

ASX Release

29 May 2024



Sustained organic revenue growth and cost discipline are highlighting RCL's operating leverage

- 13% growth in Sales & Fee Revenue to \$8.14m
- 120% increase in underlying EBITDA to \$1.04m
- Operating Cashflow improved by 53% to \$1.74m (1H23 \$1.13m)
- 11% reduction in Wages and Salaries to \$2.07m excluding Southern Solutions Training Services (1H23 \$2.34m)
- 4% reduction in Operating Expenses to \$3.24m (1H23 \$3.37m)
- 277% increase in Statutory Profit to \$0.42m (1H23 restated: \$0.24m Statutory Loss)
- 51 new school customers successfully onboarded for the 2024 school year across the eBook Solutions and Vocational Education and Training in schools ("VET-in-schools") businesses
- Step change improvement in retention of direct eBooks customers (Australian schools) from 69% in 2023 to 91% in 2024
- 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. VET-in-schools on track to deliver FY24 gross margin >85%
- Southern Solutions Training Services generated a 42% uplift in revenue on pcp for 1H24. Enrolments continued growth, up 26% on pcp in the March Quarter. 316 students commenced courses in 1H24, building positive momentum above target (270).

The Directors of ReadCloud are pleased to release the Group's half-year results for the period ended 31 March 2024. Organic growth in eBooks, VET-in-schools and industry training is flowing through to the bottom line. ReadCloud is pursuing a growth agenda without a material change to the cost base and remains on target to deliver full year positive operating cashflow and positive underlying EBITDA.

A restructured workforce has brought the business closer to its customers and users, with demonstrable benefits already being achieved in the form of increased retention rates and referrals.

Leading indicators suggest a strong growth outcome for VET-in-schools in 2025. Market awareness of ReadCloud's class leading 50 VET qualifications is gaining traction following a sustained focus on richer engagement with existing customers. We anticipate an increase in the average number of VET Qualifications delivered to current school customers.



The contribution from Southern Solutions Training Services, which is achieving strong growth in enrolments, is on track to increase as new and extended training packages in childcare are bedded in over the next 12 months.

Incremental improvements to our technology will further streamline processes and remove friction for customers and users. Technology initiatives to further strengthen margins can be executed without disrupting ReadCloud's positive cashflow momentum or requiring step changes in capital investment.

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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.

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