



READCLOUD LIMITED

ACN 136 815 891

ENTITLEMENT ISSUE PROSPECTUS

For a pro-rata non-renounceable entitlement issue of one (1) new Share for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.06 (6.0 cents) per Share, together with one (1) free-attaching unquoted Option (**New Option**), exercisable at \$0.10 per New Option on or before the date which is eighteen (18) months from the date of issue, for every two (2) Shares applied for and issued to raise up to \$1,462,047 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

This Offer is lead managed and fully underwritten by Canaccord Genuity (Australia) Limited (AFSL 234666) (**Canaccord**) (**Underwriter**). Refer to Section 7.4.1 for details regarding the terms of the Underwriting Agreement.

The Offer opens at 9.00am (AEST) on Monday, 7 August 2023

The Offer closes at 5.00pm (AEST) on Monday, 28 August 2023

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 28 July 2023 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives,

financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

For further information on overseas Shareholders please refer to Section 3.10.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 7.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has

determined the target market for the offer of Options issued under this Prospectus. The Company and the Lead Manager will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (<https://readcloud.com/>). By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at <https://readcloud.com/>. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 3 9078 4833 during office hours or by emailing the Company at contact@readcloud.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Eastern Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate

communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on +61 3 9078 4833.

CORPORATE DIRECTORY

Directors

Mr Cristiano Nicolli
Non-Executive Chairman

Mr Lars Lindstrom
Executive Director

Darren Hunter
Executive Director

Paul Collins
Non-Executive Director

Jonathan Isaacs
Non-Executive Director

Company Secretary

Melanie Leydin

Registered Office

Level 1, 126 Church Street
Brighton VIC 3186

Telephone: + 61 3 9078 4833

Email: contact@readcloud.com

Website: www.readcloud.com

Auditor

PKF Melbourne Audit & Assurance Pty Ltd
Level 12, 440 Collins Street
Melbourne VIC 3000

Share Registry*

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000

Telephone: 1300 737 760
+61 2 9290 9600

Legal Advisers

Steinepreis Paganin
Lawyers and Consultants
Level 6,
99 William Street
MELBOURNE VIC 3000

Lead Manager and Underwriter

Canaccord Genuity (Australia) Limited
(ABN 19 075 071 466)
(AFSL 234666)
Level 42, 101 Collins Street
MELBOURNE VIC 3000

ASX Code: RCL

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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1. CHAIRMAN'S LETTER

Dear Shareholders,

Offer

On behalf of the Directors, I am pleased to invite you to participate in ReadCloud's recently announced fully underwritten 1 for 5 pro rata non-renounceable entitlement offer of new ReadCloud fully paid ordinary Shares at an issue price of \$0.06 per Share (**Issue Price**).

Funds raised from the Entitlement Offer will be applied to:

- (a) Support increased marketing and intensified sales activities;
- (b) Industry engagement and business development;
- (c) Continued platform development to solidify the Company's technological competitive advantage; and
- (d) General working capital and costs of the Offer.

The Offer is being made to all eligible shareholders as defined in Section 3.2 (**Eligible Shareholders**), who are registered as a holder of Shares as at 7.00pm on Thursday, 3 August 2022 (being the **Record Date**).

Under the Entitlement Offer, Eligible Shareholders have the opportunity to subscribe for 1 new Share for every 5 Shares of which they are the registered holder as at the Record Date for the Issue Price, together with one (1) free-attaching unquoted Option for every two (2) Shares subscribed for and issued, exercisable at \$0.10 per Option on or before the date which is 18 months from the date of issue (**New Option**) to raise approximately \$1,462,047 (before costs).

Eligible Shareholders who take up their Entitlements in full may also apply for additional new Shares at the Issue Price in excess of their Entitlements (**Shortfall Shares**) under the Shortfall Facility. The allocation of Shortfall Shares will be limited to the number of new Shares for which valid Applications from Eligible Shareholders are not received by the Closing Date and Entitlements that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer.

The Offer Securities will be issued under exception 1 and 2 of ASX Listing Rule 7.2 and exception 1 of ASX Listing Rule 10.12 which means that shareholder approval under ASX Listing Rule 7.1 and 10.11 (respectively) will not be required.

The Offer is fully underwritten by Canaccord Genuity (Australia) Limited (AFSL 234666) (**Canaccord**).

I encourage all Shareholders to review closely our recently released investor presentation (that can be located at <https://readcloud.com/investors/>) for more details on the Company's plans and activities.

Non-tradable Rights

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferrable. Eligible Shareholders who do not take up their Entitlement will not receive any value in respect of those Entitlements.

How to Apply

To participate in the Offer, you must have made payment for Offer Shares by BPAY or EFT using the personalised payment instructions on the Entitlement and Acceptance Form. Shareholders recorded on the share register with an address outside Australia or New Zealand are not eligible to participate in the Offer. Payment by cheque or cash will not be accepted.

The Offer is scheduled to close at 5:00pm (AEST) on Monday, 28 August 2023.

Conclusion

Potential investors should be aware that subscribing for the Offer Shares involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. Investors should carefully consider the risk factors that affect the Company specifically and the industry in which it operates. You should also conduct your own independent review, investigation and analysis of Offer Securities the subject of the Offer. If, after reading this Prospectus, you have any questions about the Offer, you should contact your stockbroker, accountant or other independent and appropriately licensed professional adviser.

On behalf of the Board, I would like to thank you for your continued support and invite you to consider this investment opportunity.

Yours Sincerely,



Cristiano Nicolli
Non-Executive Chairman
ReadCloud Limited

2. KEY OFFER INFORMATION

2.1 Timetable

Trading Halt	Tuesday, 25 July 2023
Announcement of Offer and lodgement of Appendix 3B with ASX	Thursday, 27 July 2023
Lodgement of Prospectus with the ASIC and ASX	Friday, 28 July 2023
Ex date	Wednesday, 2 August 2023
Record Date for determining Entitlements	Thursday, 3 August 2023
Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed	Monday, 7 August 2023
Last day to extend the Closing Date	Wednesday, 23 August 2023
Closing Date as at 5:00pm*	Monday, 28 August 2023
Shares quoted on a deferred settlement basis	Tuesday, 29 August 2023
Announcement of results of issue	Tuesday, 29 August 2023
ASX and Underwriter/sub-underwriters notified of under subscriptions	Tuesday, 29 August 2023
Underwriter/sub-underwriters subscribes for Shortfall under terms of Underwriting Agreement	Thursday, 31 August 2023
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Shares	Friday, 1 September 2023
Quotation of Shares issued under the Offer**	Monday, 4 September 2023

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Shares are expected to commence trading on ASX may vary.

