



ReadCloud Limited


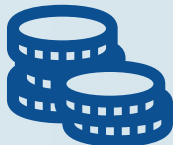

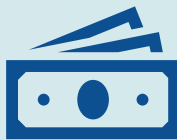

Positive Operating Cashflow and FY25 Outlook

FY24 Audited Annual Results



FY24 Financial Highlights

Executing with discipline into a deep pool of opportunity

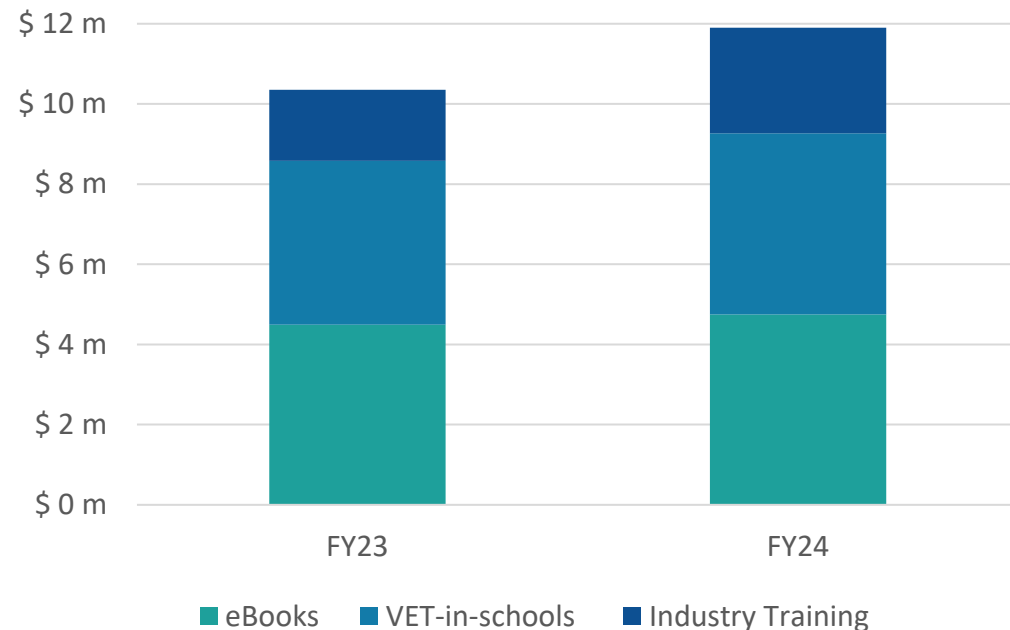
Up 15%	Down 6%	Up 146%	Up 207%	\$1.43m
Sales & Fee Revenue	Operating costs	Underlying EBITDA*	Operating Cashflow	Cash
				
\$11.9m	Restructured workforce	\$0.36m	\$0.41m	Continued Debt Free status
Organic growth in all businesses	The business is now closer to its customers	Breakthrough +ve underlying earnings from \$1.1m improvement	Breakthrough +ve operating cashflow from \$0.8 improvement	Self-funded for working capital requirements

*Underlying EBITDA = earnings adjusted for Interest, Tax, Depreciation and Amortisation, Share-based payments, transaction costs incurred on acquisitions and restructuring costs.

Revenue Growth Trend

Organic Growth in all business lines

FY23 v FY24 Sales and Fee Revenue



Drivers of Organic Growth

- Strong retention rate of 93% across eBooks and VET-in-schools
- Addition of new schools
- Strengthening market positioning driving inbound inquiries
- Heightened customer engagement driving referrals
- Differentiated by market leadership in technology, breadth of course options, multi state funding arrangements and customer service

FY24 Highlights

Significant turnaround with positive underlying earnings and positive operating cashflow. Effective cost control is in place. In FY24 operating costs reduced by 6% and supported 15% growth in Sales and Fee Revenue.

eBooks	VET-in-schools	Industry Training
<ul style="list-style-type: none"> Retention rate increased to 91% from 69% 12 New Australian schools successfully onboarded Sales to 5 international schools Australian International School Singapore signs for 3 years Brisbane School of Distance Education signs for 4 years New onboarding processes are supporting efficiencies, scalability, and improving customer experience 	<ul style="list-style-type: none"> 39 New schools successfully onboarded Engagement initiatives are bringing ReadCloudVET closer to its customers Launch of training course pilot in Indonesia Migration of school customers onto the ReadCloudVET portal completed Rewrite and upgrade of proprietary Learning Materials for 11 Qualifications 	<ul style="list-style-type: none"> Enrolments averaged 54 per month above target of 45 per month Distinct transition into higher value courses and Qualifications Meaningful Industry Partnerships established in the Childcare sector Additional access to Government funding secured

ReadCloud's Approach

We deliver educational technology, content, and training programs to Australian and International markets.

