



ReadCloud Limited

Positive Operating Cashflow and FY25 Outlook

FY24 Audited Annual Results


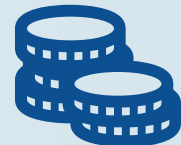





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FY24 Financial Highlights

Executing with discipline into a deep pool of opportunity

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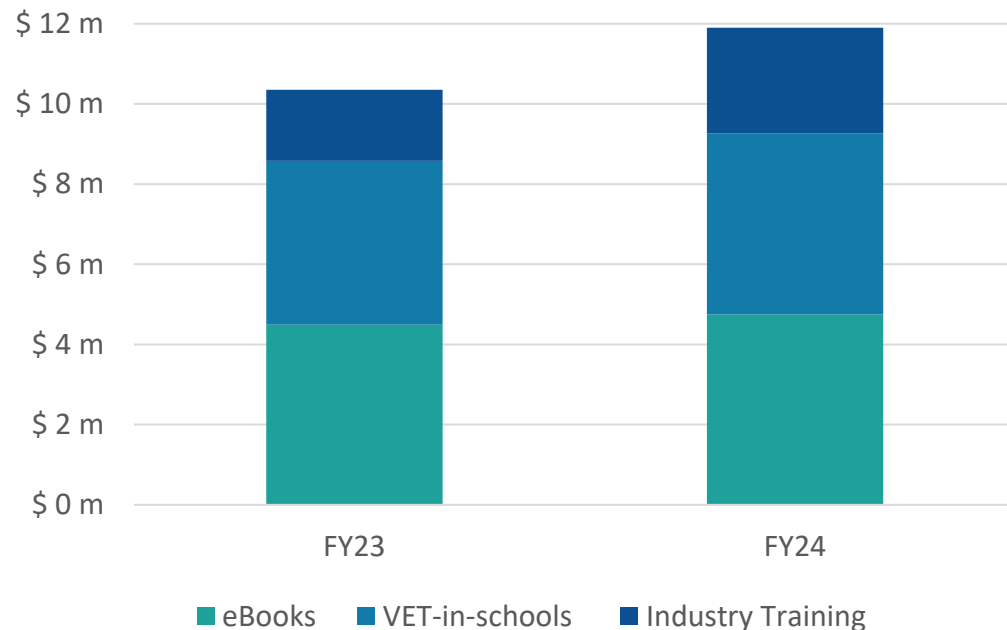
| | | | | |
|---|---|---|---|---|
| Up 15% | Down 6% | Up 146% | Up 207% | \$1.43m |
| Sales & Fee Revenue | Operating costs | Underlying EBITDA* | Operating Cashflow | Cash |
|  |  |  |  |  |
| \$11.9m | Restructured workforce | \$0.36m | \$0.41m | Continued Debt Free status |
| Organic growth in all 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.

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| 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

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| 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

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| 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

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| 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

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| 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

