

1. Company details

Name of entity:	ReadCloud Limited
ABN:	44 136 815 891
Reporting period:	For the year ended 30 September 2025
Previous period:	For the year ended 30 September 2024

2. Results for announcement to the market

				\$
Revenues and other income from ordinary activities	Up	5%	to	12,922,511
Loss from ordinary activities after tax attributable to the Owners of ReadCloud Limited	Down	59%	to	(415,898)
Loss for the year attributable to the Owners of ReadCloud Limited	Down	59%	to	(415,898)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$415,898 (30 September 2024: \$1,018,890 loss). Underlying earnings before interest taxation, depreciation, and amortisation ('Underlying EBITDA') was \$757,395 (30 September 2024: \$363,185). This is reconciled to the statutory loss as follows:

	Consolidated	
	30 September 2025	30 September 2024
	\$	\$
Reported (statutory) net loss after tax	(415,898)	(1,018,890)
Add back: Depreciation and amortisation	881,587	1,024,025
Fair value movement of contingent consideration	-	(1,787,760)
Impairment of goodwill	-	1,787,760
Share based payment expense	135,127	128,346
Restructuring costs	189,550	242,091
Net interest (revenue) / expense	(20,792)	(207)
Income tax expense / (benefit)	(12,179)	(12,180)
Underlying EBITDA*	757,395	363,185

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	0.29	0.02

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 have been audited and an unqualified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of ReadCloud Limited for the year ended 30 September 2025 is attached.

12. Signed



Signed _____

Date: 20 November 2025

Cristiano Nicolli
Chairman

For personal use only



ReadCloud Limited

ABN 44 136 815 891

2025 Annual Report

For personal use only

Corporate directory	2
Directors' report	3
Auditor's independence declaration	25
Consolidated statement of profit or loss and other comprehensive income	26
Consolidated statement of financial position	27
Consolidated statement of changes in equity	28
Consolidated statement of cash flows	29
Notes to the consolidated financial statements	30
Consolidated Entity's Disclosure Statement	55
Directors' declaration	56
Independent auditor's report to the members of ReadCloud Limited	57
Shareholder information	62

Directors	Mr Cristiano Nicolli (Non-Executive Chairman) Mr Jonathan Isaacs (Non-Executive Director) Mr Lars Lindstrom (Non-Executive Director) Mr Paul Collins (Non-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
Stock exchange listing	ReadCloud Limited shares are listed on the Australian Securities Exchange (ASX code: RCL)
Website	www.readcloud.com
Corporate Governance Statement	Refer to the Company's Corporate Governance statement at: www.readcloud.com/investors#corporate-governance

The Directors present their report, together with the financial statements, on the consolidated entity ('ReadCloud' or the 'Group') consisting of ReadCloud Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 September 2025.

Directors

The following persons were Directors of ReadCloud Limited during the whole of the financial 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 Lars Lindstrom – Non-Executive Director (Executive Director until 29 July 2025)
Mr Paul Collins - Non-Executive Director
Mr Darren Hunter - Executive Director (resigned 12 February 2025)

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 qualifications including in Early Childhood Education and Care, Business, Aged Care, Hospitality and Real Estate.

Dividends

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

FY25 Review of operations

ReadCloud is an integrated provider of technology, learning content and training services to schools and industry.

Financial highlights for FY25 include:

- 109% increase in Underlying EBITDA to \$0.8m (FY24: \$0.4m)
- 26% growth in total VET-in-Schools revenue to \$5.7m (FY24: \$4.5m) including 29% growth in VET-in-Schools partnering fees to \$5.3m (FY24: \$4.1m)
- Australian domestic direct eBooks sales up 17% to \$4.6m (FY24: \$4.0m)
- \$12.9m consolidated revenue, up 5% on pcp (FY24: \$12.3m)
- 26% increase in operating cash flow to \$0.5m (FY24: \$0.4m)
- \$1.9m closing cash balance (30 September 2025) up 34% (\$0.5m) on pcp.

Operational highlights for FY25 include:

- 62 new school customers successfully on-boarded for the 2025 school year across the VET-in-Schools and eBook Solutions businesses (up from 51 in 2024)
- Strong customer retention achieved by VET-in-Schools (92%) and direct eBook Solutions (91%)
- VET-in-Schools business preserving >90% gross margins while enhancing service quality
- Key metrics for VET-in-Schools including retention and qualifications per school are trending upwards
- Increased investment in advertising and marketing during FY25 expected to support future sales growth.

The Directors are pleased to report significant growth in profitability with FY25 Underlying EBITDA of \$0.8m up 109% on pcp (FY24 Underlying EBITDA \$0.4m). The improvement in earnings is being powered by continuing strong organic growth for the VET-in-Schools and domestic eBook Solutions businesses, combined with a continued focus on cost discipline. In light of headwinds in industry training, the Board is conducting a strategic review to ensure ReadCloud is focused on activities that align with its strengths and that generate higher margins and cashflow.

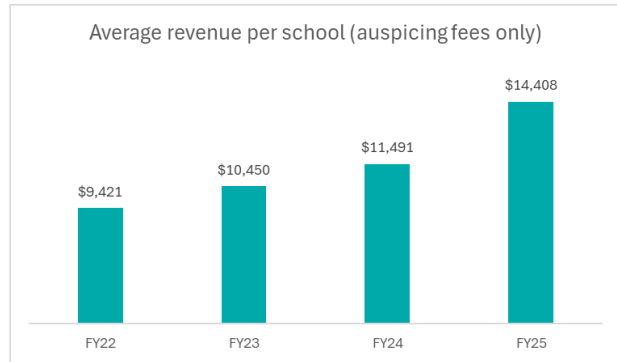
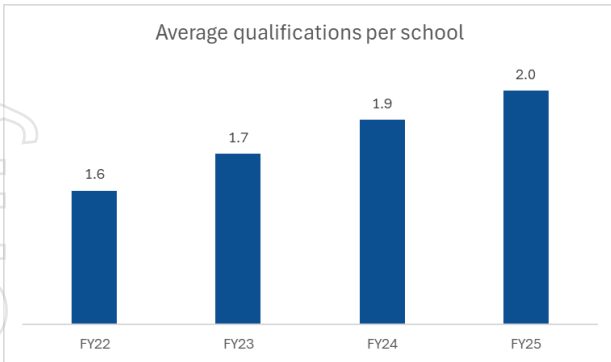
Vocational Education & Training segment

ReadCloudVET

VET-in-Schools sales and fee revenue grew 26% in FY25 on pcp to \$5.7m, with revenue from ReadCloudVET's core service offering (partnering with secondary schools to deliver nationally recognised vocational education and training to students across Australia) growing 29% on pcp to \$5.3m. FY25 Growth was entirely organic and driven by:

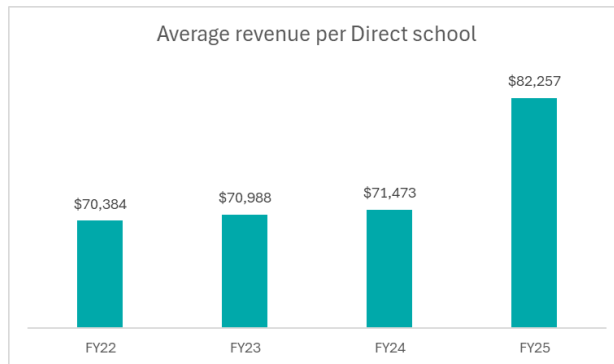
- 92% School customer retention
- 11% growth in customer numbers: 55 Schools added (372 total)
- a 5% increase in qualifications per retained School from 1.9 to 2.0
- 14% growth in total qualifications delivered to 733
- ReadCloudVET's premium offering translating to stronger price performance.

Key VET-in-Schools indicators, including qualifications per school and partnering revenue per school, are showing sustained upward momentum.



eBook Solutions

The Direct eBooks business grew Australian sales in FY25 by 17% on pcp, driven by 7 new school customers and 91% customer retention. Average customer value also increased.



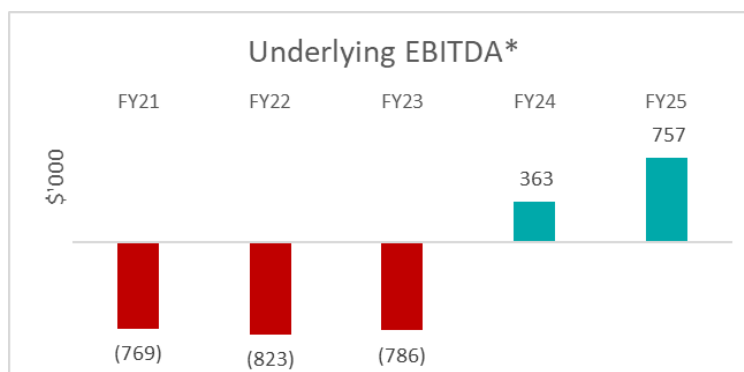
The international channel contracted in FY25 and the performance of the reseller channel was subdued. The Company is assessing initiatives to rejuvenate the international and reseller channels with both capable of significant performance improvement. The eBooks team has been restructured, and leadership of international sales has been transitioned for FY26. Overall eBook Solutions revenue grew 6% on pcp.