2.2 Key statistics of the Offer

Shares

	Maximum Subscription (\$1,462,047) ¹
Offer Price per Share	\$0.06
Entitlement Ratio (based on existing Shares)	1:5
Shares currently on issue	121,837,289
Shares to be issued under the Offer ²	24,367,457
Gross proceeds of the issue of Shares	\$1,462,047
Shares on issue Post-Offer	146,204,746

Notes:

1. Assuming the Full Subscription of \$1,462,047 is achieved under the Offer.
2. Refer to Section 5.1 for the terms of the Shares.

Options

	Maximum Subscription (\$1,462,047) ¹
Offer Price per New Option	Nil
Option Entitlement Ratio (based on Shares subscribed for)	1:2
Options currently on issue	4,900,000
New Options to be issued under the Offer ²	12,183,728
Gross proceeds of the issue of Options	Nil
Options on issue Post-Offer	17,083,728

Notes:

1. Assuming the Full Subscription of \$1,462,047 is achieved under the Offer.
2. Refer to Section 5.2 for the terms of the New Options.
3. In addition to the Options currently on issue as shown in the above table, the Company currently has 1,428,571 Share rights (nil exercise price) on issue held by the Company's Chief Executive Officer that will vest on 15 November 2024 (subject to a vesting condition of continuous employment until this date) and expire on 15 January 2025.

2.3 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 6.

2.4 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Options	Share Entitlement	New Option Entitlement	\$
Cristiano Nicolli	897,727 ¹	Nil	179,545	89,772	\$10,772.70
Lars Lindstrom	8,936,855 ²	Nil	1,787,371	893,685	\$107,242.26
Darren Hunter	7,266,698 ³	Nil	1,453,339	726,669	\$87,200.34
Paul Collins	1,956,017 ⁴	Nil	391,203	195,601	\$23,472.18
Jonathan Isaacs	4,931,597 ⁵	Nil	986,319	493,159	\$59,179.14

Notes:

- 897,727 Shares indirectly held by Nicolli Family Pty Ltd <Nicolli Family S/F A/C>.
- 8,936,855 Shares directly held by Lars Lindstrom.
- Comprising:
 - 2,750,000 Shares directly held by Darren Hunter;
 - 3,817,786 Shares indirectly held by Hunmar Holdings Pty Ltd; and
 - 698,912 Shares indirectly held by Mr Darren Hunter and Ms Sandra Margate ATF Hunter Margate S/F A/C.
- Comprising:
 - 1,458,106 Shares directly held by Paul Collins; and
 - 497,911 Shares indirectly held by HSBC Custody Nominees (Australia) Limited (as nominee and custodian).
- Comprising:
 - 267,961 Shares indirectly held by Scaasi Nominees Pty Ltd ATF Saaci Super;
 - 4,300,000 Shares indirectly held by HSBC Custody Nominees (Australia) Limited (as nominee and custodian); and
 - 363,636 Shares indirectly held by Scaasi Beverages Pty Ltd <Scaasi Beverages A/C>.

As outlined in Section 2.6, the Directors (through their associated entities) and the Key Management Personnel (through their associated entities) have entered into agreements with the Underwriter to sub-underwrite the Offer up to \$500,000 (up to 8,333,333 Shares and 4,166,666 New Options) as follows:

	SHARES SUB-UNDERWRITTEN	OPTIONS SUB-UNDERWRITTEN	SUB-UNDERWRITING COMMITMENT (\$)¹
DIRECTORS			
Cristiano Nicolli	1,666,667	833,333	\$100,000
Lars Lindstrom	833,333	416,666	\$50,000
Darren Hunter	416,667	208,333	\$25,000
Paul Collins	1,666,667	833,333	\$100,000
Jonathan Isaacs	1,666,667	833,333	\$100,000

	SHARES SUB-UNDERWRITTEN	OPTIONS SUB-UNDERWRITTEN	SUB-UNDERWRITING COMMITMENT (\$)¹
KEY MANAGEMENT PERSONNEL			
Andrew Skelton (CEO)	833,333	416,666	\$50,000
Luke Murphy (CFO)	416,667	208,333	\$25,000
Joshua Fisher (CPO)	833,333	416,666	\$50,000
TOTAL	8,333,333	4,166,666	\$500,000

Notes:

1. At the issue price of \$0.06 (6.0 cents) per Share.

Upon completion of the Offer and assuming that no Eligible Shareholders subscribe for their Entitlements under the Offer in which case the full sub-underwriting commitments of Directors and Key Management Personnel will be called upon and are satisfied, the relevant interest of each of the Directors and Key Management Personnel would be as follows:

	SHARES¹	RELEVANT INTEREST
DIRECTORS		
Cristiano Nicolli	2,564,394	1.8%
Lars Lindstrom	9,770,188	6.7%
Darren Hunter	7,683,365	5.3%
Paul Collins	3,622,684	2.5%
Jonathan Isaacs	6,598,264	4.5%
KEY MANAGEMENT PERSONNEL		
Andrew Skelton (CEO)²	922,333	0.6%
Luke Murphy (CFO)	491,667	0.3%
Joshua Fisher (CPO)	5,846,943	4.0%

Notes:

1. Direct and indirect holdings.
2. In addition to the above, Mr Andrew Skelton currently holds 1,428,571 Share rights (nil exercise price) that will vest on 15 November 2024 (subject to a vesting condition of continuous employment until this date) and expire on 15 January 2025.

Refer to Section 7.4.2 for details regarding the terms of the sub-underwriting agreements.

The Board recommends all Shareholders take up their Entitlements. The Directors reserve the right to take up their respective Entitlement in whole or in part or none at their discretion.

2.5 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Thorney Technologies Ltd	12,877,044	10.9%
Lars Peder Lindstrom ¹	8,936,855	7.3%
Microequities Asset Management Pty Ltd	8,726,671	7.2%
Darren Hunter ^{1, 2}	7,266,698	6.0%
West Elk Partners LP	6,834,545	5.6%

Notes:

1. Directors of the Company.
2. Held by Darren Hunter and indirectly held by Hunmar Holdings Pty Ltd.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

2.6 Underwriting and sub-underwriting

The Offer is fully underwritten by Canaccord Genuity (Australia) Limited (AFSL 234666) (**Underwriter, Lead Manager or Canaccord**). Refer to Section 7.4.1 for details of the terms of the underwriting.

