



ReadCloud

1H25 Results Presentation

29 May 2025

29-May-25

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ReadCloud is an EdTech SaaS growth platform

eLearning software solutions to Schools and Educational Institutions in Australia and Internationally

Snapshot 1H FY25

- 429 schools currently use ReadCloud platforms (62 new schools joining in 1H 2025)
- 13% organic growth in total revenue to \$9.2m (VET-in-schools revenue up 32%)
- 73% increase in underlying EBITDA to \$1.8m (operating cashflow of \$1.9m)
- Positioned for growth with operating cash inflow of \$1.9m, cash of \$3.5m and no debt

VET-in-Schools

- Vocational Education and Training (VET) platform for Australian Schools
- Category leader: 50 qualifications on scope, serving >14,000 Students

eBooks


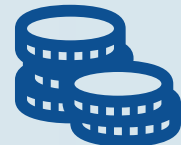



- Dynamic, interactive and digital content from the world's leading publishers
- Integrates into leading School Management Systems across Australia and Internationally

Southern Solutions

- RTO delivers nationally accredited vocational training to industry
- Specialises in Early Childhood Education and Care, Aged Care and Real Estate

1H FY25 Financial Results

First half results demonstrate ReadCloud's transformation and operating leverage

Sales & Fee Revenue	Operating costs	Underlying EBITDA*	Statutory Profit	Cash
Up 13%	Controlled increase 1%	Up 73%	Up 214%	\$3.5m
				
<p>\$9.2m</p> <p>32% revenue growth in VET-in-schools Organic growth in all businesses</p>	<p>Restructured workforce</p> <p>Strengthening operating leverage with disciplined cost management</p>	<p>\$1.8m</p> <p>Building momentum following FY24 improvement of \$1.1m</p>	<p>\$1.32m</p> <p>Revenue growth + cost discipline unlocking operating leverage</p>	<p>\$1.9m</p> <p>Operating Cashflow</p> <p>Self-funded for working capital requirements</p>

*Underlying EBITDA = earnings adjusted for Interest, Tax, Depreciation and Amortisation, Share-based payments, transaction costs incurred on acquisitions and restructuring costs.



ReadCloudVET Platform

Highly scalable digital solution with proprietary content

ReadCloudVET leverages technology and IP to empower Schools and Teachers to implement quality Vocational Education & Training programs through tailored support, flexible learning, streamlined processes and diverse pathways.

Market Opportunity:

- 1.7 million Students in 2,861 Secondary Schools in Australia
- 252,105 Students in VET-in-Schools courses
- 47% of Students enrolled in year 12 did not enroll in an undergraduate higher education course

Australian Bureau of Statistics. *Schools, Australia 2024*
Australian Bureau of Statistics. *Higher Education Student Statistics 2023*
ACARA. *National Report on Schooling in Australia: Student Numbers 2023*
NCVER. *Total VET Students and Courses 2023*

ReadCloud's Competitive Advantage:

1. Category leading range of Qualifications on scope (50)
2. Vertically Integrated end to end offering
3. Students stay at School (travel to and from TAFE not required)

Customers choose ReadCloud because:

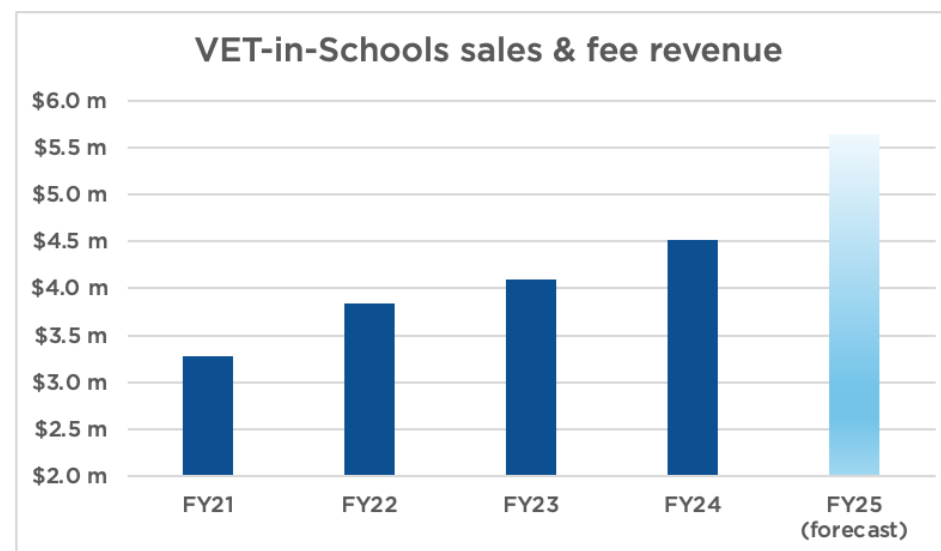
- Proprietary content targeted specifically at Secondary School Students and incorporates School and Teacher feedback
- Tech driven innovative platform supports flexibility of delivery at the individual Teacher level
- Regulatory requirements are navigated and led by ReadCloud on behalf of the School