We enhance learning through an innovative platform, exceptional service, and tailored management solutions.

We strategically nurture our competitive advantages and are alive to transformative opportunities.

“Learn Better”

Key Offerings & Drivers of Success

Innovative Technology	Content & Materials	Reach & Distribution	Vocational Training
<ul style="list-style-type: none"> Digital-first, publisher-agnostic eBook platform Proprietary tech enabling global reach Seamless eLearning tools designed for students and teachers 	<ul style="list-style-type: none"> Australian-owned tech and content IP Industry-informed learning and assessments resources Expertise in multi-publisher relationships and vocational training 	<ul style="list-style-type: none"> Efficient global distribution without increasing the cost base Established channels in domestic and international markets Multi-state funding valued by national clients 	<ul style="list-style-type: none"> Australia's largest range of secondary school vocational training programs Serving six states and territories High-performing training organisations with above-average student satisfaction (91%, NCVET Student Outcomes)

ReadCloud Delivers Quality Learning Opportunities



Equity of Access

Providing equal access to learning resources and opportunities to all students including those in remote and regional locations



Timely Resource Delivery

Ensuring the right books reach the right students at the right time



Vocational Pathways

Enabling access to a meaningful range of vocational pathways for students across Australia



Industry Engagement & Compliance

Making training relevant and facilitating the achievement of industry compliance requirements

Driving Continuous Improvement through Customer Engagement

We embrace insights and feedback to strengthen our service offerings, focusing on the following areas:



Support Sessions

A dedicated team committed to supporting customers and ensuring seamless use of our products



Personalised Customer Care

Regular visits to schools and academies, complemented by ongoing digital communication to maintain connections and effective relationships



Informed Validation Process

Collaborating with schools and industry to ensure programs and materials effectively meet the needs of students, teaching staff and industry



Industry Engagement

Building strong relationships with key industry players, including major clients in the Early Childhood Education & Care sector and emerging publishers to enhance our offerings and expertise

The Problems We Help Solve

Access and Equity	Content Delivery and Learning Support	Ease and Efficiency	Compliance and Industry Support
<ul style="list-style-type: none"> Ensuring equity of access to learning resources and opportunities through online EduTech platforms Providing access to an extensive range of vocational pathways for young people 	<ul style="list-style-type: none"> Efficiently delivering relevant educational content to students – the right books to the right students on time Supporting the Australian vocational training sector through professional development initiatives 	<ul style="list-style-type: none"> Removing training complexities for childcare operators Reducing administrative burden on schools Providing personalised eLearning management systems 	<ul style="list-style-type: none"> Facilitating the achievement of industry compliance requirements Addressing national skills shortages by providing a breadth of vocational training opportunities

Service Sectors



eBooks for Schools & Students	Vocational Education and Training delivered to Secondary School Students	Vocational Education and Training Delivered to Industry
<p>A digital-first platform that aggregates eBooks from multiple publishers, enhances learning with collaborative tools, immersive reading features, and translation support for over 120 languages. By offering a safe, secure and interactive space for teachers and students, we simplify access to educational resources while reducing the administrative burden for schools.</p>	<p>Delivering high-quality vocational training programs to secondary schools across Australia, building strong connections between schools and industry to ensure Trainers are well-informed and students are engaged with relevant content. Focused on students, we empower schools and teachers to implement vocational training through tailored support, flexible learning, and streamlined processes.</p>	<p>A valued and reliable training partner delivering nationally recognised accredited courses to industry clients and independent students in the Early Childhood Education and Care sector. Our learning solutions are relevant, flexible, innovative and relate directly to industry. Our processes and training methodology provide learners with a supportive, contemporary, and quality learning experience.</p>
	   	

Key Services and What They Do

eBooks					
Services & solutions	Application	Problem solved	Benefits & competitive advantage	Pricing & scalability	Total Addressable Market
Provisioning	Australian book hire schools	No more multiple logins for different publishers	Reduces administrative burden	Retail margin on books	Australian schools k-12
Library Management	International book list schools	All students use the same version of the book	Enhances student engagement	Software Fee	International schools that teach in English (~14,000 schools)
Timetable Integration					
Student Tools	Distance Education		Provides instant access to resources		
Teaching Tools		Simplified book storage and transport	Fast and flexible support		

