



Quarterly Activities Report & Appendix 4C

ReadCloud Limited (“ReadCloud” or “the Company”) (ASX: RCL) is a leading provider of eLearning solutions to secondary schools and the Vocational Education and Training (“VET”) sector in Australia. The Directors of ReadCloud are pleased to provide a quarterly update and cash flow statement for the September 2024 quarter.

FY24 Financial Highlights - Cash

- 15% increase in receipts from customers for FY24 to \$12.13m
- \$0.84m improvement in operating cash flow
- \$1.43m cash reserves at 30 September 2024
- Debt Free

FY24 Unaudited Results

- \$12.27m unaudited consolidated revenue, up 15% on pcip
- Organic growth in all segments
- Positive FY24 Underlying EBITDA delivered¹
- Positive statutory Operating Cashflow delivered¹

Commentary

ReadCloud has generated positive earnings momentum and strengthening cashflows. Disciplined cost management is delivering a reduction in operating expenses (down 3% in FY24¹) whilst supporting organic growth in each business unit and allowing ongoing investment in customer facing initiatives.

In the September quarter ReadCloud focussed on customer retention and conversion of the 2025 sales pipeline. The Company has achieved:

- A positive start to the 2025 selling season for eBook Solutions with 5 new schools already won, including Brisbane School of Distance Education

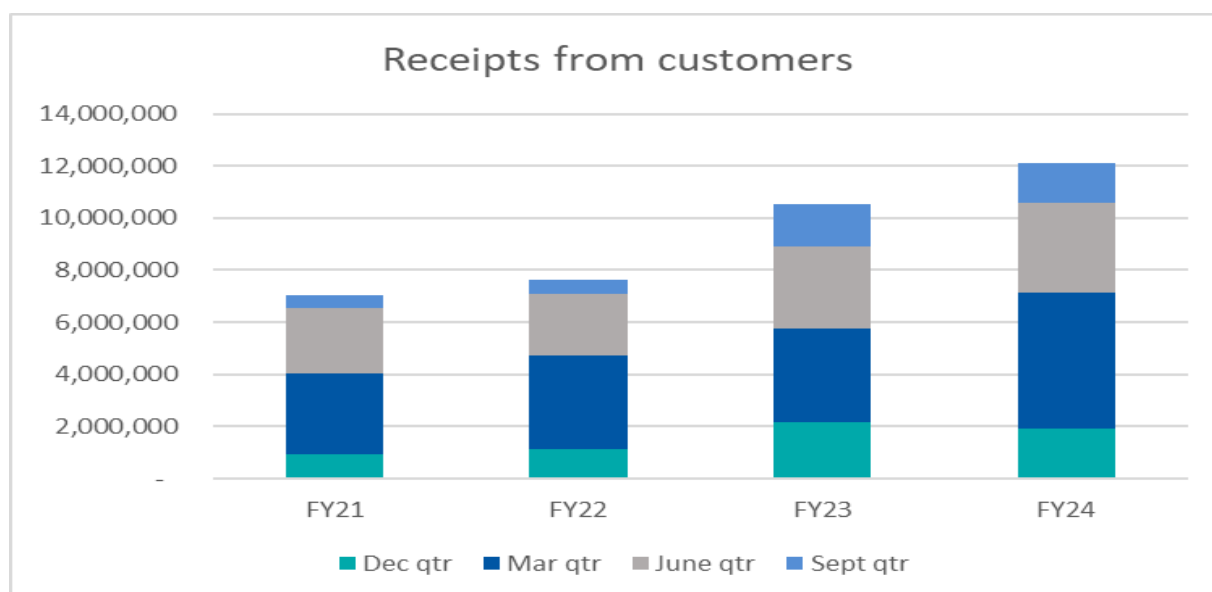
¹ Subject to audit confirmation

- Strong sales momentum in VET-in-schools heading into the 2025 Australian school year and on track for 10% expansion in the customer base
- Enrolments in industry training courses consistently ahead of monthly targets.