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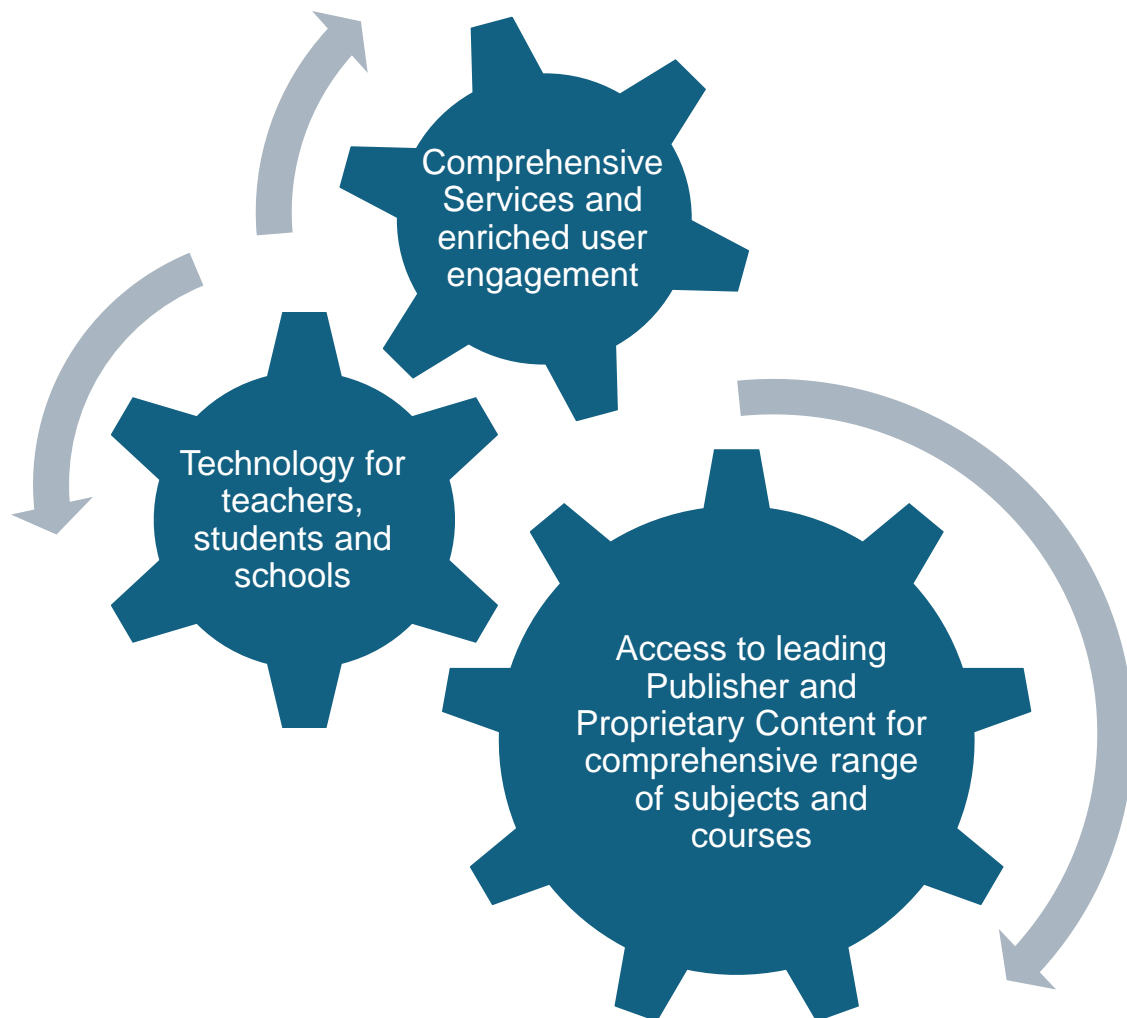
| VET-in-schools | | | | | |
|---|---|---|---|--|--|
| Services & solutions | Application | Problem solved | Benefits & competitive advantage | Pricing & scalability | Total Addressable Market |
| <p>High-quality VET-in-Schools programs that address the evolving needs of industry and education</p> <p>Teacher Professional Development and resources</p> | <p>Auspicings 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

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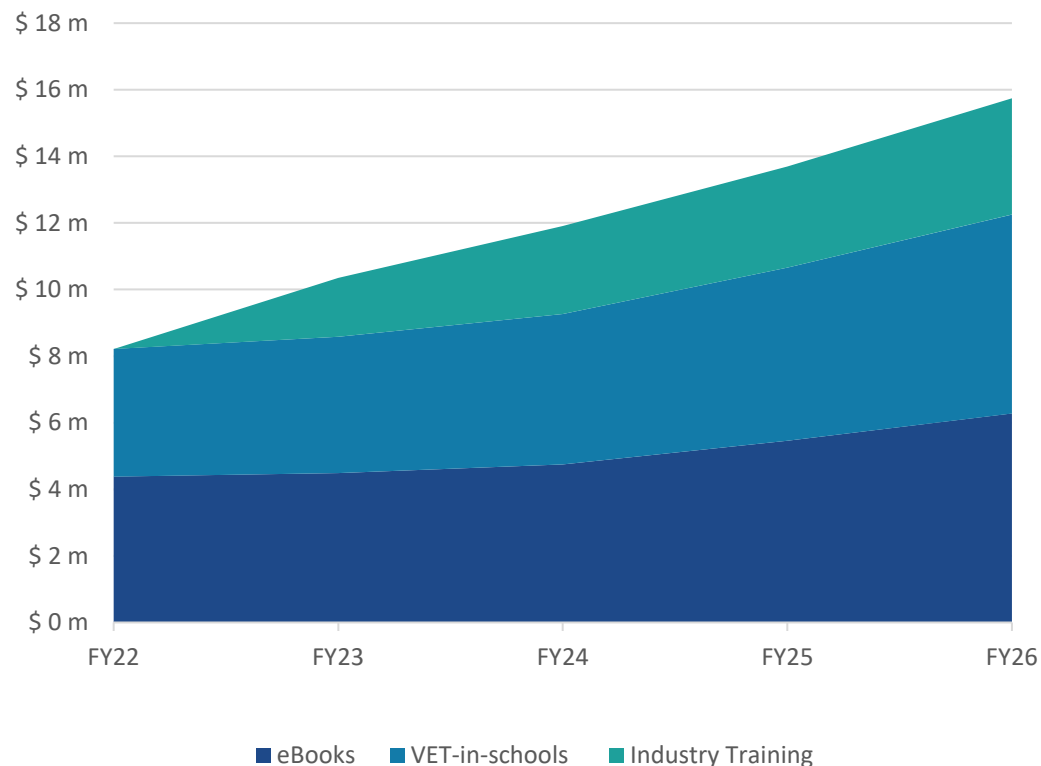
| Industry Training | | | | | |
|---|--|--|--|--|---|
| Services & solutions | Application | Problem solved | Benefits & competitive advantage | Pricing & scalability | Total Addressable Market |
| Deliver nationally recognised accredited ECEC courses to individual students and industry clients | Delivery 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

