ReadCloud Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	ReadCloud Limited
ABN:	44 136 815 891
Reporting period:	For the half-year ended 31 March 2025
Previous period:	For the half-year ended 31 March 2024

2. Results for announcement to the market

				$
Revenues from ordinary activities	Up	13%	To	9,155,730
Profit / (Loss) from ordinary activities after tax attributable to the Owners of ReadCloud Limited	Up	214%	To	1,320,197
Profit / (Loss) for the half-year attributable to the Owners of ReadCloud Limited	Up	214%	To	1,320,197
Underlying EBITDA*	Up	73%	To	1,796,333

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The profit for the Group after providing for income tax amounted to $1,320,197 (31 March 2024: profit of $420,164). Underlying earnings before interest taxation, depreciation and amortisation ('Underlying EBITDA') was $1,796,333 (31 March 2024: $1,040,315). This is reconciled to the statutory result as follows:

		Consolidated	
		31 March 2025 $	31 March 2024 $
Reported (statutory) net profit / (loss) after tax		1,320,197	420,164
Add back:	Depreciation and amortisation	453,463	530,742
	Share based payments	27,076	71,784
	Fair value movement contingent consideration	-	(1,787,760)
	Impairment of goodwill	-	1,787,760
	Net interest (revenue) / expense	(4,403)	17,625
	Income tax expense / (benefit)	-	-
Underlying EBITDA*		1,796,333	1,040,315

For further details on the results, refer to the Review of Operations within the Directors' Report.

* EBITDA and Underlying EBITDA are non-statutory financial measures which are not prescribed by Australian Accounting Standards (AAS). They represent the profit under AAS adjusted for Interest, Tax, Depreciation and Amortisation and certain other specified items. The Directors consider that EBITDA and underlying EBITDA reflect core earnings of the entity consistent with internal reporting.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.21	0.80

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

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11. Attachments

Details of attachments (if any):

The Half Year Report of ReadCloud Limited for the half-year ended 31 March 2025 is attached.

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12. Signed

Signed ______________________________ Date: 28 May 2025

Cristiano Nicolli
Chairman

ReadCloud Limited

ABN 44 136 815 891

Half Year Report - 31 March 2025

Directors	Mr Cristiano Nicolli (Non-Executive Chairman) Mr Jonathan Isaacs (Non-Executive Director) Mr Paul Collins (Non-Executive Director) Mr Lars Lindstrom (Executive Director)
Company secretary	Mr Luke Murphy
Registered office	Level 1, 126 Church Street Brighton VIC 3186 Phone: +61 3 9078 4833
Principal place of business	Level 1, 126 Church Street Brighton VIC 3186 Phone: +61 3 9078 4833
Share register	Boardroom Limited Level 8, 210 George Street Sydney NSW 2000 Phone: 1300 737 760; +61 2 9290 9600
Auditor	PKF Melbourne Audit & Assurance Pty Ltd Level 15, 500 Bourke Street Melbourne VIC 3000 Phone: +61 9679 2361
Stock exchange listing	ReadCloud Limited shares and options are listed on the Australian Securities Exchange (ASX code: RCL)
Website	www.readcloud.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as 'ReadCloud' or the 'Group') consisting of ReadCloud Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 March 2025.

Directors

The following persons were Directors of ReadCloud Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Cristiano Nicolli	-	Non-Executive Chairman
Mr Jonathan Isaacs	-	Non-Executive Director
Mr Paul Collins	-	Non-Executive Director
Mr Lars Lindstrom	-	Executive Director
Mr Darren Hunter	-	Executive Director (until 12 February 2025) and Chief Information Officer

Principal activities

ReadCloud is a leading provider of eLearning software solutions and industry-based training, supporting schools and educational institutions in partnerships built on support and innovative, integrated resource platforms.

Through ReadCloud's eReader platform, schools have access to dynamic, interactive digital content from leading publishers, right at their fingertips. Its extensive media-rich embedding options, cross-platform compatibility, enhanced annotations, and immersive reader transforms eBooks across all learning areas into powerful, collaborative experiences.

