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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: 85,625,000 ordinary shares
RCLO: 15,000,000 options

Website:

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

ASX Announcement

29 August 2018

155% Revenue growth for FY18

The Directors of ReadCloud Limited ("ReadCloud" or "the Company"; ASX:RCL) are pleased to announce the Company's maiden full-year financial result as an ASX-listed Company. The 2018 financial year was a watershed year for ReadCloud, with significant highlights including:

- a 155% increase in total revenue to \$2.1 million (including a 189% increase in sales revenue);
- Underlying EBITDA of \$(147,055) (after adding back share-based payments and initial public offering costs that were expensed);
- a substantial increase in contracted users and schools on the ReadCloud platform;
- an increase in the proportion of total users represented by direct school contracts (29% versus 12% last financial year);
- the signing of reseller agreements with two new channel partners and a distribution agreement with a global textbook publisher;
- expansion of the Company's direct sales team for FY19 in order to grow market share;
- the signing of an exclusive partnership with the Queensland Secondary Principals' Association (representing the Principals of 210 Queensland State Secondary Schools with a combined 175,000 students);
- the successful launch of an updated version of the ReadCloud platform; and
- completion of an over-subscribed initial public offering that raised \$5.5 million after costs.

ReadCloud's leading digital e-Reading solution gained significant traction within Australian secondary schools during FY18, with contracted users and schools on the ReadCloud platform growing from 21,800 contracted users in 50 schools as at 30 June 2017 to over 50,000 contracted users in over 70 schools as at 30 June 2018. This growth was achieved across both direct sales and reseller channels. The Company also achieved increased user penetration in existing school customers as a result of expanded use of the ReadCloud platform into additional year-levels within these schools.

The Company finished the 2018 financial year in a strong financial position, with cash at bank of \$4.6 million and zero debt. Significant investment was made in the ReadCloud platform during the year (\$0.7 million of research and development costs were capitalised on the balance sheet, of which the Company expects to receive \$0.3 million under the Federal Government's R&D Tax incentive). During the year the Company successfully launched an updated version of the ReadCloud platform that will be rolled out for the 2019 school year, encompassing improved functionality for teachers and students and deeper integration with school learning management systems.

ReadCloud also made a significant investment in sales & marketing in the second half of the financial year to drive direct sales for the 2019 school year. Although still early in the sales cycle for the 2019 school year, ReadCloud is seeing the strongest sales pipeline in the Company's history. The Directors expect to be in a position to provide an update on the sales outlook for the 2019 school year at the Company's Annual General Meeting in November 2018.

-Ends-

CONTACTS:

Investors & Media:

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About ReadCloud Limited ("ReadCloud")

ReadCloud is a leading provider of software solutions, including eBooks, to secondary schools within Australia. ReadCloud's proprietary eBook reader delivers digital content to students and teachers with extensive functionality, including the ability to make commentary in, and import third party content into eBooks.

Students and teachers can share notes, questions, videos and weblinks directly inside the eBooks turning the eBook into a place for discussion, collaboration and social learning, substantially improving learning outcomes. ReadCloud sources content for its solutions from multiple publishers so that together with its reseller Channel Partners, the Company is able to deliver the Australian school curriculum in digital form in all States, on one platform.