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| | 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

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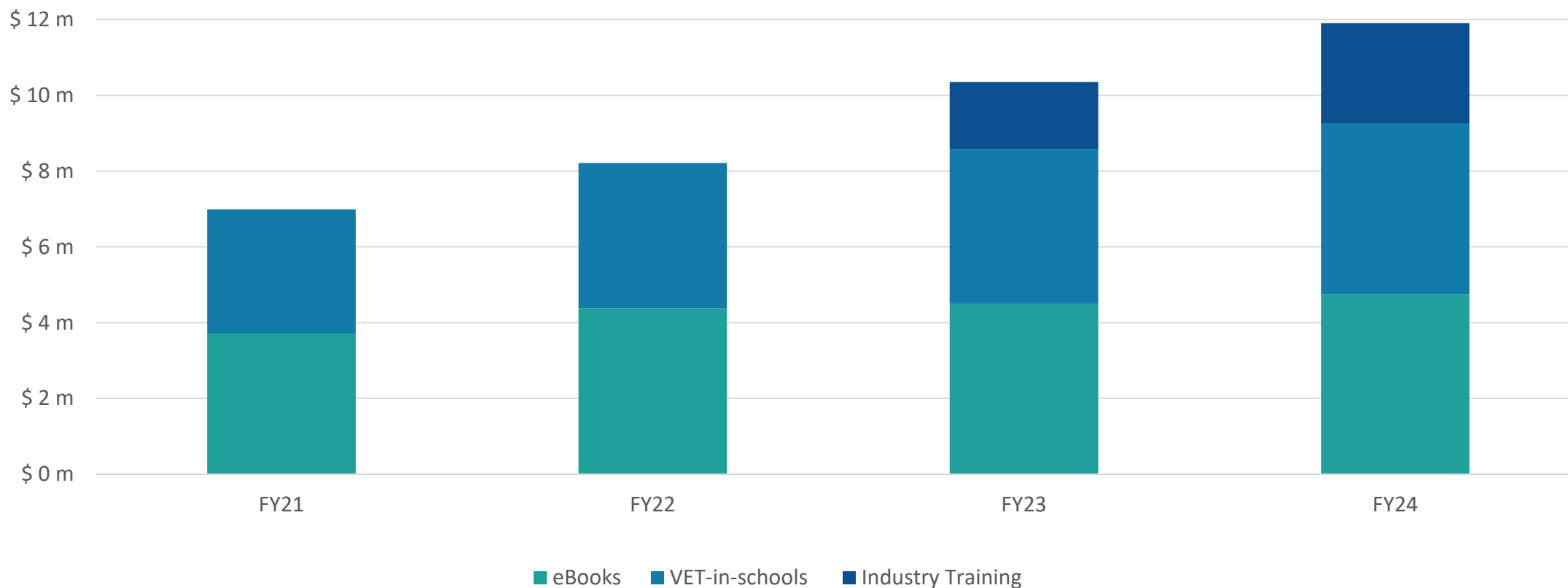
| \$'000 | 30-Sept-24 | 30-Sept-23 | YOY |
|------------------------------------|----------------|----------------|-------------|
| Sales and fee revenue | 11,904 | 10,349 | 15% |
| Less publisher & bookseller fees | (3,974) | (3,619) | 10% |
| Less trainer costs | (1,236) | (877) | 41% |
| Less Cost 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



