

13 February 2023



Annual General Meeting – Chair Address

Good morning and thank you for joining us at the 2022 Annual General Meeting for ReadCloud Limited, which we are hosting in a hybrid format this year with our meeting at PKF supported by an online capability.

We appreciate the attendance of those who are here in person and also to those who have taken advantage of our online medium.

I would like to take this opportunity to reflect on the past 12 months and, given there will be no CEO address as we are currently in the process of a CEO search, I will also provide an update on our plans for the year ahead.

As a refresher, ReadCloud is a market leader in Digital content delivery for education in Australia. Our highly scalable SaaS platform provides a strong basis for digital learning both in school and remote learning. We now service over 600 schools, 15,000 VET in school users and 70,000 direct eBook solution users – with our reseller network, we service in excess of 130,000 users.

In my last Chair address, which was in February 2022, I made note that our focus for FY22 and beyond was to further drive the opportunities created by the ReadCloud platform, with a bias towards capital and resource investment allocation to execute an aggressive growth path within the VET market. We also planned to continue to build on the sales momentum in full-curriculum schools (eBooks) while looking for international opportunities leveraging the platform.

I am pleased to report that we have been disciplined in this focus, continued to grow the business and – with the recent acquisition of Southern Solutions – increased our total addressable VET market.

These three pillars of growth provided positive momentum in 2022, illustrated by an increase in revenue, which was up 17.5% on the previous year, record cash collections and the establishment of stronger positions within the VET and full-curriculum schools markets. We have also provided a potentially new business stream as a SaaS platform, through the execution of the Company's first overseas eBook Solutions deal with London-based international online school King's InterHigh.

One of the main focusses for the year was the integration of the previously acquired VET in school-focused businesses onto a fully aligned Learning Management Platform. This provides a key platform capable of significant scale and will improve the Company's ability to differentiate its services levels during efforts to retain and win new schools and courses.



Additionally, we launched the marketing of the new combined ReadCloud VET business as part of the new integrated approach, and established a new sales team directed at retaining and winning new schools.

ReadCloud is leading participants in what is a large and growing VET market, and this is well supported by government initiatives. We remain focused in the VET market with a desire to expand our total addressable market by adding non-school-based VET capabilities. The acquisition of Southern Solutions will enable ReadCloud to expand into new vertical industry segments such as childcare and, potentially, the aged care sector. These are industries with skills shortages and high national government funding and focus.

ReadCloud is now the largest national private operator in VET in schools by number of courses offered. This National footprint is a strong client value proposition and one that will, provide increased reason for new schools to choose ReadCloud. Further progress was made in enhancing the platform that now provides ReadCloud with a differentiator in the market and is potentially a driver of further growth within the markets we service. It also provides the Company with a secure SaaS platform that can be used by operators in overseas markets. To that end, it was exciting to win our first overseas platform client, King's InterHigh, during the year.

The interest received from new markets in the utilisation of the ReadCloud platform as a SaaS engine to provide leverage in delivering secure, seamless digital content and services for the schools market is encouraging. To this end, the Company has continued its investment in qualifying and winning new reseller or distribution opportunities, including those in targeted overseas countries.

ReadCloud continued to win new schools in the full-curriculum schools (eBooks) segment and churn remained low. The Company remains confident of returning to a more robust growth rate for this market in 2023.

Significantly, as schools – particularly in ReadCloud's largest market, Queensland, where there has been flooding – start to return to a more normalised form of teaching, decision makers are more likely to consider the impact digital-based solutions can have on teachers and students and how the ReadCloud platform could present a viable solution for remote digital learning.

The Directors have been disappointed with some of the rates of growth in the business and recognise the increasing need to differentiate through a strong and effective service culture. While the market remains competitive, our ability to drive growth will increasingly be leveraged through our superior service capability. We also accept that the broader adoption rate of Digital eBooks may take some time.

While we have stayed focused and disciplined in our strategy, there have been some execution challenges in respect of delivering the urgency and growth expected from the business. As a result, the Directors have moved to restructure the Company's leadership and, in time, Board composition, to initiate new drive and discipline in the execution of the business strategy.



As announced in December, ReadCloud is actively searching for a new Chief Executive Officer, with Lars Lindstrom stepping down to take on a new business development and investment realisation role focused on the broader VET childcare and international markets. I thank Lars for his efforts as CEO and look forward to a strong contribution in his new responsibilities.

Looking forward to the next 12-24 months, we are confident in delivering accelerated organic growth. With an annualised revenue run rate now approaching eleven and a half million dollars (\$11.5m) and the investment in the platform, processes, learning systems, new structure and staff in place, we have the capacity to significantly scale the business.

The development of the ReadCloud platform coupled with the new go to market for the ReadCloud VET Group has improved service delivery and the ability to scale for the ramp in onboarding new schools, courses and students. This new go to market approach provides a strong base of customers, solutions and individual teacher connections to sell multiple solutions into the one segment. The VET segment continues to present encouraging opportunities to increase our growth rate, especially with strong government support and the leveraging of corporate partnerships. We plan to continue to invest in the market, increasing the total addressable market, and believe the opportunity is a very exciting one.

The new non-school VET investment, aligned to childcare through our investment in Southern Solutions, is confirmation of our capital and resource investment focus and confidence in the market opportunity. The recent awarding of the Victorian Government Skills First Funding contract to Southern Solutions confirms that the childcare industry is a priority for the Government, with more than 16,000 extra workers needed across Australia and demand increasing.

By focusing on this segment, we can build out the VET opportunity, including the potential to extend to other aligned industries such as aged care, leveraging the existing platform, and anticipate increasing both the revenue growth rates and margin quality of the business.

I look forward to continuing to see growth in the traditional eBooks business and believe our international business will continue to develop without the need for significant additional investment. We will remain focused on the execution of our plans and anticipate accelerated growth and an improvement towards profitability in 2023.

As Chair, I have continued to spend quality time with the management team on an individual and group basis. I continue to be impressed with their enthusiasm, loyalty, and commitment to the business. They are openly positive about the potential they see in the business, and I am confident that through a strong focus on improving the execution of our plans, ReadCloud is well placed to achieve the next level of scale and performance.

I would like to take this opportunity to thank all the ReadCloud employees for the hard work and enthusiasm over the year. I would also like to thank my fellow directors for their continued efforts and their strong commitment to building a more robust business that is driving for accelerated growth.



I would also like to thank our shareholders for their loyalty and support over what has been a difficult period in the market. A significant number of our staff, and all of our executives and directors are shareholders who are committed to delivering improved performance over the coming years.

ReadCloud has a strong, committed group of employees, no debt, supportive customers and a platform that provides a strong opportunity to take the company to a stronger performance in FY23 and beyond.

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About ReadCloud Limited

ReadCloud is the leading provider of eLearning software solutions, including eBooks, to over 600 Schools and in the Vocational Education and Training (VET) sector in Australia. ReadCloud's proprietary 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 60 digital VET courses and auspicing services to schools across Australia.

ReadCloud currently has over 132,000 users on its platform.

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