As set out in Section 2.4 above, the Underwriter has entered into a number of sub-underwriting agreements in respect of the Shortfall Securities, including sub-underwriting agreements with Directors, Cristiano Nicolli, Lars Lindstrom, Darren Hunter, Paul Collins and Jonathan Isaacs (or their associated entities) as well as Key Management Personnel, Andrew Skelton, Luke Murphy and Joshua Fisher through their associated entities.

No sub-underwriter will increase their shareholding to above 19.99% as a direct result of the issue of Securities under the Offer. Where Shares are issued pursuant to the exercise of New Options, the voting power of the sub-underwriters who exercise their New Options will increase. The likelihood of New Options being exercised is dependent on the price of Shares from time to time until the New Options expire.

Refer to Section 7.4.2 for further detail of the sub-underwriting agreements.

2.7 Effect on Control

The Underwriter is presently not a Shareholder and is not a related party of the Company for the purposes of the Corporations Act. The issue of Shares under this Prospectus to the Underwriter may increase its interest in the Company and dilute the Shareholding of other Shareholders to the extent they elect not to participate in the Offer or are ineligible to participate in the Offer.

In accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters and/or clients and people who have otherwise agreed to assist with the completion of the Offer such that neither the Underwriter, the sub-underwriters nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 19.9% after the issue of the Shortfall.

The Company will ensure that the Offer (including the equitable dispersion of any Shortfall Securities) complies with the provisions of Chapter 6 of the *Corporations*

Act 2001 (Cth) and is otherwise consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

2.8 Potential dilution on non-participating Shareholders

In addition to potential control impacts set out in Section 1.8, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 16.67% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer, are likely to be diluted by an aggregate of approximately 23.1% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	8.21%	2,000,000	10,000,000	6.84%
Shareholder 2	5,000,000	4.10%	1,000,000	5,000,000	3.42%
Shareholder 3	1,500,000	1.23%	300,000	1,500,000	1.03%
Shareholder 4	400,000	0.33%	80,000	400,000	0.27%
Shareholder 5	50,000	0.04%	10,000	50,000	0.03%

Notes:

1. This is based on a share capital of 121,837,289 Shares as at the date of the Prospectus and assumes no Options or Share rights currently on issue are exercised and no New Options are exercised.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Underwriting and Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

3. DETAILS OF THE OFFER

3.1 The Offer

The Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Shares for every five (5) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.06 per Share together with one (1) New Option for every two (2) Shares subscribed for and issued. Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no Shares are issued prior to the Record Date including on exercise or conversion of securities currently on issue) approximately 24,367,457 Shares and 12,183,729 New Options will be issued under the Offer to raise \$1,462,047 before costs of the Offer. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 4,900,000 Options on issue, of which 200,000 may be exercised prior to the Record Date in order to participate in the Offer (the remaining 4,700,000 Options are subject to vesting conditions that haven't been met as at the date of this Prospectus). Please refer to Section 5.2 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.1 for further information regarding the rights and liabilities attaching to the Shares. The New Options will be exercisable at \$0.10 on or before the date that is eighteen (18) months from the date of issue and otherwise on the terms set out in Section 5.2.

The purpose of the Offer and the intended use of funds raised are set out in Section 4.

3.2 Eligible Shareholders

The Entitlement Offer constitutes an offer only to Eligible Shareholders, being Shareholders on the Record Date who have a registered address in Australia or New Zealand, or whom the Company otherwise determines is eligible to participate, and are eligible under all applicable laws to receive an offer under the Entitlement Offer. A person in the United States or acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such persons in the United States) is not entitled to participate in the Entitlement Offer.

Determination of eligibility of investors for the purposes of the Entitlement Offer is by reference to a number of matters, including legal requirements and the discretion of the Company and the Underwriter. ReadCloud, the Underwriter and their respective affiliates and related bodies corporate disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Unless the Company otherwise determines, the Entitlement Offer is being made under this Prospectus and the Entitlement and Acceptance Form only to those Shareholders (Eligible Shareholders) who:

- (a) are registered as a holder of Shares as at the Record Date;

- (b) have a registered address on the ReadCloud share register that is in Australia or New Zealand, or is a Shareholder that the Company otherwise determines is eligible to participate;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such persons in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without a prospectus or other disclosure document or any lodgement, filing, registration or qualification.

Shareholders who are not Eligible Shareholders are Ineligible Shareholders. ReadCloud is of the view that it is unreasonable to make an offer under the Entitlement Offer to Shareholders outside of the above jurisdictions having regard to:

- (a) the number of Shareholders outside those jurisdictions as a proportion of total Shareholders in ReadCloud;
- (b) the number and value of the new Shares that would have been offered to those Shareholders outside of those jurisdictions; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

3.3 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
Take up all of your Entitlement	<ul style="list-style-type: none"> Should you wish to accept all of your Entitlement, then your application for Securities under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully. Payment can be made by the methods set out in Section 3.4. As set out in Section 3.4, if you pay by BPAY, you do not need to return the Entitlement and Acceptance Form. 	Section 3.4 and Section 3.5.
Take up all of your Entitlement and also apply for Shortfall Securities	<ul style="list-style-type: none"> Should you wish to accept all of your Entitlement and apply for Shortfall Securities, then your application for your Entitlement and additional Shortfall Securities under this Prospectus must be made by following the instructions on your 	Sections 3.4, 3.5 and 3.7.

Option	Key Considerations	For more information
	<p>personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully.</p> <ul style="list-style-type: none"> • Payment can only be made by the methods set out in Section 3.4. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying. • If you apply for Shortfall Securities beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall Securities is at the Company's discretion in conjunction with the Underwriter as per the allocation policy set out in Section 3.7. Accordingly, your application for additional Shortfall Securities may be scaled-back. • The Company's decision on the number of Shortfall Securities to be allocated to you will be final. 	
Take up a proportion of your Entitlement and allow the balance to lapse	<ul style="list-style-type: none"> • If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus for the number of Securities you wish to take up and making payment using the methods set out in Section 3.4 below. As set out in Section 3.4, if you pay by BPAY, you do not need to return the Entitlement and Acceptance Form. 	Section 3.4 and Section 3.5
Allow all or part of your Entitlement to lapse	<ul style="list-style-type: none"> • If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Offer to you will lapse. 	N/A

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

3.4 Payment options

(a) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5.00pm (AEST) on Monday 28 August 2023 (the Closing Date). The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

(b) By Electronic Funds Transfer (overseas applicants only)

For payment by Electronic Funds Transfer (**EFT**) for overseas Eligible Shareholders, please follow the instructions on the additional payment option for New Zealand shareholders letter to be provided only to overseas Eligible Shareholders with the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) you will need to forward a copy of your remittance advice (with your CRN) together with the Entitlement and Acceptance Form by email to corporateactions@boardroomlimited.com.au;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and

- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

(c) **By Cheque**

Payment by cheque or cash will not be accepted.