ReadCloudVET Revenue growth 32% Gross margins continuing >90%

32% 1H25 growth driven by:

- 11% growth in customer numbers: 55 Schools added (372 total)
- 14% growth in Qualifications (ie courses delivered) to 733
- 94% School retention
- Qualifications per retained School increase from 1.9 to 2.1
- Increase in average customer value
- Premium offering translating to stronger price performance

Growth accelerating:



2026 pre-sales and government recognition of skills shortages create favourable conditions for extended growth.



ReadCloud eBooks platform

ReadCloud eBooks software empowers Students and Teachers with access to educational resources from the world's leading publishers housed in one collaborative online platform.

Market Opportunity:

- 1.7 million Students in 2,861 Secondary Schools in Australia
- 2.26 million Students in 6,237 Primary and 1,422 Combined Schools in Australia
- 6.9 million Students in 14,010 English-language International Schools globally

Australian Bureau of Statistics. *Schools, Australia 2024*.
ACARA. *National Report on Schooling in Australia: Student Numbers 2023*.
ISC Research. *Data on the international schools market in 2024*.

ReadCloud's Competitive Advantage:

1. Digital First
2. Exceptional Service
3. Fast, flexible, and automated Timetable Integration
4. Publisher agnostic

Customers choose ReadCloud because:

- Cost effective purchasing and procurement of school books
- Comprehensive offering
- Reduces administrative burden on Schools
- Collaborative platform provides opportunity for richer engagement
- No requirement to purchase, ship, or manage physical books

Australian eBooks strengthening with optionality in other channels

10% 1H25 Growth in domestic Direct eBooks driven by:

- Addition of 7 new Schools in 2025 (average revenue per new school is \$56k)
- Increase in revenue per retained School from \$60k to \$67k
- 91% School retention rate
- 57 Schools in 2025, includes 5 International Schools
- Revised sales plan and team structure positioned to accelerate growth in FY26
- Strategic options to accelerate growth

Consistent growth poised to accelerate:



1H25 summary

Ongoing organic growth

- Sales & fee revenue growth up 13%
- High-margin ReadCloudVET revenue up 32%
- Domestic Direct eBooks revenue up 10%

Large growing and entrenched customer base

- 429 Schools currently on the platform
- 51 new Schools joined in 2024
- 62 new Schools joined in 2025

Profit jaws opening

- 6% reduction in Operating Costs in FY24
- 1HFY25 Operating cost growth of 1%
- Operating leverage unlocked
- Growth is 100% self-funded

Large addressable market, including 1.7m students in 2,861 Secondary Schools in Australia*

*Australian Bureau of Statistics. *Schools, Australia 2024*

FY25 outlook

- ReadCloud's VET-in-Schools and eBooks businesses (circa 88% of total revenue in 1H FY25) remain on track to deliver ReadCloud's stated baseline growth target of 15% in FY25 (with revenue typically weighted towards the first half of ReadCloud's financial year)
- 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
- The International Schools sector presents strong growth opportunities for eBooks

Positioned for profitable growth

1. School customers are resilient
2. Lead indicators are positive
3. International eBooks opportunity validated by recent market engagement
4. Organic growth anticipated to continue
5. Retention Rates and Average Customer Value are strengthening
6. Unit economics are strong
7. Operating leverage flowing through to bottom line
8. Self-funded for growth and remaining debt free

Corporate Snapshot

ASX Code: RCL

Share Price (27 May 2025)	\$0.11
Market capitalisation (@ 11 cents)	\$16.9m
Shares on issue	153.6m
Options on issue (unlisted)	7.1m
Current cash (31 March 2025)	\$3.5m

Board & Management

Cristiano Nicolli	Non-Executive Chairman
Jonathan Isaacs	Non-Executive Director
Paul Collins	Non-Executive Director
Lars Lindstrom	Executive Director (Founder)
Andrew Skelton	Chief Executive Officer
Darren Hunter	Chief Information Officer
Luke Murphy	Chief Financial Officer & Co Sec

Substantial Shareholders

Board and management shareholdings*	16.6%
Thorney Group*	12.2%
Microequities Asset Management	8.7%
Cyan Investment Management	4.0%
Top 20	64.4%
*Includes indirect holdings	