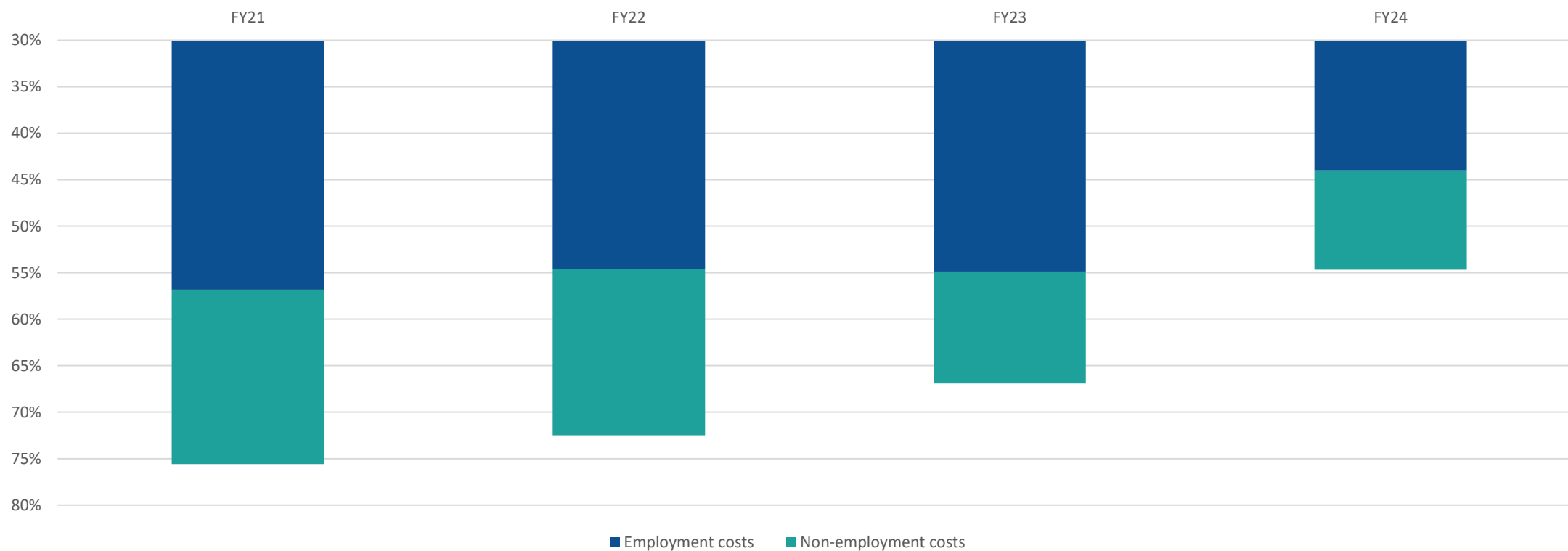
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Operating Expenses actively managed

Executing with discipline into a deep pool of opportunity

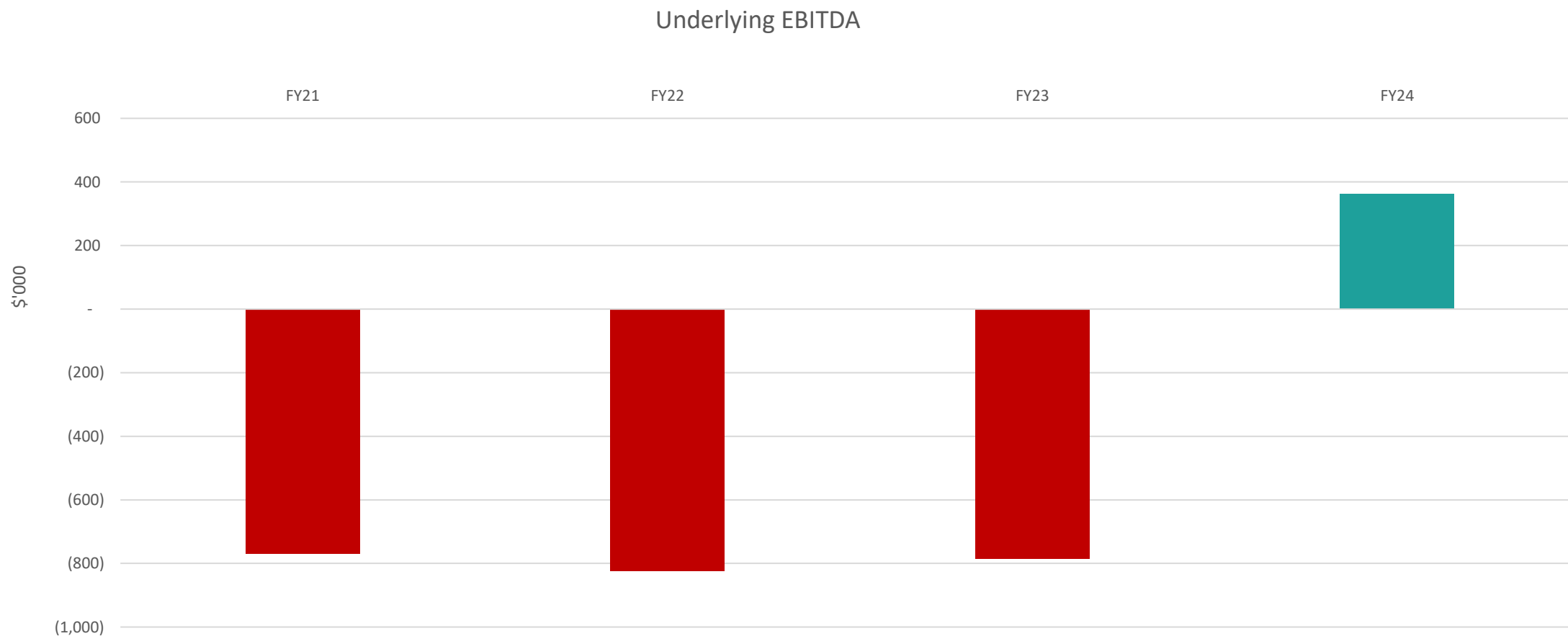
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Operating expenses as % of Sales and Fee Revenue



