the current non- executive Directors will not exceed $600,000 in aggregate.

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.

The annual non-executive Directors’ fees currently agreed to be paid by the Company are inclusive of superannuation and are $187,000 to the Chair and $97,500 (inclusive of superannuation) to each of the other Independent non-executive Directors.

For the financial year ending 30 June 2025, it was approved to increase the annual non-executive Directors’ fees inclusive of superannuation to be $196,875 to the Chair and $102,375 to each of the other non-executive Directors, inclusive of fees for chairing the board sub-committees.

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

The executive remuneration and reward framework has three components:
(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 fixed salary, superannuation and non-monetary benefits, is 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 financial 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 its discretion, recommend to award bonuses which are not linked to any specified performance criteria to certain executives in recognition of work performed.

For KMP, the STI is a maximum 60% of fixed salary with 70% based on Financial KPI and 30% on Personal KPI's for the year ended 30 June 2024.

The Financials KPIs are based on achieving Group revenue and Group adjusted net profit after tax, excluding acquired amortisation expenses ('NPATA') targets.

(iii) Long-term incentives
The long-term incentives include long service leave and share-based payments. The Group implemented a long-term incentives ('LTI') plan during the financial year ended 30 June 2024 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 recurring revenue per share targets.

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. Bonus and incentive payments are dependent on financial measures such as earnings and recurring revenues per share, total revenues, EBITDA, Net Profit after tax adjusted with amortisation expense from acquired assets ("NPATA") and personal KPIs targets being met.

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 year ended 30 June 2024.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')
At the 2023 AGM, 99.86% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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 - Chair and Independent Non-Executive Director
- Marc Washbourne - Chief Executive Officer
- Timothy Ebbeck - Independent Non-Executive Director
- Tom Matthews* - Non-Executive Director (resigned on 30 July 2024)
- Mark Summerhayes*- Alternate Non-Executive Director to Tom Matthews and appointed as a Non-Executive Director on 30 July 2024
- Helen Lea - Independent Non-Executive Director (appointed on 21 May 2024)
- Elizabeth Crouch AM - Independent Non-Executive Director (resigned on 21 May 2024)

* *Tom Matthews and Mark Summerhayes are representatives of Pemba entities and elected not to receive director fees during the financial year ended 30 June 2024. From the financial year ending 30 June 2025, Mark Summerhayes will receive director's fees as a non-executive director.*

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

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2024	Cash salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Tony Faure	187,000	-	-	-	-	-	187,000
Timothy Ebbeck	97,500	-	-	-	-	-	97,500
Helen Lea**	10,156	-	-	-	-	-	10,156
Elizabeth Crouch AM***	81,250	-	-	-	-	-	81,250
Executive Directors:							
Marc Washbourne*	449,650	-	8,128	27,399	21,921	162,152	669,250
Other Key Management Personnel:							
Nimesh Shah*	396,750	-	(11,938)	27,399	22,291	132,942	567,444
	1,222,306	-	(3,810)	54,798	44,212	295,094	1,612,600

* No cash bonuses approved by the Nomination and Remuneration Committee to Marc Washbourne and Nimesh Shah based on FY2024 financial and personal KPIs. These cash bonuses represent cash accrued related to FY2024.
** Helen Lea's fees reflect a portion of director's fees since the day she joined.
*** Elizabeth Crouch AM's fees reflect a portion of director's fees up to the day she resigned.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2023	Cash salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Tony Faure	170,000	-	-	-	-	-	170,000
Elizabeth Crouch AM	90,000	-	-	-	-	-	90,000
Timothy Ebbeck	90,000	-	-	-	-	-	90,000
Executive Directors:							
Marc Washbourne*	425,000	102,000	(24,862)	25,292	23,541	444,525	995,496
Other Key Management Personnel:							
Nimesh Shah*	375,000	60,000	5,062	25,292	936	324,501	790,791
	1,150,000	162,000	(19,800)	50,584	24,477	769,026	2,136,287

* Marc Washbourne and Nimesh Shah received cash bonuses approved by the Nomination and Remuneration Committee based on financial and personal KPIs. These cash bonuses represent cash accrued related to FY2023.

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

	Fixed remuneration		At risk – STI		At risk – LTI	
Name	2024	2023	2024	2023	2024	2023
Non-Executive Directors:						
Tony Faure	100%	100%	-	-	-	-
Elizabeth Crouch AM	100%	100%	-	-	-	-
Timothy Ebbeck	100%	100%	-	-	-	-
Helen Lea	100%	-	-	-	-	-
Executive Directors:						
Marc Washbourne	76%	45%	-	10%	24%	45%
Other Key Management Personnel:						
Nimesh Shah	77%	51%	-	8%	23%	41%

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

	Cash bonus related to financial year		Cash bonus forfeited related to financial year	
Name	2024	2023	2024	2023
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:	Fixed salary of $475,000 plus superannuation for financial year ending 30 June 2025 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:	Fixed salary of $416,588 plus superannuation for financial year ending 30 June 2025 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
Details of shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Date	Number of Performance rights	Value of options at the exercise date $	Number of Shares	Issue price
Marc Washbourne	13/09/2023	147,079	396,720	147,079	$0.00
Nimesh Shah	13/09/2023	140,260	323,338	140,260	$0.00

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 2024.

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 2024.

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:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
Marc Washbourne	60,264	17/11/2021	30/06/2024	30/06/2024	$3.99
	47,380	15/11/2022	30/06/2024	30/06/2024	$3.97
	47,380	15/11/2022	30/06/2025	30/06/2025	$3.97
	100,334	05/12/2023	30/06/2026	30/06/2026	$3.53
Nimesh Shah	56,246	13/09/2021	30/06/2024	30/06/2024	$3.06
	41,806	11/10/2022	30/06/2024	30/06/2024	$2.92
	41,806	11/10/2022	30/06/2025	30/06/2025	$2.92
	88,461	22/09/2023	30/06/2026	30/06/2026	$3.70

Performance rights granted in the financial year ended 30 June 2022
Performance rights are subject to an earnings per share ('EPS') hurdle (50% of grant value) and a recurring revenue per share hurdle (50% of grant value).

Performance rights will be evaluated in two tranches. The first tranche, equivalent to 50% of the total grant value, is subject to be evaluated two years from 1 July 2021 ('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 13%, 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 13-17%, vesting will be pro-rated between 50-100%.
- Recurring revenue per share - if the compound annual growth rate of recurring revenue per share is less than the target of 13%, 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 13-17%, vesting will be pro-rated between 50-100%.

Performance rights granted in the financial year ended 30 June 2023
Performance rights are subject to an earnings per share ('EPS') hurdle (50% of grant value) and a recurring revenue per share hurdle (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 2022 ('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 13%, 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 13-17%, vesting will be pro-rated between 50-100%.
- Recurring revenue per share - if the compound annual growth rate of recurring revenue per share is less than the target of 13%, 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 13-17%, vesting will be pro-rated between 50-100%.

Performance rights granted in the financial year ended 30 June 2024
Performance rights are subject to an earnings per share ('EPS') hurdle (50% of grant value) and a recurring revenue per share hurdle (50% of grant value).

Performance rights will be evaluated three years from 1 July 2023 ('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 13%, 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 13-17%, vesting will be pro-rated between 50-100%.
- Recurring revenue per share - if the compound annual growth rate of recurring revenue per share is less than the target of 13%, 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 13-17%, 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.

Performance rights vested on 30 June 2024

In evaluating the % vesting in relation to:
(a) the second tranche of performance rights granted in the financial year ended 30 June 2022, and
(b) the first tranche of performance rights granted in the financial year ended 30 June 2023,

Adjustments were made for the impact of the IT Vision acquisition and the significant and purposeful additional investment in the enterprise strategy in the FY21-FY24 period.

Additional information
The earnings of the Group for the five years to 30 June 2024 are summarised below:

	2024 $'000	2023 $'000	2022 $'000	2021 $'000	2020 $'000
Sales revenue	113,802	103,306	78,284	50,027	39,254
Adjusted EBITDA*	37,766	33,039	27,472	18,884	14,954
Profit after income tax	5,464	4,975	8,794	2,155	3,943

* 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:

	2024	2023	2022	2021	2020
Share price at financial year end ($)	3.25	3.30	3.10	2.40	1.40
Basic earnings per share (cents per share)	4.66	4.38	8.28	2.37	4.93

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	378,819	-	-	-	378,819
Marc Washbourne	4,146,229	147,079	-	-	4,293,308
Timothy Ebbeck	17,273	-	13,795	-	31,068
Tom Matthews	36,644,933	-	-	-	36,644,933
Mark Summerhayes	555,036	-	-	-	555,036
Nimesh Shah	1,462,351	140,260	-	(306,039)	1,296,572
Helen Lea	-	-	-	-	-
Elizabeth Crouch AM	41,899	-	-	-	41,899
	43,246,540	287,339	13,795	(306,039)	43,241,635

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	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Marc Washbourne	302,103	100,334	(147,079)	-	255,358
Nimesh Shah	280,118	88,461	(140,260)	-	228,319
	582,221	188,795	(287,339)	-	483,677

	Vested and exercisable	Vested and unexercisable	Balance vested at the end of the year
Performance rights over ordinary shares			
Marc Washbourne	76,421	31,223	107,644
Nimesh Shah	70,118	27,934	98,052
	146,539	59,157	205,696

* 100,334 performance rights issued under ASX Listing Rule 10.14 with approval from shareholders received at the 2023 Annual General Meeting.

