

ASX Release

28 January 2025



Quarterly Activities Report & Appendix 4C for December 2024 Quarter

Highlights

- A strong start to FY25 (September year-end) with a record December quarter for the company
- 26% increase in cash receipts and 17% increase in revenue, whilst operating expenses held to a 1% increase, positioning the business for accelerated operating leverage in 2025 and beyond
- The company has had a strong selling season with 59 new schools signed for 2025 across the VET-in-Schools and eBooks divisions
- Strong selling season complemented by further improvement of retention rates for existing school customers in eBooks to 93% and significant growth initiatives in the VET-in-Schools division
- The company is now positioned to financially benefit from its recent achievements as the seasonally strong March and June quarters are delivered

ReadCloud Limited ("ReadCloud" or "the Company") (ASX: RCL) provides eLearning solutions to secondary schools and the Vocational Education and Training ("VET") sector in Australia.

Trading update

The Company is building on its breakthrough positive underlying EBITDA and operating cashflow results for FY24.

ReadCloud's sustained focus on customer-facing activities is driving positive outcomes. Customers are identifying value in how ReadCloudVET integrates ReadCloud's proprietary eBooks technology with proprietary learning and assessment materials customised for the secondary school setting.

Momentum continues to accelerate in the high margin VET-in-schools ("ReadCloudVET") business. 52 new schools have joined ReadCloudVET for 2025 with plans to deliver 79 qualifications, a 55% increase over 2024.

ReadCloud is now forecasting FY25 VET-in-schools revenue growth to exceed 25% and gross margins to remain above 90%. This is expected to be delivered by growth in revenue of 10%-15% from the existing customer base, complemented by revenue from newly onboarded schools.

VET-in-schools pre-sales for 2026 suggest growth of new customers will continue to accelerate.

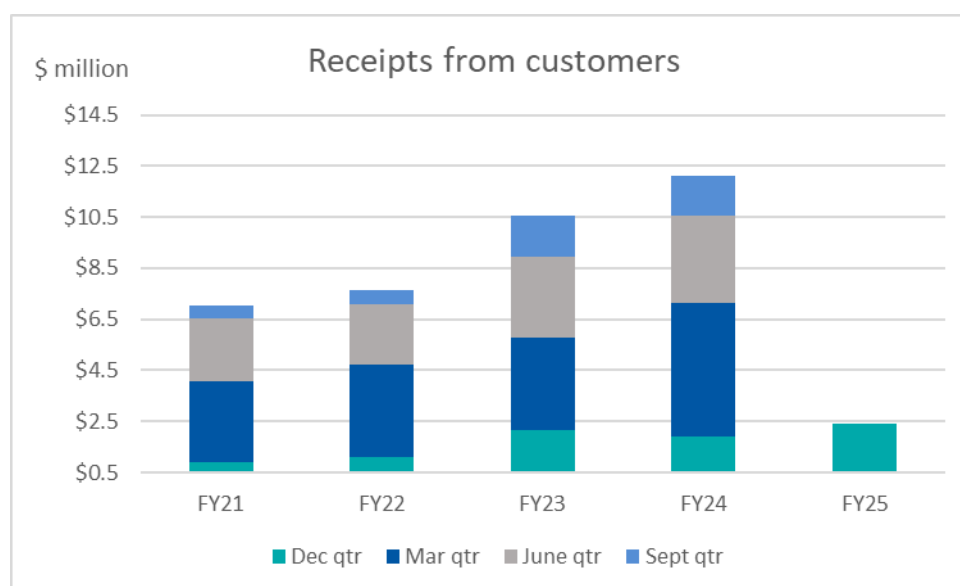
The eBooks revenue base is also expected to grow as a result of incremental growth from existing customers and the addition of new schools in 2025.

Southern Solutions, ReadCloud's industry training business, continues to trade strongly, consolidating its materially improved performance in FY24.

Finance Update

The accompanying Appendix 4C Cash Flow statement contains detail on specific line items. The highlights are:

- Receipts from customers increased 26% on pcip to \$2.41m (a record December quarter). As illustrated, the December quarter is a lower relative contributor to annual group revenue than the materially larger March and June quarters:



- Operating costs increased 1% on pcip. The cost mix was broadly in line with pcip with staff costs continuing to be the most material contributor.
- Net operating cash outflow for the quarter was \$0.35m as expected, an improvement of 35% on pcip.



- Payments to related parties (item 6.1 of the attached Appendix 4C) consisted of remuneration paid to directors during the quarter.

As at 31 December 2024 ReadCloud had cash reserves of \$1.07 million and no debt, placing the Company in a strong cash position leading into the March and June quarters when the majority of the revenue is received from customers.

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

The Board of ReadCloud Limited has approved the release of this announcement.

CONTACT:

Investors & Media:

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About ReadCloud Limited

ReadCloud is a leading provider of eLearning software solutions and training supporting schools and educational institutions.

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.

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 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,412	2,412
1.2 Payments for		
(a) research and development	(103)	(103)
(b) product manufacturing and operating costs	(656)	(656)
(c) advertising and marketing	(40)	(40)
(d) leased assets	(36)	(36)
(e) staff costs	(1,704)	(1,704)
(f) administration and corporate costs	(225)	(225)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refund	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(352)	(352)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(7)	(7)
(d) investments		
(e) intellectual property	-	-
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(7)	(7)

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	1,431	1,431
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(352)	(352)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	1,073	1,073

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	1,073	1,431
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)	1,073	1,431

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	157
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)	(352)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,073
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,073
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.0
<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: 28 January 2025

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.