



**ACN 136 815 891**  
**ABN 44 136 815 891**

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Elsternwick, Victoria, 3185

**Contact:**

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Email: [contact@readcloud.com](mailto:contact@readcloud.com)

**Board of Directors:**

Paul Collins, *Non-Exec Chairman*  
Lars Lindstrom, *Managing Director*  
Darren Hunter, *Executive Director*  
Guy Mendelson, *Non-Exec Director*

**Company Secretary:**

Melanie Leydin

**Securities on Issue:**

RCL: 83,750,000 ordinary shares  
RCLO: 15,000,000 options

**Website:**

<https://www.readcloud.com/>

## QUARTERLY REPORT AND APPENDIX 4C

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The Directors of ReadCloud Limited ("ReadCloud" or "the Company"; ASX:RCL, RCLO) are pleased to announce its quarterly cash flow statement for the June 2018 quarter.

The Company notes that its results are seasonal, due to the school year cycle, with the 2<sup>nd</sup> and 3<sup>rd</sup> quarters in each financial year being the strongest for sales and cash receipts.

On 24<sup>th</sup> April 2018, the Company announced that it had over 50,207 contracted users in 70 schools on its platform. Although still very early in the sales cycle for school year 2019, ReadCloud is seeing the strongest direct sales pipeline in the company's history, more than six times the pipeline 12 months ago.

The Company continues to experience strong growth in the Queensland secondary school sector in particular, with the announcement during the quarter of an exclusive Partnership Agreement with the Queensland Secondary Principals' Association (QSPA). QSPA represents the Principals of 210 Queensland State Secondary Schools with a combined 175,000 students. ReadCloud successfully presented at the annual QSPA conference in June 2018 which generated many new leads.

The Company has had a successful Q4 in building its sales and support teams and now employs 18 FTEs. Of those, seven are dedicated sales staff who all have industry knowledge, understand the ReadCloud platform benefits and who have commenced rapidly expanding the schools sales pipeline for the 2019 school year.

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**Finance**

Subject to audit, FY18 Total Revenue and Other Income is expected to exceed \$2 million representing a significant increase over FY17 total revenue of \$837,553.

The Company continues to hold a strong cash balance since listing with total cash and cash equivalents at 30 June 2018 of \$4.568m.

Cash receipts from customers shown in Appendix 4C is less than total revenue for the year. This is due to R&D income received, the impact of accounts receivable due to be received in Q1 FY19, and because resellers have made payments on behalf of ReadCloud to certain publishers for the digital cost of goods sold.

**Product Development**

ReadCloud has successfully launched an updated version of the ReadCloud Platform which will be rolled out for 2019. This moves the platform to a single code base across all native platforms for the reading and content management functionality which will see increased efficiency of new feature developments.

The new platform provides:

- Improved functionality for teachers to upload and manage their own content which is a highly sought after and well used feature by teachers;
- Deeper integration with school Learning Management Systems such as Canvas and Moodle;
- Single-Sign-On with services such as Google and Microsoft/Azure;
- Seamless/password free access to a growing list of content providers; and

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- A new feature also being introduced which allows hand/stylus drawing on eBooks and sending hand written answers to teachers for review.

ReadCloud continues to receive positive feedback from schools as to the benefits of the ReadCloud Content Server which allows schools to download eBooks from inside their intranet with the content still being encrypted, and the ReadCloud Integrator which provides automatic syncing of the school's timetabling software with the ReadCloud clouds (virtual classrooms).

### **Corporate**

During the quarter the Company appointed Independent Non-Executive Director, Mr Guy Mendelson, who was previously a member of the RCL Advisory Board and has also agreed to Chair both the Audit and Risk Committee and Remuneration and Nomination Committee.

Subsequent to the end of the quarter the Remuneration and Nomination Committee reviewed the salaries of Senior Executives and advised that Lars Lindstrom, Managing Director, and Darren Hunter, Executive Director and Chief Information Officer, have increased their Total Fixed Remuneration to \$250,000 per annum respectively inclusive of Superannuation and Directors Fees. All other terms of their employment contracts remain unchanged.

The Company's Appendix 4C, Cashflow Statement, accompanies this report.

-Ends-

### **CONTACTS:**

#### **Investors & Media:**

Lars Lindstrom, CEO  
+61 413 533 001

Melanie Leydin, Company Secretary  
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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

ReadCloud Ltd

**ABN**

44 136 815 891

**Quarter ended ("current quarter")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (June 18) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	286	1,105
1.2 Payments for		
(a) research and development	(295)	(776)
(b) cost of sales	(408)	(503)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(207)	(355)
(f) administration and corporate costs	(232)	(742)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	37	40
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (R&D)	-	228
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(819)</b>	<b>(1,003)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(13)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (June 18) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	<b>(13)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	6,196
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(467)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(399)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	<b>5,330</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,387	254
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(819)	(1,003)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(13)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	5,330

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (June 18) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>4,568</b>	<b>4,568</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,068	887
5.2	Call deposits	3,500	4,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,568</b>	<b>5,387</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

70

-

Directors' remuneration for the March 2018 Quarter.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

N/A

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

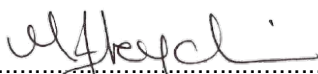
9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	299
9.2 Cost of sales	341
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	204
9.6 Administration and corporate costs	233
9.7 Other	-
<b>9.8 Total estimated cash outflows</b>	<b>1,077</b>

\* Please note that the above estimated cash outflows for the next quarter do not include inflows of receipts from customers. The cash outflows are estimates only and variable outflows are calculated on forecast revenue for the quarter. Variable outflows will change if actual revenue differs from forecast revenue.

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions \$A'000</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal (cash)	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
(Company Secretary)

Date 27 July 2018

Print name: Melanie Leydin

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.