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 2024 (2023: 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
13/09/2021	30/06/2024	190,217
17/11/2021	30/06/2024	52,731
11/10/2022	30/06/2024	104,393
11/10/2022	30/06/2025	208,775
15/11/2022	30/06/2024	23,690
15/11/2022	30/06/2025	47,380
05/12/2023	30/06/2026	100,334
22/09/2023	30/06/2026	729,546
		1,457,066

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 2024 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no other ordinary shares of ReadyTech Holdings Limited issued on the exercise of performance rights during the year ended 30 June 2024 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

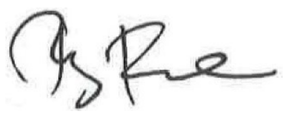
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain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

27 August 2024
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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50 Bridge Street
Sydney, NSW, 2000
Australia

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www.deloitte.com.au

The Directors
ReadyTech Holdings Limited
Level 2
77 King Street
Sydney NSW 2000

27 August 2024

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 2024, 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

Sandeep Chadha

Sandeep Chadha
Partner
Chartered Accountants

ReadyTech Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Revenue from contracts with customers	5	113,802	103,306
Interest revenue calculated using the effective interest method		31	15
Expenses			
Hosting and other direct costs		(8,566)	(7,637)
Employee benefits expense		(61,289)	(59,121)
Third party SaaS variable costs		(2,028)	(965)
Depreciation and amortisation expense		(22,859)	(17,272)
Advertising and marketing expenses		(1,286)	(1,095)
Consultancy and professional expenses		(2,085)	(2,909)
Administration expenses		(919)	(970)
Communication and IT expenses		(2,381)	(2,031)
Occupancy costs		(818)	(723)
Revaluation of contingent consideration		(615)	-
Other expenses		(1,268)	(1,238)
Finance costs	6	(3,309)	(2,563)
Profit before income tax expense		6,410	6,797
Income tax expense	7	(946)	(1,822)
Profit after income tax expense for the year attributable to the owners of ReadyTech Holdings Limited		5,464	4,975
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(77)	137
Other comprehensive income for the year, net of tax		(77)	137
Total comprehensive income for the year attributable to the owners of ReadyTech Holdings Limited		5,387	5,112
		Cents	**Cents**
Basic earnings per share	42	4.66	4.38
Diluted earnings per share	42	4.66	4.38

ReadyTech Holdings Limited
Consolidated statement of financial position
As at 30 June 2024

	Note	Consolidated 2024 $'000	2023 $'000
Assets			
Current assets			
Cash and cash equivalents	8	21,867	20,616
Trade and other receivables	9	12,567	10,434
Contract assets	10	2,588	1,489
Derivative financial assets	11	-	76
Income tax refund receivable	7	1,840	2,150
Prepayments		2,244	2,969
Total current assets		41,106	37,734
Non-current assets			
Property, plant and equipment	12	1,964	2,229
Intangibles	13	210,804	212,511
Right-of-use assets	14	4,590	4,783
Contract costs	15	1,797	2,025
Deferred tax assets	7	1,168	-
Total non-current assets		220,323	221,548
Total assets		261,429	259,282
Liabilities			
Current liabilities			
Trade and other payables	16	11,936	11,767
Contract liabilities	17	23,635	19,527
Lease liabilities	18	1,509	1,229
Income tax payable	7	954	-
Employee benefits		7,102	7,246
Contingent consideration	19	17,408	10,181
Total current liabilities		62,544	49,950
Non-current liabilities			
Contract liabilities	20	722	888
Borrowings	21	41,897	46,949
Provisions		548	307
Lease liabilities	23	3,656	3,932
Deferred tax liabilities	7	-	2,718
Employee benefits		493	375
Contingent consideration	22	360	25,911
Total non-current liabilities		47,676	81,080
Total liabilities		110,220	131,030
Net assets		151,209	128,252
Equity			
Issued capital	24	211,831	194,292
Reserves	25	(78,526)	(78,480)
Retained profits		17,904	12,440
Total equity		151,209	128,252

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

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2022	171,916	(81,208)	7,465	98,173
Profit after income tax expense for the year	-	-	4,975	4,975
Other comprehensive income for the year, net of tax	-	137	-	137
Total comprehensive income for the year	-	137	4,975	5,112
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 24)	21,747	-	-	21,747
Share-based payments (note 39)	-	3,220	-	3,220
Exercise of performance rights (note 25)	629	(629)	-	-
Balance at 30 June 2023	194,292	(78,480)	12,440	128,252

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2023	194,292	(78,480)	12,440	128,252
Profit after income tax expense for the year	-	-	5,464	5,464
Other comprehensive income for the year, net of tax	-	(77)	-	(77)
Total comprehensive income for the year	-	(77)	5,464	5,387
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 24)	16,001	(764)	-	15,237
Share-based payments (note 39)	-	2,333	-	2,333
Exercise of performance rights (note 25)	1,538	(1,538)	-	-
Balance at 30 June 2024	211,831	(78,526)	17,904	151,209

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		125,667	113,266
Payments to suppliers and employees (inclusive of GST)		(87,367)	(80,151)
		38,300	33,115
Interest received		27	15
Interest and other finance costs paid		(3,013)	(2,429)
Payment of acquisition costs		-	(521)
Income taxes paid		(3,720)	(2,374)
Net cash from operating activities	38	31,594	27,806
Cash flows from investing activities			
Payment for purchase of subsidiaries, net of cash acquired		(72)	(6,424)
Payments for contract costs		(464)	(578)
Payments for property, plant and equipment		(420)	(1,463)
Payments for intangibles	13	(17,454)	(18,239)
Payment of contingent consideration	19	(5,263)	(1,074)
Net cash used in investing activities		(23,673)	(27,778)
Cash flows from financing activities			
Proceeds from borrowings		-	13,000
Repayment of borrowings	21	(5,000)	-
Repayment of lease liabilities		(1,670)	(1,613)
Net cash (used)/from financing activities		(6,670)	11,387
Net increase in cash and cash equivalents		1,251	11,415
Cash and cash equivalents at the beginning of the financial year		20,616	9,201
Cash and cash equivalents at the end of the financial year	8	21,867	20,616

The above consolidated 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 2, 77 King Street
Sydney
NSW 2000
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 27 August 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
AASB 2021-2 was issued in March 2021 and is applicable to annual periods beginning on or after 1 January 2023.

This standard amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements and clarifies the distinction between accounting policies and accounting estimates.

Deficiency of net current assets

The statement of financial position has a deficiency of net current assets of $21,438,000 (2023: $12,216,000) at the reporting date. The deficiency is mainly attributable to (i) contract liabilities of $23,635,000 (2023: $19,527,000) disclosed in current liabilities, which 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 $7,102,000 for employee benefits (2023: $7,246,000) is included in current liabilities, for which the majority of this liability is not expected to be settled in cash within the next twelve months.

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

Statement of compliance
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. Material accounting policy information (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for derivatives and contingent consideration at fair value through profit or loss.

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.

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 34.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ReadyTech Holdings Limited as at 30 June 2024 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 has the power over the investee, 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. 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.

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

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

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

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

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

Note 2. Material accounting policy information (continued)

The principal activities of the Group are to provide technology-based solutions to its customers that are organized into three reportable operating segments: Education and Work Pathways, Workforce Solutions and Government and Justice.

Main products of the Group:

Segment	Main Product	Description
Education and Work Pathways	JR Plus and AVAXA Ready LMS	JR Plus, AVAXA and Ready LMS are ReadyTech’s student management system empowering enterprise tertiary educators to create digital student experiences and to adhere to strict compliance standards.
	VeTtrak, including VETtrak Cloud Ready Skills	VETtrak is a student management system for Registered Training Organisations (RTOs). Ready Skills provides vocational skills tracking, recognition, planning and assessment technology.
	Job Ready, Ready Recruit and Job Apprentice	Job Ready, Ready Recruit and Job Apprentice exists to help employment services providers, Group Training Organisations (GTOs) and Australian Apprenticeship Support Network (AASN) provides to support the completion of apprenticeship lifecycle and deliver work opportunities for jobseekers and customers.
	Esher House	Esher House delivers behavioural assessment technology and intervention programs for Back to Work, apprentices and more.
Workforce Solutions	Ready Workforce	Ready Workforce is an all-in-one cloud payroll, HR, rostering, time & attendance and leave management software platform.
	Ready Employ	Ready Employ by Phoenix is a cloud-based talent management system with everything entities need to manage their leases' processes online, easily.
	Ready Pay	Ready Pay provides people management software, combined with an end-to-end payroll outsourcing service, with local payroll experts providing customers with payroll, HR administration and workplace health & safety software and services.
Government and Justice	Ready Community (powered by Open Office)	Ready Community (powered by Open Office) is provider of high function, integrated, statutory and compliance management systems for local government.
	Ready Case	Ready Case (formerly case HQ, part of McGirr Technologies) is the market leader in case management systems for courts, tribunals and related justice sector agencies.
	Ready Contracts and Ready Buy	Ready Contracts and Ready Buy are designed as procurement software suite to support distributed procurement and commercial operations to procure goods and services efficiently, cost effectively, and at reduced risk, while reducing workload on centralised procurement.
	Altus (powered by IT Vision)	Altus is a comprehensive enterprise resource planning (ERP) platform designed specifically for local governments who need to automate and optimise their systems, enhance cross department collaboration and provide a customer experience to both community members and staff.
	Synergysoft (powered by IT Vision)	SynergySoft is a legacy product suite used by local governments, which can be fully integrated with Altus solutions.

Note 2. Material accounting policy information (continued)

The accounting policies below apply to the Group's products as summarised in the above table.

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.
Contracts with customers can include various combinations of subscription fees and services, which are in certain circumstances bundled and in other circumstances are capable of being distinct and accounted for as separate performance obligations. Where a contract with multiple performance obligations that is not bundled, the revenue associated with each obligation is calculated based on its relative stand-alone selling price.

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the Group performs;
- the customer controls the asset as the Group creates or enhances it; or
- the Group's performance does not create an asset for which the Group has an alternative use and
- there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time when control transfers.