3.5 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law.

3.6 Minimum subscription

There is no minimum subscription.

3.7 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. (**Shortfall Securities**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.06 being the price at which Shares have been offered under the Offer

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Eligible Shareholders who wish to subscribe for Securities above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Section 3.4

Allocation of the Shortfall Shares will be at the discretion of the Board in conjunction with the Underwriter and will otherwise be subject to the terms of the Underwriting Agreement, details of which are set out in Section 7.4.1. If the Offer is oversubscribed (by take up of Entitlements and applications for Shortfall Securities by Eligible Shareholders), scale back will be applied to applications under the Shortfall Offer on a pro-rata basis to the respective shareholdings of Eligible Shareholders. There is no guarantee that Eligible Shareholders will receive Securities applied for under the Shortfall Offer.

No Securities will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Securities would contravene the takeover prohibition in section

606 of the Corporations Act. Similarly, no Securities will be issued via the Shortfall Offer to any related parties of the Company.

3.8 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The Company will not apply for Official Quotation of the New Options.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

3.9 Issue of Securities

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at Section 2.1.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made surplus Application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed as soon as practicable after the issue of Securities and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

3.10 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional

provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the offer

The purpose of the Offer is to raise \$1,462,047 before costs.

The funds raised from the Offer are intended to be applied in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$1,462,047)	%
1.	Support increased marketing and intensified sales activities	\$550,000	37.6%
2.	Industry engagement and business development	\$225,000	15.4%
3.	Continued platform development to solidify the Company's technological competitive advantage	\$275,000	18.8%
4.	General working capital	\$291,820	20.0%
5.	Costs of the Offer	\$120,228	8.2%
	Total	\$1,462,047	100%

Notes:

1. Refer to Section 7.8 for further details relating to the estimated expenses of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its stated objectives. In the event the Offer is not fully subscribed, operational objectives are likely to be modified, which may result in delay or substantial changes to the Company's future plans.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

4.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,341,820 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 121,837,289 as at the date of this Prospectus to 146,204,746 Shares; and
- (c) increase the number of Options on issue from 4,900,000 as at the date of this Prospectus to 17,083,729 Options.

4.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue ¹	121,837,289
Shares offered pursuant to the Offer	24,367,457
Total Shares on issue after completion of the Offer	146,204,746

Notes:

- 2,796,053 Shares are currently subject to voluntary escrow restrictions comprising of:
 - 723,685 Shares subject to voluntary escrow until 1 October 2023;
 - 937,500 Shares subject to voluntary escrow until 14 October 2023;
 - 98,684 Shares subject to voluntary escrow until 7 December 2023;
 - 98,684 Shares subject to voluntary escrow until 1 October 2024; and
 - 937,500 Shares subject to voluntary escrow until 14 October 2024.

Options

	Number
Options currently on issue:	
Unquoted Options exercisable at \$0.10 on or before 15 May 2025	1,300,000
Unquoted Options exercisable at \$0.27 on or before 1 July 2024	1,950,000
Unquoted Options exercisable at \$0.29 on or before 1 July 2025	1,350,000
Unquoted Options exercisable at \$0.43 on or before 9 March 2025	300,000
Total Options on issue as at the date of this Prospectus	4,900,000
New Options to be issued pursuant to the Offer	12,183,728
Total Options on issue after completion of the Offer	17,083,728

Share Rights

	Number
Share Rights currently on issue ¹	1,428,571
Share Rights offered pursuant to the Offer	Nil
Total Share Rights on issue after completion of the Offer	1,428,571

Notes:

- Share rights issued to Andrew Skelton, vesting subject to continuous employment until 15 November 2024 with an expiry date of 15 January 2025.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 128,165,860 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date) would be 164,717,047 Shares.

No Options or Share Rights on issue are subject to escrow restrictions, either voluntary or ASX imposed.

4.4 Pro-forma balance sheet

The reviewed balance sheet as at 31 March 2023 and the unaudited pro-forma balance sheet as at 31 March 2023 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options or convertible securities are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Reviewed 31 March 2023 \$	Proforma Maximum Raise \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,477,686	3,819,505
Trade and other receivables	2,997,350	2,997,350
Prepayments	81,868	81,868
TOTAL CURRENT ASSETS	5,556,904	6,898,723
NON-CURRENT ASSETS		
Non-current deposits	36,300	36,300
Property, plant & equipment	62,206	62,206
Intangible assets	11,000,316	11,000,316
Right-of-use assets	248,042	248,042
TOTAL NON-CURRENT ASSETS	11,346,864	11,346,864
TOTAL ASSETS	16,903,768	18,245,587
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	2,830,825	2,830,825
Employee entitlements	357,734	357,734

	Reviewed 31 March 2023 \$	Proforma Maximum Raise \$
Contract liabilities	178,886	178,886
Lease liabilities	124,780	124,780
TOTAL CURRENT LIABILITIES	3,492,225	3,492,225
NON-CURRENT LIABILITIES		
Employee entitlements	134,396	134,396
Lease liabilities	159,330	159,330
Contingent consideration	1,738,800	1,738,800
Deferred tax liability	32,934	32,934
TOTAL NON-CURRENT LIABILITIES	2,065,460	2,065,460
TOTAL LIABILITIES	5,557,685	5,557,685
NET ASSETS	11,346,083	12,687,902
EQUITY		
Contributed equity	18,408,754	19,750,574
Reserves	288,345	288,345
Accumulated losses	(7,351,016)	(7,351,016)
TOTAL EQUITY	11,346,083	12,687,902

Notes:

- The 31 March 2023 balances are extracted from the Company's reviewed 31 March 2023 financial statements.
- The proforma maximum raise balances are the 31 March 2023 balances adjusted for the following assumptions:
 - the issue of 24,367,457 Shares and 12,183,728 New Options under the Offer to raise \$1,462,047; and
 - costs of the issue of \$120,228.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as

against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5.2 **Terms of New Options**

(a) **Entitlement**

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.10 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire on the date that is eighteen (18) months from the date of issue (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(l) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

6. RISK FACTORS

6.1 Introduction

The Securities offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 6, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 6, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 6 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

6.2 Company specific

Risk Category	Risk
Potential for dilution	<p>In addition to potential control impacts set out in Section 1.8, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 16.67% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).</p> <p>No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer, are likely to be diluted by an aggregate of approximately 23.1% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).</p> <p>It is not possible to predict what the value of the Company, a Share or an Option will be following the completion of the Offer being implemented and the</p>