Industry Training

ReadCloud's Industry Training business Southern Solutions delivered 50% revenue growth in FY24 and 1HFY25 revenue was up 2% on pcp. Unlike the VET-in-Schools business, Industry Training is directly impacted by the availability of State government funding which is challenging to predict and can change at short notice. As identified in the Company's 31 March 2025 half-year report, government policy changes in NSW and Victoria have negatively affected Southern Solutions' 2HFY25 revenue, with FY25 full-year Industry Training revenue down 28% on pcp. Southern Solutions is being tightly managed, and strategies are being developed to mitigate the impact of future revenue volatility.

Reported result

The Group recorded significant growth in profitability with FY25 Underlying EBITDA of \$0.8m up 109% on pcp, reflecting continued positive earnings momentum and sustained operational improvement.



The Group recorded a FY25 statutory loss after tax of \$0.4m, an improvement from the \$1.0m loss in FY24. 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.

	Consolidated	
	2025	2024
	\$	\$
Sales & fee revenue	12,634,003	11,903,826
Less Direct costs:		
Publisher and bookseller fees expense	(4,301,697)	(3,974,338)
Trainer costs	(941,530)	(1,236,121)
Cost of sales - Other	(94,887)	(129,307)
Gross profit	7,295,889	6,564,060
Add: Other revenue	288,508	364,820
Less operating expenses:		
Advertising and marketing	(187,756)	(122,353)
Computer software	(182,219)	(187,442)
Employment expenses	(5,285,977)	(5,262,715)
Legal & compliance	(114,057)	(100,143)
Office expenses	(60,093)	(58,414)
Professional services expenses	(508,559)	(424,932)
Telephone, internet & data hosting	(96,220)	(103,031)
Travel expenses	(140,083)	(86,265)
Other expenses	(221,292)	(187,269)
Less interest revenue	(30,746)	(33,131)
Underlying EBITDA*	757,395	363,185
Add: Fair value movement of contingent consideration	-	1,787,760
Less: Depreciation and amortisation	(881,587)	(1,024,025)
Impairment of goodwill	-	(1,787,760)
Share based payments	(135,127)	(128,346)
Restructuring costs	(189,550)	(242,091)
Net interest (expense) / revenue	20,792	207
Income tax expense / (benefit)	12,179	12,180
Reported (statutory) net loss after tax	(415,898)	(1,018,890)

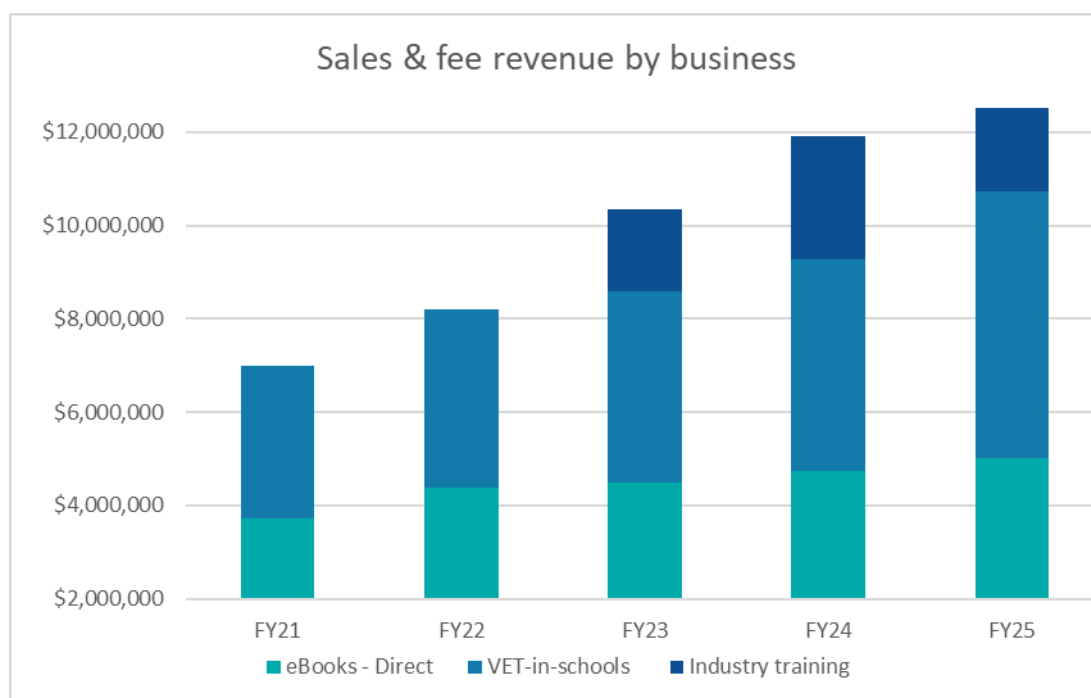
* EBITDA and underlying EBITDA are non-statutory financial measures that are not prescribed by Australian Accounting Standards (AAS). They represent the profit under AAS adjusted for Interest, Tax, Depreciation and Amortisation and certain other specified items. The Directors consider that EBITDA and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

Revenue and gross margins

Revenue

ReadCloud achieved a 6% (\$0.7m) increase in FY25 consolidated Sales & fee revenue to \$12.6m (pcp \$11.9m), reflecting:

- 22% Sales and fee revenue growth for the Australian schools-based businesses (VET-in-Schools and domestic direct eBooks);
- 26% growth in VET-in-Schools Sales and fee revenue to \$5.7m (FY24: \$4.5m);
- Australian direct eBooks sales up 17% to \$4.6m (FY24: \$4.0m);
- overall eBooks Sales and fee revenue growth of 6% (\$5.02m for FY25 versus \$4.74m for pcp) incorporating declines in domestic Reseller and international eBooks revenue; and
- a 28% decline in industry training revenue.



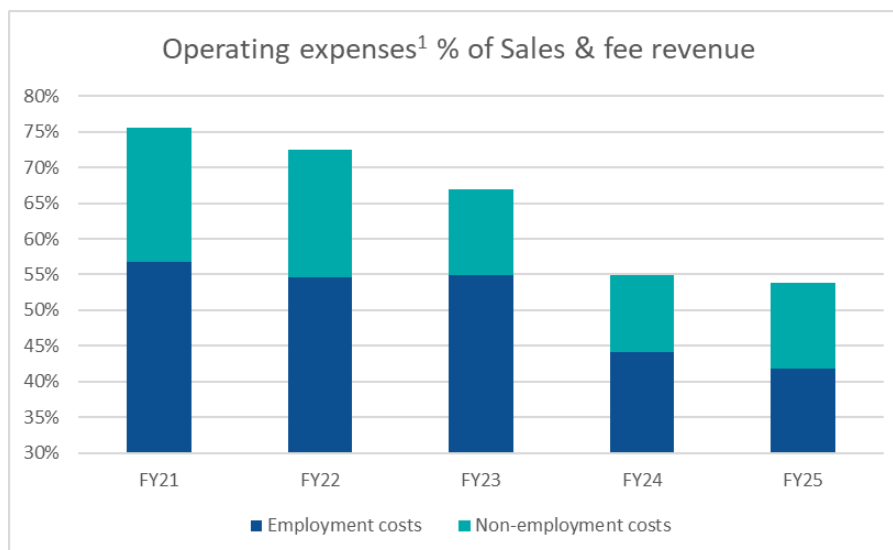
Gross profit and margins

ReadCloud delivered an 11% (\$0.7m) increase in consolidated gross profit for FY25 to \$7.3m (FY24: \$6.6m). Gross profit is defined as sales and fee revenue less direct costs, with the key direct costs being publisher and bookseller fees and trainer costs. FY25 observations include:

- VET-in-Schools generated a gross profit margin >90% consistent with FY24;
- Gross margin in the eBook Solutions segment reduced by 2% impacted by sales mix and pricing dynamics; and
- a 33% decline in Industry Training gross profit reflects the 28% reduction in sales and fee revenue and diseconomies of scale associated with smaller student cohorts.

Operating expenses

ReadCloud maintained its disciplined approach to cost management in FY25, further reducing operating expenses as a proportion of sales and fee revenue. This improvement was achieved while simultaneously increasing investment in customer-facing initiatives reflected in higher advertising & marketing and travel costs.



¹ Excluding abnormal items

Advertising and marketing expenses

FY25 saw a 54% increase in advertising and marketing spend to \$0.2m, alongside a 62% rise in travel expenses, reflecting ReadCloud's heightened customer engagement and expanded presence at key conferences in Australia, the UK, and Indonesia. These strategic investments are anticipated to accelerate future sales growth.

Employment expenses

FY25 Employment expenses of \$5.3m as per the table above were consistent with FY24, or slightly lower after incorporating restructuring costs.

Depreciation and amortisation expense

FY25 depreciation and amortisation expense was \$0.9m (pcp \$1.0 million) predominantly relating to the amortisation of capitalised software development costs and intangible assets acquired as part of business combinations.

Professional services expenses

FY25 Professional services expenses were \$0.5m (pcp \$0.4m), with components including audit fees, company secretarial fees, investor relations fees, administration and customer support contractor costs, share registry costs, tax consulting fees, and contractor costs incurred in the development of learning and assessment resources for the VET segment.