The Group earns its revenues from two main sources:
a. Subscription, licences, support and hosting fees
b. Training, consultancy and other services

Subscription, licence and support and hosting fees
Subscription revenues represent revenues earned from customers accessing the cloud-based products hosted by the Group. Customers gain access to use the Group's cloud-based products without taking possession of the software. Customers pay a fixed subscription fee over the contract term. Subscription contracts are sold along with configuration and/or customisation, support and hosting services.

For some large enterprise contracts, the contract may include customisation of the software for the customer's specific use. Product customisation covers services to create new functions or features and special customisation of the standard reports to meet the customer's need. Customisation service is critical to the functioning of the software for the customer's specific use. A customer is not able to fully benefit from the software without the required software customisation. Knowledge on how to modify the software code or writing additional code is proprietary of the Group and only the Group can perform this service. Therefore, there are no other readily available resources for the customer to obtain the benefit from the software customisation prior to accessing the product.

Support revenues represent revenues earned from providing post-sale technical support to respond to customers' service requests.

Hosting revenues represent revenues earned from providing the cloud-based hosting service for the service components, storage infrastructure, operating and database software.

The Group has assessed and concluded that the sale of subscription, hosting and support services together are not distinct as they represent a bundled service to use the Group's cloud-based product over the contract term. Hence, the Group considers the sale of subscription fees, customisation, hosting and technical support services as a single performance obligation. Revenues are recognised over time on a straight-line basis over the term of the subscription period, as the customers simultaneously receive and consume the benefits of accessing the product and services. The Group's subscription revenues do not contain refund-type provisions.

Costs incurred and payments received from the customer for customisation services prior to the commencement of the subscription period are deferred on the balance sheet and recognised in the profit or loss on a straight-line basis over the term of the subscription period.

Note 2. Material accounting policy information (continued)

Licences, support and hosting fees
Licence revenues represent revenues from the sales of on-premise products. These products are hosted in the customer's infrastructure environment. These products are not tailored for customer use throughout the duration of the contact and no maintenance/ training services are included.

When a licence is purchased by a customer, there is an optionality for the customers to also purchase post-sale technical support or hosting services for an agreed term. Where a licence is sold with these support and hosting services, each good or service is considered to be a distinct performance obligation because the customer can benefit from the use of the software without the provision of the support or hosting services.

Revenue is recognised at the point in time when the customer has purchased the licence as control of the software has transferred at that point. Revenue is recognised for the provision of support and hosting services over time on a straight line basis over the agreed term. This is because the customer is deemed to simultaneously receive and consume the benefits provided by the Group's performance of the support and hosting services as it is performed during the contract term.

Training, consultancy and other services
Training revenues represent revenues earned from providing in-depth training on the product, refresher courses or induction for new users of the product.

Consultancy and other services revenue represent revenues earned from providing consultation services such as business process mapping, project management of change projects, best practice of business process.

The Group has assessed and concluded that revenues from training, consultancy and other services are able to be provided by a third party supplier or can be consumed by the customer on its own or with readily available resources. Therefore, training, consultancy and other services are considered to be distinct performance obligations.

Training, consultancy and other services revenue is charged to the customer either on a time and materials basis or as a fixed price. Revenue is recognised as the services are rendered over time on a proportional basis using an input method, being time or cost, depending on the terms and conditions of the customer contract.

Note 2. Material accounting policy information (continued)

Summary of revenue recognition:

Revenue categories	**Performance obligation**	**Timing of revenue recognition**
Subscription fees	Provide access to the Group's intellectual property over the agreed period	Over time on a straight-line basis across the customer's subscription term.
Customisation services	Services to customise the product to meet the customers' requirements or specifications; bundled with subscription fees	Over time on a straight-line basis across the customer's subscription term.
Support services - subscription	Provision of post-sale support services over the agreed period bundled with subscription fees	Over time on a straight-line basis across the customer's subscription term.
Hosting fees - subscription	Provision of cloud-based hosting services over the agreed period bundled with subscription fees	Over time on a straight-line basis across the customer's subscription term.
Licence fees	Sale of a software licence	At the point of sale.
Support services - licence	Provision of post-sale support services over the agreed period	Over time as the services are rendered.
Hosting fees - licence	Provision of cloud-based hosting services over the agreed period	Over time as the services are rendered.
Training services	Services to provide training to the users	Over time as the services are rendered.
Consultancy services	Service includes services for software and project services	Over time as the services are rendered.

Principal vs agent
For selected products, the Group collaborates with third parties software providers or consultants in completing the performance obligations as per customer contracts. The Group is acting as a principal when it controls the provision of the third party product or implementation service before the product or service is transferred to the customer. In the contract with a customer, the Group has control over the establishment of pricing, including determining pricing for the third party products and services. The Group is also primarily responsible for fulfilling the promise to provide the third party products to the customer and assumes fulfilment risk such as addressing customer support requests and rectifying any service issues.

Contract assets/ liabilities
Timing of revenue recognition may differ from the timing of invoicing to customers. Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognized when customer pays the consideration in advance, or when the Group recognizes a receivable to reflect its unconditional right to consideration (whichever earlier) before the Group has transferred the goods or services to the customer.
Contract liabilities comprise mainly of unearned revenue related to subscription licences fees that are not refundable. Contract liabilities are generally invoiced at the beginning of each contract period.
Contract assets represent unbilled revenue for goods and services that have been provided to customers but not yet billed. When corresponding payment milestones are met, contract assets are released to trade receivables. Contract assets are treated as financial assets for impairment purposes.

Note 2. Material accounting policy information (continued)

Contract costs

Incremental costs incurred in obtaining a contract
Costs incurred in obtaining the customer contract are expensed, unless they are incremental to obtaining the contract and the Group expects to recover those costs. Costs that meet the criteria for capitalisation will be amortised over the life of the contract that they relate to. The Group has identified certain sales commission costs as meeting the criteria of directly related contract costs. These costs are capitalised in the month in which they are incurred and amortised over the contract term.

Costs to fulfil a contract
Employee costs related to a contract of which product customisation is performed for a specific customer and the corresponding revenues are recognized over the contract terms, are capitalised in the month in which they are incurred and amortised over the contract term.

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.

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.

Note 2. Material accounting policy information (continued)

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.

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.

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

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

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

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

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

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

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

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

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

Note 2. Material accounting policy information (continued)

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

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. Management consider patents and trademarks to have indefinite useful lives because the potential to generate cash flows is unlimited.

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.

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.

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.

Note 2. Material accounting policy information (continued)

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.

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

Employee benefits

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

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

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

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.

Note 2. Material accounting policy information (continued)

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.

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.

Note 2. Material accounting policy information (continued)

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.

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.

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 a liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

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 additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Note 2. Material accounting policy information (continued)

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.

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 2024. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

These standards amend AASB 101 ‘Presentation of Financial Statements’ to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

The Group does not expect these amendments to have a material impact.

Note 2. Material accounting policy information (continued)

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The standard replaces AASB 101 'Presentation of Financial Statements', although many of the requirements have been carried forward unchanged and is accompanied by limited amendments to the requirements in AASB 107 'Statement of Cash Flows'. The standard requires income and expenses to be classified into five categories: 'Operating' (residual category if income and expenses are not classified into another category), 'Investing', 'Financing', 'Income taxes' and 'Discontinued operations'. The standard introduces two mandatory sub-totals: 'Operating profit' and 'Profit before finance and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on how to organise and group information (aggregation and disaggregation) in the financial statements and whether to provide it in the primary financial statements or in the notes.

The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

AASB 2014-10 Sale or contribution of assets between investor and its associate or joint venture
AASB 2014-10 was issued in December 2014 and is applicable for annual reporting periods beginning on or after 1 January 2025 (as extended by AASB 2021-7). Early adoption is permitted.

This standard makes amendments to AASB 10 'Consolidated Financial Statements' and AASB 128 'Investments in Associates and Joint Ventures' to clarify the extent to which gains or losses are recognised when accounting for sales or contributions of assets between an investor and its associate or joint venture. The standard requires that a full gain or loss is recognised when the transaction involves a business whilst a partial gain or loss is recognised when the transaction involves assets that do not constitute a business.

The Group does not expect these amendments to have a material impact.

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.

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 13 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)

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 28, 36 and 39 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.

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.

Revenue recognition
For some large enterprise contracts, product customisation service is typically bundled with the implementation, training, consulting and other services into a single performance obligation. Management uses judgements and estimates in allocating the transaction price to different revenue streams which have more than one performance obligation. Allocation of the transaction price is determined based on the estimated costs of satisfying the performance obligation and then adds an appropriate margin.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into three reportable operating segments: Education and Work Pathways, 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 and Key Management Personnel (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.

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 and Work Pathways	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.
Workforce Solutions	provides products and services to mid-sized company across various industries with payroll software, outsourced payroll services, human resource management (HRM) and recruitment 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 2024 (30 June 2023: $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 2024 and 30 June 2023, no single customer contributed 10% or more to the Group's external revenue.

Operating segment information

Consolidated - 2024	Workforce Solutions $'000	Education and Work Pathways $'000	Government and Justice $'000	Corporate $'000	Total $'000
Revenue					
Sales to external customers	30,742	40,550	42,510	-	113,802
Total revenue	30,742	40,550	42,510	-	113,802
Adjusted EBITDA	11,062	18,117	12,324	(3,737)	37,766
Contingent consideration charged as employee expenses and fair value adjustments					(2,409)
Integration, restructuring and acquisition related transaction cost					(2,583)
Employee share gifts					(227)

Note 4. Operating segments (continued)

EBITDA	32,547
Depreciation and amortisation	(22,859)
Interest revenue	31
Finance costs	(3,309)
Profit before income tax expense	6,410
Income tax expense	(946)
Profit after income tax expense	5,464

Consolidated - 2023	Workforce Solutions $'000	Education and Work Pathways $'000	Government and Justice $'000	Corporate $'000	Total $'000
Revenue					
Sales to external customers	28,573	36,051	38,682	-	103,306
Total revenue	28,573	36,051	38,682	-	103,306
Adjusted EBITDA	11,120	15,269	10,764	(4,114)	33,039
Transaction, including takeover defense and acquisition related costs					(3,141)
Contingent consideration charged as employee expenses					(2,912)
Employee share gifts					(369)
EBITDA					26,617
Depreciation and amortisation					(17,272)
Interest revenue					15
Finance costs					(2,563)
Profit before income tax expense					6,797
Income tax expense					(1,822)
Profit after income tax expense					4,975

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

The Group operates predominantly in Australia and New Zealand regions.