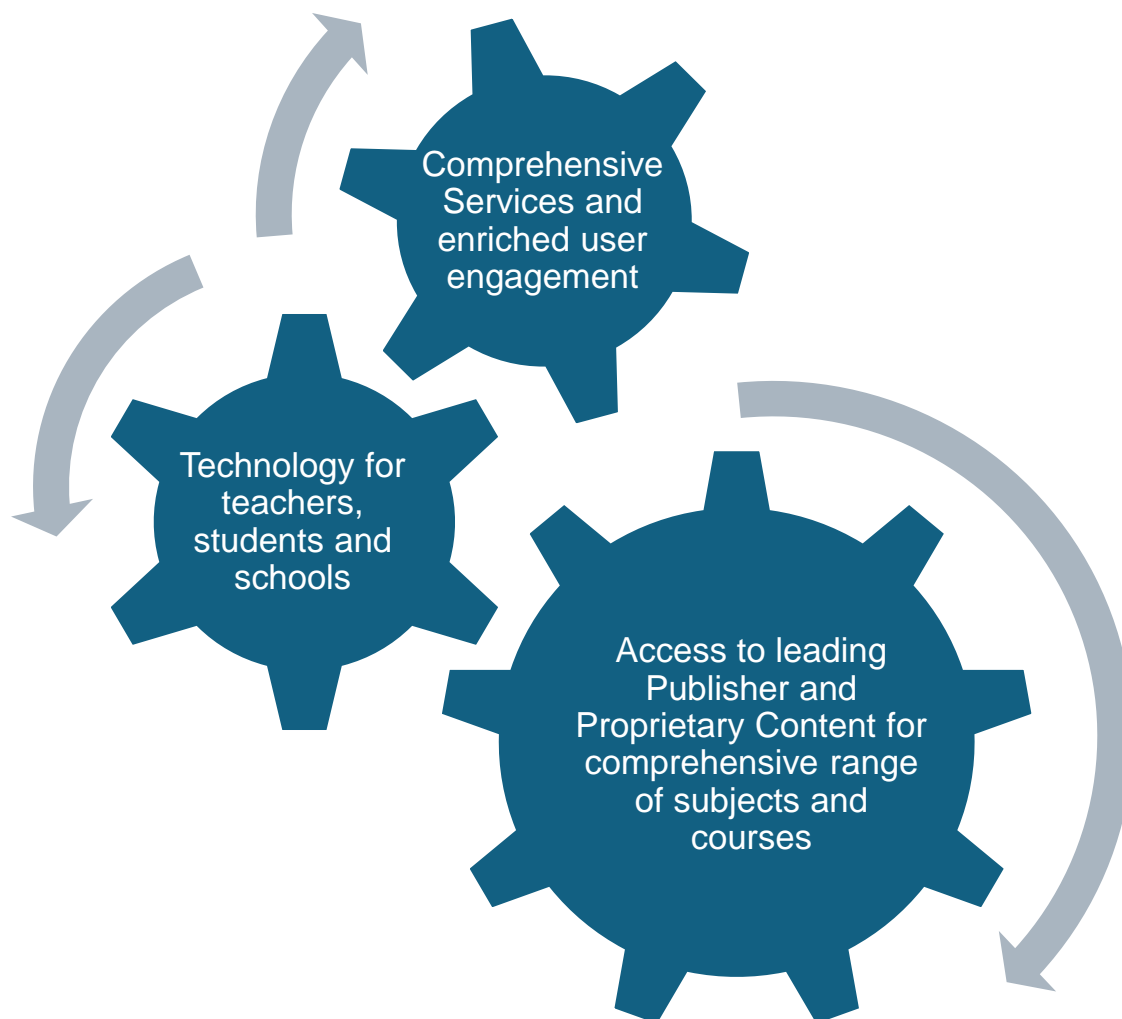
Key Services and What They Do

VET-in-schools					
Services & solutions	Application	Problem solved	Benefits & competitive advantage	Pricing & scalability	Total Addressable Market
<p>High-quality VET-in-Schools programs that address the evolving needs of industry and education</p> <p>Teacher Professional Development and resources</p>	<p>Auspicing agreements (our Registered Training Organisations provide the technology, materials, regulatory compliance and support for secondary schools to deliver vocational education and training on site)</p> <p>Professional Learning for Teachers & Trainers</p>	<p>RTO compliance</p> <p>Integrated online learning environment and simplified delivery</p> <p>Platform evolves to meet the demands of students and teachers</p> <p>Providing relevant, industry informed content to students</p>	<p>Students no longer need to travel to TAFE</p> <p>Wide range of product offerings and flexible start dates</p> <p>High-quality service with dedicated School Partnership Consultants</p> <p>Direct access to the Learning and Assessment team</p>	<p>Course fee</p> <p>Per student fee</p>	<p>Australian Secondary Schools</p> <p>~250,000 students each year</p>

