

ASX Release

30 November 2023



## FY23 Full-year results announcement

ReadCloud Limited (“ReadCloud” or “the Company”) reports a 25% increase in consolidated Revenue and other income for FY23 to \$10.70 million (pcp \$8.55 million), driven by a combination of organic growth and the Southern Solutions Training Services (“Southern Solutions”) acquisition.

### Financial highlights

- 25% growth in consolidated Revenue and other income to \$10.70 million (pcp \$8.55 million)
- FY23 underlying EBITDA of (\$785,675) (pcp (\$822,834))
- Net operating cash outflow of \$386,047, a significant improvement on FY22 (\$1,048,806 operating cash outflow)
- Successful capital raising that raised \$1.35 million (net of costs) and was well supported by the Company’s major institutional shareholders, Directors and executives
- \$1.71 million of cash at 30 September 2023

### Operational highlights

- 61 New school customers for the 2023 school year across the eBook Solutions and VET-in-schools businesses
- ReadCloud’s eBook Solutions offering added to the Queensland Department of Education preferred supplier panel for the provision of classroom resources to Queensland Government schools
- Successful acquisition and integration of Southern Solutions, with synergies being realised
- Growth opportunities for the Southern Solutions business are materialising in the form of new government funding contracts and corporate partnerships
- Strengthening engagement with a growing number of International schools
- Establishment of a new executive management structure, including CEO succession and a refreshed Board

The Company is beginning to capture the benefits of a new management structure. Five distinct businesses have come together to form ReadCloud, with Southern Solutions joining as recently as November 2022. New leadership is accelerating the integration of the team and businesses.



The organisation structure has been simplified by removing a layer of management and by consolidating the number of distinct teams, The simplified structure carries some cost advantages moving forward. Employment expenses are anticipated to be controlled at 2% growth in FY24 even while investing in product and service enhancements, highlighting ReadCloud's operational leverage.

ReadCloud is committed to generating positive EBITDA and Operating Cashflow in FY24. Positive financial outcomes are front of mind in near term decision making. Internally, the Company is focusing on improving culture, embracing continuous improvement in how our RTOs meet and exceed applicable standards, and creating closer ties with customers to drive sales and retention.

The eBooks business is undertaking an internal strategic review with the initial learnings already being implemented. Positive outcomes include a recent tender win at a price premium and a more disciplined approach to pricing and margin, particularly in software licensing fees.

There is a regular flow of new engagements with international schools. eBooks engaged with 3 new international school customers in FY23 with additional international schools trialling eBooks in Austria and South Africa since early FY24.

The VET-in-schools business is displaying strong customer retention and is able to maintain a price premium over competitors. Six month "Pathway Programs" are a new initiative that leverage ReadCloudVET's existing suite of courses and services. Pathway Programs are 6 month taster courses that are available to schools for uptake in 2H24. The Pathway Programs have the potential to expand the addressable market into the Year 10 cohort, further growing revenue and smoothing the timing of cash receipts across the first and second halves. Separately, ReadCloudVET (via Ripponlea Institute) has been chosen to support a trial by the Northern Territory Government to enable schools in the Darwin Region to deliver VET using their own teachers in 2024. The trial is targeted at Year 9s and above and is designed to enable students to develop employability skills.

Southern Solutions Training Services has demonstrated an ability to attract new students above the targeted rate of 45 per month. Improved performance in FY24 will be driven by a combination of progressing existing students through relevant milestones that release funding, unblocking funded spaces by concluding arrangements with inactive students, continuing to improve efficiencies by appropriately managing student:trainer ratios, and securing new funding contracts. The business' South Australian funding was recently extended by 4 years. In July, additional Smart and Skilled funding was secured in NSW and in November the business earned the highest performance rating classification of 'High Scoring', suggesting the business will have opportunities for near term growth in NSW. A new Victorian funding contract covering 2024-25 has been applied for with a determination likely in December 2023.

Management believes the current staffing base, together with the improved platform and processes, are capable of delivering and supporting increased scale in the business. The Company's brands are becoming more established, the eBooks business is steadily developing its capabilities to sell internationally, VET-in-schools customers are becoming accustomed to

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ReadCloudVET's technology platform, and Southern Solutions Training Services is engaging new students at a rate that supports its growth ambitions. Organic growth in each of ReadCloud's businesses in FY24 combined with the Company's operating leverage provides confidence in the Company's ability to generate positive financial outcomes.

- Ends -

#### **CONTACTS:**

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#### **About ReadCloud Limited**

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

ReadCloud's eReader platform creates an engaging and collaborative learning environment with seamless access to dynamic, interactive digital content from leading publishers. Teachers and students benefit from social annotations, media-rich embedding options, cross-platform compatibility, and an engaging text-to-speech feature available in 120 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.

This announcement is authorised for release to the market by the Board of Directors of ReadCloud Limited.