Note 5. Revenue from contracts with customers

	Consolidated	
	2024 $'000	**2023 $'000**
Revenue from contracts with customers	113,802	103,306

Note 5. Revenue from contracts with customers (continued)

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

Consolidated - 2024	Workforce Solutions $'000	Education and Work Pathways $'000	Government and Justice $'000	Total $'000
Major product lines				
Subscription, licence, support and hosting	27,422	34,150	33,836	95,408
Training, consultancy and other	3,320	6,400	8,674	18,394
	30,742	40,550	42,510	113,802

Consolidated - 2023	Workforce Solutions $'000	Education and Work Pathways $'000	Government and Justice $'000	Total $'000
Major product lines				
Subscription, licence, support and hosting	24,500	29,714	30,119	84,333
Training, consultancy and other	4,073	6,337	8,563	18,973
	28,573	36,051	38,682	103,306

Note 6. Expenses

	Consolidated 2024 $'000	Consolidated 2023 $'000
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	3,037	2,337
Interest charges on lease liability	272	226
Finance costs expensed	3,309	2,563
Superannuation expense		
Defined contribution superannuation expense	5,728	4,993
Share-based payments expense		
Share-based payments expense	2,333	3,220
Loss allowance for expected credit losses		
Loss allowance for expected credit losses	247	195

Note 7. Income tax

	Consolidated 2024 $'000	Consolidated 2023 $'000
Income tax expense		
Current tax	7,258	1,611
Deferred tax - origination and reversal of temporary differences	(5,264)	1,216
Adjustment recognised for prior periods	(1,048)	(1,005)
Aggregate income tax expense	946	1,822
Deferred tax included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(5,264)	1,216
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	6,410	6,797
Tax at the statutory tax rate of 30% (2023 - 30%)	1,923	2,039
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development ('R&D') expenses	2,106	2,508
Research and development tax offset	(3,068)	(3,342)
Other non-deductible expenditure	1,033	1,622
	1,994	2,827
Adjustment recognised for prior periods	(1,048)	(1,005)
Income tax expense	946	1,822

During the year ended 30 June 2024, the adjustment recognised for prior period is related to application of R&D tax offset in the 2023 lodged tax return.

Note 7. Income tax (continued)

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Deferred tax (liability)/asset		
Deferred tax *(liability)/asset* comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	222	172
Labour capitalisation	(3,841)	(3,821)
Contract liabilities	7,489	6,001
Employee benefits	2,221	2,087
Accrued expenses	1,021	1,185
Software	3,636	2,587
Customer relationships	(7,865)	(8,968)
Brand names	(139)	(498)
Property, plant and equipment	(757)	(1,138)
IPO and other acquisition related costs	255	314
Right-of-use assets	(1,377)	(1,435)
Lease liabilities	1,563	1,544
Contract costs	(1,299)	(768)
Other	39	20
Deferred tax asset/(liability)	1,168	(2,718)
Movements:		
Opening balance	(2,718)	5,704
Credited/(charged) to profit or loss	5,264	(1,216)
Additions through business combinations	(153)	(2,946)
Adjustment recognised for prior periods	(62)	(618)
Adjustment related to prior period TFE application	-	(2,991)
Adjustment related to prior period R&D tax offset lodgement	(1,163)	-
Tax impact on the finalisation of provisional accounting of business combinations	-	(651)
Closing balance	1,168	(2,718)

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Income tax refund due		
Income tax refund due – Australia entities	1,840	2,150

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Income tax payable		
Income tax payable – New Zealand entities	954	-

As at 30 June 2024, the Group has capital losses totalling $2,996,000 (2023: $2,996,000) which have not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Subsequent to 30 June 2024, the Group received the 2023 and 2021 income tax refunds from the Australian Tax Office amounting to $1,294,000.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash at bank	21,671	20,417
Cash on deposit	196	199
	21,867	20,616

Note 9. Current assets - trade and other receivables

	Consolidated 2024 $'000	Consolidated 2023 $'000
Trade receivables	13,059	10,557
Less: Allowance for expected credit losses	(739)	(574)
	12,320	9,983
Other receivables	247	451
	12,567	10,434

Trade receivables are non-interest bearing and are on 30 day credit term.

Allowance for expected credit losses
The Group has recognised a loss of $247,000 in profit or loss in respect of impairment of receivables for the year ended 30 June 2024 (2023: $195,000).

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	2024 %	2023 %	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Not overdue	2.14%	2.26%	7,653	4,647	164	105
0 to 3 months overdue	3.00%	2.87%	4,113	4,563	123	131
3 to 6 months overdue	18.93%	10.16%	752	738	142	75
Over 6 months overdue	57.30%	43.19%	541	609	310	263
			13,059	10,557	739	574

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

	Consolidated 2024 $'000	Consolidated 2023 $'000
Opening balance	574	570
Additional provisions recognised/ (reversal of unused amount)	247	(192)
Additions through business combinations	13	274
Receivables written off during the year as uncollectable	(95)	(78)
Closing balance	739	574

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

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Note 10. Current assets - contract assets

	Consolidated	
	2024 $'000	2023 $'000
Contract assets	2,588	1,489

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

	2024 $'000	2023 $'000
Opening balance	1,489	1,383
Additions	5,706	5,465
Transfer to trade receivables	(4,607)	(5,359)
Closing balance	2,588	1,489

Allowance for expected credit losses
The allowance for expected credit losses on contract assets for the year ended 30 June 2024 is $nil (2023: $nil).

Note 11. Current assets - derivative financial assets

	Consolidated	
	2024 $'000	2023 $'000
Interest rate swap	-	76

The Group entered into an interest rate swap arrangement to hedge the variable rate of $20,000,000 loan (2023: $20,000,000) with a fixed rate of 3.795% (2023: 3.795%) that is settled on a quarterly basis. The contract expired on 1 February 2024.

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2024 $'000	Consolidated 2023 $'000
Leasehold improvements - at cost	1,979	1,598
Less: Accumulated depreciation	(662)	(277)
	1,317	1,321
Fixtures and fittings - at cost	354	356
Less: Accumulated depreciation	(288)	(235)
	66	121
Computer equipment - at cost	1,987	1,740
Less: Accumulated depreciation	(1,416)	(973)
	571	767
Office equipment - at cost	225	262
Less: Accumulated depreciation	(215)	(242)
	10	20
	1,964	2,229

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 2022	227	180	7	563	65	1,042
Additions	1,097	70	-	504	2	1,673
Additions through business combinations (note 36)	125	-	-	96	-	221
Depreciation expense	(128)	(129)	(7)	(396)	(47)	(707)
Balance at 30 June 2023	1,321	121	-	767	20	2,229
Additions	381	2	-	263	-	646
Exchange differences	-	-	-	-	(1)	(1)
Depreciation expense	(385)	(57)	-	(459)	(9)	(910)
Balance at 30 June 2024	1,317	66	-	571	10	1,964

Note 13. Non-current assets - intangibles

	Consolidated 2024 $'000	Consolidated 2023 $'000
Goodwill - at cost	125,329	125,360
Patents and trademarks - at cost	464	1,660
Customer relationships - at cost	45,108	44,506
Less: Accumulated amortisation	(18,912)	(14,612)
	26,196	29,894
Software - at cost	116,116	98,798
Less: Accumulated amortisation	(57,301)	(43,201)
	58,815	55,597
	210,804	212,511

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 2022	88,785	474	24,284	37,096	150,639
Additions*	-	-	-	18,239	18,239
Additions through business combinations (note 36)	36,447	1,194	8,773	10,800	57,214
Adjustments to the provisional values	27	-	624	-	651
Exchange differences	101	(8)	6	-	99
Amortisation expense	-	-	(3,793)	(10,538)	(14,331)
Balance at 30 June 2023	125,360	1,660	29,894	55,597	212,511
Additions	-	-	-	17,454	17,454
Additions through business combinations	-	-	602	-	602
Exchange differences	(31)	(2)	-	(34)	(67)
Amortisation expense	-	(1,194)	(4,300)	(14,202)	(19,696)
Balance at 30 June 2024	125,329	464	26,196	58,815	210,804

* Additions of software during the financial year ended 30 June 2024 include internally generated assets of $17,033,000 (2023: $16,344,000) and assets externally acquired amounting to $421,000 (2023: $1,895,000).

Review of intangible asset carrying values in relation to the Government and Justice Segment.
As part of business integration within the Government and Justice segment, management has performed a review of the certain assets and has resulted in the following:

- Derecognition of an acquired brand name of $1.2 million from the previous acquisition.
- Accelerate depreciation of certain acquired software with a net carrying value of $9.27 million due to a change in the assessed useful life to 3 years.

A total balance of $2.2 million has been recognised as an expense within the depreciation and amortisation expenses in the consolidated profit or loss.

Note 13. Non-current assets - intangibles (continued)

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

	Consolidated	
	2024 **$'000**	**2023** **$'000**
Education and Work Pathways	19,286	19,286
Workforce Solutions	15,496	15,527
Government and Justice	90,547	90,547
	125,329	125,360

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 of impairment exists. As at 30 June 2024, management performed the annual assessment and considered whether impairment indicators existed for all CGUs and concluded that there were none.