In Vocational Education and Training ('VET'), ReadCloud operates in 2 categories. In VET-in-schools, 'ReadCloudVET' supports the delivery of over 50 qualifications to 15,000 learners across 3 specialist Registered Training Organisations (RTOs).

In industry training, Southern Solutions Training Services ('Southern Solutions') is an RTO that delivers flexible, blended training models in the workplace environment for 14 qualifications including in Early Childhood Education and Care, Business, Aged Care, Hospitality, Logistics and Real Estate.

Review of operations

Financial highlights for 1H25 include:

- 32% growth in VET-in-schools revenue to $3.84m
- 13% growth in consolidated Sales & Fee Revenue to $9.16m
- Gross margin maintained >90% in VET-in-schools
- Operating cost growth managed to 1% over pcp, unlocking operating leverage
- 214% increase in Statutory Profit to $1.32m
- 73% increase in underlying EBITDA to $1.80m
- $1.91m Operating Cashflow
- $3.54m cash as at 31 March 2025

Operating highlights for 1H25 include:

- 62 new school customers onboarded for the 2025 school year (up from 51 in 2024)
- Strong customer retention achieved by VET-in-schools (94%) and direct eBook Solutions (91%)
- Key metrics for VET-in-schools including school numbers and qualifications per school are trending upwards
- VET-in-schools on track to deliver FY25 gross margin >90%
- Strategic options for eBook Solutions business currently being evaluated to boost medium term growth

The Directors are pleased to report 13% organic growth in consolidated Sales & Fee Revenue to $9.16m (pcp $8.14m). Revenue growth has driven a 214% uplift in Statutory Profit and a 73% increase in underlying EBITDA to $1.80m (pcp $1.04m), highlighting the operating leverage in the business and favourable patterns in business mix. The Company remains debt free and is self-funded to pursue meaningful organic growth initiatives that leverage the ReadCloud technology platform in the education sector.

Vocational Education & Training segment

ReadCloudVET

VET-in-schools revenue grew 32% in 1H25 on pcp to $3.84m. Growth was entirely organic and multi-faceted, with contributing factors including:

- 94% School customer retention
- 11% growth in customer numbers: 55 Schools added (372 total)
- an increase in qualifications per retained School from 1.9 to 2.1
- 14% growth in qualifications (i.e. courses) delivered to 733
- ReadCloudVET's premium offering translating to stronger price performance
- an increase in average customer value.

Industry Training

During FY24 Southern Solutions delivered 50% revenue growth. Southern Solutions consolidated a strong growth year in FY24 with 1H25 Sales and Fee revenue up 2% on pcp to $1.09m. Unlike the VET-in-schools business, Industry Training is directly impacted by the availability of State government funding which changes from year to year.

eBook Solutions

The Direct eBooks business grew Australian sales by 10% on pcp. 7 new school customers and 91% customer retention contributed to this growth. Average customer value also increased. The international channel contracted in 1H25, although the seasonality in international sales tends to favour the second half of the financial year ending on 30 September. The performance of the reseller channel was also subdued. The Company is assessing initiatives to rejuvenate the international and reseller channels with both capable of significant performance improvement. Overall eBook Solutions revenue grew 2% on pcp.

Outlook

Management remains focused on disciplined execution that unlocks operating leverage. A pattern of revenue growing meaningfully faster than costs has been established and is expected to continue. VET-in-schools growth has exceeded our expectations in 2025 and pre-sales for 2026 are encouraging.

ReadCloud is working closely with customers and a deeper engagement with the market is informing the Board's analysis of how growth can be optimised. For example, the Company is investigating and comparing the potential impact of accelerating the eBooks business via:

- an additional distribution channel
- increasing sales efforts in the international market
- introducing sales efforts in the primary school sector
- expanding sales efforts in States beyond the traditionally strong Queensland market.

In summary, ReadCloud's:

- School customers are resilient
- Lead indicators are positive
- Organic growth is anticipated to continue
- Retention Rates and Average Customer Value are strengthening
- Unit economics are strong
- Operating leverage is flowing through to the bottom line

Recent government policy changes in NSW and Victoria will negatively affect Southern Solutions' 2H25 revenue and impact the Group's ability to generate 15% organic revenue growth in FY25. 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.

