ReadyTech Holdings Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	ReadyTech Holdings Limited
ABN:	25 632 137 216
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

				$000
Revenues from ordinary activities	up	6.6%	to	58,337
Loss from ordinary activities after tax attributable to the owners of ReadyTech Holdings Limited	down	987.5%	to	(18,718)
Loss for the half-year attributable to the owners of ReadyTech Holdings Limited	down	935.9%	to	(18,860)

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

Comments
The loss for the Group after providing for income tax amounted to $18,718,000 (31 December 2023: profit of $2,109,000).

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

3. Net tangible assets

	31 Dec 2024 Cents	31 Dec 2023 Cents
Net tangible assets per ordinary security	(49.62)	(65.61)

4. Control gained over entities

On 7 February 2025, the Group completed the acquisition of 100% ordinary shares of CouncilWise Pty Ltd.

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 were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of ReadyTech Holdings Limited for the half-year ended 31 December 2024 is attached.

12. Signed

As authorised by the Board of Directors

Signed ____________________________ Date: 26 February 2025

Tony Faure
Chair
Sydney

ReadyTech Holdings Limited

ABN 25 632 137 216

Interim Report - 31 December 2024

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 half-year ended 31 December 2024.

Directors
The following persons were Directors of ReadyTech Holdings Limited during the whole of the financial half-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
Helen Lea - Independent Non-Executive Director
Mark Summerhayes - Alternate Non-Executive Director to Tom Matthews (appointed as a Non-Executive Director on 30 July 2024)
Tom Matthews - Non-Executive Director (resigned on 30 July 2024)

Principal activities
During the financial half-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 government and justice agencies.

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

Review of operations
The loss for the Group after providing for income tax amounted to $18,718,000 (31 December 2023: profit of $2,109,000).

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

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

By focusing on verticals with substantial market potential and aligning our solutions with customer needs, we continue to build momentum. This is evident in our major contract wins which include our largest Workforce Solutions deal to date and entry into the University market. These contract wins highlight the demand for our software which empowers human-led sectors.

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

New enterprise wins and upsell drive revenue growth
ReadyTech generated total revenue of $58.3 million in 1H FY25 (an increase of 6.6% on prior corresponding period or “pcp”) with recurring revenue representing 85.6% of total revenue.

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

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

Underlying EBITDA[1] for the half grew 4.6% to $18.2 million, representing a margin of 31.2% (1H FY24: 31.8%). Underlying cash EBITDA[2] margin improved by 1.7% to 14.3%.

Customer retention and new wins drive growth across key segments

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

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

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

Note:
Underlying EBITDA and Underlying Cash EBITDA are financial measures which are not prescribed by the Australian Accounting Standards (AASBs) and represent the profit under AASBs adjusted for specific items. The directors consider underlying EBITDA and Cash EBITDA to be the key financial measures of the Group.

1. *1H FY25 Underlying EBITDA represents EBITDA results excluding LTIP cost of $0.5m and non-cash impairment of goodwill and related assets for Government & Justice segments CGU of $20.6m, fair value adjustment of contingent consideration of $0.6m and $1.5m relating to transactions and integration costs for acquisitions.*

2. *Underlying Cash EBITDA includes actual lease payments, labour capitalisation and excludes the impact of LTIP.*

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.

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 half-year.

Matters subsequent to the end of the financial half-year
Acquisition
On 7 February 2025, the Group completed the acquisition of 100% ordinary shares of CouncilWise Pty Ltd for a total consideration of $8,000,000. The purchase price includes initial consideration of $4,000,000 and up to $4,000,000 in deferred consideration based on achievement of activity-based goals linked to migration of existing customers to the ReadyTech Community cloud offering. Initial consideration is split between 63% cash and 37% equity.

