

ASX Release

29 May 2025



Revenue growth and operating leverage delivers underlying EBITDA growth of 73% in 1H FY25

Key highlights

- Organic revenue growth of 13% (VET-in-schools delivered 32% revenue growth)
- Underlying EBITDA increased by 73% driven by operating leverage and cost discipline
- Positioned for growth with operating cash inflow of \$1.9m, cash of \$3.5m and no debt

ReadCloud Limited (ASX: RCL, "ReadCloud") is pleased to report exceptional first half results for FY25, with total organic revenue growth of 13% to \$9.2m outpacing operating cost growth of just 1%. As a result, underlying EBITDA grew 73% to \$1.80m and statutory profit increased 214% to \$1.32m. The standout performer continues to be VET-in-schools with revenue increasing by 32% on pcp to \$3.8m.

ReadCloud's technology platform now serves 429 schools, following the onboarding of 62 new school customers for the 2025 school year (51 in 2024). A disciplined approach to cost management has unlocked significant operating leverage firmly positioning the business for growth with operating cashflow of \$1.9m generated in 1H FY25, a strong balance sheet with \$3.5m of cash and no debt as at 31 March 2025.

CEO Andrew Skelton commented: "Our first half results demonstrate ReadCloud's transformation and operating leverage. The 73% increase in underlying EBITDA validates the execution of strategy by ReadCloud's motivated team. In particular, VET-in-Schools delivering revenue growth of over 30%, retention of 94% and gross margins above 90% indicates strong product-market fit and our ability to successfully capture the significant opportunity."

ReadCloudVET

ReadCloud's VET-in-Schools solution offers the widest range of qualifications (50) among school-based RTOs in Australia. The VET-in-Schools business delivered 32% revenue growth in 1H FY25 to \$3.8m. The business now serves 372 schools (adding 55 new schools in 2025) and delivered 733 qualifications during 1H FY25 (up 14% vs pcp). Qualifications per continuing school increased to 2.1 (vs 1.9 pcp) whilst increasing retention to 94% and maintaining gross margin of over 90%. 2026 pre-sales and government recognition of skills shortages create favourable conditions for extended growth in the medium-term.

Southern Solutions (vocational training to industry) revenue increased by c2% to \$1.1m following growth of 50% in FY24 (driven by strong student enrolments). The revenue profile of Southern Solutions is impacted by the timing and extent of Government subsidies on a state-by-state basis.

eBooks

eBooks revenue grew 2% to \$4.23m driven by a 10% increase in domestic direct sales (7 new schools onboarded) and 91% retention rate. Management is actively evaluating selected opportunities to accelerate eBooks growth, including the expansion of distribution channels and geographies to reach more schools.



Updated outlook

Recent government policy changes in NSW and Victoria will negatively affect Southern Solutions' 2H25 revenue and impact the group's ability to generate the 15% organic revenue growth target for FY25 previously expected. ReadCloud's VET-in-Schools and eBooks businesses (c88% of total revenue in 1H FY25) remain on track to deliver to ReadCloud's stated baseline growth target of 15% in FY25 (with revenue typically weighted towards the first half of ReadCloud's financial year).

The large addressable markets in school based education continue to benefit from multiple tailwinds, including the migration to online education and broad-based recognition of skills shortages and the importance of vocational training. Engagement with market participants in the International Schools sector during May has highlighted significant opportunity for eBooks growth alongside the continuing momentum in VET-in-schools. ReadCloud is firmly positioned to capitalise on these opportunities with strong product-market fit, consistently positive operating cashflow and a strong balance sheet.

Investors & Media:

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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.