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Reported result

The Group recorded a 1H25 consolidated Underlying EBITDA* of $1.80m versus $1.04m for the prior corresponding period (1H24) and a 1H25 consolidated statutory profit after tax of $1.32m (1H24: profit of $0.42m).

Underlying EBITDA* is reconciled to the statutory profit as detailed below. This reconciliation adds back the effect of certain non-operating and non-recurring items which would not ordinarily relate to the Group's underlying performance. For 1H25 the only add back is share based payments.

		Consolidated	
		31 March 2025	**31 March 2024**
		$	**$**
Sales & fee revenue		9,155,730	8,136,447
Less publisher and bookseller fees		(3,632,947)	(3,503,220)
Less trainer costs		(580,365)	(517,243)
Margin after publisher and bookseller fees		4,942,418	4,115,984
Add: Other income		135,862	171,954
Less operating expenses:			
Advertising & marketing		(73,010)	(23,540)
Computer software		(85,352)	(88,576)
Employment expenses		(2,537,169)	(2,611,853)
Legal & compliance		(56,459)	(48,786)
Office expenses		(26,048)	(26,011)
Professional services expenses		(215,407)	(208,650)
Telephone, internet & data hosting		(47,268)	(52,044)
Travel expenses		(52,342)	(32,924)
Other expenses		(182,276)	(143,306)
		(3,275,331)	(3,235,690)
Finance costs		(2,213)	(29,558)
Add net interest expense / (revenue)		(4,403)	17,625
Underlying EBITDA*		1,796,333	1,040,315
Add:	Fair value movement in contingent consideration	-	1,787,760
	Net interest revenue / (expense)	4,403	(17,625)
	Income tax benefit	-	-
Less:	Depreciation and amortisation	(453,463)	(530,742)
	Impairment of goodwill	-	(1,787,760)
	Share based payments	(27,076)	(71,784)
Statutory net profit / (loss) after tax		**1,320,197**	**420,164**

** EBITDA and underlying EBITDA are non-statutory financial measures which are not prescribed by Australian Accounting Standards (AAS). They represent the profit under AAS adjusted for Interest, Tax, Depreciation and Amortisation and certain other specified items. The Directors consider that EBITDA and underlying EBITDA reflect core earnings of the entity consistent with internal reporting.*

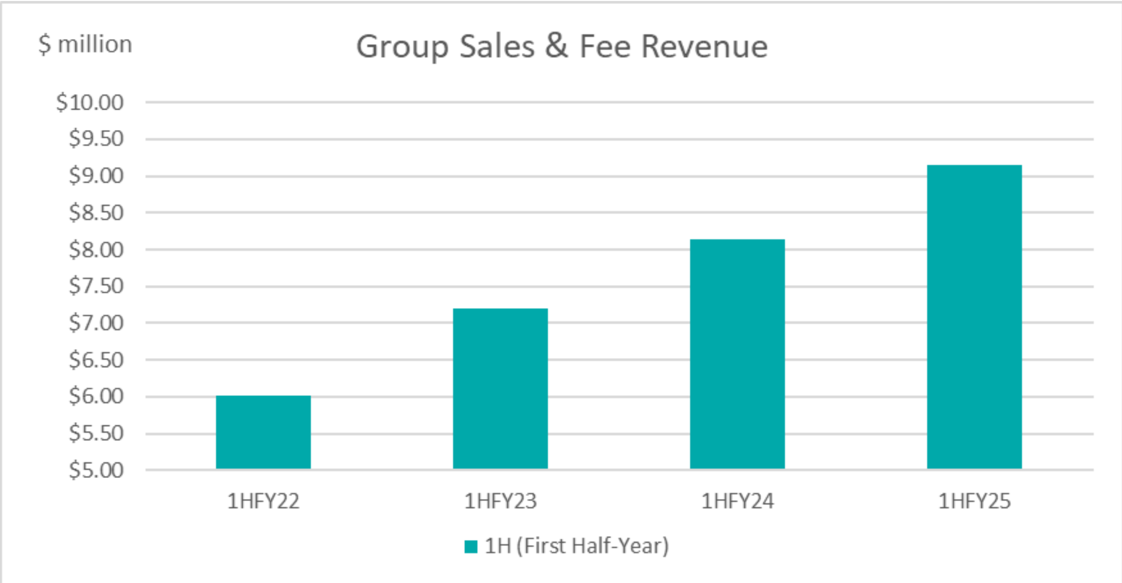
Material revenues and expenses included in the statutory net profit after tax for 1H25 are discussed below.