Finance Update

Key highlights from the accompanying Appendix 4C Cash Flow Statement include:

- FY24 cash receipts from customers of \$12.13m, up 15% on pcip.
- \$1.57m cash receipts from customers in the September quarter. The \$0.06m reduction in cash receipts on pcip is primarily attributable to deferred invoicing of 2025 VET-in-schools programs for Western Australian schools. ReadCloudVET has negotiated a price increase for its programs with the Western Australian Government. The new pricing was approved in October 2024 and invoicing was held in order to reflect the new pricing.



- \$0.70m cost of sales (Product manufacturing and operating costs) for the September quarter (versus \$0.35 m in the prior comparable quarter) included:
 - \$0.41 m of payments to publishers and booksellers relating to eBook sales made in the March and June quarters; and
 - \$0.29 m of costs relating to the delivery of VET-in-schools and VET-in-industry qualifications mainly comprising of trainer costs, RTO licensing costs and the cost of third-party sourced course materials.
- \$1.66m Staff costs for the September quarter (pcip \$1.71m) included \$0.08m of employee separation costs. The Group has a lower full-time equivalent headcount leading into FY25 than it had at the commencement of FY24
- Payments to related parties (item 6.1 of the attached Appendix 4C) consisted of remuneration paid to directors during the quarter.



- \$0.84m improvement in FY24 net cash used in operating activities of \$0.26m (pcp \$1.10m), driven by organic growth in all segments and disciplined cost management.
- Cash used in operating activities in the accompanying Appendix 4C includes payments for leased assets (\$0.13m) and capitalised software development costs (\$0.55m), which are classified as Financing activities and Investing activities respectively in the Company's statutory accounts. The Company anticipates reporting positive statutory FY24 Operating Cashflow (presented in accordance with Australian Accounting Standards), subject to audit confirmation.

Outlook

ReadCloud enters FY25 with a restructured workforce that has brought the business closer to its customers. The customer base is expected to build further in FY25, with strengthened retention rates enabling growth to accelerate earnings.

The Company will continue to focus on delivering profitable growth and carefully managing investment to support a further acceleration in revenue growth.

The Company expects continued double digit revenue growth and positive cash flow in FY25.

At 30 September 2024 ReadCloud had cash reserves of \$1.43m. ReadCloud is in a strong cash position leading into the March and June quarters which are the peak sales quarters for Australian schools. The Company remains debt free.

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

The Board of ReadCloud Limited has approved the release of this announcement

-Ends-

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About ReadCloud Limited

ReadCloud is a leading provider of eLearning software solutions and industry-based training.

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 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,568	12,128
1.2 Payments for		
(a) research and development	(135)	(551)
(b) product manufacturing and operating costs	(700)	(4,811)
(c) advertising and marketing	(50)	(171)
(d) leased assets	(36)	(128)
(e) staff costs	(1,657)	(6,242)
(f) administration and corporate costs	(199)	(862)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	33
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refund	-	12
1.7 Government grants and tax incentives	-	333
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,204)	(260)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(11)	(19)
(d) investments		
(e) intellectual property	-	(10)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(11)	(29)

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	2,646	1,719
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,204)	(260)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(29)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	1,431	1,431

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	1,431	2,646
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)	1,431	2,646

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	170
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(1,204)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,431
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,431
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.2
<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?	
	Net operating cash flows are expected to strengthen. The September quarter is traditionally a lower quarter in light of the seasonality of the group's operating cash inflows. The Company expects operating cash flow to improve in the current and upcoming quarters.	
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?	
	No. Operations are expected to be funded by operating cash flows.	

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?

Yes. At 30 September 2024 the Company had cash reserves of \$1.43m. The Company is debt free. Cash receipts from Year-12 “headstart” eBook sales invoiced late in the September quarter, invoicing of 2025 School auspicing fees and receipt of the Company’s FY24 R&D tax refund of \$0.33 million in the current (December) quarter will see the Company funded through to the traditionally positive cash flow generating March and June quarters.

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.

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: 29 October 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.