The recoverable amount of the group of CGUs is the greater of its value in use and its fair value less costs of disposal.

Government and Justice segment
Impairment testing of Government and Justice segment was carried out based on fair value less costs of disposal (FVLCD) calculations which uses cash flow forecasts from the most recent financial budgets and expectation of future projections driven by the business strategy, past experience and available market information. Cash flow forecasts are modelled over a ten year forecast period with a terminal growth rate at the end of year ten discounted to present value using a pre-tax discount rate of 13.25%, calculated using weighted average cost of capital. A terminal growth rate of 3% is applied.

Further, revenue and EBITDA ten-year compound annual growth rate (CAGR) was forecasted at 10% and 12%, respectively. These estimates were made based on the past experience and adjusted with the business strategy to integrate a number of products and operation within the Government and Justice segment. The fair value measurement is categorised as level 3 of the fair value hierarchy.

Based on the above methodology and assumptions stated above, the carrying value amount of the Government and Justice CGU as at balance date does not exceed its recoverable amount. Thus, no impairment existed at 30 June 2024.

Previously, the impairment testing was carried out using Value in Use which uses a five year forecast period and a terminal growth rate at 3% and pre-tax discount rate of 13%. Other assumptions used in the 2023 financial year model were 5 year Revenue CAGR of 13% and 5 year EBITDA CAGR of 16%. The change in the valuation method from value in use to fair value less costs of disposal is to reflect the long term nature of the business model, the technology and underlying growth.

Impact of possible changes in assumptions
In respect of impairment testing of goodwill, judgements and estimates were made. The goodwill balance would need to be impaired, should these judgements and estimates change as per below:

- Increase in the discount rate by more than 1.2% with all other assumptions remaining constant.
- Decreased in the 10 year cash margin compound annual growth rate (“CAGR”) by more than 2% with all other assumptions remaining constant.
- Decrease in the terminal growth rate by more than 2.5% with all other assumptions remaining constant.

Education and Work Pathways
Impairment testing of Education and Work Pathways segment was carried out based on Value in Use calculation which uses cash flow forecasts from the most recent financial budgets and expectation of future projections driven by the business strategy, past experience and available market information. Cash flow forecasts are modelled over a five year forecast period with a terminal growth rate at the end of year ten discounted to present value using a pre-tax discount rate of 13.25% (2023: 13%), calculated using weighted average cost of capital. A terminal growth rate of 3% (2023: 3%) is applied.

Further, revenue and EBITDA five-year compound annual growth rate (CAGR) is estimated at 12% and 12%, respectively (2023:13% and 13%). These estimates were made based on the past experience and adjusted with the recent business strategy and plan.

Note 13. Non-current assets - intangibles (continued)

Based on the above methodology and assumptions stated above, the carrying value amount of the Education and Work Pathways CGU as at balance date does not exceed its recoverable amount. Thus, no impairment existed at 30 June 2024.

Workforce Solution
Impairment testing of Workforce Solution segment was carried out based on Value in Use calculations which uses cash flow forecasts from the most recent financial budgets and expectation of future projections driven by the business strategy, past experience and available market information. Cash flow forecasts are modelled over a five year forecast period with a terminal growth rate at the end of year ten discounted to present value using a pre-tax discount rate of 13.25% (2023: 13%), calculated using weighted average cost of capital. A terminal growth rate of 3% (2023: 3%) is applied.

Further, revenue and EBITDA five-year compound annual growth rate (CAGR) of year is estimated at 13% and 18%, respectively (2023: 11% and 14%). These estimates were made based on the past experience and adjusted with the recent business strategy and plan.

Based on the above methodology and assumptions stated above, the carrying value amount of the Workforce Solution CGU as at balance date does not exceed its recoverable amount. Thus, no impairment existed at 30 June 2024.

Impairment testing results
No impairment existed at 30 June 2024. Based on the valuation methodology and assumptions stated above, the carrying amount of each group of CGUs at balance date does not exceed its recoverable amount. The Group has conducted sensitivity analysis in relation to the above CGUs which indicated that no reasonable possible change in key assumptions would result in impairment loss.

Note 14. Non-current assets - right-of-use assets

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Right-of-use assets - at cost	9,842	8,611
Less: Accumulated depreciation	(5,252)	(3,828)
	4,590	4,783

The Group leases land and buildings for its offices under agreements of 5 to 7 years (2023: 4 to 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.

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

Consolidated	Right-of-use assets $'000
Balance at 1 July 2022	3,149
Additions	1,438
Additions through business combinations (note 36)	1,720
Depreciation expense	(1,524)
Balance at 30 June 2023	4,783
Additions	1,402
Exchange differences	(1)
Depreciation expense	(1,594)
Balance at 30 June 2024	4,590

Note 14. Non-current assets - right-of-use assets (continued)

For other lease related disclosures refer to the following, refer:
- note 6 for details of interest on lease liabilities and other lease expenses;
- note 18 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.

For impairment testing, the right-of-use assets have been allocated to all cash-generating units. Refer to note 13 for further information on the impairment testing key assumptions and sensitivity analysis.

Note 15. Non-current assets - contract costs

	Consolidated	
	2024 $'000	2023 $'000
Costs to obtain contracts	679	518
Contract fulfilment costs	1,118	1,507
	1,797	2,025

Certain commission costs that meet the criteria as costs to obtain contracts are capitalised. Contract fulfilment costs represent costs incurred by the Group that are related to future performance or delivery of services. These costs are capitalised and amortised over the contract terms.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2024 $'000	2023 $'000
Trade payables	2,540	3,560
Accrued expenses	4,594	4,811
GST payable	4,802	3,396
	11,936	11,767

Trade payables are non-interest bearing and are on 30 day credit term.

Refer to note 27 for further information on financial instruments.

Note 17. Current liabilities - contract liabilities

	Consolidated	
	2024 $'000	2023 $'000
Contract liabilities	23,635	19,527

Note 18. Current liabilities - lease liabilities

	Consolidated	
	2024 $'000	2023 $'000
Lease liability	1,509	1,229

Refer to note 27 for maturity analysis of lease liabilities.

Note 19. Current liabilities - contingent consideration

	Consolidated	
	2024	2023
	$'000	$'000
Contingent consideration	17,408	10,181

During the period, a number of contingent considerations were settled. The final balance of $770,000 was paid by cash to the vendor of PhoenixATS Australia Pty Ltd. In relation to the acquisition of Open Windows Software Pty Ltd, a combination of $1,668,000 by cash and $2,502,000 by shares were paid to the respective vendors. With IT Vision acquisition, a combination of $2,825,000 by cash and $13,152,000 by shares were paid to the respective vendors.

Subsequent to 30 June 2024, a balance of $8,255,000 was paid by cash to IT Vision vendors.

Refer to note 22 for non-current portion of contingent consideration.

Refer to note 24 for further details of the shares issued.

Refer to note 28 for further details on fair value measurement of the contingent consideration.

Note 20. Non-current liabilities - contract liabilities

	Consolidated	
	2024	2023
	$'000	$'000
Contract liabilities	722	888

Note 21. Non-current liabilities - borrowings

	Consolidated	
	2024	2023
	$'000	$'000
Borrowings	42,000	47,000
Less: establishment fees	(103)	(51)
	41,897	46,949

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	
	2024	2023
	$'000	$'000
Borrowings	42,000	47,000

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

Note 21. Non-current liabilities - borrowings (continued)

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

	Consolidated	
	2024 $'000	**2023 $'000**
Total facilities		
Borrowings (Facility A and A1)	35,000	35,000
Borrowings (Facility B)	15,000	15,000
	50,000	50,000
Used at the reporting date		
Borrowings (Facility A and A1)	35,000	35,000
Borrowings (Facility B)	7,000	12,000
	42,000	47,000
Unused at the reporting date		
Borrowings (Facility A and A1)	-	-
Borrowings (Facility B)	8,000	3,000
	8,000	3,000

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

- Facility A and A1 - $35,000,000 (2023: $35,000,000) as a non-revolving cash advance loan term expiring on 30 June 2026 with an interest rate set at BBSY plus a margin of 2.05-2.75% (2023: 2.05-2.75%) depending on the Net Leverage Ratio of the Group. As at 30 June 2024, $35,000,000 (2023: $35,000,000) of the total facility has been drawn down.
- Facility B - $15,000,000 (2023: $15,000,000) as a revolving cash advance facility expiring on 30 June 2026 with an interest rate set at BBSY plus a margin of 2.05-2.75% (2023: 2.05-2.75%) depending on the Net Leverage Ratio of the Group. As at 30 June 2024, $7,000,000 (2023: $12,000,000) of the total facility has been drawn down.

In addition, the Group has a bank guarantee facility of $1,328,000 (2023: $1,328,000) (refer to note 31).

Note 22. Non-current liabilities - Contingent consideration

	Consolidated	
	2024 $'000	**2023 $'000**
Contingent consideration	360	25,911

The amount as at 30 June 2024 represents contingent consideration that is not expected to be settled within 12 months.

Refer to note 28 for further details on fair value measurement of the contingent consideration.

Note 23. Non-current liabilities - lease liabilities

	Consolidated	
	2024 $'000	**2023 $'000**
Lease liability	3,656	3,932

Refer to note 27 for further information on financial instruments.