Revenue and gross margins

Revenue

ReadCloud achieved a 13% ($1.02m) increase in 1H25 consolidated Sales & fee revenue to $9.16m (pcp $8.14m), reflecting:

- 32% growth in sales & fee revenue for the VET-in-schools business to $3.84m (pcp $2.91m)
- 2% sales and fee revenue growth for the Southern Solutions business to $1.09m (pcp $1.07m)
- 24% growth in combined Vocational Education and Training ("VET") segment revenue to $4.93m (pcp $3.98m)
- 10% growth in domestic Direct customer eBook Solutions sales and fee revenue to $3.88m (pcp $3.53m) driven by strong retention of existing customers and new schools wins for the 2025 school year. This was partially offset by declines in international eBook sales and lower margin Reseller channel revenue (overall eBook Solutions revenue grew 2% over pcp).



Gross margins

ReadCloud achieved a 20% increase in consolidated gross profit for 1H25, rising by $0.83m to $4.94m (1H24: $4.12 million). This growth was primarily driven by a 34% increase in gross profit from its high-margin VET-in-schools business, supported by 32% growth in sales and fee revenue in that business. Gross profit is calculated as sales and fee revenue less direct costs, which mainly include publisher and bookseller fees and trainer costs. 1H25 Gross profit performance in the eBook Solutions and industry training businesses was broadly consistent with pcp.

Operating expenses

Operating expenses are stable at $3.28m in 1H25, up just $0.04m on pcp, reflecting disciplined cost control. This stability consolidates the cost-out initiatives implemented in FY24, which delivered a 6% reduction in Operating expenses for that year.

Significant operating expenses are discussed below.

Advertising and marketing

Advertising and marketing expenses were $0.07m (pcp $0.02m) as the business gears up to act on its growing confidence in its product offerings and competitive positioning.

Employment expenses

Employment expenses decreased by 2.9% to $2.54m (1H24: $2.61m) largely reflecting restructuring measures that took effect in 2H24.

Professional services expenses

Professional services expenses were consistent with pcp (1H25 $0.22m versus pcp $0.21m) with the main components including:

- audit fees;
- company secretarial fees;
- contract administration costs;
- contractor costs incurred in the development of learning and assessment resources for the VET segment;
- share registry costs;
- investor relations consultants; and
- tax consulting fees.

Other expenses

Other expenses were $0.18m (pcp $0.14m), with the main components including insurance, staff training & development and VET curriculum purchases.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 March 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Cristiano Nicolli
Chairman

28 May 2025

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Auditor's Independence Declaration to the Directors of ReadCloud Limited

In relation to our review of the financial report of ReadCloud Limited for the half-year ended 31 March 2025, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is made in respect of ReadCloud Limited and the entities it controlled during the financial period.