Key Services and What They Do

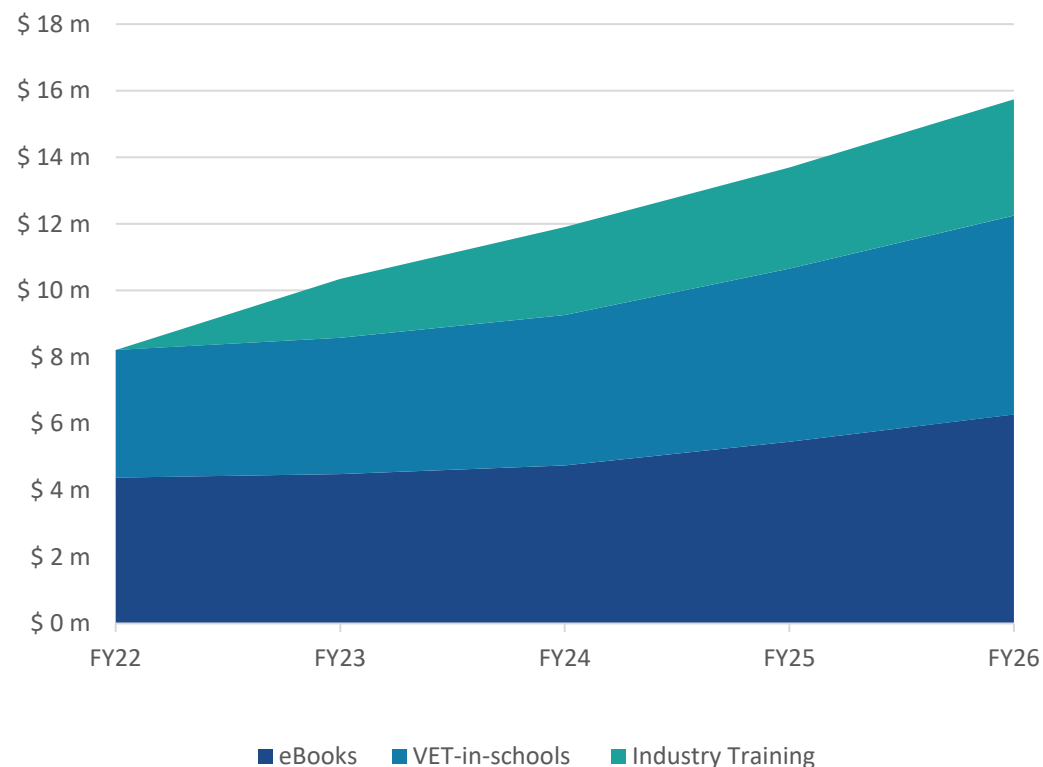
Industry Training					
Services & solutions	Application	Problem solved	Benefits & competitive advantage	Pricing & scalability	Total Addressable Market
Deliver nationally recognised accredited ECEC courses to individual students and industry clients	Delivery of Certificate III and Diploma programs to individual students and via trainee partnerships with industry clients	<p>Meeting staff qualification compliance requirements</p> <p>Addressing the critical skills shortage by providing training opportunities in the growing ECEC sector</p>	<p>Managed service solutions, including compliance, assessment and rating support</p> <p>Multistate funding capabilities</p> <p>Strong industry connections and partnerships</p> <p>Proven expertise with 91% student satisfaction</p>	<p>Per student fee</p> <p>Trainee partnerships</p>	Australian industry in Queensland, New South Wales, Victoria, and South Australia

Innovation and Customer Connection



Organic Growth Horizon

Demonstration of sustained organic revenue growth at 15%



Core Growth Levers

eBooks

- Sales to schools
 - New Australian schools
 - New International schools
 - Increased adoption within existing school customers
- Entry into Booklist category

VET-in-schools

- Courses delivered in Secondary Schools
 - More courses to existing school customers
 - New schools
- Students enrolled in each Course
- Adding growth Qualifications to Scope of Registration

Industry Training

- Trainees/workers enrolling in courses, progressing to milestones and completing qualifications
- Self-funded students enrolling in courses
- Expansion in access to State based funding for Training (either in monetary value eg NSW or in enrolled places eg Victoria)

Growth Pathways



	FY25	Medium Term
eBooks	<ul style="list-style-type: none"> • Increase international school customers from existing 5 • Signing additional Australian Schools 	<ul style="list-style-type: none"> • Expand sales team and target NSW schools • Build a dedicated team to reach scale in international business using learnings from initial clients • Entry into Booklist category
VET-in-schools	<ul style="list-style-type: none"> • Uplift in VET courses per school • Introduction of new courses • Expansion of product suite e.g. Teacher Professional Development Options and Resources-Only packages 	<ul style="list-style-type: none"> • Adoption of Pathway programs in Years 9 and 10 • Scan for roll up acquisitions in complimentary areas of focus
Industry Training	<ul style="list-style-type: none"> • Investment in Business Development for Student Acquisition • Industry Partnerships 	<ul style="list-style-type: none"> • Extension of childcare/aged care training expertise into secondary schools with bridging pathway to industry • Strengthening of QLD/NSW/VIC funding arrangements

