



readcloud

ReadCloud Limited

Technology, Training and Content
solutions for school and industry

Investor Presentation
July 2023

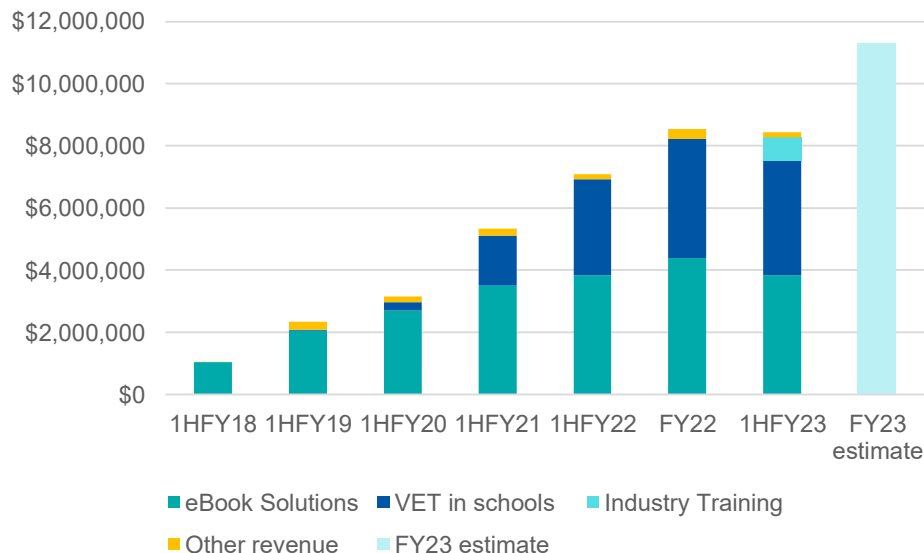


LEADER IN DIGITAL CONTENT DELIVERY FOR EDUCATION

- ✔ eLearning technology supporting schools and educational institutions
- ✔ Technology for a collaborative learning environment with access to dynamic and interactive proprietary curriculum and content from leading publishers
- ✔ Leader in Vocational Education and Training for secondary school students (VET-in-schools)
- ✔ 60 VET qualifications on scope across 4 Registered Training Organisations
- ✔ 49 VET qualifications delivered to 13,000 students in 337 schools in Australia
- ✔ Emerging leadership in Industry Training for Early Childhood Education & Care, Aged Care, Supply Chain and Real Estate. Qualifications delivered in partnership with industry.

1H FY23 Financial Highlights

Revenue breakdown



- ✓ 19.4% growth in 1H23 consolidated Sales and Fee revenue (on pcip)
- ✓ 19.0% organic growth in 1H23 VET-in-schools revenue (on pcip)
- ✓ 43.0% growth in 1H23 VET revenue to \$4.44 million (pcip \$3.09 million) when the contribution from Southern Solutions is combined with 19.0% organic growth
- ✓ Underlying EBITDA for 1H23 of \$1.54 million*
- ✓ Debt free
- ✓ Margins in VET-in-schools starting to expand with the cost base predominantly fixed

* Not indicative of likely FY23 result as revenue is currently skewed towards first half. Financial year end is 30 September.