PKF

PKF
Melbourne, 28 May 2025

Kaitlynn Brady

Kaitlynn Brady
Partner

	Note	Consolidated 31 March 2025 $	Consolidated 31 March 2024 $
Revenue and other income			
Sales & fee revenue	4	9,155,730	8,136,447
Other income	4	135,862	171,954
Total revenue and other income		9,291,592	8,308,401
Expenses			
Advertising & marketing		73,010	23,540
Computer software		85,352	88,576
Depreciation and amortisation		453,463	530,742
Employment expenses		2,537,169	2,611,853
Fair value movement of contingent consideration		-	(1,787,760)
Impairment of goodwill		-	1,787,760
Legal & compliance		56,459	48,786
Office expenses		26,048	26,011
Professional services expenses		215,407	208,650
Publisher and bookseller fees expense		3,632,947	3,503,220
Share based payments		27,076	71,784
Telephone, internet & data hosting		47,268	52,044
Trainer costs		580,365	517,243
Travel expenses		52,342	32,924
Other expenses		182,276	143,306
Finance costs		2,213	29,558
Profit/(Loss) before income tax expense/(benefit)		**1,320,197**	420,164
Income tax expense/(benefit)		-	-
Profit/(Loss) after income tax expense/(benefit) for the half-year attributable to the Owners of ReadCloud Limited		**1,320,197**	420,164
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive profit/(loss) for the half-year attributable to the Owners of ReadCloud Limited		**1,320,197**	420,164
		Cents	**Cents**
Basic earnings / (loss) per share	12	0.89	0.29
Diluted earnings / (loss) per share	12	0.89	0.29

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Note	Consolidated 31 March 2025 $	Consolidated 30 September 2024 $
Assets			
Current assets			
Cash and cash equivalents		3,538,540	1,431,178
Trade and other receivables	5	3,975,609	977,406
Prepayments		140,920	115,280
Total current assets		7,655,069	2,523,864
Non-current assets			
Non-current deposits		36,300	-
Property, plant & equipment		41,686	39,929
Intangible assets	6	8,525,038	8,700,202
Right-of-use assets	7	236,008	69,452
Total non-current assets		8,839,032	8,809,583
Total assets		16,494,101	11,333,447
Liabilities			
Current liabilities			
Trade and other payables	8	3,583,637	1,119,228
Provision for employee entitlements	9	288,258	309,923
Contract liabilities	10	1,610,540	823,126
Lease liabilities	7	134,333	91,767
Total current liabilities		5,616,768	2,344,044
Non-current liabilities			
Provision for employee entitlements	9	135,369	194,362
Lease liabilities	7	114,355	-
Deferred tax liability		14,663	14,663
Total non-current liabilities		264,387	209,025
Total liabilities		5,881,155	2,553,069
Net assets		10,612,946	8,780,378
Equity			
Contributed equity	11	20,240,240	19,754,944
Reserves		451,544	424,468
Accumulated losses		(10,078,838)	(11,399,034)
Total equity		10,612,946	8,780,378

The above statement of financial position should be read in conjunction with the accompanying notes.

ReadCloud Limited
Consolidated statement of changes in equity
For the half-year ended 31 March 2025

Consolidated	Issued capital $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance at 1 October 2023	19,754,944	331,963	(10,415,985)	9,670,922
Profit after income tax expense/(benefit) for the half-year	-	-	420,164	420,164
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	420,164	420,164
Transactions with Owners in their capacity as Owners:				
Share-based payments	-	71,784	-	71,784
Lapse of options	-	(32,731)	32,731	-
Balance at 31 March 2024	19,754,944	371,016	(9,963,090)	10,162,870

Consolidated	Issued capital $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance at 1 October 2024	19,754,944	424,468	(11,399,034)	8,780,378
Profit after income tax expense/(benefit) for the half-year	-	-	1,320,197	1,320,197
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	1,320,197	1,320,197
Transactions with Owners in their capacity as Owners:				
Exercise of RCLAU unlisted options (net of transaction costs)	485,296	-	-	485,296
Share-based payments	-	27,076	-	27,076
Lapse of options	-	-	-	-
Balance at 31 March 2025	20,240,240	451,544	(10,078,837)	10,612,946