FY24 Summary Profit and Loss

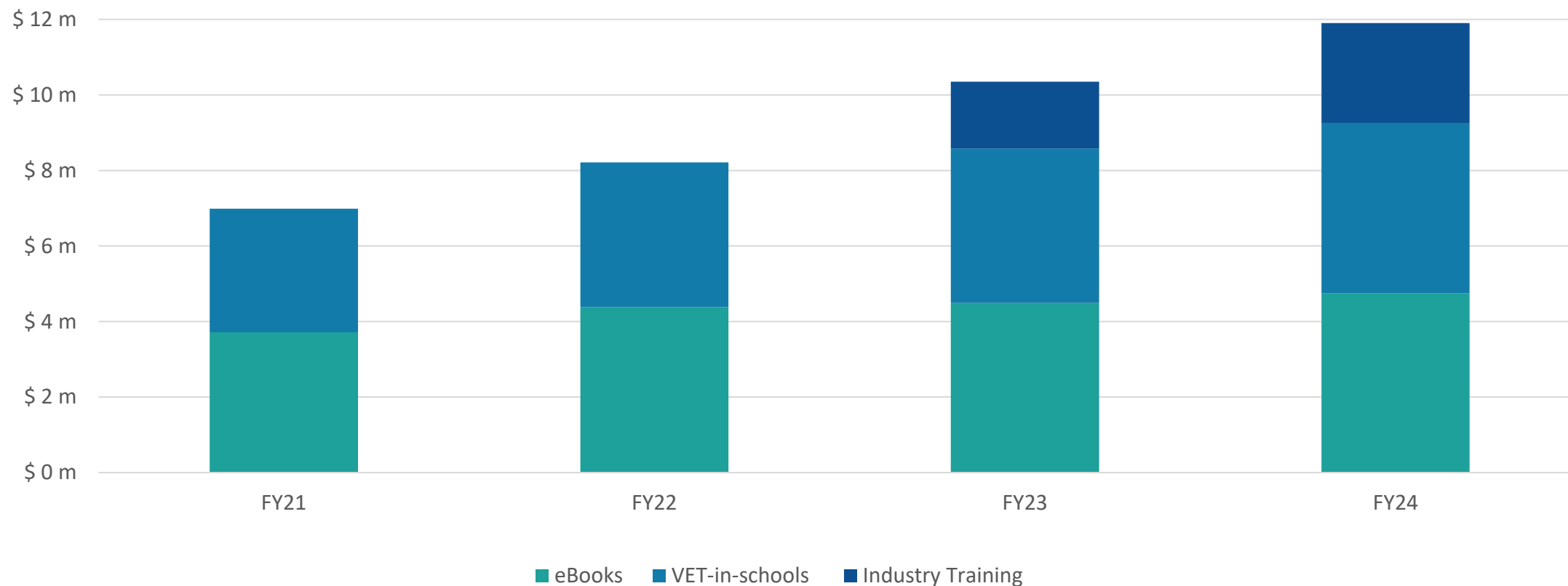
\$'000	30-Sept-24	30-Sept-23	YOY
Sales and fee revenue	11,904	10,349	15%
Less publisher & bookseller fees	(3,974)	(3,619)	10%
Less trainer costs	(1,236)	(877)	41%
Less Cost of sales - Other	(129)	(52)	148%
Gross profit	6,564	5,800	13%
Add: Other revenue	365	356	2%
Less operating expenses:			
Advertising and marketing	(122)	(99)	24%
Computer software	(187)	(154)	21%
Employment expenses	(5,263)	(5,678)	-7%
Legal & compliance	(100)	(98)	2%
Office expenses	(58)	(80)	-27%
Professional services expenses	(425)	(382)	11%
Telephone, internet & data hosting	(103)	(123)	-16%
Travel expenses	(86)	(172)	-50%
Other expenses	(187)	(139)	35%
Total operating expenses	(6,533)	(6,925)	-6%
Less interest revenue	(33)	(17)	99%
Underlying EBITDA*	363	(786)	146%

Notes

- Sales & Fee Revenue up 15%
- Operating expenses down 6%
 - Employment expenses down 7%.
 - Lower headcount heading into FY25
- Underlying EBITDA up 146%