CouncilWise Pty Ltd's provides a cloud-based local government Property and Rates solution. With this acquisition, the Group expects enhancement to ReadyTech’s Property and Rates engine, uplifts domain expertise and strengthens the national footprint in local government, which includes upsell the Readytech’s broader product suite to CouncilWise Pty Ltd’s customer base.

The initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. Therefore, the fair value of the acquired assets and liabilities could not be made.

No other matter or circumstance has arisen since 31 December 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.

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 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Tony Faure
Chair

26 February 2025
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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50 Bridge Street
Sydney, NSW, 2000
Australia

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26 Febuary 2025

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

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 review of the financial report of ReadyTech Holdings Limited for the half-year ended 31 December 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 review; and

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Sandeep Chadha
Partner
Chartered Accountants

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Revenue from contracts with customers	4	58,329	54,726
Interest revenue calculated using the effective interest method		8	19
Expenses			
Hosting and other direct costs		(3,577)	(3,304)
Employee benefits expense		(32,474)	(31,438)
Third party SaaS variable costs		(1,750)	(1,428)
Depreciation and amortisation expense		(11,203)	(9,134)
Impairment losses of intangible and other assets		(20,594)	-
Advertising and marketing expenses		(749)	(758)
Consultancy and professional expenses		(1,261)	(731)
Administration expenses		(366)	(509)
Communication and IT expenses		(1,420)	(1,206)
Occupancy costs		(421)	(393)
Gain/(loss) on revaluation of contingent consideration		55	(395)
Other expenses		(810)	(733)
Finance costs		(1,554)	(1,736)
(Loss)/profit before income tax expense		(17,787)	2,980
Income tax expense		(931)	(871)
(Loss)/profit after income tax expense for the half-year attributable to the owners of ReadyTech Holdings Limited		(18,718)	2,109
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(142)	147
Other comprehensive (loss)/income for the half-year, net of tax		(142)	147
Total comprehensive (loss)/income for the half-year attributable to the owners of ReadyTech Holdings Limited		(18,860)	2,256
		Cents	**Cents**
Basic (loss)/earnings per share	15	(15.57)	1.81
Diluted (loss)/earnings per share	15	(15.57)	1.81

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

ReadyTech Holdings Limited
Consolidated statement of financial position
As at 31 December 2024

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Assets			
Current assets			
Cash and cash equivalents		11,312	21,867
Trade and other receivables		12,348	12,567
Contract assets		3,131	2,588
Income tax refund receivable		-	1,840
Prepayments		2,980	2,244
Total current assets		29,771	41,106
Non-current assets			
Property, plant and equipment		2,249	1,964
Intangibles	5	197,688	210,804
Right-of-use assets	6	3,806	4,590
Contract costs		1,531	1,797
Deferred tax assets		3,404	1,168
Total non-current assets		208,678	220,323
Total assets		238,449	261,429
Liabilities			
Current liabilities			
Trade and other payables		8,616	11,936
Contract liabilities		27,218	23,635
Lease liabilities		1,063	1,509
Income tax payable		1,480	954
Employee benefits		6,859	7,102
Contingent consideration	7	7,649	17,408
Total current liabilities		52,885	62,544
Non-current liabilities			
Contract liabilities		421	722
Borrowings		41,897	41,897
Provisions		540	548
Lease liabilities		3,379	3,656
Employee benefits		611	493
Contingent consideration	8	1,382	360
Total non-current liabilities		48,230	47,676
Total liabilities		101,115	110,220
Net assets		137,334	151,209
Equity			
Issued capital	9	217,165	211,831
Reserves	10	(79,017)	(78,526)
(Accumulated losses)/retained profits		(814)	17,904
Total equity		137,334	151,209

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 2023	194,292	(78,480)	12,440	128,252
Profit after income tax expense for the half-year	-	-	2,109	2,109
Other comprehensive income for the half-year, net of tax	-	147	-	147
Total comprehensive income for the half-year	-	147	2,109	2,256
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 9)	6,204	(765)	-	5,439
Share-based payments (note 14)	-	1,541	-	1,541
Exercise of performance rights	1,538	(1,538)	-	-
Balance at 31 December 2023	202,034	(79,095)	14,549	137,488

