



## ASX Release

10 November 2020

# Annual General Meeting - Chair Address

## FY20 Year in Review

2020 has been an extraordinarily challenging year, particularly for us here in Melbourne. Yet despite these challenging conditions, which are upon us all, the last financial year was a strong year for ReadCloud.

I am particularly proud of the way that the entire ReadCloud team has responded during the COVID-19 pandemic, seamlessly adopting new ways of working remotely but still as a cohesive team and continuing to achieve milestones set by the Company last year.

I am pleased to report that your company achieved results that were both up on the prior year as well as positioning the company for further growth this year through our four pillars of revenue generation; Direct to Schools, School Resellers, VET in Schools and the Broader VET market (such as TAFE's and other RTOs).

At 30 June 2020, ReadCloud was in 360 school customers across Australia, up 30% on the prior year. We had approximately 112,000 students and teachers registered for the ReadCloud eReader which was up 40% on the prior year. We generated \$7.46m in annual revenue which was up 55% on the prior year and achieved an 18% increase to \$65 in average revenue per user.

I would like to congratulate management for these results as well as keeping a tight reign on expenses. The bulk of our expenses come in the form of employment costs so for employment costs as a percentage of sales and fee revenue to fall from 44% in FY19 (which only included 8 months of operating costs for the VET business) to 38% in FY20 is pleasing and demonstrates scalability of the business. This tight control of expenses is reflected in the underlying EBITDA loss of just \$161k, a 62% improvement from the prior year.

ReadCloud had a strong cash position at 30 June of approximately \$3.3m with no debt. We also have the possibility of raising further funds through the exercising of ASX-listed and unlisted options expiring 30 November 2020. Investor support in exercising these options to date has been strong and Lars will provide further information in his address.

The continued investment in the ReadCloud platform strengthens our competitive advantage. We have invested over \$2.5m over the last 3 years in R&D and we believe the platform is leading the way in school system connectivity and immersive reading capability.

The COVID-19 situation has heightened awareness of the need for effective remote learning solutions which has provided another element of strong momentum into the 2021 selling season. Lars will speak to this further in his address.



I would like to formally welcome Cris Nicolli who joined us 2 months ago as an independent non-executive director. His contribution to the discussion around the recent COSAMP acquisition highlights his strong acquisition assessment capabilities which will assist ReadCloud in its consideration of the many opportunities presenting themselves in the current market.

I would like to thank my fellow board members for their enthusiastic contribution and the executive and all the staff for their efforts over this difficult year. To our loyal shareholders, thank you for your continued support as we work together to take our company to its next level of growth.

-Ends-

#### **CONTACTS:**

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#### **About ReadCloud Limited**

ReadCloud is the leading provider of eLearning software solutions, including eBooks, to Schools and the Vocational Education and Training (VET) sector in Australia. ReadCloud's proprietary eBook platform 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, delivering the full Australian school curriculum in digital form in all States, on one platform. In the Vocational Education and Training (VET) sector, ReadCloud provides over 40 digital VET courses and auspicing services to schools across Australia.

ReadCloud currently has over 120,000 users on its platform.

This announcement is authorised for release to the market by the Board of Directors of ReadCloud Limited.