

ASX Release

23 July 2024



Quarterly Activities Report & Appendix 4C

Highlights

- RCL is on track to generate positive operating cashflow and deliver positive underlying EBITDA in FY24 (ending 30 September 2024)
- Organic growth in FY24 has delivered an 18% uplift in ytd cash receipts from customers to \$10.56m
- Cost discipline and a focus on execution is establishing a platform for sustained growth
- \$2.65m cash as at 30 June 2024

Update

Inbound inquiries and referrals suggest that the Company's increased focus on customers is paying off. ReadCloud is anticipating a strong sales outcome in 2025 for both eBook Solutions and VET-in-schools. The VET-in-industry business, Southern Solutions Training Services, continues to secure new industry partnerships, most recently with a Childcare Provider operating 10 centres across NSW and Victoria.

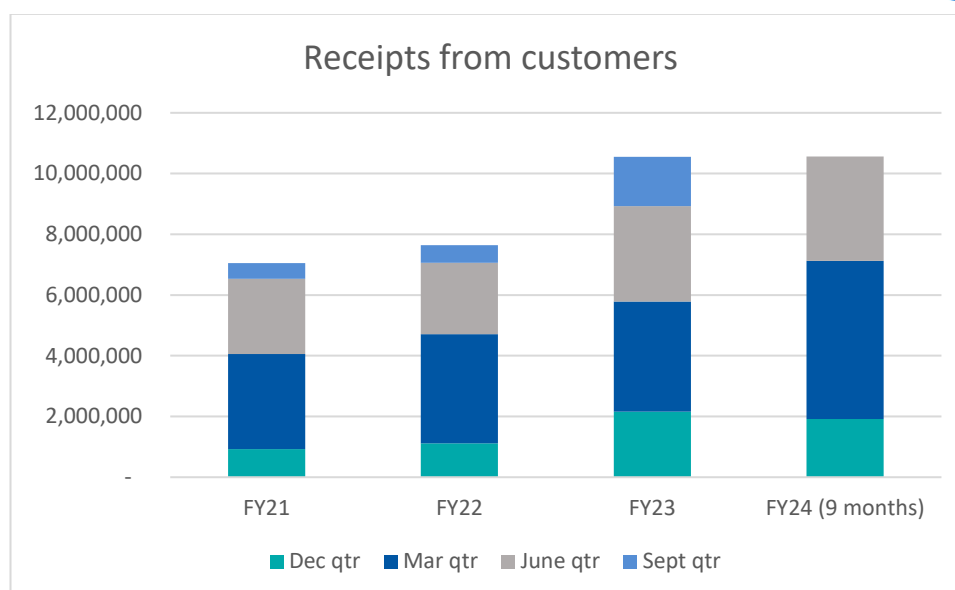
Working capital dynamics remain favourable. Cash from sales to schools (approximately 80% of revenue) are typically received prior to corresponding payments being made to publishers and booksellers.

Operating leverage is being unlocked and the cash balance is strengthening, providing optionality over a growth acceleration program, either organically through the reinvestment of improving cashflow or through acquisition.

Finance Update

Key points from the accompanying Appendix 4C Cash Flow Statement:

- \$3.43m cash receipts from customers for the June quarter up 9% on pcp (\$3.14m)
- \$10.56m total cash receipts from customers for FY24 ytd (9 months), up \$1.64m or 18% on pcp, with additional revenue (and cash receipts) expected in the current quarter



- \$1.83m cost of sales (Product manufacturing and operating costs) for the June quarter included:
 - \$1.49m of payments to publishers and booksellers relating to eBook sales made in the March and June quarters
 - \$0.14m relating to the purchase of externally sourced VET-in-school course materials
 - \$0.19m relating to the delivery of VET-in-industry qualifications mainly comprising of trainer costs
- \$1.61m Staff costs for the June quarter were up on the March quarter (\$1.52m) on account of:
 - staff separation costs of \$0.08m
 - trainer costs associated with increased delivery of industry training by Southern Solutions Training Services during the quarter.
- Marketing costs for the June quarter (\$0.08m) were up on prior quarters reflecting increased engagement with customers
- Administrative and corporate costs totalled \$0.20m, down slightly on pcp (\$0.21m)
- Payments to related parties (item 6.1 of the attached Appendix 4C) consisted of remuneration paid to Directors during the quarter

ReadCloud’s cash receipts from sales to Australian schools are primarily generated in the March and June quarters. The Company had \$2.65m of cash at the end of the June 2024 quarter and remains debt free.

The Company remains on track to report breakthrough positive underlying EBITDA and operating cash flow for FY24.

The Company’s Appendix 4C Cash Flow Statement accompanies this report.



CONTACTS:

Investors & Media:

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About ReadCloud Limited

ReadCloud is a leading provider of eLearning software solutions and industry-based training, supporting over 600 schools and educational institutions.

ReadCloud's eBooks technology delivers a learning environment with access to digital content from the world's leading publishers. ReadCloud is a digital first schoolbook offering that enables schools and parents to buy books in a cost effective and environmentally friendly way while bypassing the logistical challenges of procuring physical books. Within ReadCloud's digital environment, teachers and students benefit from sharing social annotations, media-rich embedding options, and text-to-speech and translation available in 100 languages.

ReadCloudVET enables the delivery of 50 qualifications to 15,000 learners across three specialist Registered Training Organisations (RTOs) in Vocational Education and Training Delivered to Secondary School Students.

ReadCloud's strong connection to industry and career pathways extends to Southern Solutions Training Services, an RTO specialising in flexible and blended training models including delivery in a genuine workplace environment for qualifications in Early Childhood Education and Care, Business, Aged Care, Hospitality, Logistics and Real Estate.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ReadCloud Ltd

ABN

44 136 815 891

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	3,431	10,560
1.2	Payments for		
	(a) research and development	(140)	(416)
	(b) product manufacturing and operating costs	(1,831)	(4,111)
	(c) advertising and marketing	(81)	(121)
	(d) leased assets	(35)	(92)
	(e) staff costs	(1,615)	(4,574)
	(f) administration and corporate costs	(198)	(663)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	16	28
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / refund	-	-
1.7	Government grants and tax incentives	-	333
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(453)	944
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-	(8)
	(d) investments		
	(e) intellectual property	-	(10)
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	-	(18)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,100	1,719
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(453)	944
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(18)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,646	2,646

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,646	3,100
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,646	3,100

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	156
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		N/A
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(453)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,646
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,646
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.84
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	N/A
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 23_July 2024

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.