1H FY23 Operational Highlights

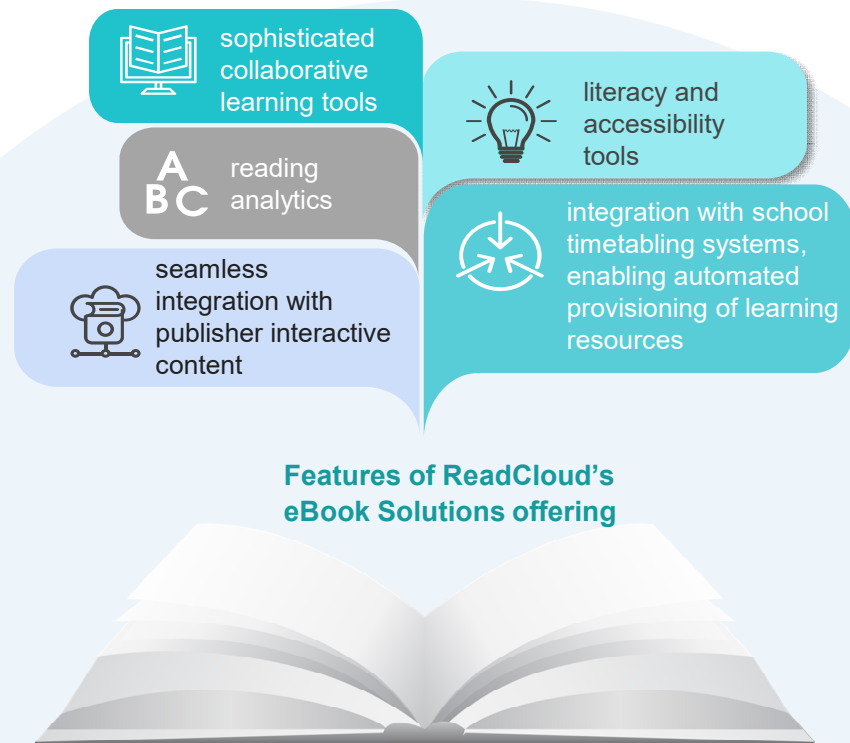


- ✔ 60 new school customers onboarded for the 2023 school year
- ✔ First international school customer signed in 2022
- ✔ ReadCloud's eBook platform added to the Queensland Department of Education preferred supplier panel for the provision of classroom resources to Queensland Government schools
- ✔ Board renewal underway and new CEO in place
- ✔ Integration of 5 businesses (ReadCloud eBooks, AIET, COSAMP, Ripponlea Institute, Southern Solutions) substantially complete and now delivering synergies
- ✔ Leads generated and negotiations advancing for additional International Schools and new partnerships for Industry Training

Learning Technology and eBooks

ReadCloud:

- ✔ Provides a leading eBook solution for schools that replaces physical textbooks
- ✔ Sources over 200,000 eBooks from the world's leading education publishers
- ✔ Delivers learning materials on an eLearning platform that encourages teachers and students to engage with the curriculum and collaborate with each other including via social annotations
- ✔ Integrates with school timetables and creating a private cloud for each class
- ✔ Differentiates from its competitors as a digital first offering



"ReadCloud moves teaching into the digital era and brings school books to life by turning them into a place for discussion, collaboration and social learning"

Benefits of ReadCloud's eBook Solution



For Parents

"no more heavy backpacks for students"

"cheaper than conventional textbooks"

"no more lost or forgotten books"

For students

"I can ask the teacher a question privately"

"I can put my headphones on and have the textbook read out to me"

"I don't need to be online to access my books"

For teachers

"everyone is learning from the same version of the book"

"I can customise my lessons with videos, web links and annotations from inside the textbook"

"the dictionary and translation tools are embedded in the learning materials"

For schools

"the eLearning platform and digital materials better support remote, hybrid and blended learning"

"late enrolments or mid-year arriving students can be easily catered for with instant access to curriculum"

"no handling, storage or distribution of physical books"

- ✔ ReadCloud's eBook solution is currently in 60 schools. There are 2,861* secondary schools in Australia. In 2022 ReadCloud signed its first International School. There are more than 12,000 International Schools.
- ✔ ReadCloud earns revenue from a combination of margin on textbooks and licence fees for platform access. The average revenue earned in an Australian School is currently ~\$79,000.

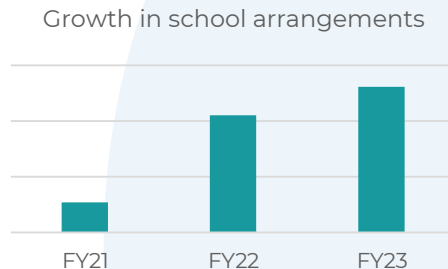
* Australian Curriculum, Assessment & Reporting Authority

ReadCloudVET:

- ✔ Provides vocational training for secondary school students
- ✔ Supports the delivery of 49 nationally accredited qualifications in schools
- ✔ Utilised by 13,000 students in 337 secondary schools nationally
- ✔ Delivers proprietary technology, curriculum and systems that simplify tasks for teachers and VET Coordinators so they can focus on ensuring their students get the best learning experience available
- ✔ Differentiates from its competitors with:
 - proprietary eLearning technologies
 - the widest choice of qualifications in the market (49)
 - innovative support solutions for schools and teachers
 - combined VET-in-schools experience in our Registered Training Organisations exceeding 50 years

Growth opportunity for VET-in-schools

- ✔ In 2023 ReadCloudVET is delivering 621 qualifications to 13,000 secondary school students and holds 431 auspicing arrangements and services 337 schools. There are typically ~245,000 high school students enrolled in a Vocational Education and Training qualification.
- ✔ ReadCloudVET earns revenue from a fee per qualification (typically \$2,500) and a fee per student enrolled (typically \$195).
- ✔ Currently ReadCloud is delivering 621 qualifications with an average of 21 enrolled students.
- ✔ There is minimal incremental cost incurred by delivering an additional qualification. Only 10 of ReadCloud's qualifications include a module or modules for which a fee is payable to a publisher.



“ReadCloudVET provides everything Schools and Teachers need to deliver and assess VET. ReadCloudVET curates expert learning materials and admin support so Teachers can focus on teaching and students can focus on learning the qualification of their choice.”