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2024	211,831	(78,526)	17,904	151,209
Loss after income tax expense for the half-year	-	-	(18,718)	(18,718)
Other comprehensive loss for the half-year, net of tax	-	(142)	-	(142)
Total comprehensive loss for the half-year	-	(142)	(18,718)	(18,860)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 9)	4,143	-	-	4,143
Share-based payments (note 14)	-	842	-	842
Exercise of performance rights	1,191	(1,191)	-	-
Balance at 31 December 2024	217,165	(79,017)	(814)	137,334

ReadyTech Holdings Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2024

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		65,910	65,928
Payments to suppliers and employees (inclusive of GST)		(52,811)	(47,155)
		13,099	18,773
Interest received		8	19
Interest and other finance costs paid		(1,413)	(1,515)
Income taxes paid		(1,218)	(3,141)
Net cash from operating activities		10,476	14,136
Cash flows from investing activities			
Payment for purchase of subsidiaries, net of cash acquired		(1,761)	-
Payments for contract costs		(180)	(266)
Payments for property, plant and equipment		(1,114)	(143)
Payments for intangibles	5	(8,768)	(9,205)
Payment of contingent consideration		(8,371)	(5,263)
Net cash used in investing activities		(20,194)	(14,877)
Cash flows from financing activities			
Repayment of borrowings		-	(4,000)
Repayment of lease liabilities		(837)	(957)
Net cash used in financing activities		(837)	(4,957)
Net decrease in cash and cash equivalents		(10,555)	(5,698)
Cash and cash equivalents at the beginning of the financial half-year		21,867	20,616
Cash and cash equivalents at the end of the financial half-year		11,312	14,918

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 26 February 2025.

Note 2. Material accounting policies

These half-year financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These half-year financial statements are condensed financial statements that do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended 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 during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

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

Deficiency of net current assets
The statement of financial position has a deficiency of net current assets of $23,114,000 (30 June 2024: $21,438,000) at the reporting date. The deficiency is mainly attributable to (i) contract liabilities of $27,218,000 (30 June 2024: $23,635,000) 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 $6,859,000 for employee benefits (30 June 2024: $7,102,000) 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.

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

Note 3. 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.

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. Ready Tech 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 4 for disclosure of revenues from external customers for these principal products and services.

Intersegment transactions
No intersegment transactions were made during the half-year ended 31 December 2024 (31 December 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.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2024	Workforce Solutions $'000	Education and Work Pathways $'000	Government and Justice $'000	Corporate $'000	Total $'000
Revenue					
Sales to external customers	16,549	20,305	21,475	-	58,329
Adjusted EBITDA	5,829	8,612	5,563	(2,301)	17,703
Contingent consideration charged as employee expenses and fair value adjustments					(622)
Integration, restructuring and acquisition related transaction cost					(1,525)
Impairment losses of intangible and other assets					(20,594)
EBITDA					(5,038)
Depreciation and amortisation					(11,203)
Interest revenue					8
Finance costs					(1,554)
Loss before income tax expense					(17,787)
Income tax expense					(931)
Loss after income tax expense					(18,718)

Consolidated - 31 Dec 2023	Workforce Solutions $'000	Education and Work Pathways $'000	Government and Justice $'000	Corporate $'000	Total $'000
Revenue					
Sales to external customers	14,994	18,960	20,772	-	54,726
Adjusted EBITDA	5,285	7,837	5,508	(2,084)	16,546
Contingent consideration charged as employee expenses and fair value adjustments					(1,457)
Integration, restructuring and acquisition related transaction cost					(1,031)
Employee share gift					(227)
EBITDA					**13,831**
Depreciation and amortisation					(9,134)
Interest revenue					19
Finance costs					(1,736)
Profit before income tax expenses					2,980
income tax expense					(871)
Profit after income tax expenses					2,109

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 region.