Risk Category	Risk
	<p>Directors do not make any representation as to such matters.</p> <p>The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.07 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.</p>
Additional requirements for capital	<p>The Company's capital requirements depend on numerous factors. Whilst the Company expects to generate positive operating cashflow and positive EBITDA in FY24, there is a risk if this expectation isn't met that the Company will require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back the development and commercialisation of its products and services as the case may be. Further, there is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.</p>
Growth of market share	<p>The Company's success will depend on its ability to grow its market share and attract clients. This could be impacted by a number of factors including but not limited to cost-effectiveness and pricing of the Company's service offering; the entrance or availability of competing products in the market (including new market entrants); the Company's reputation, functionality of its software/product capabilities; and the Company's ability to anticipate and quickly respond to changing technology, opportunities, regulatory requirements and industry standards (i.e. first mover advantage).</p> <p>The Company cannot guarantee that it will increase its revenue from existing or new clients. Failure to retain existing clients or attract new clients will materially impact the Company's ability to generate revenue, which will have an adverse effect on the Company's operating and financial performance.</p>
Competitors with more scale than the Company	<p>The Company's existing or new competitors may have substantially greater resources and access to more markets than the Company. Competitors may be able to apply greater funds to more quickly develop alternative products, which are more innovative easier to use or more cost effective than those that have been or may be developed by the Company. Larger competitors may also have greater distribution networks than the Company.</p> <p>This may place pricing pressure on the Company's product offering or result in longer and more complex</p>

Risk Category	Risk
	sales cycles with prospective clients, with a potentially negative impact on the ability to retain existing clients as well as attract new clients. If the Company cannot compete successfully, its business, operating results, financial position and future prospects could be adversely impacted.
Reliance on key personnel	The Company relies on a number of key personnel to conduct its business. If these key personnel were to leave the business or for other reasons could not perform their duties and there was an inability to promptly recruit suitable replacements, the Company's ability to further develop and commercialise its products could be materially adversely affected. Further, relationships with schools and resellers would need to be re-established. As a result, the Company's revenues could be adversely impacted, as well as additional costs of recruitment, training and knowledge transfer incurred, all of which may impact the Company's profitability.
Confidence in technology	End user acceptance and confidence in the integrity of the Company's technology and online network is an important factor in the growth of the business. There is a risk that the Company's services may be disrupted as a result of an inability to cope with large increases in the volume of clients and their use of online content. If end user acceptance or confidence in the Company's platform is lost for any reason, this could negatively affect the Company's ability to retain existing clients or attract new clients, which would have a material adverse impact on the Company's growth and profitability.
Reputation risk	The Company's ability to protect its reputation could be jeopardised if it fails to maintain quality products and services or if the Company or the third parties with whom it does business, fail to comply with regulations or accepted business practices (including ethical, social, product, labour and environmental standards, or related political considerations). If damage were to occur to the Company's or the reputation of its third party service providers, the demand for the Company's products and services may be reduced and/or the Company's products and services may be boycotted. All of these factors would be likely to have an adverse effect on revenue, margins, profitability and the Company's operations.
Data loss/privacy breach	The Company's business operations involve the storage of confidential, personal and sensitive information. The Company's business could be materially disrupted by privacy/data breaches through theft, unauthorised access (e.g. hacking), unauthorised disclosure (including exploitation of data) or loss of information (e.g. systems problems). While the Company undertakes measures to prevent and detect the occurrence of such security breaches, there is a risk that such measures may not be

Risk Category	Risk
	adequate. Any security breach may result in significant disruption to the Company's business including rendering such operations unavailable for a period of time until the data is restored. A security breach could also have an adverse impact on the Company's reputation. This in turn would be likely to adversely affect the Company's revenues and in turn profitability.
Coronavirus (COVID-19)	The outbreak of the coronavirus disease (COVID-19) may continue to impact global economic markets. While COVID-19 is not currently materially affecting the Company's operations, with the potential for further outbreaks and new strains of the virus, the ongoing nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by further outbreaks and new strains of COVID-19. Further, any new governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

6.3 Industry specific

Risk Category	Risk
Regulation changes/changes in government policy	<p>The education market may be adversely impacted by changes in government policy, regulation or legislation applying to education providers and changes to education expenditure. Such decisions can redefine the available markets that the Company operates in, for reasons unrelated to the Company's performance or products.</p> <p>Similarly, the imposition of new regulation (such as the introduction of greater restrictions on the use of school or student data) may also adversely affect providers in this market. Such decisions could negatively impact the Company's prospects, revenues and profits. Specifically, the Company operates its Vocational Education and Training in schools and industry training businesses through four wholly-owned Registered Training Organisations ("RTOs") that are regulated by the Australian Skills Quality Authority. The continuing registration of the RTOs is one of the key material risks for the Company, and therefore remains one of the highest priorities in the Company's risk mitigation strategy.</p>
Competition risk	The education market is highly competitive with a large number of participants spanning traditional print publishers, online education providers, large software corporations, and cross-curriculum platform and technology providers. As a result, the industry has a rapidly changing landscape with shifting competitive forces. This may place pricing pressure on the

Risk Category	Risk
	<p>Company's product offering and may impact on the Company's ability to retain existing customers as well as its ability to attract new business.</p> <p>Similarly, there is constant change in the product mix available in this market as participants constantly revise and improve their business models in response to challenges from competing businesses. If these or other market participants introduce new or improved eBook reader platforms that the Company cannot match or exceed in a timely or cost effective manner, the Company's business and profitability may be adversely affected.</p>

6.4 General risks

Risk Category	Risk
Economic	General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and commercialisation activities, as well as on its ability to fund those activities.
Market conditions	<p>Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p>
Litigation risks	The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's

Risk Category	Risk
	operations, financial performance and financial position. The Company is not currently engaged in any litigation.
Dividends	Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.
Taxation	<p>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.</p>
Ukraine conflict	<p>General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities.</p> <p>General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.</p> <p>Specifically, it should be noted that the current evolving conflict between Ukraine and Russia is impacting global macroeconomics and markets generally. The nature and extent of the effect of this conflict on the performance of the Company and the value of the Company's Shares remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the conflict between Ukraine and Russia and overall impacts on global macroeconomics. Given the situation is continually evolving, the outcomes and consequences are inevitably uncertain.</p>

6.5 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Securities offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Securities.

Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
27 July 2023	Appendix 3B (Proposed issue of Securities)
27 July 2023	Fully-Underwritten Entitlement Offer
25 July 2023	Trading Halt

Date	Description of Announcement
5 July 2023	Appendix 3H (Notification of cessation of securities)
3 July 2023	Final Directors Interest Notice
3 July 2023	Company Presentation
28 June 2023	Director Appointment/Resignation
31 May 2023	Half Yearly Report
31 May 2023	Half Yearly Report
18 May 2023	Appendix 3G (Notification of Unquoted Equity Securities)
18 May 2023	Appendix 3G (Notification of Unquoted Equity Securities)
8 May 2023	Director Appointment/Resignation
28 April 2023	Commitments Test Entity - Second Quarter Cashflow Report
3 April 2023	Change of Directors Interest Notice
3 April 2023	Change of Directors Interest Notice
3 April 2023	Change of Directors Interest Notice
3 April 2023	Change of Directors Interest Notice
3 April 2023	Change of Directors Interest Notice
3 April 2023	Change of Directors Interest Notice
15 February 2023	Initial Directors Interest Notice
13 February 2023	Results of Meeting
13 February 2023	Company Presentation
13 February 2023	Chairman's Address to Shareholders
30 January 2023	Commitments Test Entity - First Quarter Cashflow Report
13 January 2023	Notice Of Annual General Meeting
22 December 2022	Change of Directors Interest Notice
16 December 2022	Director Appointment/Resignation
12 December 2022	Appendix 2A (Application for Quotation of Securities)
29 November 2022	Preliminary Final Report
29 November 2022	Corporate Governance
29 November 2022	Preliminary Final Report
29 November 2022	Annual Reports

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <https://readcloud.com/>.

7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.080	13 & 20 July 2023
Lowest	\$0.045	7 June 2023
Last	\$0.070	27 July 2023

7.4 Material Contracts

7.4.1 Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with Canaccord Genuity (Australia) Limited, pursuant to which Canaccord has agreed to fully underwrite the Offer (equal to 24,367,457 Shares and 12,183,728 Options).

The Underwriter may appoint sub-underwriters to sub-underwrite the Offer (including the persons and entities who have been appointed as set out in section 7.4.2 below). The appointment of any sub-underwriter and the allocation of any Underwritten Securities is at the sole discretion of the Underwriter.

The material terms and conditions of the Underwriting Agreement are summarised below:

Fees	<p>Under the terms of this engagement, the Company will pay Canaccord (plus any applicable GST):</p> <ul style="list-style-type: none">(a) a management fee of 2.0% of the total proceeds of the Offer;(b) an underwriting fee equal to 4.0% of the amount calculated as the total Offer proceeds less the dollar value of sub-underwriting commitments provided by Directors and Key Management Personnel (and their related parties).
Termination Events (Absolute Termination Rights)	<p>The Underwriter, without cost or liability, may by notice to the Company, terminate its obligations under the Underwriting Agreement upon or at any time until 2:00pm on the date of the issue of the securities under the Offer (Settlement Date) if:</p> <ul style="list-style-type: none">(a) Listing: The Company ceases to be admitted to the official list of ASX or the Shares are suspended from trading on or cease to be quoted on the ASX or it is

announced by ASX or the Company that such an event will occur; or

- (b) **Insolvency:** The Company or a subsidiary which represents 5% or more of the consolidated assets or earnings of the Company group (**Material Subsidiary**) is insolvent or it is reasonably likely that the Company or a Material Subsidiary will become insolvent; or
- (c) **Withdrawal:** The Company withdraws all or part of the Offer; or
- (d) **Offer Force Majeure:** There is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency, which makes it illegal for the Underwriter to satisfy a material obligation of this agreement or to market, promote or settle the Offer; or
- (e) **Unable to issue:** The Company is unable to issue or prevented from issuing any new Shares (or New Options) as contemplated by the Underwriting Agreement by virtue of the ASX Listing Rules, applicable laws, a governmental agency or an order of a court of competent jurisdiction; or
- (f) **Repayment of application moneys:** Any circumstance arises after lodgement of the Prospectus with ASIC that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for new Shares and be repaid their application moneys; or
- (g) **Withdrawal of consent:** Any person, other than the Underwriter:
 - (i) whose consent to issue the Prospectus is required under section 716 or 720 of the Corporations Act, does not provide that consent (in a form acceptable to the Underwriter, acting reasonably); or
 - (ii) who has previously consented to the inclusion of their name or any statement in the Prospectus or any supplementary prospectus withdraws that consent; or
- (h) **Regulatory action in relation to directors and senior executives:**
 - (i) a director or the chief executive officer or chief financial officer of the Company is charged with an indictable offence or fraudulent conduct;
 - (ii) any director of the Company is disqualified under the Corporations Act from managing a corporation; or
 - (iii) any regulatory body commences any public action against the Company, or any director

or the chief executive officer or chief financial officer of the Company, or publicly announces that it intends to take any such action; or

- (i) **Change in management:** There is a change (or a change is announced) in the chief executive officer, chief financial officer or chairman of the Company, other than one which has already been disclosed to ASX or in any public information or disclosed to the Underwriter before the date of this agreement; or
- (j) **Capital Structure:** Except as disclosed in the Prospectus or any other documents relating to the Offer (**Information Documents**) lodged with ASX on or before the Announcement Date, there is an alteration to the Company's capital structure without the prior consent of the Underwriter or other than as is provided in this agreement or as a result of the Offer; or
- (k) **Market fall:** The S&P/ASX Small Ordinaries Index falls to a level which is 10% or more below the level of that index on the close of trading on the Business Day before the date of this agreement and closes at or below that level:
 - (i) On any three consecutive Business Days after the date of this agreement and on or before the Business Day immediately prior to the Settlement Date; or
 - (ii) At the close of trading on the Business Day immediately prior to the Settlement Date; or
- (l) **ASIC action:** ASIC:
 - (i) applies for an order under Part 9.5 of the Corporations Act in relation to the Offer, the issue of the Offer Shares or any Information Document;
 - (ii) holds, or gives notice of intention to hold, a hearing, inquiry or investigation in relation to the Offer, the issue of the Offer Shares or any Information Document under the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth);
 - (iii) prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its officers, employees or agents in relation to the Offer, the issue of the Offer Shares or any Information Document under the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth),

except in circumstances where the existence of the application, hearing, inquiry, investigation,