Southern Solutions Training Services:

- ✔ provides targeted training solutions for high priority industries
- ✔ focusses on childcare, aged care and supply chain sectors
- ✔ has 14 qualifications on scope
- ✔ differentiates from its competitors by being one of few providers that can deliver services nationally and by holding multi-state funding contracts for providing government subsidised training to industry
- ✔ continues to outperform its peer group in “Training Relevance” and “Drop-out Rates” as evidenced by recent student satisfaction results (survey conducted by National Centre for Vocational Education Research)

Southern Solutions earns revenue when students and trainees enrol in its courses, progress through learning modules, and when individuals complete their training. Currently there are 590 students enrolled with Southern Solutions.

Popular courses include Certificate III and Diploma in Early Childhood Education & Care. Student enrolments in these courses increased from 226 to 294 in the last 12 months and we expect growth to continue. The average student fee across both courses in NSW, Vic, Qld and SA is \$8,293. Growth in student numbers improves margin as class sizes increase.

Critical parts assembled to unlock huge latent opportunities



- ✔ Tailwinds from ongoing migration to online education (ie away from physical textbooks) and from decentralisation of publisher power as teachers incorporate more engaging content into learning materials
- ✔ Government investment in education sector to address skills shortages is ongoing. Skills shortages in Childcare (estimated at 13,000) and Aged Care (estimated at 17,000pa per CEDA Report August 2021) driving growth in industry partnerships.
- ✔ ReadCloudVET (previously 3 independent RTOs) is now operating on standardised systems and unlocking scale benefits (including cost efficiencies). With integration work largely complete, the business is better equipped to focus on selling 2024 qualifications and is on track for growth in 2024.
- ✔ ReadCloud's proprietary eLearning technology can be leveraged across each of eBook Solutions, VET-in-schools and Industry Training
- ✔ Class leading 60 VET qualifications on offer with leadership in growth areas of languages, music and creative industries, and business studies
- ✔ Extensive range of proprietary curriculum delivers margin upside with scale and a competitive moat
- ✔ Back office and functional efficiencies from integration of 5 separate business (eBook Solutions, COSAMP, AIET, Ripponlea Institute, Southern Solutions)

Driving growth with strategic focus



- ✔ Strengthen sales capability and geographic coverage
- ✔ Align resources with direct accountability for sales and for retention
- ✔ Pivot of existing resources from an internal focus and onto customer engagement will strengthen retention and unlock growth without adding to the cost base
- ✔ Execute sales leads for additional international schools
- ✔ Increase ReadCloudVET qualifications delivered in Schools from 623 to 776 in FY24
- ✔ Cross-sell VET-in-schools qualifications and eBooks across existing school customer base
- ✔ Embed retention tools that position ReadCloud to capitalise on transition to digital education
- ✔ Create a pathway for high school students to access structured VET programs, including industry experience, that qualify them for roles in childcare and aged care

Investment Highlights

- ✔ On course for positive EBITDA and Operating Cashflow in FY24
- ✔ Stable fixed cost base with cost efficiencies embedded for FY24 to offset impact of inflation
- ✔ Strong operating leverage in VET-in-schools and Industry Training
- ✔ International growth of eBooks business set to gain traction in 2023 and 2024 after breakthrough sale in 2022
- ✔ Strengthening brand awareness of ReadCloudVET (launched in 2022) beginning to drive school referrals
- ✔ New industry partnerships in high demand areas of childcare and supply chain now on foot
- ✔ Industry Training funding arrangements secured for NSW, VIC, ACT, SA and QLD (in partnership with QLD TAFE)
- ✔ Benefit of scale from standardised processes, technology and pricing ready for capture in 2024

Corporate Snapshot

ASX Code: RCL

Share Price (22 June 2023)	\$0.057
Market capitalisation (@ 5.7 cents)	\$7.0m
Shares on issue	121.8m
Options on issue (unlisted)	6.3m
Current cash (31 March 2023)	\$2.5m

Board & Management

Cristiano Nicolli	Non-Executive Chairman
Paul Collins	Non-Executive Director
Jonathan Isaacs	Non-Executive Director
Lars Lindstrom	Executive Director (Founder)
Darren Hunter	Executive Director (CIO)
Andrew Skelton	Chief Executive Officer
Luke Murphy	Chief Financial Officer
Melanie Leydin	Company Secretary

Substantial Shareholders

Thorney Group*	10.2%
Lars Lindstrom	7.3%
Microequities Asset Management	7.2%
Hunmar Holdings/Darren Hunter*	6.0%
West Elk Partners LP	5.6%
Top 20	66.2%
Board and management shareholdings*	23.9%

*Includes indirect holdings



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