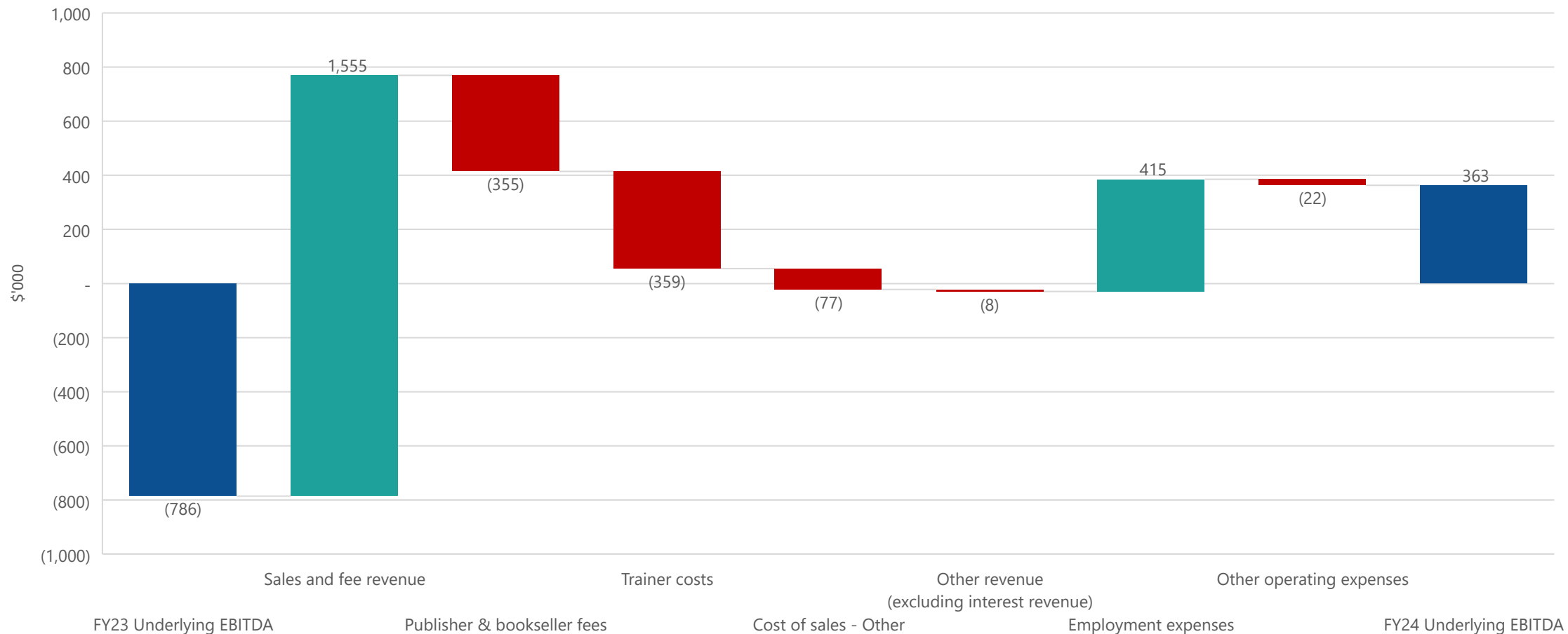
Solid Earnings Improvement

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FY23 to FY24 Underlying EBITDA Earnings Bridge

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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% |

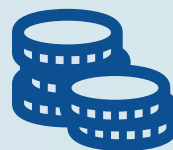
Notes

- 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

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| 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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