Note 4. Revenue from contracts with customers

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Revenue from contracts with customers	58,329	54,726

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

Consolidated - 31 Dec 2024	Workforce Solutions $'000	Education and Work Pathways $'000	Government and Justice $'000	Total $'000
Major product lines				
Subscription, licence, support and hosting	15,010	17,237	17,699	49,946
Training, consultancy and other	1,539	3,068	3,776	8,383
	16,549	20,305	21,475	58,329

Consolidated - 31 Dec 2023	Workforce Solutions $'000	Education and Work Pathways $'000	Government and Justice $'000	Total $'000
Major product lines				
Subscription, licence, support and hosting	13,270	17,019	16,939	47,228
Training, consultancy and other	1,724	1,941	3,833	7,498
	14,994	18,960	20,772	54,726

Note 5. Non-current assets - intangibles

	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Goodwill - at cost	127,049	125,329
Less: Impairment	(19,900)	-
	107,149	125,329
Patents and trademarks - at cost	460	464
Customer relationships - at cost	46,601	45,108
Less: Accumulated amortisation	(20,903)	(18,912)
	25,698	26,196
Software - at cost	128,942	116,116
Less: Accumulated amortisation	(64,561)	(57,301)
	64,381	58,815
	197,688	210,804

Note 5. Non-current assets - intangibles (continued)

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

Consolidated	Goodwill $'000	Patents and trademark $'000	Customer relationships $'000	Software $'000	Total $'000
Balance at 1 July 2024	125,329	464	26,196	58,815	210,804
Additions*	-	-	-	9,518	9,518
Additions through business combinations	1,800	-	1,500	3,700	7,000
Exchange differences	(80)	(4)	(14)	(70)	(168)
Impairment of assets*	(19,900)	-	-	-	(19,900)
Amortisation expense	-	-	(1,984)	(7,582)	(9,566)
Balance at 31 December 2024	107,149	460	25,698	64,381	197,688

* Additions of software during the financial half-year ended 31 December 2024 include internally generated assets of $8,768,000 (30 June 2024: $17,033,000) and assets externally acquired amounting to $750,000 (30 June 2024: $421,000).

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

	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Education and Work Pathways	21,086	19,286
Workforce Solutions	15,416	15,496
Government and Justice	70,647	90,547
	107,149	125,329

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 31 December 2024, management performed an impairment assessment on the Government and Justice CGU to determine whether the carrying amount of assets exceeds its recoverable amount.

For the other two CGUs, based on current economic conditions and CGU performance, there are no indications that the recoverable amount is below the net carrying amount of the assets and would result in material impairment to the Group. Therefore, no impairment assessment is required for this half-year.

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
During the half year period ended 31 December 2024, the Government and Justice segment underwent a restructuring process aimed at consolidating operations and products under a unified and integrated approach. While the restructuring initiative yielded positive outcomes, including enhanced sales pipeline and improved cost management, the ongoing challenging competitive environment, lack of referenceable clients and higher interest rates had impact to the recoverable amount of the segment. Given the time required for the restructuring initiatives to realise the full planned benefits, management performed an impairment analysis of the segment using the fair value less cost of disposal. Following this assessment, a non-cash impairment loss of $19,900,000 was recognised against the goodwill balance and recorded as part of impairment losses in the profit or loss.

Note 5. Non-current assets - intangibles (continued)

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 future forecasts 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.