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	Consolidated 31 March 2025 $	31 March 2024 $
Cash flows from operating activities			
Receipts from customers		6,863,145	7,166,721
Payments to suppliers and employees		(5,287,479)	(5,784,445)
Research and development tax incentive refund		331,689	333,039
Interest income		7,096	11,933
Income tax refund		-	11,729
Net cash received from operating activities		1,914,451	1,738,977
Cash flows from investing activities			
Payments for property, plant and equipment		(16,044)	(8,347)
Payments for software development	6	(204,955)	(261,595)
Purchase of intellectual property materials	6	-	(10,372)
Net cash used in investing activities		(220,999)	(280,314)
Cash flows from financing activities			
Repayment of lease liabilities	7	(68,881)	(63,474)
Interest paid on lease liabilities	7	(2,505)	(5,078)
Proceeds from issue of shares		496,629	-
Share issue transaction costs		(11,333)	-
Repayment of borrowings		-	-
Net cash from / (used in) financing activities		413,910	(68,552)
Net increase in cash and cash equivalents		2,107,362	1,390,111
Cash and cash equivalents at the beginning of the financial half-year		1,431,178	1,709,430
Cash and cash equivalents at the end of the financial half-year		3,538,540	3,099,541

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Basis of preparation and significant accounting policies

The financial statements cover ReadCloud Limited as a consolidated entity ('the Group') consisting of ReadCloud Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency. ReadCloud Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 May 2025.

These general-purpose financial statements for the half-year reporting period ended 31 March 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 September 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The material accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. This has not resulted in any material impacts to the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. This is not anticipated to result in any material impacts to the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The key judgements and estimates used by Management in applying the Group's policies for the period have been updated to reflect the latest information available. Those judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Capitalised software development costs
The Group capitalises software development costs associated with the ReadCloud platform, based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

Impairment of non-financial assets
The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are assessed at each reporting date by evaluating conditions specific to the Group and to the particular asset that may indicate an impairment trigger. Resultant testing requires the recoverable amount of the asset or cash-generating unit, as relevant, to be determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
Judgement is required in determining amounts impacting the provision for income tax, such as in relation to entitlements to access R&D offset as of the interim reporting date. Liabilities are determined on the Group's current understanding of the tax law.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Share-based payments
The grant date fair value of share-based payments is recognised as an expense with a corresponding increase in equity, over the period that the recipients unconditionally become entitled to the awards. The Group follows the guidelines of AASB 2 Share-based payment and takes into account all performance conditions in estimating the probability and expected timing of achieving these performance conditions. Accordingly, the expense recognized over the vesting period may vary based upon information available and estimates made at each reporting period, until the expiry of the vesting period.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Operating segments

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the eyes of management. Operating segments represent the information reported to the chief operating decision makers (CODM), being the executive management team, for the purposes of resource allocation and assessment of segment performance. The Group's reportable segments under AASB 8 are as follows:

- the provision of eBook solutions to schools; and
- the provision of Vocational Education and Training courses and services.

Cyclical nature of the Group's business

Each segment has a different revenue profile. For the eBook solutions segment revenue from eBook sales is recognised at the time of eBook purchases by schools, with the majority of eBook sales occurring in the months of December through February (just prior to and immediately following the commencement of the Australian school year).

For the Vocational Education and Training business, the Group receives:
- auspicing fees for the provision of services to secondary schools that enables these schools to offer their students nationally accredited VET courses under the auspices of one of the Group's Registered Training Organisation ("RTO") licences; and
- training fees for the delivery of nationally accredited post-secondary school training.

Revenue is earned in line with the provision of services provided.

The trade receivables and payables profiles are impacted by the cyclical nature of the Group's business, when viewed from the half-year and year-end perspectives.

Consistent with information presented for internal management reporting purposes, segment performance is measured by underlying EBITDA contribution, where underlying EBITDA (a non-statutory financial measure not prescribed by Australian Accounting Standards – "AAS") represents the profit under AAS adjusted for Interest, Tax, Depreciation and Amortisation and certain other specified items.