RCL ASX Chart



Additional Information



1H25 Financials: Underlying EBITDA



\$'000	1H25	1H24	YOY
Sales and fee revenue	9,156	8,136	13%
Less publisher & bookseller fees	(3,633)	(3,503)	4%
Less trainer costs	(580)	(517)	12%
Margin after publisher & bookseller fees and trainer costs	4,942	4,116	20%
Add: Other revenue	136	172	-21%
Less operating expenses:			
Advertising and marketing	(73)	(24)	210%
Computer software	(85)	(89)	-4%
Employment expenses	(2,537)	(2,612)	-3%
Legal & compliance	(56)	(49)	16%
Office expenses	(26)	(26)	0%
Professional services expenses	(215)	(209)	3%
Telephone, internet & data hosting	(47)	(52)	-9%
Travel expenses	(52)	(33)	59%
Other expenses	(182)	(143)	27%
Total operating expenses	(3,275)	(3,236)	1%
Less net interest revenue / (expense)	(7)	(12)	-45%
Underlying EBITDA*	1,796	1,040	73%

1H25 versus 1H24:

- 13% Growth in Sales & fee revenue driven by:
 - VET-in-schools sales & fee revenue ↑ 32%
 - Domestic Direct eBook Solutions sales & fee revenue ↑ 10%
 - Southern Solutions sales & fee revenue ↑ 2% (consolidating a strong growth year in FY24 that saw sales & fee revenue ↑ 50%)
- 20% Growth in Margin after publisher & bookseller fees and trainer costs, driven by Sales & fee revenue growth for VET-in-schools (on which margins exceed 90%)
- 1.2% Reduction in Operating expenses (consolidating a 6% reduction in FY24), including:
 - a 3% reduction in wages and salaries

* Underlying EBITDA = earnings adjusted for Interest, Tax, Depreciation and Amortisation and Share-based payments

1H25 Financials

Reconciliation of Underlying EBITDA to Statutory profit

\$'000	1H25	1H24	YOY
Underlying EBITDA*	1,796	1,040	73%
Fair value movement in contingent consideration	-	1,788	N/A
Impairment of goodwill	-	(1,788)	N/A
Net interest revenue / (expense)	4	(18)	125%
Income tax benefit	-	-	N/A
Depreciation and amortisation	(453)	(531)	-15%
Loss on disposal of fixed assets	-	-	N/A
Share based payments	(27)	(72)	-62%
Reported (statutory) net profit / (loss) after tax	1,320	420	214%

Underlying EBITDA ↑ 73% to \$1.8 million:

- Strong organic growth and disciplined cost control unlocking operating leverage

1H25 Financials

Balance Sheet



\$'000	Note	31-March-25	30-Sep-24
Cash and cash equivalents		3,539	1,431
Trade and other receivables	1	3,976	977
Prepayments		141	115
Total current assets		7,655	2,524
Non-current deposits		36	-
Property, plant & equipment		42	40
Intangibles	2	8,525	8,700
Right-of-use assets		236	69
Total non-current assets		8,839	8,810
Total assets		16,494	11,333
Trade and other payables	3	3,584	1,119
Contract liabilities	4	1,611	823
Employee entitlements (Current & NC)		424	504
Lease Liabilities (Current & NC)		249	92
Deferred tax liability		15	15
Total liabilities		5,881	2,553
Net assets		10,613	8,780

Notes

1. Includes trade receivables of \$2.43m and accrued revenue of \$1.41m
2. Intangibles includes capitalised software development (\$1.81m), goodwill (\$6.66m) and other acquired intangibles (\$51k)
3. Includes trade creditors and accruals of \$3.26m mainly relating to amounts owing to third-party publishers in respect of eBook sales
4. Invoiced revenue in respect of which performance obligations not fulfilled as at 31 March 2025 (majority of performance obligations will have been fulfilled by year-end, resulting in release of this revenue to the P&L)

1H25 Financials

Cash Flows



\$'000	31-Mar-25	31-Mar-24	YOY
Receipts from customers	6,863	7,167	-4%
Payments to suppliers	(5,287)	(5,784)	-9%
R&D tax incentive refund	332	333	0%
Interest income	7	12	-41%
Income tax refund / (paid)	-	12	-100%
Net cash from operating activities	1,914	1,739	10%
Payments for PP&E	(16)	(8)	92%
Software development	(205)	(262)	-22%
Purchase of intangible assets	-	(10)	-100%
Net cash used in investing activities	(221)	(280)	-21%
Repayment of lease liabilities (including interest)	(71)	(69)	4%
Net proceeds from issue of shares	485	-	N/A
Net cash from / (used in) financing activities	414	(69)	-704%
Net increase in cash	2,107	1,390	52%
Cash at the beginning of half year	1,431	1,709	N/A
Cash at end of half year	3,539	3,100	14%

- Strong Underlying EBITDA to operating cash flow conversion (107%)
- Net cash from operating activities up 10%

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