Impact of possible changes in assumptions
As at 31 December 2024, the recoverable amount of the Government and Justice segment is equal to its carrying amount. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amount to fall below the carrying values. Management has performed sensitivity analysis to the changes in the current assumptions. Subject to all other assumptions being held constant, the sensitivity analysis identified:

- An increase in the discount rate by 1% would increase the impairment loss by $12,000,000, while a decrease in the discount rate by 1% would reduce the impairment loss by $15,000,000.
- An increase in the terminal growth by 0.5% would reduce the impairment loss by $3,800,000 while a decrease in the terminal growth by 0.5% would increase the impairment loss by $3,400,000.
- An increase in the 10-year EBITDA compound annual growth rate (“CAGR”) by 0.5% would reduce the impairment loss by $9,900,000, while a decrease in the 10-year EBITDA CAGR by 0.5% would increase the impairment loss by $9,800,000.

Note 6. Non-current assets - right-of-use assets

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Right-of-use assets - at cost	9,677	9,842
Less: Accumulated amortisation	(5,871)	(5,252)
	3,806	4,590

The Group leases land and buildings for its offices under agreements of 5 to 7 years (30 Jun 2024: 5 to 7 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 financial half-year are set out below:

Consolidated	Right-of -use asset $'000
Balance at 1 July 2024	4,590
Additions	42
Depreciation expense	(826)
Balance at 31 December 2024	3,806

Note 7. Current liabilities - contingent consideration

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Contingent consideration	7,649	17,408

Note 7. Current liabilities - contingent consideration (continued)

During the period, a combination of $8,255,000 were paid by cash and $3,617,000 were settled by shares of contingent considerations to IT Vision vendors. Refer to note 9 for further details of the shares issued.

Further, a total amount of contingent consideration totalling $2,919,000 was recognised as a result of business acquisitions during the period.

Subsequent to 31 December 2024, the final contingent consideration of $3,562,000 was settled to IT Vision vendors by cash.

Refer to note 8 for non-current portion of contingent consideration.

Note 8. Non-current liabilities - contingent consideration

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Contingent consideration	1,382	360

The amount as at 31 December 2024 represents contingent consideration that is not expected to be settled within 12 months.

Note 9. Equity - issued capital

	Consolidated			
	31 Dec 2024 Shares	30 Jun 2024 Shares	31 Dec 2024 $'000	30 Jun 2024 $'000
Ordinary shares - fully paid	121,620,836	119,835,909	217,165	211,831

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance		119,835,909		211,831
Shares issued under long term incentive plan	25 September 2024	371,031	$3.21	1,191
Shares issued to IT Vision Pty Ltd on earn-out targets	10 December 2024	1,219,663	$2.93	3,574
Shares issued related to a business acquisition	10 December 2024	194,233	$2.93	569
Balance	31 December 2024	121,620,836		217,165

Note 10. Equity - reserves

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Foreign currency reserve	(273)	(131)
Share-based payments reserve	4,362	4,711
Common control reserve	(10,058)	(10,058)
Reorganisation reserve	(73,048)	(73,048)
	(79,017)	(78,526)

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.

Note 10. Equity - reserves (continued)

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

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

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

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

Consolidated	Foreign currency $'000	Share-based payments $'000	Common control $'000	Reorganisation $'000	Total $'000
Balance at 1 July 2024	(131)	4,711	(10,058)	(73,048)	(78,526)
Foreign currency translation	(142)	-	-	-	(142)
Share-based payments	-	842	-	-	842
Exercise of performance rights (note 9)	-	(1,191)	-	-	(1,191)
Balance at 31 December 2024	(273)	4,362	(10,058)	(73,048)	(79,017)

Note 11. Equity - dividends

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

Note 12. 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 - 31 Dec 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	9,031	-	9,031
Foreign currency swap	-	121	-	121
Total liabilities	-	9,152	-	9,152

Consolidated - 30 Jun 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

There were no transfers between levels during the financial half-year.

Note 12. Fair value measurement (continued)

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 and foreign currency swaps have been valued using a combination of discounted cash flow and Black Scholes models.

Refer to note 7 and note 8 for further details of the contingent consideration.

Note 13. Contingent liabilities

The Group has given bank guarantees as at 31 December 2024 of $1,328,000 (30 June 2024: $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 14. Share-based payments

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%.