Note 3. Operating segments (continued)

Consolidated – 31 March 2024

	eBook solutions	Vocational Education and Training	Unallocated public company costs	Total
	$	$	$	$
Sales & fee revenue	4,159,783	3,976,664	-	8,136,447
Other income	171,215	739	-	171,954
Total revenue	4,330,998	3,977,403	-	8,308,401
Underlying EBITDA	133,421	1,113,809	(206,915)	1,040,315
Depreciation and amortisation	(399,724)	(131,018)	-	(530,742)
Share based payments	(38,228)	(33,556)	-	(71,784)
Fair value movement of contingent consideration	-	1,787,760	-	1,787,760
Impairment of goodwill	-	(1,787,760)	-	(1,787,760)
Net interest revenue / (expense)	(18,364)	739	-	(17,625)
Reported (statutory) net profit after tax	(322,895)	949,974	(206,915)	420,164
Total segment assets	5,314,958	9,586,849	-	14,901,807
Total segment liabilities	(2,781,945)	(1,956,992)	-	(4,738,937)

Consolidated – 31 March 2025

	eBook solutions	Vocational Education and Training	Unallocated public company costs	Total
	$	$	$	$
Sales & fee revenue	4,226,626	4,929,104	-	9,155,730
Other income	135,119	743	-	135,862
Total revenue	4,361,745	4,929,847	-	9,291,592
Underlying EBITDA	173,916	1,850,474	(228,057)	1,796,333
Depreciation and amortisation	(412,201)	(41,262)	-	(453,463)
Share based payments	(12,700)	(14,376)	-	(27,076)
Net interest revenue / (expense)	3,660	743	-	4,403
Reported (statutory) net profit after tax	(247,325)	1,795,579	(228,057)	1,320,197
Total segment assets	6,432,648	10,061,453	-	16,494,101
Total segment liabilities	(3,599,514)	(2,281,641)	-	(5,881,155)

Note 4. Revenue and other income

	Consolidated	
	31 March 2025 $	31 March 2024 $
Sales & fee revenue		
eBook sales	3,981,345	3,863,261
Software licence fees	254,236	312,911
Auspicing fees	3,566,000	2,774,890
Training fees	1,288,009	1,140,970
Sales & fees - other	66,140	44,415
	9,155,730	8,136,447
Other income		
Government grants – R&D tax incentive	129,246	160,021
Interest	6,616	11,933
Other revenue	-	-
	135,862	171,954
Revenue and other income	9,291,592	8,308,401

The Group's total sales revenue is recognised according to the following timing:

	Consolidated	
	31 March 2025 $	31 March 2024 $
Goods transferred at a point in time	4,047,485	3,907,676
Services transferred over time	5,108,245	4,228,771
	9,155,730	8,136,447

Note 5. Current assets - trade and other receivables

	Consolidated	
	31 March 2025 $	30 September 2024 $
Trade receivables	2,433,090	638,181
Less provision for doubtful debts	-	(28,764)
	2,433,090	609,417
Accrued revenue	1,413,273	-
R&D tax incentive receivable	129,246	331,689
Deposits	-	36,300
	3,975,609	977,406

Note 6. Non-current assets – intangible assets

	Consolidated 31 March 2025 $	Consolidated 30 September 2024 $
Goodwill	8,449,045	8,449,045
Less: Impairment	(1,787,760)	(1,787,760)
	6,661,285	6,661,285
Software	6,159,085	5,954,130
Less: Accumulated amortisation	(4,346,600)	(4,031,535)
	1,812,485	1,922,595
Registered Training Organisation Licence	200,000	200,000
Less: Accumulated amortisation	(185,897)	(173,139)
	14,103	26,861
Intellectual property in Vocational Education & Training course materials	779,593	779,593
Less: Accumulated amortisation	(742,428)	(690,132)
	37,165	89,461
Total	8,525,038	8,700,202

Reconciliation

Consolidated	Software at cost $	Goodwill $	Registered Training Organisation licence $	Intellectual property in course materials $	Total $
Balance at 1 October 2024	1,922,595	6,661,285	26,861	89,461	8,700,202
Additions	204,955	-	-	-	204,955
Amortisation expense	(315,065)	-	(12,758)	(52,296)	(380,119)
Balance at 31 March 2025	1,812,485	6,661,285	14,103	37,165	8,525,038

Note 7. Leases

A. Expenses

Expenses from transactions not recognised as leases:

	Consolidated	
	31 March 2025 $	30 March 2024 $
Rental expense relating to leases of low-value assets	-	-

B. Cash flows

	Consolidated	
	31 March 2025 $	31 March 2024 $
Total cash outflow for leases	71,386	68,552