Restructuring costs

FY25 Restructuring costs relate to staff separation costs. FY25 restructuring costs were \$190k (pcp \$242k).

Outlook

ReadCloud is well advanced in building a robust, scalable business serving schools with digital learning materials and education technology. Our school-facing operations - eBooks and ReadCloudVET - demonstrate strong unit economics, high customer retention, and controlled cost structures that position the Company for sustainable profitability. Sales to date for the 2026 school year indicate that both school customer retention and average customer revenue are on target to strengthen further.

ReadCloudVET continues its strong momentum. 55 new schools were secured in 2025 and 46 new schools are already confirmed for 2026 with more sales expected in coming weeks - putting us on track for similar year-on-year growth in customer numbers. The business looks set to maintain exceptional gross margins above 90% and customer retention rates of 90-95%.

eBooks is successfully executing its geographic expansion strategy. Following our internal restructure and enhanced marketing approach, we've secured our first South Australian customer for 2026 and are in active discussions with a number of international schools. The business is on track to achieve 90-95% retention while again increasing average customer value.

Strategic Repositioning for Profitable and Predictable Growth

In FY25, ReadCloud delivered a 109% improvement in underlying EBITDA and generated \$522k in positive operating cash flow. This performance was achieved despite the significant revenue headwinds that emerged in 2HFY25 for Southern Solutions, which operates in the government-subsidised industry training sector. The business is heavily dependent on its Smart and Skilled funding contract with NSW which is currently under threat with no certainty of continuation or renewal. Given the significant changes to each State's funding initiatives, the Board is initiating a review of the industry training business.

Industry training had a negative impact on FY25 underlying EBITDA (\$283k) and a negative impact on FY25 operating cashflow (\$402k). Absent Southern Solutions, FY25 underlying EBITDA would have been \$1.04m and operating cash flow would have been \$0.92m. ReadCloud's school-facing operations have demonstrated consistent growth and attractive unit economics.

Financial Outlook

Our school-based businesses continue to deliver benefits from:

- Recurring revenue models with 90-95% retention rates
- High gross margins in ReadCloudVET exceeding 90%
- Scalable technology platforms with controlled cost structures
- Minimal reliance on government subsidies or volatile policy settings
- Clear differentiation in the education technology market.

By concentrating resources on our core competencies in school-based digital learning, ReadCloud will deliver stronger, more predictable returns for shareholders while maintaining the financial flexibility to capitalise on growth opportunities in the education sector.

Material business risks

ReadCloud faces specific and general operational risks which may impact the future operating and financial performance of the Group. The following is a summary of the most significant risks that could adversely affect the Group's financial performance and growth potential in future years as identified and assessed by a risk management process carried out by the Audit and Risk Committee and ReadCloud's risk mitigation approaches:

VET Regulatory risk

ReadCloud's RTOs are regulated by the Australian Skills Quality Authority (ASQA) against the framework of the Standards for RTOs 2025. The continuing registration of the RTOs is one of the key material risks for the Company, and therefore remains one of the highest priorities in our risk mitigation strategy.

Our risk mitigation strategies include:

- systems and processes established in accordance with ASQA's self-assurance model to monitor, evaluate and continually improve the training outcomes and performance of the RTOs against the Standards;
- a dedicated Quality and Compliance team;
- industry engagement that gathers meaningful advice and feedback from relevant representatives, ensuring that training and assessment reflects current industry practice and workplace needs;
- assessment validation processes carried out by teams and trainers across Australia, with outcomes used to inform revisions to the assessment system and upskill trainers;
- internal audit resulting in definitive actions for continuous improvement;
- education and training in compliance to ensure cross-team understanding, and internal and external consistency of adherence to ASQA Standards for RTOs; and
- education and training for schools to ensure comprehensive understanding of their responsibilities in a third-party (auspicing) arrangement and how to meet them.

Our 3 VET-in-Schools RTOs that comprise ReadCloudVET have all had their ASQA registrations renewed for 7 years during the last 12 months. Southern Solutions, our Industry Training RTO, is due for re-registration in February 2026.

VET reform and funding

The VET sector landscape is constantly evolving. ReadCloud's RTOs and their stakeholders benefit from consistency, transparency and up-to-date knowledge of factors impacting the VET sector. Given the interplay between State-based education policies and a national vocational training framework, it is important to maintain our understanding of changes in relevant legislation, VET funding dynamics, changes in processes for VET data reporting, the new Standards for RTOs and other broader reform issues.

Our risk mitigation strategies in this area include:

- investment in a dedicated leadership resource focused on funding contract compliance and administration
- appointment of specialised resources with specific experience in trainer management within the context of the care industry with experience in working within a funded training framework
- investing in building strong relationships with government agencies and engaging in regular pro-active dialogue
- collection and analysis of monthly data against key metrics
- having our key RTO compliance team members attending VET sector conferences and webinars
- holding subscriptions to VET industry publications
- holding membership and attending events with VET sector organisations
- relevant staff access compliance related professional learning.

Southern Solutions Industry Training Contracts

Southern Solutions, an RTO that delivers training to industry (not in partnership with schools), relies on the availability of government funding. State-based funding contracts, the loss of which could potentially have a material impact on Training fee revenue, enable Southern Solutions to offer subsidised training to the childcare and aged care industries.

Cyber security

ReadCloud and its customers are reliant upon the effective performance, reliability, and availability of ReadCloud's technology solutions and the cloud-based environments it uses to provide such software solutions. There is a risk that ReadCloud's technology and software solutions may be adversely affected by disruption, failure, service outages or data corruption that could occur because of computer viruses, malware, ransomware, internal or external misuse by customers, hacking or cyber-attacks, and other disruptions including natural disasters, power surges or outages, terrorist attacks, or other similar events. There is also a risk that security and technical precaution

measures taken by ReadCloud will not be sufficient to prevent unauthorised access to ReadCloud's networks, systems, and databases. Operational or business delays, and damage to reputation, may result from any disruption or failure of ReadCloud's technology and software solutions, which may be caused by events outside the Group's control. This could lead to loss of confidence / reduced attractiveness of ReadCloud by its customers, and the potential termination of customer contracts.

ReadCloud puts a high importance on this risk and proactively manages it through strong IT controls including:

- secure hosting of the ReadCloud platform within a Virtual Private Cloud (VPC) on Amazon Web Services with data replication across multiple physical locations, real time failover and continuous rolling backups
- adoption of industry best practices for securing our data (including encryption of data at rest);
- user access controls
- adherence to our privacy policies (customers also have the option to obfuscate personally identifiable information such as names of students if they wish).

Revenue growth and profitability

The Company's immediate strategic priorities are improved profitability performance, driving organic growth and generating positive cash flows from its operations. Despite the considerable experience of the Directors and ReadCloud's management team, there is a risk that the Company may not be able to successfully execute proposed business plans and growth strategies.

Our risk mitigation strategies in this area include:

- implementing a strategy that prioritises delivery of positive earnings and positive operating cash flow
- increasing the focus on winning new customers while increasing retention through service quality
- a disciplined approach to maintaining a stable cost base
- executing a business plan that prioritises organic growth
- launching new products that leverage existing proprietary curriculum and technologies
- linking executive remuneration to financial outcomes
- monthly Board monitoring of sales and financial performance
- holding regular Audit & Risk Committee meetings.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 September 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.

Likely developments and expected results of operations

The Group's likely developments and expected results of operations are as follows:

- continue in the provision of eBook solutions to secondary schools across Australia;
- continue to source content so that, with its reseller partners and publisher agreements, the Group is able to deliver the Australian secondary school curriculum in digital form across all States and Territories;
- further development of our technology platform to facilitate the move to "Digital" for an increasing number of schools;
- continue to expand our eBook solutions offering to international schools;
- carry on providing Vocational Education and Training courses and services to enable secondary schools across Australia to offer their students nationally accredited VET qualifications; and
- carry on delivering industry training in circumstances where State government funding contracts and industry partnerships render it commercially viable.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name: Cristiano Nicolli
Title: Non-Executive Chairman
Qualifications: Bachelor Management & Business Studies, FAICD
Experience and expertise: Cristiano has an extensive career as an influential leader and highly successful businessman in the technology sector. From 2010 to 2016, Cristiano was the Group Managing Director and CEO of ASX-listed IT services company UXC Limited. During his 13 years with UXC, Cristiano was instrumental in leading the growth of UXC's IT-services business from \$60 million annual revenue to \$750 million (via both organic growth and acquisitions) and employing 3,000 staff. Under Cristiano's leadership, UXC became widely recognised as the largest and one of the most respected ASX-listed IT companies in Australia. Cristiano oversaw the acquisition of UXC by global IT firm CSC in late 2016 for in excess of \$400 million.

Cristiano is currently Non-Executive Chairman of Playside Studios Limited (ASX: PLY), Australia's largest publicly listed video game developer and a Non-Executive Director of ASX/NZX listed Vista Group International Limited (ASX: VGL), a leading provider of software and cloud solutions to the global film industry.