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%.

Note 14. Share-based payments (continued)

FY2025 Plan
The LTI performance rights are subject to a cash EBITDA hurdle (50% of grant value) and a recurring revenue per share 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 11%, no vesting will occur. If the target is met, 30% of rights will vest. In the event that performance is up to 6% above the target, vesting will be pro-rated between 30-100%.

If the compound annual growth rate of recurring revenue is less than the target of 11%, no vesting will occur. If the target is met, 30% of rights will vest. In the event that performance is up to 6% above the target, vesting will be pro-rated between 30-100%.

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

31 Dec 2024

Grant date	Expiry date	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
13/09/2021	30/06/2024	217,390	-	(190,217)	(27,173)	-
17/11/2021	30/06/2024	60,264	-	(52,731)	(7,533)	-
11/10/2022	30/06/2024	208,783	-	(104,393)	(104,390)	-
11/10/2022	30/06/2025	208,775	-	-	(5,574)	203,201
15/11/2022	30/06/2024	47,380	-	(23,690)	(23,690)	-
15/11/2022	30/06/2025	47,380	-	-	-	47,380
22/09/2023	30/06/2026	729,546	-	-	(11,825)	717,721
05/12/2023	30/06/2026	100,334	-	-	(10,999)	89,335
14/10/2024	30/06/2027	-	716,179	-	-	716,179
19/11/2024	30/06/2027	-	127,516	-	-	127,516
		1,619,852	843,695	(371,031)	(191,184)	1,901,332

The weighted average share price during the financial half-year was $3.12 (30 June 2024: $3.40).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 1.8 years (30 June 2024: 1.18 years).

For the performance rights granted during the current half-financial year, the valuation model inputs used to determine the fair value are using the share price as at 14 October 2024 and 19 November 2024, which is $3.03 and $2.87 respectively.

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 half-year ended 31 December 2024, an amount of $390,000 (30 June 2024: $1,338,000) which represented an equity settlement, was charged as a share-based payment.

Note 15. Earnings per share

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
(Loss)/profit after income tax attributable to the owners of ReadyTech Holdings Limited	(18,718)	2,109

Note 15. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	120,202,577	116,360,693
Weighted average number of ordinary shares used in calculating diluted earnings per share	120,202,577	116,360,693

	Cents	Cents
Basic (loss)/earnings per share	(15.57)	1.81
Diluted (loss)/earnings per share	(15.57)	1.81

1,901,332 unissued ordinary shares under performance rights (31 December 2023: 1,707,349) 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 16. Events after the reporting period

Acquisition

On 7 February 2025, the Group completed the acquisition of 100% ordinary shares of CouncilWise Pty Ltd for a total consideration of $8,000,000. The purchase price includes initial consideration of $4,000,000 and up to $4,000,000 in deferred consideration based on achievement of activity-based goals linked to migration of existing customers to the ReadyTech Community cloud offering. Initial consideration is split between 63% cash and 37% equity.

CouncilWise Pty Ltd's provides a cloud-based local government Property and Rates solution. With this acquisition, the Group expects enhancement to ReadyTech’s Property and Rates engine, uplifts domain expertise and strengthens the national footprint in local government, which includes upsell the Readytech’s broader product suite to CouncilWise Pty Ltd’s customer base.

The initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. Therefore, the fair value of the acquired assets and liabilities could not be made.

No other matter or circumstance has arisen since 31 December 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and

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

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Tony Faure
Chair

26 February 2025
Sydney

Deloitte.

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Independent Auditor's Review Report to the Members of ReadyTech Holdings Limited

Conclusion

We have reviewed the half-year financial report of ReadyTech Holdings Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes to the financial statements, including material accounting policy information and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual 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 review report.

Directors' Responsibilities for the Half-year Financial Report

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

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha
Partner
Chartered Accountants
Sydney, 26 February 2025