

ASX Release

18 April 2024



Quarterly Activities Report & Appendix 4C

ReadCloud Limited ("ReadCloud") (ASX: RCL) provides eLearning solutions to Australian and International schools and the Vocational Education and Training sector in Australia. The Directors of ReadCloud are pleased to provide a quarterly update and cash flow statement for the March 2024 quarter.

Financial Highlights

- \$5.22 million cash receipts from customers, up 44% on the March 2023 quarter and a record quarter
- \$1.94 million positive net cash from operations, up 52% on the March 2023 quarter

Operational Highlights

- Step change improvement in retention of direct eBooks Customers (Australian schools) from 69% in 2023 to 91% in 2024
- 10 new direct eBooks customers won in Australia, commencement of sales to 2 new international schools (in Singapore and South Africa) and 39 new VET-in-schools customers
- VET-in-schools business preserving high gross margins while delivering improved services and a smoother on-boarding experience at the beginning of the school year. On track to deliver an FY24 gross margin for VET-in-schools of >85%
- Southern Solutions Training Services has delivered a 40% uplift in revenue on pcip for 1H24 (unaudited). Enrolments, now cycling stronger numbers, continued growth - up 26% on pcip in the most recent quarter.
- Reduction in staff costs for the 6 months to 31 March with a 1% decrease on pcip even with the increase in activity in Southern Solutions Training Services
- Reduction in administration and corporate costs for the 6 months to 31 March with a 2% decrease on pcip

Operational update

We are continuing to reshape our workforce to improve efficiencies and leverage our expertise by collaborating more closely with customers. Structural changes have



delivered immediate benefits in terms of costs, customer connection and market feedback. Revenue is now growing from a stable fixed cost base in a pattern we expect to continue.

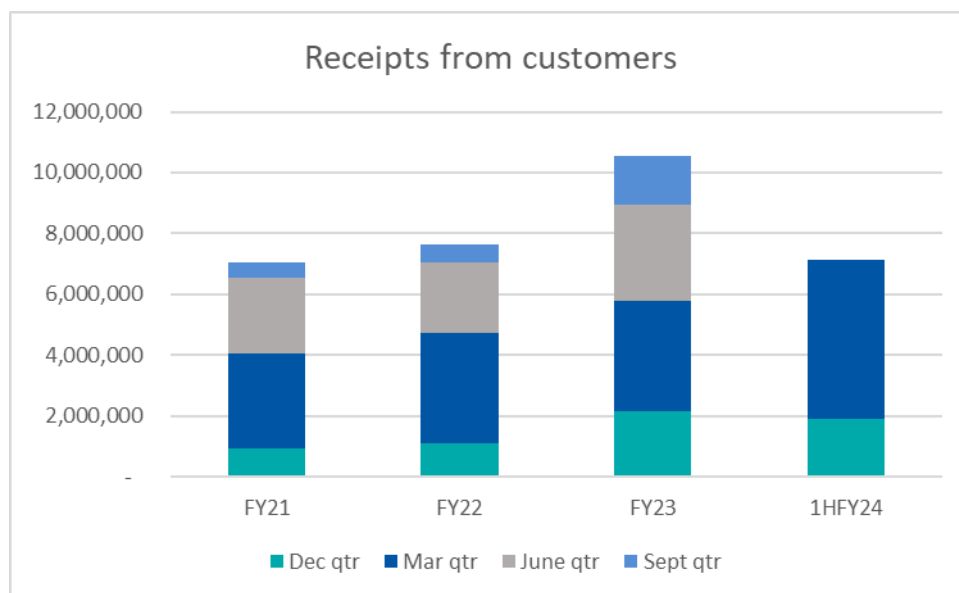
International opportunities for eBooks sales continue to develop. 2024 will be our third year of servicing King's InterHigh, a large online school based in the UK. This year we have worked closely with King's InterHigh to optimise the purchasing process for families and are anticipating a much stronger selling season in mid-2024. The learnings from partnering with King's InterHigh can be applied to future international customers, assisting with sales to new schools and accelerating progress towards achieving market saturation within a school's population.

Finance Update

ReadCloud's results are skewed towards the March and June quarters which generate the strongest outcomes for sales and cash receipts from Australian schools.

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

- \$5.22 million cash receipts from customers, a 44% increase on the March 2023 quarter delivering a record quarter driven by a combination of:
 - organic growth across all businesses, and
 - improved processes enabling streamlined invoicing of VET-in-schools customers



- \$1.70 million cost of sales ("Product manufacturing and operating costs") for the March quarter, with the main components being publisher payments relating to eBook sales (\$1.50 million) and trainer costs incurred in the delivery of VET qualifications to industry by Southern Solutions Training Services (\$0.14 million)
- Year to date staff costs of \$2.959m are 1% lower than pcp. ReadCloud is positioned to continue to benefit from recent efficiency gains achieved by its workforce



- Disciplined cost control extended to administration and corporate costs, which were 2% lower for the half-year than pcp despite an increase in business activity, accentuating the scalability of our businesses
- Payments to related parties (item 6.1 of the attached Appendix 4C) consisted of remuneration paid to directors during the quarter.
- \$3.1m cash reserves as at 31 March 2024.

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

This announcement was authorised for release by the Board of Directors of ReadCloud Limited.

-Ends-

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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")

31 March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	5,216	7,129
1.2	Payments for		
	(a) research and development	(144)	(276)
	(b) product manufacturing and operating costs	(1,701)	(2,280)
	(c) advertising and marketing	(24)	(40)
	(d) leased assets	(23)	(57)
	(e) staff costs	(1,517)	(2,959)
	(f) administration and corporate costs	(211)	(465)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / refund	-	-
1.7	Government grants and tax incentives	333	333
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	1,936	1,397
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(2)	(8)
	(d) investments		
	(e) intellectual property	-	(10)
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(2)	(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	1,165	1,719
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,936	1,397
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(18)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	3,100	3,100

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	3,100	1,165
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)	3,100	1,165

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	173
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)	1,936
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,100
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,100
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A as positive cashflow for quarter
<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: 18 April 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.