C. Right-of-use assets

	Consolidated	
	31 March 2025 $	30 September 2024 $
Right-of-use assets – at cost	582,791	357,179
Less: Accumulated depreciation	(346,783)	(287,727)
	236,008	69,452

Reconciliation	
Opening balance at 1 October 2024	69,452
Adjustment - Lease Extended	225,612
Depreciation charge	(59,056)
Balance at 31 March 2025	236,008

D. Lease liabilities

	Consolidated	
	31 March 2025 $	30 September 2024 $
Current	134,333	91,767
Non-current	114,355	-
	248,688	91,767

Note 7. Leases (continued)

Additional information

As at 31 March 2025 the Company had only one property lease in place, being for its Head Office located at Level 1, 126 Church Street Brighton VIC 3186. A new lease agreement was signed prior to this date, extending the original lease term by an additional 24 months, from 30 April 2025 to 30 April 2027. As a result, the right-of-use asset and corresponding lease liabilities have been remeasured.

For the purpose of calculating unavoidable future lease payments only the current term of this property lease has been considered on the basis that there is no installed critical infrastructure at this location and therefore the property is viewed as readily replaceable.

Weighted average lease term
The average unavoidable property lease term, weighted by the outstanding lease liability as 31 March 2025 is 3.08 years (30 September 2024: 0.58 years).

Note 8. Current liabilities - trade and other payables

	Consolidated	
	31 March 2025 $	30 September 2024 $
Trade payables	2,047,772	278,439
Accrued expenses	1,213,592	696,085
GST payable / (receivable)	95,827	(43,661)
Other payables	226,446	188,365
	3,583,637	1,119,228

Note 9. Employee entitlements

	Consolidated	
	31 March 2025 $	30 September 2024 $
Annual leave (current)	194,807	291,268
Long service leave (current)	93,451	18,655
	288,258	309,923
Long service leave (non-current)	135,369	194,362

Note 10. Current liabilities – Contract liabilities

	Consolidated	
	31 March 2025 $	30 September 2024 $
Unearned revenue - software	8,485	21,120
Unearned revenue - distribution agreement	-	100,000
Unearned revenue – auspicing fees	1,602,055	702,006
	1,610,540	823,126

Note 11. Equity - contributed equity

	Consolidated			
	31 March 2025 Shares	30 September 2024 Shares	31 March 2025 $	30 September 2024 $
Ordinary shares - fully paid	152,599,355	146,204,505	20,240,240	19,754,944

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	30 September 2024	146,204,505		19,754,944
Movements				
Conversion of share rights	15 November 2024	1,428,571	$0.00	-
Exercise of 1,111,129 RCLAU unlisted options	19 February 2025	1,111,129	$0.10	111,113
Exercise of 685,067 RCLAU unlisted options	27 February 2025	685,067	$0.10	68,508
Exercise of 3,169,056 RCLAU unlisted options	3 March 2025	3,169,056	$0.10	316,906
Exercise of 1,027 RCLAU unlisted options	4 March 2025	1,027	$0.10	103
Share issue transaction costs				(11,334)
Balance	31 March 2025	152,599,355		20,240,240

Share buy-back
There is no current on-market share buy-back.

Note 12. Earnings per share

	Consolidated	
	31 March 2025 $	31 March 2024 $
Profit/(Loss) after income tax attributable to the Owners of ReadCloud Limited	1,320,197	420,164
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	148,134,971	146,204,505
Weighted average number of ordinary shares used in calculating diluted earnings per share	148,134,971	146,204,505
	Cents	Cents
Basic earnings / (loss) per share	0.89	0.29
Diluted earnings / (loss) per share	0.89	0.29

Note 13. Events after the reporting period

No matter or circumstance has arisen since 31 March 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 March 2025 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Cristiano Nicolli
Chairman

28 May 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF READCLOUD LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ReadCloud Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of ReadCloud Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the Group's financial position as at 31 March 2025 and of its performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the half-year financial report

The Directors' of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the review of the half-Year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF
Melbourne, 28 May 2025

Kaitlynn Brady

Kaitlynn Brady
Partner