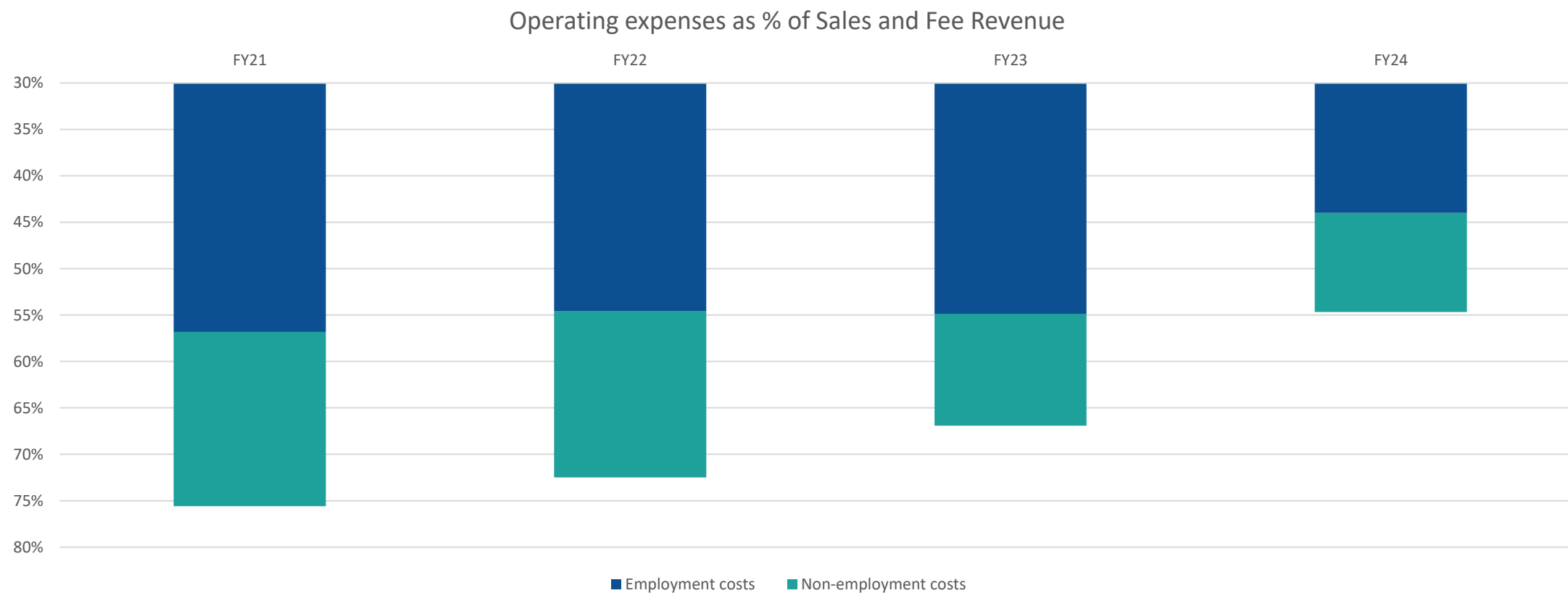
Strong track record of revenue growth

Sales and Fee Revenue by business

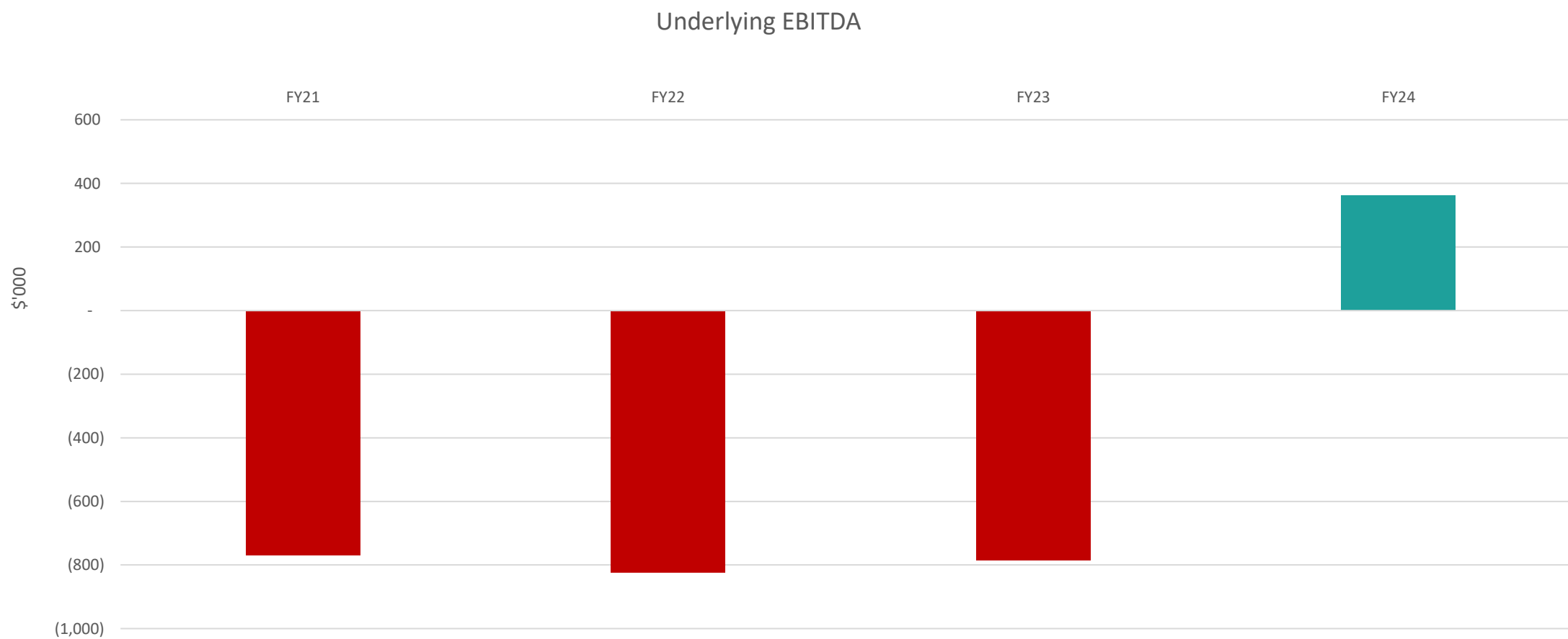


Operating Expenses actively managed

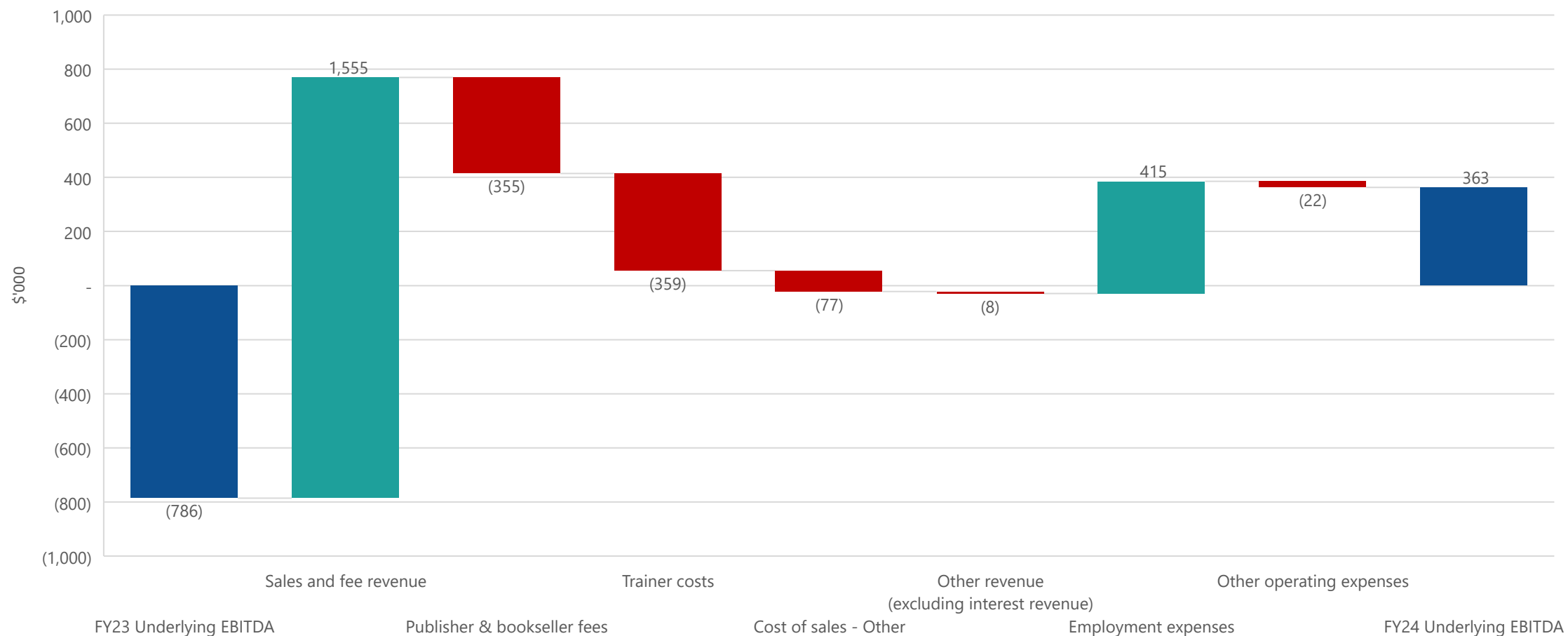
Executing with discipline into a deep pool of opportunity



Solid Earnings Improvement



FY23 to FY24 Underlying EBITDA Earnings Bridge



Underlying Earnings Now Positive

Reconciliation of statutory loss to underlying EBITDA

\$'000	30-Sept-24	30-Sept-23	YOY
Reported (statutory) net loss after tax	(1,019)	(2,252)	-%
Depreciation and amortisation	1,024	1,142	-10%
Fair value movement of contingent consideration	(1,788)	-	-
Impairment of goodwill	1,788	-	-
Loss on Disposal of Assets	-	96	-100%
Share-based payments	128	114	13%
Transaction costs incurred on business acquisitions	-	45	-100%
Restructuring costs	242	114	112%
Net interest (revenue) / expense	(0)	(34)	-100%
Income tax expense / (benefit)	(12)	(11)	14%
Underlying EBITDA	363	(786)	+146%