Other current directorships: Playside Studios (ASX: PLY) Non-Executive Chairman since October 2020
Vista Group International Limited (ASX/NZX: VGL) Non-Executive Director since February 2017

Former directorships (last 3 years): None

Interests in shares: 2,573,483 fully paid ordinary shares

Name: Jonathan Isaacs
Title: Non-Executive Director
Qualifications: B. Comm, CA
Experience and expertise: Jonathan has over 20 years' executive management experience as a Manager and Board member in the corporate sector. Throughout his executive career Jonathan has held Directorships at The Mirabel Foundation, The Advertising Council of Australia, The One Box Foundation and as the Chief Financial Officer / Chief Operating Officer of Clemenger Group, Australia's largest marketing communication company. Currently Jonathan is the Chair of Taboo Advertising Group and the Chair of Tenant CS (tenancy services), as well as an adviser to Atomic212 Media Group and the trip and event planning app Lyfshort. He has led or been a crucial member of a diverse range of senior teams and has extensive experience in delivering positive business results through effective strategy planning and execution, cultural change and leadership initiatives, particularly in the communications industry.

Other current directorships: None

Former directorships (last 3 years): None

Interests in shares: 6,412,430 fully paid ordinary shares

Name: Lars Lindstrom
 Title: Non-Executive Director (Executive Director until 29 July 2025)
 Qualifications: Masters in Business Administration & Corporate Law
 Experience and expertise: Lars co-founded ReadCloud in 2009 and has extensive tech startup experience. Previously a Partner in LundXY Global Ventures (the first investor in Skype) and the CFO/Co-Founder of Nyhedsavisen which within one year became the most read newspaper in Denmark publishing over 500,000 copies daily. Lars spent his first 10 years working in investment banking/M&A working for Deutsche Bank and Rothschild in Melbourne.

Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: 7,405,668 fully paid ordinary shares

Name: Paul Collins
 Title: Non-Executive Director
 Qualifications: BSc Applied Science (Computer Science), GAICD
 Experience and expertise: Paul commenced his career with IBM in 1982. After 3 years he started his own consulting business working in a state government agency and large corporations primarily in software development and implementation roles. This included 7 years at IOOF in the Development Manager's role. Over the last 20 years, Paul has been extensively involved in the start-up and subsequent ASX listing of 2 successful FinTech companies. A co-founder of IWL in 1997, Paul was an Executive Director of the company from its inception, through its listing in 1999 before leaving in 2004. Later in 2004, Paul was a co-founder and Executive Director of Managed Accounts Ltd which listed on the ASX in 2014 (ASX:MGP). Paul chaired the Audit and the Risk and Compliance Committees of MGP from 2009 until 2016.

Other current directorships: WRKR Limited (ASX:WRK) Non-Executive Director since October 2018
 Former directorships (last 3 years): None
 Interests in shares: 3,949,260 fully paid ordinary shares

Name: Darren Hunter
 Title: Executive Director until 12 February 2025 and Chief Information Officer
 Experience and expertise: Darren commenced his career in IT in 1984. Following a number of varied and senior roles he cofounded IWL, a financial planning and online stockbroking software provider in 1997. IWL was listed on the ASX in 1999 and provided Westpac and National Australia Bank with their online broking capabilities. Darren's role was that of CIO and group strategy. IWL grew into an ASX 300 company with over 500 employees and was eventually acquired by CBA for \$373 million. He commenced with ReadCloud in 2015 in the role of Chief Information Officer.

Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: 7,501,112 fully paid ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Luke Murphy, B.Comm, CA, AGIA, ICSA

Luke is a Chartered Accountant (previously with KPMG and Deloitte) and Chartered Company Secretary with over 20 years' equity capital markets experience with leading stockbroking firms advising companies on capital raising, mergers and acquisitions and investor relations, complemented by experience as Chief Financial Officer of rapidly growing technology companies.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 September 2025, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Cristiano Nicolli	12	12	3	3	-	-
Jonathan Isaacs	12	12	3	3	2	2
Lars Lindstrom	11	12	-	-	-	-
Paul Collins	12	12	3	3	2	2
Darren Hunter	5	5	-	-	-	-

Remuneration report (audited)

The remuneration report details the key management personnel (“KMP”) remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors. The KMP of the Group during the year ended 30 September 2025 consisted of the following Directors and executives:

- Mr Cristiano Nicolli – Non-Executive Chairman
- Mr Jonathan Isaacs - Non-Executive Director
- Mr Lars Lindstrom – Non-Executive Director (Executive Director until 29 July 2025)
- Mr Paul Collins - Non-Executive Director
- Mr Andrew Skelton – Chief Executive Officer
- Mr Darren Hunter - Executive Director (until 12 February 2025) and Chief Information Officer
- Mr Luke Murphy - Chief Financial Officer and Company Secretary

The experience and expertise of each of the Directors and the Company Secretary are contained earlier in the Director’s report and for other KMP is described below.

Name: Andrew Skelton
Title: Chief Executive Officer
Qualifications: MBA, LLB, B.Comm, Grad. Dip Applied Corporate Governance
Experience and expertise: Andrew is a business and technology executive with more than 20 years of leadership experience, most recently as Chief Executive Officer of A2B Australia Ltd (ASX A2B). Andrew’s previous roles include General Counsel of ASX200 Cabcharge Australia Ltd and Chief Operating Officer of Black Cabs Combined Ltd where he led the establishment and growth of the 13cabs brand and associated technologies. Andrew has a track record of growing business by delivering significant transformation programmes, executing growth strategies in highly competitive industries, and navigating market, technological and regulatory changes. Andrew began his career at K&L Gates in Melbourne as a lawyer specialising in mergers and acquisitions.

Name: Luke Murphy
Title: Chief Financial Officer and Company Secretary
Qualifications: B.Comm, CA, AGIA, ICSA
Experience and expertise: See above.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

References to performance rights, share rights and options issued to KMP in this remuneration report are to securities issued by the Company that convert into fully-paid ordinary shares in the Company.

Principles used to determine the nature and amount of remuneration

The objective of the Group’s executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Remuneration is competitive to allow the Group to attract and retain the best talent
- Drivers and outcomes of remuneration align with shareholder outcomes
- Remuneration outcomes including performance-based incentives are closely aligned with performance of the Group and individual executive KPI’s

- Remuneration structure is simple and transparent

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having earnings measures and shareholder returns as core components of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Non-executive directors may receive equity-based incentives, such as options and/or performance rights, where it is determined that this is an appropriate means of incentivising those directors by aligning their interests with the interests of shareholders. No such equity-based incentives have been granted to non-executive directors during the year ended 30 September 2025 or the previous year.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

Short-term performance incentives, in the form of cash bonuses, are granted to select executives based on the achievement of specific key performance indicators ("KPI's") for the relevant executive that align with the targets of the Group. These KPI's include business development sales targets, revenue generation and earnings targets for specific business segments as well as corporate governance measures.

The long-term incentives ('LTI') include performance rights, share rights and options. Details of performance rights, share rights and options issued to KMP as part of their remuneration are set out below.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group, by way of the issue of performance rights and options, details of which are as follows. Each performance right or share right will convert to one fully paid ordinary share in the Company following achievement of the relevant performance condition. Each option will convert into one fully paid ordinary share in the Company following both the achievement of the relevant vesting condition (being continued employment until the relevant vesting date) and payment of the relevant exercise price. Refer to the section "Additional Information" below for details of the earnings and total shareholders return for the current and last 4 financial years.

The Remuneration and Nomination Committee is committed to increasing the effectiveness of performance-based compensation as part of a plan to further align the interests of KMP and shareholders and drive increased shareholder wealth over the coming years.

Details of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	<u>Short-term benefits</u>		<u>Termination benefits</u>	<u>Post-employment benefits</u>	<u>Long-term benefits</u>	Total
	Cash salary and fees	Cash bonus	Termination payout	Super-annuation	Equity-settled	
30 September 2025	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Cristiano Nicolli	73,514	-	-	8,548	-	82,062
Jonathan Isaacs	55,135	-	-	6,411	-	61,546
Lars Lindstrom	134,408	-	139,969	15,503	-	289,880
Paul Collins	55,135	-	-	6,411	-	61,546
<i>Other Key Management Personnel:</i>						
Andrew Skelton	409,675	98,364	-	30,000	65,046	603,085
Darren Hunter	232,375	-	-	27,016	-	259,391
Luke Murphy	200,095	63,168	-	23,261	23,874	310,398
	<u>1,160,337</u>	<u>161,532</u>	<u>139,969</u>	<u>117,150</u>	<u>88,920</u>	<u>1,667,908</u>

The remuneration amounts disclosed for Lars Lindstrom, excluding termination benefits, comprise his remuneration as an Executive Director from the beginning of the financial year until 29 July 2025 and his remuneration as a Non-Executive Director from 30 July 2025 until the end of the financial year