Note 23. Non-current liabilities - lease liabilities (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current (note 18)	1,509	1,229
Non-current	3,656	3,932
	5,165	5,161

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

	Consolidated 2024 $'000	Consolidated 2023 $'000
Balance at start of the year	5,161	3,390
Additions	1,402	1,438
Additions through business combinations (note 36)	-	1,720
Interest	272	226
Repayment of lease liabilities	(1,670)	(1,613)
Balance at end of the year	5,165	5,161

Note 24. Equity - issued capital

	Consolidated 2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares - fully paid	119,835,909	114,321,851	211,831	194,292

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2022	106,977,894		171,916
Shares issued on acquisition of IT Vision	25 July 2022	3,960,792	$3.05	12,080
Shares issued to Pentagon HoldCo Pty Ltd	17 August 2022	2,905,537	$3.20	9,298
Shares issued under long term incentive plan	17 August 2022	351,462	$1.79	629
Shares issued under employee share gift	14 October 2022	126,166	$2.92	369
Balance	30 June 2023	114,321,851		194,292
Shares issued to Open Windows Pty Ltd on earn-out targets	18 July 2023	829,412	$3.21	2,665
Shares issued to IT Vision on earn-out targets	19 July 2023	994,471	$3.33	3,312
Shares issued under long term incentive plan	12 September 2023	629,118	$2.45	1,538
Employee share gift	26 October 2023	63,240	$3.59	227
Shares issued to IT Vision on earn-out targets	27 March 2024	2,098,383	$3.28	6,883
Shares issued to IT Vision on earn-out targets	27 June 2024	899,434	$3.24	2,914
Balance	30 June 2024	119,835,909		211,831

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	
	2024 $'000	2023 $'000
Foreign currency reserve	(131)	(54)
Share-based payments reserve	4,711	4,680
Common control reserve	(10,058)	(10,058)
Reorganisation reserve	(73,048)	(73,048)
	(78,526)	(78,480)

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	Reorgan-isation $'000	Total $'000
Balance at 1 July 2022	(191)	2,089	(10,058)	(73,048)	(81,208)
Foreign currency translation	137	-	-	-	137
Share-based payments	-	3,220	-	-	3,220
Exercise of performance rights (note 39)	-	(629)	-	-	(629)
Balance at 30 June 2023	(54)	4,680	(10,058)	(73,048)	(78,480)
Foreign currency translation	(77)	-	-	-	(77)
Share-based payments	-	2,333	-	-	2,333
Exercise of performance rights (note 39)	-	(1,538)	-	-	(1,538)
Issuance of shares to Open Windows Pty Ltd on earn-out targets (note 19)	-	(764)	-	-	(764)
Balance at 30 June 2024	(131)	4,711	(10,058)	(73,048)	(78,526)

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.

Note 27. Financial instruments (continued)

Creditors and debtors as at 30 June 2024 and 30 June 2023 were reviewed to assess currency risk at year end. The value of transactions denominated in a currency other than the functional currency of the respective subsidiary was insignificant and therefore the risk was determined as not being significant.

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

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

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	2024		2023	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Borrowings	6.46%	42,000	4.78%	47,000
Net exposure to cash flow interest rate risk		42,000		47,000

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

For the Group the borrowings outstanding totalling $42,000,000 (2023: $47,000,000), are principal and interest payment loans. An increase/decrease in interest rates of 100 (2023: 100) basis points would have an adverse/favourable effect on loss before tax of $330,000 (2023: $500,000) 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.

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 - 2024	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	-	2,540	-	-	-	2,540
Other payables	-	4,802	-	-	-	4,802
Contingent consideration	-	17,408	360	-	-	17,768
Interest-bearing - variable						
Bank loans	6.46%	-	42,000	-	-	42,000
Lease liability	4.60%	1,631	1,459	2,416	262	5,768
Total non-derivatives		26,381	43,819	2,416	262	72,878

Consolidated - 2023	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	-	3,560	-	-	-	3,560
Other payables	-	3,396	-	-	-	3,396
Contingent consideration	-	10,181	25,911	-	-	36,092
Interest-bearing - variable						
Bank loans	4.78%	-	-	47,000	-	47,000
Lease liability	4.81%	1,270	1,192	2,747	-	5,209
Total non-derivatives		18,407	27,103	49,747	-	95,257
Derivatives						
Interest rate swaps receivable	-	76	-	-	-	76
Total derivatives		76	-	-	-	76

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 - 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	17,768	-	17,768
Total liabilities	-	17,768	-	17,768

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Interest rate swap	-	76	-	76
Total assets	-	76	-	76
Liabilities				
Contingent consideration	-	36,092	-	36,092
Total liabilities	-	36,092	-	36,092

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 combination of discounted cash flow and Black Scholes models.

Refer to note 19 and note 22 for further details of the contingent consideration.

Interest rate swap has been valued using the present value of the estimated future cash flows based on observable yield curves.

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	
	2024	2023
	$	$
Deloitte and related network firms		
Audit or review of the financial statements	425,700	425,000
Other services		
Tax compliance	22,000	32,000
Research and development tax services	90,000	80,000
Other services	-	18,540
	112,000	130,540
	537,700	555,540

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	
	2024	2023
	$	$
Short-term employee benefits	1,218,496	1,292,200
Post-employment benefits	54,798	50,584
Long-term employment benefits	44,212	24,477
Share-based payments	295,094	769,026
	1,612,600	2,136,287

Note 31. Contingent liabilities

The Group has given bank guarantees as at 30 June 2024 of $1,328,000 (2023: $1,328,000). The bank guarantees are for various office leases. No cash outflows are expected from the bank guarantees given by the Group.

Note 32. Commitments

The Group had no commitments as at 30 June 2024 and 30 June 2023.

Note 33. Related party transactions

Parent entity
ReadyTech Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

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

Note 33. Related party transactions (continued)

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 36).

The following transactions occurred with related parties:

	Consolidated	
	2024 $	2023 $
Other transactions:		
Shares issued to related party on earn-out tranche 2 of Pentagon HoldCo Pty Ltd acquisition	-	9,297,718

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

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

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

Note 34. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $'000	2023 $'000
Loss after income tax	(59)	(337)
Total comprehensive income	(59)	(337)

Statement of financial position

	Parent	
	2024 $'000	2023 $'000
Total current assets	810	2,150
Total assets	124,117	106,607
Total current liabilities	-	-
Total liabilities	-	-
Equity		
Issued capital	212,458	194,919
Share-based payments reserve	4,549	4,519
Reorganisation reserve	(89,471)	(89,471)
Accumulated losses	(3,419)	(3,360)
Total equity	124,117	106,607

Note 34. Parent entity information (continued)

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 2024 and 30 June 2023.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information
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 35. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
ReadyTech HoldCo Pty Ltd	Australia	100%	100%
ReadyTech Pty Ltd	Australia	100%	100%
ReadyTech EWP Pty Ltd	Australia	100%	100%
Esher House Pty Ltd	Australia	100%	100%
VETtrak Pty Ltd	Australia	100%	100%
Lirac HoldCo Pty Ltd	Australia	100%	100%
Lirac BidCo Pty Ltd	Australia	100%	100%
Ready Pay Services Pty Ltd	Australia	100%	100%
Readytech Workforce Solutions Pty Ltd	Australia	100%	100%
eLearning Australia Pty Ltd	Australia	100%	100%
WageLink Australia Pty Ltd	Australia	100%	100%
ReadyTech Limited	New Zealand	100%	100%
Escrow Software International Limited	New Zealand	100%	100%
Zambion Pty Ltd	Australia	100%	100%
Pentagon HoldCo Pty Ltd	Australia	100%	100%
Pentagon BidCo Pty Ltd	Australia	100%	100%
Open Office Holdings Pty Ltd	Australia	100%	100%
McGirr Holdings Pty Ltd	Australia	100%	100%
McGirr Information Technology Pty Ltd	Australia	100%	100%
McGirr Technologies, Inc.	USA	100%	100%
McGirr Information Technology UK Limited	UK	100%	100%
Open Windows Software Pty Ltd	Australia	100%	100%
Avaxa Pty Ltd	Australia	100%	100%
Capital Software Limited	New Zealand	100%	100%
PhoenixATS Australia Pty Ltd	Australia	100%	100%
IT Vision Australia Pty Ltd as trustee for the IT Vision Unit Trust	Australia	100%	100%
IT Vision Software Pty Ltd	Australia	100%	100%
IT Vision Unit Trust	Australia	100%	100%
Ready Payroll Pty Ltd*	Australia	100%	-

* Ready Payroll Pty Ltd was acquired in April 2024.

Note 36. Business combinations

Acquisitions during the year ended 30 June 2023

Acquisition of IT Vision Software Pty Ltd and its controlled entities (IT Vision)
On 25 July 2022, the Group acquired 100% of the ordinary shares of IT Vision, for the total consideration transferred of $53,102,000. IT Vision develops and implements ERP technology software in local government segment. With this acquisition, the Group expects to broaden its market presence as the local government software services provider. This acquisition is to bolster ReadyTech's government and justice segment with a broad geographic footprint across all Australian states and territories, ultimately strengthening ReadyTech's position as a leading local government software provider.

The values identified in relation to the acquisition of IT Vision were final as at 30 June 2023. The goodwill of $36,447,000 represents future growth.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	3,950
Trade and other receivables, net	7,158
Other current assets	863
Right-of-use assets	1,720
Property, plant and equipment	221
Customer relationships	8,773
Trademarks	1,194
Software	10,800
Trade and other payables	(2,909)
Contract liabilities	(9,469)
Deferred tax liability	(2,946)
Employee benefits	(980)
Lease liability	(1,720)
Net assets acquired	16,655
Goodwill	36,447
Acquisition-date fair value of the total consideration transferred	53,102
Representing:	
Cash paid or payable to vendor	10,374
ReadyTech Holdings Limited shares issued to vendor	12,080
Contingent consideration	30,648
	53,102
Acquisition costs expensed to profit or loss	521
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	53,102
Less: cash and cash equivalents	(3,950)
Less: contingent consideration	(30,648)
Less: shares issued by Company as part of consideration	(12,080)
Net cash used	6,424

As part of the acquisition of IT Vision, an amount of contingent consideration has been agreed. The contingent consideration is payable depending on total revenue, recurring revenue and EBITDA targets.

Note 36. Business combinations (continued)

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 (refer to note 19).