- prosecution or notice has not become public and it has been withdrawn by the date that is the earlier of:
- (i) the Business Day immediately preceding the Settlement Date; or
 - (ii) the date that is 3 Business Days after the application, hearing, inquiry, investigation, prosecution or notice is commenced or received; or
- (m) **Application:** There is an application to a governmental agency (including the Takeovers Panel) for an order, declaration (including of unacceptable circumstances) or other remedy in connection with the Offer (or any part of it), except in circumstances where the existence of the application has not become public and has been withdrawn, discontinued or terminated by the date that is the earlier of:
- (i) the Business Day immediately preceding the Settlement Date; or
 - (ii) the date that is 3 Business Days after the application, hearing, inquiry, investigation, prosecution or notice is commenced or received; or
- (n) **Determination:** ASIC makes a determination under subsection 713(6) of the Corporations Act; or
- (o) **Supplementary prospectus:** A supplementary prospectus:
- (i) is lodged by the Company without the prior written consent of the Underwriter (not to be unreasonably withheld or delayed); or
 - (ii) must be lodged with ASIC under section 719; or
- (p) **Section 730 notice:** A person other than the Underwriter gives a notice to the Company under section 730 of the Corporations Act that is in the reasonable opinion of the Underwriter materially adverse from the point of view of an investor; or
- (q) **Authorisations:** Any:
- (i) material licence, lease, permit, concession, tenement, authorisation or concession of the Group (**Authorisation**) is, or is reasonably likely to be, invalid, revoked or unenforceable, including as a result of the introduction of new legislation in the relevant jurisdiction; or
 - (ii) Authorisation is breached or not complied with in a material respect; or
- (r) **Compliance:** The Company commits a breach of the Corporations Act, ASX Listing Rules or its Constitution; or

	<p>(s) Certificate: A Certificate which is required to be furnished by the Company under this agreement is not furnished when required, or if furnished is untrue, incorrect or misleading or deceptive in any material respect (including by omission); or</p> <p>(t) ASX approval: Unconditional approval (or conditional approval, provided such condition would not have a material adverse effect on the success or settlement of the Offer) by ASX for official quotation of the Offer Shares is refused or is not granted by the time required to issue the relevant Offer Shares in accordance with the Timetable or, if granted, is modified (in a manner which would have a material adverse effect on the success or settlement of the Offer) or withdrawn; or</p> <p>(u) Timetable: Any event specified in the timetable is delayed other than in accordance with clause 2.1.</p>
Termination Event (Qualified Termination Rights)	<p>The Underwriter, without cost or liability, may also by notice to the Company, terminate its obligations under the Underwriting Agreement upon or at any time until 2:00pm on the Settlement Date if they have reasonable grounds to believe and does believe that a following Materiality Qualified Termination Event (set out below):</p> <p>(a) has had, or is likely to have, a material adverse effect on:</p> <ul style="list-style-type: none"> (i) the financial position or performance, shareholders' equity, profits, losses, results, condition, operations or prospects of the Company or the Group; (ii) the success or outcome of the Offer; (iii) the willingness of investors to subscribe for Offer Shares; (iv) the likely price at which Offer Shares will trade on ASX; or (v) the ability of the Underwriter to market, promote or effect settlement of the Offer; or <p>(b) has given rise to or could reasonably be expected to give rise to a contravention by, or a liability of, the Underwriter under any applicable law or regulation.</p> <p>Materiality qualified Termination Events</p> <p>(a) Prospectus: The Prospectus:</p> <ul style="list-style-type: none"> (i) is or becomes misleading or deceptive (including misleading within the meaning of section 728(2) of the Corporations Act); or (ii) does not contain all information required to comply with the Corporations Act (in particular having regard to section 713 of the Corporations Act); or

- (b) **Public Information:** A statement in any of the public information is or becomes misleading or deceptive or is likely to mislead or deceive, in each case in a material respect; or
- (c) **Breach:** The Company fails to perform or observe any of its obligations under this agreement or fails to comply with any applicable law (other than the Corporations Act and ASX Listing Rules); or
- (d) **Due Diligence:** Any of the documents required to be provided under the Due Diligence Planning Memorandum, including the Due Diligence Report, having been withdrawn, or varied without the prior written consent of the Underwriter; or
- (e) **Information:** The Due Diligence Report or the information provided by or on behalf of the Company to the Underwriter in relation to the Due Diligence Program, the Information Documents or the Offer, is false, misleading or deceptive or likely to mislead or deceive (including by omission); or
- (f) **Representations and warranties:** A representation or warranty made or given by the Company under this agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive; or
- (g) **Legal proceedings:** Legal proceedings against the Company, any other Group Member or against any director of the Company or any other Group Member in that capacity is commenced or any regulatory body commences any enquiry or public action against a Group Member; or
- (h) **Conduct:** The Company or any of its directors or officers engages in misleading or deceptive conduct or activity in connection with the Offer; or
- (i) **New circumstance:** A new circumstance arises which is a matter adverse to investors in Offer Shares and which would have been required by the Corporations Act to be included in the Prospectus had the new circumstance arisen before the Prospectus was given to ASX; or
- (j) **Adverse change:** There is an adverse change, or an event occurs that is reasonably likely to give rise to an adverse change, in the business, assets, liabilities, financial position or performance, operations, management, outlook or prospects of the Company or the Group (in so far as the position in relation to any entity in the Group affects the overall position of the Company); or
- (k) **Future matters:** Any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or

data) in an Information Document or public information is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, is reasonably unlikely to be met in the projected timeframe; or

(l) Information Documents misleading: Any:

- (i) statement in an Information Document is or becomes false, misleading or deceptive or likely to mislead or deceive; or
- (ii) Information Document does not contain all information required to comply with all applicable laws; or

(m) Information Documents issued or varied without approval: The Company:

- (i) issues an Information Document without the prior approval of the Underwriter (such approval not to be unreasonably withheld); or
- (ii) varies or withdraws an existing Information Document without the prior approval of the Underwriter (such approval not to be unreasonably withheld); or

(n) Change in law: There is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or prospective law or any new regulation is made under any law, or a Governmental Agency or the Reserve Bank of Australia adopts a policy, or there is an official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Governmental Agency that such a law or regulation will be introduced or policy adopted (as the case may be) (other than a law or policy that has been announced before the date of this agreement), any of which does or is reasonably likely to prohibit or regulate the Offer or adversely affects the Group; or

(o) Disruption in financial markets: Any of the following occurs:

- (i) a general moratorium on commercial banking activities in Australia, New Zealand, the United States, the United Kingdom, a member state of the European Union or the People's Republic of China (including Hong Kong) is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or