	<u>Short-term benefits</u>		<u>Post-employment benefits</u>	<u>Long-term benefits</u>	Total
	Cash salary and fees	Cash bonus	Super-annuation	Equity-settled	
30 September 2024	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Cristiano Nicolli	72,072	-	8,018	-	80,090
Jonathan Isaacs	54,054	-	6,014	-	60,068
Paul Collins	54,054	-	6,014	-	60,068
<i>Executive Directors:</i>					
Darren Hunter	234,234	-	26,059	-	260,293
Lars Lindstrom	155,749	-	17,319	-	173,068
<i>Other Key Management Personnel:</i>					
Andrew Skelton	413,396	88,631	24,223	83,292	609,542
Luke Murphy	207,219	31,200	23,044	22,787	284,250
	<u>1,190,778</u>	<u>119,831</u>	<u>110,691</u>	<u>106,079</u>	<u>1,527,379</u>

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2025	2024	2025	2024	2025	2024
<i>Non-Executive Directors:</i>						
Cristiano Nicolli	100%	100%	-	-	-	-
Jonathan Isaacs	100%	100%	-	-	-	-
Lars Lindstrom	100%	100%	-	-	-	-
Paul Collins	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Andrew Skelton (i)	73%	74%	16%	12%	11%	14%
Darren Hunter	100%	100%	-	-	-	-
Luke Murphy (ii)	72%	81%	20%	11%	8%	8%

- (i) 2025 At risk Short-Term Incentive for Andrew Skelton was dependent on the achievement of Group financial measures and strategic initiatives. 2025 At risk Long-Term Incentive for Andrew Skelton comprised the award in 2023 of options over ordinary shares and share rights, which vested and were exercised during the year ended 30 September 2025, and options over ordinary shares that were granted in 2025 with vesting subject to Absolute Total Shareholder Return over a 3-year performance period and continuous employment until 30 September 2027.
- (ii) 2025 At risk Short-Term Incentive for Luke Murphy was dependent on the achievement of Group financial measures and CFO specific measures. 2025 At risk Long-Term Incentive for Luke Murphy comprised options over ordinary shares that were granted during FY25, with vesting subject to Absolute Total Shareholder Return over a 3-year performance period and continuous employment until 30 September 2027.

Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name: Cristiano Nicolli
Title: Chairman
Term of agreement: No fixed term.
Details: Annual fee of \$83,950 including statutory superannuation.

Name: Jonathan Isaacs
Title: Non-Executive Director
Term of agreement: No fixed term.
Details: Annual fee of \$62,962 including statutory superannuation

Name: Lars Lindstrom
Title: Non-Executive Director (effective from 30 July 2025)
Term of agreement: No fixed term.
Details: Annual fee of \$62,962 including statutory superannuation

Name: Lars Lindstrom
Title: Executive Director – Strategy and Business Realisation (up to 29 July 2025)
Term of agreement: No fixed term.
Details: Base salary of \$149,392 per annum plus superannuation

Name: Paul Collins
Title: Non-Executive Director
Term of agreement: No fixed term.
Details: Annual fee of \$62,962 including statutory superannuation

Name: Andrew Skelton
Title: Chief Executive Officer
Term of agreement: No fixed term. The Company may terminate the agreement by giving six months' notice and may make payment in lieu of all or part of the notice period. The employee may terminate his employment by giving six months' notice.
Details: Base salary of \$439,675 per annum (inclusive of superannuation) plus Short-Term Incentive of up to 30% of base salary conditional on achievement of Group financial measures (90%) and strategic initiatives (10%) plus annual Long-Term Incentive of up to 30% of base salary.

Name: Darren Hunter
Title: Chief Information Officer
Term of agreement: No fixed term. The Company may terminate the agreement by giving nine months' notice and may make payment in lieu of all or part of the notice period. The employee may terminate his employment by giving 3 months' notice.
Details: Base salary of \$262,342 per annum, inclusive of superannuation

Name: Luke Murphy
Title: Chief Financial Officer
Term of agreement: No fixed term. The Company may terminate the agreement by giving six months' notice and may make payment in lieu of all or part of the notice period. The employee may terminate his employment by giving six months' notice.
Details: Base salary of \$224,106 per annum (inclusive of superannuation) plus Short-Term Incentive of up to 30% of total fixed remuneration conditional on the achievement of Group financial measures and CFO specific measures. The employee has also been issued options by the Company, details of which are disclosed elsewhere in this remuneration report.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares and share rights

There were no shares or share rights issued to Directors and other KMP as part of compensation during the year ended 30 September 2025.

Options Issued during the period

In April 2025 the Company issued 3,714,133 options over ordinary shares to Andrew Skelton (2,463,878 options) and Luke Murphy (1,250,255 options) with the following terms:

- Exercise price: \$nil
- Vesting subject to Absolute Total Shareholder Return over a 3-year performance period and continuous employment until 30 September 2027; and
- Expiry: 31 March 2028

There were no other options issued to Directors and other KMP as part of compensation during the year ended 30 September 2025.

Details of options issued as part of compensation in prior years and held by Directors and other KMP as at the date of this report are as follows:

Class	KMP Holders	Vesting conditions
Options over ordinary shares, exercisable at \$0.00 per share and expiring on 31 March 2028	Andrew Skelton – 2,463,878	Absolute Total Shareholder Return over a 3-year performance period and continuous employment until 30 September 2027
Options over ordinary shares, exercisable at \$0.00 per share and expiring on 31 March 2028	Luke Murphy – 1,250,255	Absolute Total Shareholder Return over a 3-year performance period and continuous employment until 30 September 2027

Options vested or lapsed during the period

During the year ended 30 September 2025:

- 1,428,571 share rights previously issued to Andrew Skelton in a prior year vested and these share rights were exercised in November 2024;
- 1,300,000 options exercisable at \$0.098 and expiring on 15 May 2025 vested to Andrew Skelton. 1,020,408 of these options were exercised and the remaining 279,592 options lapsed; and
- 800,000 options exercisable at \$0.29 and expiring on 1 June 2025 vested to Luke Murphy and lapsed.

No other options vested to KMP and no other options held by KMP lapsed during the year.

Performance rights issued during the period

There were no performance rights granted to or held by Directors and other KMP as part of compensation during the year ended 30 September 2025.

Additional information

The earnings of the Group for the current and last 4 financial years are summarised below:

	2025	2024	2023	2022	2021
	\$	\$	\$	\$	\$
Sales revenue	12,634,003	11,903,826	10,348,770	8,212,033	6,988,396
Underlying EBITDA	757,395	363,185	(785,675)	(822,834)	(769,010)
Loss after income tax	(415,898)	(1,018,890)	(2,251,982)	(1,644,874)	(1,989,630)

The factors that are considered to affect total shareholder return ('TSR') are summarised below:

\$	30 September 2025	30 September 2024	30 September 2023	30 September 2022	30 September 2021
Share price at financial period end	\$0.088	\$0.099	\$0.054	\$0.135	\$0.240

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other KMP, including their personally related parties, is set out below:

	Balance at the start of period	Additions	Disposals / other	Balance at the end of the period
<i>Ordinary shares</i>				
Cristiano Nicolli	2,014,898	558,585	-	2,573,483
Jonathan Isaacs	5,943,617	468,813	-	6,412,430
Lars Lindstrom	9,405,668	-	(2,000,000)	7,405,668
Paul Collins	3,284,846	664,414	-	3,949,260
Andrew Skelton	802,476	2,673,523	-	3,475,999
Darren Hunter	7,501,112	-	-	7,501,112
Luke Murphy	309,407	117,203	-	426,610
	<u>29,262,024</u>	<u>4,482,538</u>	<u>(2,000,000)</u>	<u>31,744,562</u>

Option holdings and share rights

The number of options over ordinary shares in the Company and share rights held during the financial period by each Director and other KMP, including their personally related parties, is set out below:

30 September 2025	Balance at the start of the period	Received as part of remuneration	Acquired	Exercised	Expired/ forfeited/ other	Balance at the end of the period
<i>Options over ordinary shares</i>						
Cristiano Nicolli	558,585	-	-	(558,585)	-	-
Jonathan Isaacs	505,176	-	-	(468,813)	(36,363)	-
Lars Lindstrom	234,406	-	-	-	(234,406)	-
Paul Collins	664,414	-	-	(664,414)	-	-
Andrew Skelton	1,543,306	2,463,878	-	(1,169,952)	(373,354)	2,463,878
Darren Hunter	117,207	-	-	-	(117,207)	-
Luke Murphy	917,203	1,250,255	-	(117,203)	(800,000)	1,250,255
	<u>4,540,297</u>	<u>3,714,133</u>	<u>-</u>	<u>(2,978,967)</u>	<u>(1,561,330)</u>	<u>3,714,133</u>
<i>Share rights</i>						
Andrew Skelton	1,428,571	-	-	(1,428,571)	-	-
	<u>1,428,571</u>	<u>-</u>	<u>-</u>	<u>(1,428,571)</u>	<u>-</u>	<u>-</u>

30 September 2025	Balance at the start of the period	Vested and exercised ¹	Lapsed / expired	Granted during period (unvested)	Balance at the end of the period
<i>Options over ordinary shares</i>					
Andrew Skelton	1,543,306	(1,169,952)	(373,354)	2,463,878	2,463,878
Luke Murphy	917,203	(117,203)	(800,000)	1,250,255	1,250,255
	<u>2,460,509</u>	<u>(1,287,155)</u>	<u>(1,173,354)</u>	<u>3,714,133</u>	<u>3,714,133</u>
<i>Share rights</i>					
Andrew Skelton	1,428,571	(1,428,571)	-	-	-
	<u>1,428,571</u>	<u>(1,428,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>

¹ Options vested and exercised during the period include the exercise of 266,747 options (149,544 options for Andrew Skelton and 117,203 options for Luke Murphy) that were acquired pursuant to participation in the Company's entitlement offer conducted in FY23.