Notes

- Contingent consideration liability in respect of Southern Solutions acquisition remeasured from \$1.79m to \$0
- Impairment charge of \$1.79m taken against value of goodwill relating to Southern Solutions as a matter of prudence (Note 9 in the FY24 Annual Report has full details)

Balance Sheet

\$'000	30-Sept-24	30-Sep-23
Cash and cash equivalents	1,431	1,709
Trade and other receivables	978	1,154
Prepayments	115	112
Total current assets	2,524	2,975
Non-current deposits	0	36
Property, plant & equipment	40	51
Intangibles	8,700	10,830
Right-of-use assets	69	189
Total non-current assets	8,809	11,106
Total assets	11,333	14,081
Trade and other payables	1,119	1,001
Contract liabilities	823	869
Contingent consideration	0	1,763
Employee entitlements (Current & NC)	504	527
Lease Liabilities (Current & NC)	92	223
Deferred tax liability	15	27
Total liabilities	2,533	4,410
Net assets	8,780	9,671

Notes

- Maintaining a strong cash position
- Debt free
- Expiry of Contingent Consideration

Cashflow

\$'000	30-Sept-24	30-Sept-23	YOY
Receipts from customers	12,042	10,690	13%
Payments to suppliers	-12,006	-11,564	4%
R&D tax incentive refund	333	424	-21%
Interest income	33	17	94%
Income tax refund / (paid)	12	47	-74%
Net cash from operating activities	414	-386	+207%
Payment for purchase of business (net of cash acquired)	0	-732	-100%
Payments for PP&E	-19	-19	0%
Software development	-523	-543	-4%
Purchase of intangible assets	-10	-25	-60%
Net cash used in investing activities	-552	-1,319	-58%
Repayment of lease liabilities (including interest)	-139	-160	-13%
Share issue transaction costs	0	-116	-100%
Proceeds from issue of shares (net of costs)	0	1,462	-100%
Repayment of borrowings	0	-240	-100%
Net cash used in financing activities	-139	946	-115%
Net increase in cash	-278	-758	-63%
Cash at the beginning of year	1,709	2,467	-31%
Cash at end of year	1,431	1,709	-16%

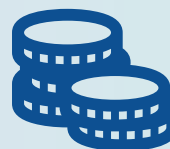
Notes

- Effective Working Capital Management
- Revenue growth converting to cash
- Cash generated from operating activities up 207%

FY25 Outlook and Targets



Management remains focussed on disciplined execution that unlocks operating leverage



Continuing organic revenue growth
baseline target of 15%



Cost growth % targeted to be
meaningfully lower than revenue
growth %

Organic Growth Priorities FY25

- Growth in Australian School Customers
- Growth in International School Customers
- Consolidating market leadership in VET-in-schools in Australian Secondary Schools
- Ongoing engagement with Childcare Operators to reinforce growth in industry training

Investment Highlights

- Large addressable markets in education present a deep pool of opportunity
- Strong tailwinds – migration to online education and government recognition of the importance of vocational training
- School-based education businesses are resilient to geopolitical and economic shocks
- Market leading position in VET-in-schools
- Proprietary technology enables global reach with sales in 6 countries in FY24
- Operating leverage being unlocked by disciplined cost control and sustained revenue growth
- Exciting organic growth prospects support 15% CAGR baseline on a self-funded and BAU basis
- Optionality to accelerate growth via corporate transactions
- Sector ripe for consolidation

Corporate Snapshot

ASX Code: RCL	
Share Price (19 November 2024)	\$0.081
Market capitalisation (@ 8.1 cents)	\$12.0m
Shares on issue	147.6m
Options on issue (unlisted)	14.4m
Current cash (30 September 2024)	\$1.43m

Board & Management	
Cristiano Nicolli	Non-Executive Chairman
Jonathan Isaacs	Non-Executive Director
Paul Collins	Non-Executive Director
Darren Hunter	Executive Director (CIO)
Lars Lindstrom	Executive Director (Founder)
Andrew Skelton	Chief Executive Officer
Luke Murphy	Chief Financial Officer & Co Sec

Substantial Shareholders	
Board and management shareholdings*	22.6%
Thorney Group*	11.3%
Microequities Asset Management	9.1%
Lars Lindstrom	6.4%
Hunmar Holdings/Darren Hunter*	5.1%
Cyan Investment Management	4.2%
Top 20	63.3%
*Includes indirect holdings	

RCL ASX Chart



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