Note 37. 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 Pty Ltd (previously ReadyTech BidCo Pty Ltd)
ReadyTech EWP (previously JobReady Tech Pty Ltd)
Esher House Pty Ltd
VETtrak Pty Ltd
Lirac HoldCo Pty Ltd
Lirac BidCo Pty Ltd
Ready Pay Services Pty Ltd (previously Australian Payroll Professionals Holdings Pty Ltd)
Readytech Workforce Solutions Pty Ltd (previously HR3 Pty Ltd)
eLearning Australia Pty Ltd
WageLink Australia Pty Ltd
Zambion Pty Ltd
Pentagon HoldCo Pty Ltd
Pentagon BidCo Pty Ltd
Open Office Holdings Pty Ltd
McGirr Holdings Pty Ltd
McGirr Information Technology Pty Ltd
Open Windows Software Pty Ltd
Avaxa Pty Ltd
PhoenixATS Pty Ltd
IT Vision Australia Pty Ltd as trustee for the IT Vision Unit Trust
IT Vision Software Pty Ltd
IT Vision Unit Trust
Ready Payroll Pty Ltd (acquired in April 2024)

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'.

Note 37. Deed of cross guarantee (continued)

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	**2024 $'000**	**2023 $'000**
Revenue	107,480	97,746
Revaluation of contingent consideration	(615)	-
Hosting and other direct costs	(7,979)	(5,683)
Employee benefits expense	(58,921)	(58,341)
Third party SaaS variable costs	(2,028)	(965)
Depreciation and amortisation expense	(21,629)	(16,314)
Impairment of assets	-	-
Advertising and marketing expenses	(1,246)	(1,048)
Consultancy and professional expenses	(2,060)	(2,849)
Administration expenses	(903)	(944)
Communication and IT expenses	(2,296)	(1,950)
Occupancy costs	(784)	(695)
Other expenses	(1,222)	(1,207)
Finance costs	(3,300)	(2,544)
Profit before income tax expense	4,497	5,206
Income tax expense	(127)	(1,273)
Profit after income tax expense	4,370	3,933
Other comprehensive income		
Foreign currency translation	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	4,370	3,933

Equity - retained profits	**2024 $'000**	**2023 $'000**
Retained profits at the beginning of the financial year	9,716	5,783
Profit after income tax expense	4,370	3,933
Retained profits at the end of the financial year	14,086	9,716

Note 37. Deed of cross guarantee (continued)

Statement of financial position	2024 $'000	2023 $'000
Current assets		
Cash and cash equivalents	20,582	19,941
Trade and other receivables	11,536	9,589
Contract assets	2,483	1,353
Derivative financial assets	-	76
Income tax refund receivable	1,840	1,815
Prepayments	2,224	2,876
	38,665	35,650
Non-current assets		
Investments	12,804	13,583
Property, plant and equipment	1,906	2,151
Intangibles	200,822	202,609
Right-of-use assets	4,481	4,615
Contract costs	1,712	2,025
Deferred tax assets	1,573	-
	223,298	224,983
Total assets	261,963	260,633
Current liabilities		
Trade and other payables	13,954	14,049
Contract liabilities	23,827	19,344
Lease liabilities	1,443	1,167
Employee benefits	6,935	7,100
Contingent consideration	17,408	10,181
	63,567	51,841
Non-current liabilities		
Contract liabilities	706	872
Borrowings	41,897	46,949
Provisions	548	307
Lease liabilities	3,598	3,808
Deferred tax liabilities	-	1,706
Employee benefits	494	375
Contingent consideration	360	25,911
	47,603	79,928
Total liabilities	111,170	131,769
Net assets	150,793	128,864
Equity		
Issued capital	215,097	197,558
Reserves	(78,390)	(78,410)
Retained profits	14,086	9,716
Total equity	150,793	128,864

Note 38. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2024 $'000	2023 $'000
Profit after income tax expense for the year	5,464	4,975
Adjustments for:		
Depreciation and amortisation	22,859	17,272
Revaluation of contingent consideration	615	-
Share-based payments	2,333	3,220
Foreign exchange differences	41	(178)
Contingent consideration treated as remuneration expense	858	1,442
Other expenses - non-cash	444	730
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(2,111)	7,996
(Increase)/decrease in deferred tax assets	(4,039)	4,825
Decrease/(increase) in prepayments	725	(752)
Increase in other operating assets	(819)	(93)
Increase in trade and other payables	126	2,063
Increase/(decrease) in contract liabilities	3,942	(8,395)
Increase/(decrease) in provision for income tax	1,264	(5,377)
(Decrease)/increase in employee benefits	(108)	78
Net cash from operating activities	31,594	27,806

Note 39. Share-based payments

FY2022 Plan
The LTI performance rights are subject to an EPS hurdle (50% of grant value) and a recurring revenue hurdle (50% of grant value).

These LTI performance rights will be evaluated in two tranches. The first of which, equivalent to 50% of the total grant value, will be evaluated two years from the beginning of the performance period. The second or which, equivalent to 50% of the total grant value, will be evaluated three years from the beginning of the period.

If the compound annual growth rate of EPS is less than the target of 13%, no vesting will occur. If the target is met, 50% of rights will vest. In the event that performance is up to 4% above the target, vesting will be pro-rated between 50-100%.

If the compound annual growth rate of recurring revenue is less than the target of 13%, no vesting will occur. If the target is met, 50% of rights will vest. In the event that performance is up to 4% above the target, vesting will be pro-rated between 50-100%.

FY2023 Plan
The LTI performance rights are subject to an EPS hurdle (50% of grant value) and a recurring revenue hurdle (50% of grant value).

These LTI performance rights will be evaluated in two tranches. The first of which, equivalent to 50% of the total grant value, will be evaluated two years from the beginning of the performance period. The second or which, equivalent to 50% of the total grant value, will be evaluated three years from the beginning of the period.

If the compound annual growth rate of EPS is less than the target of 13%, no vesting will occur. If the target is met, 50% of rights will vest. In the event that performance is up to 4% above the target, vesting will be pro-rated between 50-100%.

If the compound annual growth rate of recurring revenue is less than the target of 13%, no vesting will occur. If the target is met, 50% of rights will vest. In the event that performance is up to 4% above the target, vesting will be pro-rated between 50-100%.

Note 39. Share-based payments (continued)

FY2024 Plan
The LTI performance rights are subject to an EPS hurdle (50% of grant value) and a recurring revenue hurdle (50% of grant value).

These LTI performance rights 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 13%, no vesting will occur. if the target is met, 50% of rights will vest. In the event that performance is up to 4% above the target, vesting will be pro-rated between 50-100%.

If the compound annual growth rate of recurring revenue is less than the target of 13%, no vesting will occur. If the target is met, 50% of rights will vest. In the event that performance is up to 4% above the target, vesting will be pro-rated between 50-100%.

Set out below are summaries of performance rights granted under the plan:

2024

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	30/06/2023	351,460	-	(351,460)	-	-
13/09/2021	30/06/2023	217,394	-	(217,394)	-	-
13/09/2021	30/06/2024	217,390	-	-	-	217,390
17/11/2021	30/06/2023	60,264	-	(60,264)	-	-
17/11/2021	30/06/2024	60,264	-	-	-	60,264
11/10/2022	30/06/2024	244,319	-	-	(35,536)	208,783
11/10/2022	30/06/2025	244,309	-	-	(35,534)	208,775
15/11/2022	30/06/2024	47,380	-	-	-	47,380
15/11/2022	30/06/2025	47,380	-	-	-	47,380
22/09/2023	30/06/2026	-	808,403	-	(78,857)	729,546
05/12/2023	30/06/2026	-	100,334	-	-	100,334
		1,490,160	908,737	(629,118)	(149,927)	1,619,852

2023

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
13/09/2021	30/06/2023	217,394	-	-	-	217,394
13/09/2021	30/06/2024	217,390	-	-	-	217,390
17/11/2021	30/06/2023	60,264	-	-	-	60,264
17/11/2021	30/06/2024	60,264	-	-	-	60,264
11/10/2022	30/06/2024	-	244,319	-	-	244,319
11/10/2022	30/06/2025	-	244,309	-	-	244,309
15/11/2022	30/06/2024	-	47,380	-	-	47,380
15/11/2022	30/06/2025	-	47,380	-	-	47,380
		1,258,234	583,388	(351,462)	-	1,490,160

The weighted average share price during the financial year was $3.40 (2023: $3.30).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.18 years (2023: 0.78 years).

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value are using the share price as at 22 September 2023 and 5 December 2023, which were $3.70 and $3.53 respectively.

Note 39. Share-based payments (continued)

Set out below are the performance rights exercisable at the end of the financial year:

Grant date	Expiry date	2024 Number	2023 Number
11/12/2020	30/06/2023	-	351,460
17/11/2021	30/06/2024	52,731	-
13/09/2021	30/06/2024	190,217	-
11/10/2022	30/06/2024	104,393	-
15/11/2022	30/06/2024	23,690	-
13/09/2021	30/06/2023	-	217,394
		371,031	568,854

Deferred consideration in shares
As part of the acquisition of Open Windows Software Pty Ltd, an amount of contingent consideration has been agreed. A portion of the consideration is treated as a remuneration to the ex-founders who continue to work in the business. As per the sale agreement, a maximum of 40% could be settled in cash whilst the remaining is in shares. During the financial year ended 30 June 2024, an amount of $1,338,000 (2023: $1,470,000) which represented an equity settlement, was charged as a share based payment.