Loans

The Group has not made, guaranteed or secured, directly or indirectly, any loans in respect of KMP (or their close family members or controlled entities).

This concludes the remuneration report, which has been audited.

Shares under option and share rights

Unissued ordinary shares of the Company under option and share rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
4 April 2025	31 March 2028	\$0.00	<u>6,134,000</u>
			<u><u>6,134,000</u></u>

No person entitled to exercise the options and share rights had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

At the date of this report there are no unissued ordinary shares of the Company under performance rights. No ordinary shares of the Company were issued on the exercise of performance rights during the year ended 30 September 2025 or since this date.

Shares issued on the exercise of options and share rights

During the year ended 30 September 2025, 7,415,258 shares were issued on the exercise of options and share rights. Since 30 September 2025, no shares of the Company have been issued upon the exercise of options and share rights.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

The Company has paid a premium of \$23,902 in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability.

Indemnity and insurance of auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Officers of the Group who are former partners of PKF Melbourne Audit & Assurance Pty Ltd

There are no officers of the Group who are former partners of PKF Melbourne Audit & Assurance Pty Ltd.

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.

Auditor

PKF Melbourne Audit & Assurance Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Cristiano Nicolli
Chairman

20 November 2025

For personal use only



PKF Melbourne Audit & Assurance Pty Ltd
ABN 75 600 749 184
Level 15, 500 Bourke Street
Melbourne, Victoria 3000
T: +61 3 9679 2222
F: +61 3 9679 2288
info@pkf.com.au
pkf.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF READCLOUD LIMITED

In relation to our audit of the financial report of ReadCloud Limited and its controlled entities for the financial year ended 30 September 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*; and
- (b) no contraventions of any applicable code of professional conduct.

This declaration has been made in respect of ReadCloud Limited and its controlled entities.

PKF

PKF
Melbourne, 20 November 2025

Kaitlynn Brady

Kaitlynn Brady
Partner

	Note	Consolidated	
		2025	2024
		\$	\$
Revenue			
Sales and fee revenue	5	12,634,003	11,903,826
Other income	5	288,508	364,820
Total revenue and other income		12,922,511	12,268,646
Expenses			
Advertising and marketing expenses		(187,756)	(122,353)
Computer software		(182,219)	(187,442)
Cost of sales - Other		(94,887)	(129,307)
Depreciation and amortisation expenses	6	(881,587)	(1,024,025)
Employment expenses	6	(6,039,469)	(6,152,189)
Fair value movement of contingent consideration		-	1,787,760
Impairment of goodwill		-	(1,787,760)
Legal and compliance expenses		(114,057)	(100,143)
Office expenses		(60,093)	(58,414)
Professional services expenses		(508,559)	(424,932)
Publisher and bookseller fees expenses		(4,301,697)	(3,974,338)
Share-based payment expenses	6	(135,127)	(128,346)
Telephone, internet & data hosting expenses		(96,220)	(103,031)
Trainer costs		(377,589)	(588,738)
Travel expenses		(140,083)	(86,265)
Other expenses		(221,291)	(187,269)
Finance costs		(9,954)	(32,924)
Loss before income tax expense		(428,077)	(1,031,070)
Income tax benefit	7	12,179	12,180
Loss after income tax expense for the year attributable to the Owners of ReadCloud Limited		(415,898)	(1,018,890)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the Owners of ReadCloud Limited		<u>(415,898)</u>	<u>(1,018,890)</u>
		Cents	Cents
Basic earnings / (loss) per share	25	(0.28)	(0.70)
Diluted earnings / (loss) per share	25	(0.28)	(0.70)

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

	Note	Consolidated	
		2025	2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,919,780	1,431,178
Trade and other receivables	8	801,995	977,406
Prepayments		147,605	115,280
Total current assets		<u>2,869,380</u>	<u>2,523,864</u>
Non-current assets			
Non-current deposits		36,300	-
Property, plant and equipment		40,173	39,929
Intangible assets	9	8,422,222	8,700,202
Right-of-use assets	10	214,943	69,452
Total non-current assets		<u>8,713,638</u>	<u>8,809,583</u>
Total assets		<u>11,583,018</u>	<u>11,333,447</u>
Liabilities			
Current liabilities			
Trade and other payables	11	1,065,906	1,119,228
Provision for employee entitlements	12	383,217	309,923
Contract liabilities	13	692,829	823,126
Lease liabilities	10	138,169	91,767
Total current liabilities		<u>2,280,121</u>	<u>2,344,044</u>
Non-current liabilities			
Deferred tax liability		2,484	14,663
Provision for employee entitlements	12	122,020	194,362
Lease liabilities	10	95,071	-
Total non-current liabilities		<u>219,575</u>	<u>209,025</u>
Total liabilities		<u>2,499,696</u>	<u>2,553,069</u>
Net assets		<u>9,083,322</u>	<u>8,780,378</u>
Equity			
Contributed equity	14	20,470,899	19,754,944
Reserves	15	382,216	424,468
Accumulated losses		(11,769,793)	(11,399,034)
Total equity		<u>9,083,322</u>	<u>8,780,378</u>

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

Consolidated	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 October 2023	19,754,944	331,963	(10,415,985)	9,670,922
Loss after income tax expense for the period	-	-	(1,018,890)	(1,018,890)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(1,018,890)	(1,018,890)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments (note 26)	-	128,346	-	128,346
Lapse of options	-	(35,841)	35,841	-
Balance at 30 September 2024	<u>19,754,944</u>	<u>424,468</u>	<u>(11,399,034)</u>	<u>8,780,378</u>

Consolidated	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 October 2024	19,754,944	424,468	(11,399,034)	8,780,378
Loss after income tax expense for the period	-	-	(415,898)	(415,898)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(415,898)	(415,898)
<i>Transactions with Owners in their capacity as Owners:</i>				
Exercise of options – proceeds received (net of transaction costs) (note 14)	583,715	-	-	583,715
Share-based payments (note 26)	-	135,127	-	135,127
Lapse of options	-	(45,139)	45,139	-
Settlement of options	32,240	(32,240)	-	-
Settlement of share rights	100,000	(100,000)	-	-
Balance at 30 September 2025	<u>20,470,899</u>	<u>382,216</u>	<u>(11,769,793)</u>	<u>9,083,322</u>

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

Note	Consolidated	
	2025	2024
	\$	\$
Cash flows from operating activities		
Receipts from customers	12,558,193	12,041,559
Payments to suppliers and employees	(12,397,919)	(12,006,011)
Research and development tax incentive refund	331,689	333,039
Interest income	30,746	33,131
Income tax	-	11,729
Net cash from operating activities	24 <u>522,709</u>	<u>413,447</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(26,665)	(19,079)
Payments for software development	9 (414,136)	(522,767)
Purchase of intellectual property	9 (34,251)	(10,374)
Net cash used in investing activities	<u>(475,052)</u>	<u>(552,220)</u>
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	10 (132,816)	(131,035)
Interest paid on lease liabilities	10 (9,954)	(8,444)
Proceeds from issue of shares	14 596,628	-
Share issue transaction costs	14 (12,913)	-
Net cash from / (used in) financing activities	<u>440,945</u>	<u>(139,479)</u>
Net increase/(decrease) in cash and cash equivalents	488,602	(278,252)
Cash and cash equivalents at the beginning of the financial year	<u>1,431,178</u>	<u>1,709,430</u>
Cash and cash equivalents at the end of the financial year	<u>1,919,780</u>	<u>1,431,178</u>

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

Note 1. General information

The financial statements cover the consolidated entity (referred to as the “Group”), consisting of ReadCloud Limited (the “Company” or “parent entity”) and the entities it controlled at the end of, or during the year ended 30 September 2025. The financial statements are presented in Australian dollars, which is ReadCloud Limited'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 on the date of the Directors' Declaration, in accordance with a resolution of the Directors. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. For the year ended 30 September 2025 the Group:

- recorded a loss after income tax of \$415,898 (30 September 2024: loss of \$1,018,890);
- recorded an Underlying EBITDA of \$757,395 (30 September 2024: Underlying EBITDA of \$363,185);
- had net cash inflows from operating activities of \$522,709; and
- had net cash outflows from investing activities of \$475,052.

As at 30 September 2025:

- the net assets of the Group were \$9,083,322 (30 September 2024: \$8,780,378);
- the Group had a net current asset position of \$589,259 (including \$692,829 of contract liabilities in respect of which performance obligations are expected to be delivered in FY26); and
- the Group had cash and cash equivalents of \$1,919,780 (30 September 2024: \$1,431,178).

The directors believe that the Group is and will remain a going concern and believe that the going concern basis of preparation of the accounts is appropriate. The FY26 cashflow forecast anticipates continued positive cash balances to be maintained and that there will be no requirement for any significant investing or financing activities in the next 12 months to support the business.