	<ul style="list-style-type: none"> (ii) trading in all securities quoted or listed on the ASX, the London Stock Exchange, the New York Stock Exchange, Euronext or the Hong Kong Stock Exchange is suspended or limited in a material respect; or (iii) the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, New Zealand, the United States, the United Kingdom, a member state of the European Union Hong Kong or any change or development involving such a prospective adverse change in any of those conditions or markets; or <p>(p) Hostilities: Major hostilities not existing at the date of this agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Japan, Singapore, the United Kingdom, a member state of the European Union, Russia, Ukraine or the Peoples Republic of China (including Hong Kong) or a national emergency is declared by any of those countries, or a major terrorist act is perpetrated anywhere in any of those countries; or</p> <p>(q) Prescribed Occurrence: A Prescribed Occurrence in respect of the Company occurs during the Offer Period, other than:</p> <ul style="list-style-type: none"> (i) as contemplated by this agreement or pursuant to the Offer; (ii) in a manner described in the Management Questionnaire or the ASX Release or any public information lodged with ASX on or before the date of this agreement; (iii) the Company issuing securities pursuant to: <ul style="list-style-type: none"> (A) the exercise or conversion of any security on issue as at the date of this agreement; (B) any employee incentive scheme in operation as at the date of this agreement; or (C) any distribution reinvestment plan; or (D) as permitted in writing by the Underwriter.
Indemnity	Subject to limitations of the indemnity provided in the Underwriting Agreement, the Company will indemnify and keep indemnified the Underwriter, its Affiliates and Related

Bodies Corporate and each their directors, officers, partners, employees or agents, and holds them harmless from all losses suffered directly or indirectly and from claims arising out of or in connection with the Offer, any of the Information Documents and the underwriting agreement, including as a result of:

- (a) the issue of the new Shares (including the New Options);
- (b) non-compliance by the Company with or breach of any legal requirement, the Corporations Act or ASX Listing Rules in relation to any of the documents relating to the Offer or public information;
- (c) any advertising of the Offer by or on behalf of the Company;
- (d) any representation and warranties by the Company in the Underwriting Agreement not being true and correct or being misleading or deceptive; or
- (e) any breach of failure by the Company to observe any of its obligations under the Underwriting Agreement.

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

7.4.2 Sub-Underwriting Agreements

The Underwriter has entered into sub-underwriting agreements with each of the Directors and Key Management Personnel, pursuant to which each of the Directors and certain Key Management Personnel have agreed to sub-underwrite the Offer (**Sub-Underwriting Agreements**) on the following material terms:

- (a) each Director and certain Key Management Personnel has agreed to sub-underwrite the Offer in the amounts shown in the table contained in Section 2.4 (**Sub-Underwriting Commitment**); and
- (b) the Sub-Underwriting Agreements shall terminate if the Underwriters' obligations under the Underwriting Agreement cease or are terminated.

The Sub-Underwriting Agreements are otherwise made on terms and conditions considered standard for an agreement of this nature.

7.4.3 Lead Manager Mandate

On 19 July 2023, the Company signed a mandate letter to engage Canaccord to act as lead manager of the Offer (**Lead Manager Mandate**).

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations, warranties and confidentiality provisions).

7.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (i) the Offer.

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 2.4.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$180,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors as disclosed in the Company's 2022 Annual Report.

Director	FY ending 30 September 2022	FY ending 30 September 2021
Cristiano Nicolli	\$71,666 ¹	\$61,666 ²
Lars Lindstrom	\$260,640 ³	\$278,161 ⁴
Darren Hunter	\$255,414 ⁵	\$276,351 ⁶
Paul Collins	\$53,750 ⁷	\$48,750 ⁸
Jonathan Isaacs ⁹	N/A	N/A

Notes:

1. Comprising of \$65,069 in cash salary and fees and \$6,597 in superannuation.
2. Comprising of \$56,254 in cash salary and fees and \$5,412 in superannuation.
3. Comprising of \$236,096 in cash salary and fees, (\$4,033) in annual leave accrued, \$23,904 in superannuation and \$4,673 in long service leave entitlements.
4. Comprising of \$237,173 in cash salary and fees, \$13,484 in annual leave accrued, \$22,827 in superannuation and \$4,677 in long service leave entitlements.
5. Comprising of \$236,096 in cash salary and fees, (\$9,259) in annual leave accrued, \$23,904 in superannuation and \$4,673 in long service leave entitlements.
6. Comprising of \$237,173 in cash salary and fees, \$11,674 in annual leave accrued, \$22,827 in superannuation and \$4,677 in long service leave entitlements.
7. Comprising of \$48,802 in cash salary and fees and \$4,948 in superannuation.
8. Comprising of \$44,474 in cash salary and fees and \$4,276 in superannuation.
9. Jonathan Isaacs was appointed as a director on 13 February 2023.

7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Canaccord has acted as the lead manager and underwriter of the Offer. The Company estimates it will pay Canaccord \$67,723 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Canaccord has not received any fees from the Company for any other services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any other fees for any other services.

7.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) has not authorised or caused the issue of the Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (c) in light of the above, only to the maximum extent permitted by law, makes no representation or warranty, whether express or implied and take no responsibility for any statements or material in or omissions from the Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (d) has given and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Canaccord has given its written consent to being named as the Lead Manager and Underwriter to the Offer in this Prospectus in the form and context in which it is named. Canaccord has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

PKF Melbourne Audit & Assurance Pty Ltd (**PKF**) has given its written consent to being named as auditor to the Company in this Prospectus and the inclusion of the 31 March 2023 reviewed balance sheet of the Company in Section 4.4. PKF has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

7.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$120,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	7,299
Underwriting fee	67,723
Legal fees	30,000
Printing and distribution	10,000
Miscellaneous	2,000
Total	120,228

7.9 Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

8. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEST means Australian Eastern Standard Time as observed in Melbourne, Victoria.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Canaccord means Canaccord Genuity (Australia) Limited (AFSL 234666).

Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

Company means ReadCloud Limited (ACN 136 815 891).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

CRN means Customer Reference Number in relation to BPAY®.

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder as at the Record Date who is eligible to participate in the Offer.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Exercise Price means the exercise price of the New Options being \$0.10.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Issue Price means \$0.06 per Share.

Key Management Personnel means each of and collectively the Chief Executive Officer, Chief Financial Officer and Chief Product Officer.

New Option means an Option issued on the terms set out in Section 5.2.

Offer or **Entitlement Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

Offer Securities means securities being offered under the Offer.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at Section 1.

Section means a section of this Prospectus.

Securities means Shares and/or Options as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the Shortfall Offer application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall Securities on the terms and conditions set out in Section 3.7.

Shortfall Securities means those Securities not applied for under the Offer (if any) and offered pursuant to the Shortfall Offer.

Underwriter or **Lead Manager** means Canaccord Genuity (Australia) Limited (AFSL 234666).