Note 40. Non-cash investing and financing activities

	Consolidated	
	2024 $'000	**2023 $'000**
Additions to the right-of-use assets, including lease modification	1,402	1,438
Additions to lease make good assets	226	215
Shares issued in relation to exercise of vested performance rights	1,538	629
Shares issued in relation to business combinations	-	12,080
Shares issued in relation to settlement of contingent consideration	15,774	9,298
Additional contingent consideration charged as employee expenses	1,338	1,470
	20,278	25,130

Note 41. Changes in liabilities arising from financing activities

Consolidated	Borrowings $'000	Lease liability $'000	Total $'000
Balance at 1 July 2022	34,000	3,390	37,390
Net cash from/(used in) financing activities	13,000	(1,613)	11,387
Acquisition of leases	-	1,438	1,438
Changes through business combinations (note 36)	-	1,720	1,720
Interest expense	-	226	226
Balance at 30 June 2023	47,000	5,161	52,161
Net cash used in financing activities	(5,000)	(1,670)	(6,670)
Acquisition of leases	-	1,402	1,402
Interest expense	-	272	272
Balance at 30 June 2024	42,000	5,165	47,165

Note 42. Earnings per share

	Consolidated	
	2024 $'000	2023 $'000
Profit after income tax attributable to the owners of ReadyTech Holdings Limited	5,464	4,975
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	117,165,188	113,605,727
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,165,188	113,605,727
	Cents	Cents
Basic earnings per share	4.66	4.38
Diluted earnings per share	4.66	4.38

1,457,066 unissued ordinary shares under performance rights (2023: 1,490,160) were not included in the calculation of diluted earnings per share as they are contingently issuable and the conditions were not met as at the periods presented.

Note 43. Events after the reporting period

No other matter or circumstance has arisen since 30 June 2024 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.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
ReadyTech Holdings Limited	Body Corporate	Australia		Australian
ReadyTech HoldCo Pty Ltd	Body Corporate	Australia	100%	Australian
ReadyTech Pty Ltd	Body Corporate	Australia	100%	Australian
ReadyTech EWP Pty Ltd	Body Corporate	Australia	100%	Australian
Esher House Pty Ltd	Body Corporate	Australia	100%	Australian
VETtrak Pty Ltd	Body Corporate	Australia	100%	Australian
Lirac HoldCo Pty Ltd	Body Corporate	Australia	100%	Australian
Lirac BidCo Pty Ltd	Body Corporate	Australia	100%	Australian
Ready Pay Services Pty Ltd	Body Corporate	Australia	100%	Australian
Readytech Workforce Solutions Pty Ltd	Body Corporate	Australia	100%	Australian
eLearning Australia Pty Ltd	Body Corporate	Australia	100%	Australian
WageLink Australia Pty Ltd	Body Corporate	Australia	100%	Australian
ReadyTech Limited	Body Corporate	New Zealand	100%	New Zealand
Escrow Software International Limited	Body Corporate	New Zealand	100%	New Zealand
Zambion Pty Ltd	Body Corporate	Australia	100%	Australian
Pentagon HoldCo Pty Ltd	Body Corporate	Australia	100%	Australian
Pentagon BidCo Pty Ltd	Body Corporate	Australia	100%	Australian
Open Office Holdings Pty Ltd	Body Corporate	Australia	100%	Australian
McGirr Holdings Pty Ltd	Body Corporate	Australia	100%	Australian
McGirr Information Technology Pty Ltd	Body Corporate	Australia	100%	Australian
McGirr Technologies, Inc.	Body Corporate	USA	100%	Australian
McGirr Information Technology UK Limited	Body Corporate	UK	100%	Australian
Open Windows Software Pty Ltd	Body Corporate	Australia	100%	Australian
Avaxa Pty Ltd	Body Corporate	Australia	100%	Australian
Capital Software Limited	Body Corporate	New Zealand	100%	New Zealand
PhoenixATS Australia Pty Ltd	Body Corporate	Australia	100%	Australian
IT Vision Software Pty Ltd	Body Corporate	Australia	100%	Australian
IT Vision Australia Pty Ltd as trustee for the IT Vision Unit Trust	Body Corporate	Australia	100%	Australian
IT Vision Unit Trust	Trust	Australia	100%	Australian
Ready Payroll Pty Ltd	Body Corporate	Australia	100%	Australian

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 2024 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;

- 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 37 to the financial statements; and

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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
Chair

27 August 2024
Sydney

Deloitte.

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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 2024, 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 material accounting policy information and other explanatory information, the directors' declaration and the Consolidated Entity Disclosure Statement.

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 2024 and of their 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.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Capitalisation of software development costs During the year, the Group capitalised internal software development project costs of $17.45 million (total software capitalised during the year $17.03 million including external costs) as disclosed in Note 13. These projects were predominantly in relation to the development of the Group's key software platforms. The costs mainly comprised of payroll and related costs for software developers and engineers. Significant management judgement is required in respect of the rate of capitalisation of payroll and related costs for software developers and engineers.	Our procedures included, but were not limited to: • Through inquiries with management obtaining an understanding of the Group's capitalisation policy, including the rationale for the percentage of payroll and related costs capitalised for software developers and engineers; • Understanding the relevant controls over the capitalisation of software development costs; • Performing analytical review of capitalised software development as a percentage of payroll costs and year on year movement analysis; • On a sample basis, testing capitalised software development costs during the year through the following: a. Assessing management's movement schedule of software development costs by agreeing the underlying salaries to the respective payroll records; b. Understanding the significant development projects and activities undertaken during the year; c. Assessing whether eligible employees are included, and ineligible employees are excluded in the calculations, where appropriate; d. Challenging management's key assumptions on employee level software capitalisation rates; e. Performing direct interviews and confirming with respective software developers and engineers to corroborate the roles and responsibilities, key development projects and software capitalisation rates; f. Tracing to underlying supporting records and other information; g. Assessing whether the costs incurred qualify for capitalisation in accordance with Group's accounting policy and AASB 138 *Intangible Assets*. We also assessed the appropriateness of the disclosures in Note 2 and Note 13.

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 2024, 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 in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, 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 skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 17 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of ReadyTech Holdings Limited, for the year ended 30 June 2024, 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

Sandeep Chadha

Sandeep Chadha
Partner
Chartered Accountants
Sydney, 27 August 2024

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.

Earn Out Share: There are currently 3 Earn Out Shares on issue. As set out in the Notice of Meeting and accompanying documents dated 14 October 2022 (Notice), prior to Redemption (as outlined 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.

Performance Rights: There are currently 1,619,852 Performance Rights on issue. Holders of performance rights have no voting rights.

The below information is current as at 22 July 2024

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

	Ordinary shares			
Range	**Number of holders**	**% of holders**	**Number of securities**	**% of securities**
1 to 1,000	985	42.59	480,927	0.40
1,001 to 5,000	776	33.55	2,008,356	1.68
5,001 to 10,000	243	10.51	1,884,579	1.57
10,001 to 100,000	248	10.72	6,891,380	5.75
100,001 and over	61	2.64	108,570,667	90.60
Total number of security holders	**2,313**	**100.01**	**119,835,909**	**100.00**
Holders holding less than a marketable parcel of shares	124	5.36	9,128	0.01

The marketable parcel of shares was calculated based on the closing market price on 22 July 2024 of $3.30.

Restricted Securities
There are currently 2,997,817 restricted securities on issue. The restricted securities will be subject to escrow until the date that is 5 Trading Days after the date on which the half-year reviewed accounts of ReadyTech for the period to 31 December 2024 are released to ASX.

On-Market Buy Back
There is no current on-market buy back.

Unquoted Securities

Type of Security	Number of holders	Number of securities
Earn Out Shares	6	3
Performance Rights	26	1,619,852

Earn Out Shares

Range	Number of holders	% of holders	Number of securities	% of securities
1 to 1,000	6	100.00%	3	100.00%
1,001 to 5,000	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 100,000	-	-	-	-
100,001 and over	-	-	-	-
Total number of security holders	**6**		**3**	

Performance Rights

Range	Number of holders	% of holders	Number of securities	% of holders
1 to 1,000	-	-	-	-
1,001 to 5,000	-	-	-	-
5,001 to 10,000	4	15.38	36,630	2.26
10,001 to 100,000	18	69.24	550,062	33.96
100,001 and over	4	15.38	1,033,160	63.78
	-	-	-	-
Total number of security holders	**26**	**100.00**	**1,619,852**	**100.00**

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

	Ordinary shares	
	Number held	% of total shares issued
PEMBA CAPITAL PARTNERS FUND I GP PTY LTD	30,157,762	25.17
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	23,924,122	19.96
CITICORP NOMINEES PTY LIMITED	13,376,200	11.16
OPEN OFFICE PTY LTD	5,374,721	4.49
PEMBA CAPITAL PARTNERS FUND 1 PARTNERSHIP LP	5,161,468	4.31
MARC RAYMOND WASHBOURNE	2,861,363	2.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,632,092	2.20
SYNERGYSOFT PTY LTD	2,170,041	1.81
UBS NOMINEES PTY LTD	1,779,250	1.48
NANAYAKKARA HOLDINGS PTY LTD	1,697,619	1.42
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,509,175	1.26
MICROEQUITIES ASSET MANAGEMENT PTY LTD	1,353,708	1.13
SYNERGYSOFT PTY LTD	1,288,168	1.07
WASHBOURNE GROUP PTY LTD	1,147,051	0.96
SYCAMORE MANAGEMENT PTY LTD	1,051,991	0.88
MALVERN AVENUE MANAGEMENT PTY LTD	942,509	0.79
MARISH PTY LTD	878,646	0.73
PEMBA TRUSCO 1 PTY LTD	841,731	0.70
SYNERGYSOFT PTY LTD	742,027	0.62
ANKSH PTY LTD	554,249	0.46
	99,443,893	82.99

Top 20 holders of shares	99,443,893	82.99
Balance of shares	20,392,016	17.02
Total shares on issue	119,835,909	100.01

Substantial Holders

Shareholder	Date of notice	Number of shares	% of issued equity(1)
Microequities Asset Management Pty Ltd	*20 December 2022*	17,415,318	15.23%
The Pemba Entities(2)	*22 December 2021*	34,539,611	32.35%

(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).