The Group will continue to focus on:

- improving the operating performance of the business;
- continued growth of the business;
- continuing to implement cost saving measures; and
- proactively and efficiently managing its working capital.

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. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 22.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ReadCloud Limited ('Company' or 'parent entity') as at 30 September 2025 and the results of all subsidiaries for the year then ended. ReadCloud Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives of 2-4 years.

Leases

The Group applies the exemption to lease accounting for leases of low-value assets. The net present value of the unavoidable future lease payments are discounted using the Group's incremental borrowing rate, as none of the leases have an implicit interest rate.

An ROUA is recognised at the commencement date of a lease. The ROUA is measured at cost and is depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter.

Note 3. 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. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Capitalised software development costs

The Group capitalises software development costs associated with the ReadCloud platform in accordance with the accounting policy described in Note 9. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a key commercial milestone enabling the project to proceed. 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.

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 takes into account all performance conditions in estimating the probability and expected timing of achieving these performance conditions. Accordingly, the expense recognised 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is 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

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates liabilities for anticipated tax outcomes based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Although the Group continues to build momentum and strengthen its outlook, the Directors consider that the criteria for recognising deferred tax assets are not yet met. Recognition will be reconsidered as performance continues to improve.

Note 4. Operating segments

Identification of reportable 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 secondary schools across Australia and international schools; and
- the provision of Vocational Education and Training courses and services.

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.

The information reported to the CODM is on a monthly basis.

Major customers

During the year ended 30 September 2025:

- approximately 2.4% of the Group's external sales revenue was derived from sales to one direct school customer (30 September 2024: 2.5%); and
- approximately 11.2% of the Group's external sales revenue was derived from a contract with the New South Wales Department of Education (30 September 2024: 16.5%).

Note 4. Operating segments (continued)

Consolidated – 30 September 2025

	eBook solutions	Vocational Education and Training	Unallocated public company costs	Total
	\$	\$	\$	\$
Sales revenue	5,021,818	7,612,185	-	12,634,003
Other income	287,582	926	-	288,508
Total revenue	5,309,400	7,613,111	-	12,922,511
Underlying EBITDA	(453,678)	1,739,504	(528,431)	757,395
Depreciation and amortisation	(767,582)	(114,005)	-	(881,587)
Restructuring costs	(127,288)	(62,262)	-	(189,550)
Share based payments	(54,034)	(81,093)	-	(135,127)
Net interest revenue	19,866	926	-	20,792
Income tax benefit / (expense)	-	12,179	-	12,179
Reported (statutory) net loss after tax	(1,382,716)	1,495,249	(528,431)	(415,898)
Total segment assets	4,567,860	7,015,158		11,583,018
Total segment liabilities	(1,747,936)	(751,760)		(2,499,696)

Consolidated – 30 September 2024

	eBook solutions	Vocational Education and Training	Unallocated public company costs	Total
	\$	\$	\$	\$
Sales revenue	4,747,498	7,156,328	-	11,903,826
Other income	363,252	1,568	-	364,820
Total revenue	5,110,750	7,157,896	-	12,268,646
Underlying EBITDA	(281,184)	1,096,370	(452,001)	363,185
Depreciation and amortisation	(792,201)	(231,824)	-	(1,024,025)
Fair value movement of contingent consideration	1,787,760	-	-	1,787,760
Impairment of goodwill	(1,787,760)	-	-	(1,787,760)
Restructuring costs	(222,090)	(20,000)	-	(242,090)
Share based payments	(65,796)	(62,550)	-	(128,346)
Net interest revenue	(1,362)	1,568	-	206
Income tax benefit / (expense)	-	12,180	-	12,180
Reported (statutory) net loss after tax	(1,362,633)	795,744	(452,001)	(1,018,890)
Total segment assets	3,553,819	7,779,628		11,333,447
Total segment liabilities	(1,501,998)	(1,051,071)		(2,553,069)

Note 5. Revenue and other income

	Consolidated	
	2025	2024
	\$	\$
Revenue from contracts with customers:		
<i>Sales and fee revenue</i>		
eBook Sales	4,788,730	4,471,318
Licence Fee	264,511	320,225
Auspicing fees	5,289,801	4,101,655
Training fees	2,185,060	2,917,479
Sales & fees - other	105,901	93,149
	<u>12,634,003</u>	<u>11,903,826</u>
<i>Other income</i>		
Government grants - R&D	250,389	331,689
Interest revenue calculated using the effective interest method	30,746	33,131
Other revenue	7,373	-
	<u>288,508</u>	<u>364,820</u>
Revenue and other income	<u>12,922,511</u>	<u>12,268,646</u>

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

	Consolidated	
	2025	2024
	\$	\$
Goods transferred at a point in time	4,894,631	4,564,467
Services transferred over time	<u>7,739,372</u>	<u>7,339,359</u>
Total sales and fee revenue	<u>12,634,003</u>	<u>11,903,826</u>

Accounting policy for revenue recognition

Revenue is recognised to depict the transfer of eBooks and other services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. All contracts (either written, verbal or implied) are identified, together with the separate performance obligations within the contract and the transaction price is determined. Adjustments are made for the time value of money excluding credit risk and the transaction price is allocated to the separate performance obligations on a basis of relative stand-alone selling price of each distinct service/good. The estimation approach is taken if no distinct observable prices exists, and revenue is recognised when each performance obligation is satisfied.

For goods, the performance obligation is satisfied when the customer takes control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, the Group selects an appropriate measure of progress to determine how much revenue is recognised as the performance obligation is satisfied.

eBook sales revenue

Revenue from eBook sales is recognised at the time of the eBook purchase.

Software licence fee revenue

The Group receives revenue for the provision of software applications associated with eBook sales. The software revenue is recognised at the time of sale and the maintenance component is recognised as revenue over the period of the licence.

Note 5. Revenue (continued)

Auspecting fees

The Group receives revenue for the provision of auspecting services to secondary schools that enables these schools to offer their students nationally accredited Vocational Education and Training courses under the auspices of one of the Group's Registered Training Organisation ("RTO") licences. The fees for auspecting services, which are non-refundable, are recognised over the duration of the course which typically commences in January and runs until Term 4 of the school year. All revenue from auspecting fees is initially recorded as unearned revenue and released into revenue over this period.

Training fees

The Group receives revenue from the delivery of industry training, predominantly pursuant to agreements with Government funding agencies (State governments and Queensland Tafe). Revenue is broadly recognised as training is delivered and student complete individual units of competency comprising a nationally accredited qualification.

Government grants

The Research and Development Tax Incentive is recognised as a government grant as described in Note 7, Income tax.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

The timing of revenue recognition for the Group's key revenue streams as they relate to specific performance obligations are outlined in the table below:

Revenue stream	Revenue recognition pattern
Software license fees	
Performance obligation 1 - Accessibility and usage of ReadCloud's software	Point in time (upon a customer purchasing and gaining access to the software)
Performance obligation 2 - Maintenance/support	Over time, which usually relates to a school year
eBooks sales	Point in time (upon a customer purchasing an eBook)
Auspecting fees	
Performance obligations (considered inter-linked and therefore not separate performance obligations) include: <ul style="list-style-type: none"> • set-up of a school, classes, and students (including provision of all course resources) to enable VET course delivery; and • issue of certificates to students 	Over time, typically from January until Term 4 of the school year
Training fees	
Performance obligations (considered inter-linked and therefore not separate performance obligations) include: <ul style="list-style-type: none"> • provision of access to online course materials; • delivery of training; and • marking of student assessments and issue of certificates / statements of attainment 	Over time over the duration of a VET course

Note 6. Expenses

	Consolidated	
	2025	2024
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	26,422	30,276
Right of use assets	128,798	119,060
	<u>155,220</u>	<u>149,336</u>
<i>Amortisation</i>		
Software development	622,130	653,136
Registered Training Organisation licence	21,092	37,711
Intellectual property in Vocational Education & Training course materials	83,145	183,842
	<u>726,367</u>	<u>874,689</u>
Total depreciation and amortisation	<u>881,587</u>	<u>1,024,025</u>
Employee benefits expense excluding superannuation	5,434,684	5,565,837
Defined contribution superannuation expense	<u>604,785</u>	<u>586,352</u>
Total Employment expenses	<u>6,039,469</u>	<u>6,152,189</u>
Share-based payments expense	<u>135,127</u>	<u>128,346</u>

Note 7. Income tax expense

	Consolidated	
	2025	2024
	\$	\$
Income tax benefit	(12,179)	(12,180)
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax expense	(428,077)	(1,031,070)
Tax at the statutory tax rate of 25.00% (25.00% at 30 September 2024)	(107,019)	(257,767)
Share based payments	33,782	31,882
Non-deductible expenses – entertainment	1,925	7,742
Non-assessable R&D tax incentive	(62,597)	(82,922)
Non-deductible R&D expenditure subject to incentive	46,307	59,934
Acquisition related	111,368	133,285
Deferred tax asset not brought to account	64,123	180,475
Prior period adjustments	(100,068)	(84,809)
Income tax benefit	<u>(12,179)</u>	<u>(12,180)</u>

	Consolidated	
	2025	2024
	\$	\$
Deferred tax liability comprises temporary differences attributable to:		
Provisions, accruals and other amounts not yet deductible	(470,032)	(388,698)
Capitalised software costs deducted	428,650	503,014
Unused income tax losses	41,382	(114,316)
Total deferred tax liability	<u>-</u>	<u>-</u>
Deferred tax assets not recognised	<u>1,602,929</u>	<u>1,538,806</u>

The above deferred tax asset (potential tax benefit) has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Accounting policy for income tax

The Research and Development Tax Offset is recognised as a government grant in profit before tax to match the expense/(benefit) with the costs for which it is intended to compensate. It is recognised in the period when there is a reasonable expectation that the Group will be able to realise the expense/(benefit).

Note 8. Current assets - trade and other receivables

	Consolidated	
	2025	2024
	\$	\$
Trade receivables	551,606	638,181
Less provision for doubtful debts	-	(28,764)
	<u>551,606</u>	<u>609,417</u>
R&D tax incentive receivable	250,389	331,689
Deposits	-	36,300
	<u>801,995</u>	<u>977,406</u>

Allowance for expected credit losses

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

The Group has no receivables which are considered non-recoverable. The ageing of receivables are as follows:

	Consolidated	
	2025	2024
	\$	\$
0 to 3 months	527,943	574,044
3 to 6 months	22,275	31,944
Greater than 6 months	1,388	32,193
	<u>551,606</u>	<u>638,181</u>

Note 9. Non-current assets - intangibles

	Consolidated	
	2025	2024
	\$	\$
Goodwill	8,449,045	8,449,045
Impairment	<u>(1,787,760)</u>	<u>(1,787,760)</u>
	6,661,285	6,661,285
Software	6,368,266	5,954,130
Less: Accumulated amortisation	<u>(4,653,665)</u>	<u>(4,031,535)</u>
	1,714,601	1,922,595
Registered Training Organisation Licences	200,000	200,000
Less: Accumulated amortisation	<u>(194,231)</u>	<u>(173,139)</u>
	5,769	26,861
Intellectual property in Vocational Education & Training course materials	813,844	779,593
Less: Accumulated amortisation	<u>(773,277)</u>	<u>(690,132)</u>
	40,567	89,461
	<u>8,422,222</u>	<u>8,700,202</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

Consolidated	Software \$	Goodwill \$	Registered Training Organisation licence \$	Intellectual property in course materials \$	Total \$
Balance at 1 October 2023	2,052,964	8,449,045	64,572	262,930	10,829,511
Additions	522,767	-	-	10,374	533,141
Amortisation expense	(653,136)	-	(37,711)	(183,843)	(874,690)
Impairment of goodwill	-	<u>(1,787,760)</u>	-	-	<u>(1,787,760)</u>
Balance at 30 September 2024	1,922,595	6,661,285	26,861	89,461	8,700,202
Additions	414,136	-	-	34,251	448,387
Amortisation expense	<u>(622,130)</u>	-	<u>(21,092)</u>	<u>(83,145)</u>	<u>(726,367)</u>
Balance at 30 September 2025	<u>1,714,601</u>	<u>6,661,285</u>	<u>5,769</u>	<u>40,567</u>	<u>8,422,222</u>

Note 9. Non-current assets – intangibles (continued)

Accounting policy for internally developed software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. Internally generated intangibles, excluding internally developed software, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

Following the initial recognition of the development expenditure, the cost model is applied. The useful life of the capitalised development costs is estimated to be 5 years.

Impairment of non-financial assets

Goodwill has been allocated to the Vocational Education and Training segment cash-generating unit (CGU). The recoverable amount of the CGU is determined based on a value-in-use model. The model uses a post-tax discount rate of 13.6% (30 September 2024: 13.1%), based on the weighted average cost of capital adjusted to reflect an estimate of specific risks assumed in the cash flow projections. Those projections are based on the financial budget for the 12 months immediately following the reporting date, cash flows beyond 12 months extrapolated through a 4-year outlook utilising an 11% average annual growth rate based on current and forecast trading conditions and the growth objectives of business plans, and a terminal value growth rate of 2.0% (30 September 2024: 2.0%).

The Board has reviewed and is comfortable with the assumptions determined by Management and utilised in the value-in-use calculations. Management applied the value-in-use model to assess the recoverable amount of all intangibles on a Group-wide basis, again concluding that the carrying value of goodwill and other intangibles does not exceed their value-in-use, and no further impairment charge is required.

Sensitivity analysis on the key assumptions employed in the value-in-use calculations has been performed by Management. The sensitivities applied included:

- i. increasing customer churn throughout the model period (whilst holding operating costs stable);
- ii. decreasing projected school sign-ups throughout the model period (whilst holding operating costs stable);
- iii. decreasing industry training revenue growth throughout the model period (whilst holding operating costs stable);
- iv. increasing operating expense growth rates throughout the model period;
- v. combining scenarios i to iv above;
- vi. increasing the weighted average cost of capital by 6.4 percentage points (to 20.0%); and
- vii. reducing the terminal value growth rate to nil.

This has concluded that any reasonable possible change in valuation parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

Note 10. Leases

A. Cash flows

	Consolidated	
	2025	2024
	\$	\$
Total cash outflow for leases:		
Office leases	142,770	139,568

B. Right-of-use assets

	Consolidated	
	2025	2024
	\$	\$
Right-of-use assets – Office lease	631,468	357,179
Less: Accumulated depreciation	(416,525)	(287,727)
Balance at end of financial period	<u>214,943</u>	<u>69,452</u>

Reconciliations

Reconciliations of the written-down values at the beginning and end of the current and previous financial period are set out below:

	Office leases
	\$
Opening balance at 1 October 2023	188,512
Depreciation charge	(119,060)
Balance at 30 September 2024	<u>69,452</u>
Lease Modification - Lease Term Extended	274,289
Depreciation charge	(128,798)
Balance at 30 September 2025	<u>214,943</u>

C. Lease liabilities

	Consolidated	
	2025	2024
	\$	\$
Current	138,169	91,767
Non-current	95,071	-
Balance at end of financial year	<u>233,240</u>	<u>91,767</u>

Refer to note 17 for further information on financial instruments.

Note 10. Leases (continued)

Additional information

Accounting policies

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

For the purpose of calculating unavoidable future lease payments, only the current term of the Group's Head Office property lease (ending on 30 April 2027, see below) has been considered on the basis there is no installed critical infrastructure at this location and the location is viewed as readily replaceable.

Weighted average lease term

The average unavoidable office lease term, weighted by the outstanding lease liability as at 30 September 2025, is 1.58 years (30 September 2024: 0.58 years).

During the period the term of the Group's Head Office property lease was extended by an additional 24 months to 30 April 2027. As a result, the right-of-use asset and corresponding lease liabilities have been remeasured.

Whilst the Company has an option to renew the lease for a further 2 years from the conclusion of the current term, the unavoidable future lease payments as reflected in the carrying value of Right-of-use assets and the lease liabilities only take into account the current lease term.

Note 11. Current liabilities - trade and other payables

	Consolidated	
	2025	2024
	\$	\$
Trade payables	339,851	278,439
Accrued expenses	546,481	696,085
GST receivable	(26,093)	(43,661)
Other payables	205,667	188,365
	<u>1,065,906</u>	<u>1,119,228</u>

Note 12. Provision for employee entitlements

	Consolidated	
	2025	2024
	\$	\$
Annual leave (current)	257,654	291,268
Long service leave (current)	125,563	18,655
	<u>383,217</u>	<u>309,923</u>
Long service leave (non-current)	<u>122,020</u>	<u>194,362</u>

Note 13. Current liabilities – Contract liabilities

	Consolidated	
	2025	2024
	\$	\$
Unearned revenue - software	18,485	21,120
Unearned revenue - auspicing fees	574,344	702,006
Unearned revenue – distribution agreement	100,000	100,000
	<u>692,829</u>	<u>823,126</u>

Unearned revenue - distribution agreement

Under a distribution agreement with an authorised reseller the Group receives minimum guarantee funds from the reseller in advance of it distributing the Group's products to end users in the following calendar year. The minimum guarantee funds are deferred as unearned and accounted as revenue in the next calendar year.

Unearned revenue –Auspicing fees

Unearned revenue – auspicing fees represents revenue in respect of which the Company's performance obligations had not been satisfied as at 30 September 2025 (including early invoicing in late FY25 of auspicing fees for the 2026 school year). It is anticipated that this revenue will be recognised at the commencement of the school year in early 2026.

Note 14. Equity - contributed equity

	2025 Shares	2024 Shares	Consolidated 2025 \$	2024 \$
Ordinary shares - fully paid	153,619,763	146,204,505	20,470,899	19,754,944

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 September 2024	146,204,505		19,754,944
Conversion of share rights to issued capital	15 November 2024	1,428,571	0.00	100,000
Exercise of 1,111,129 RCLAU listed options at \$0.10 each	19 February 2025	1,111,129	0.10	111,113
Exercise of 685,067 RCLAU listed options at \$0.10 each	27 February 2025	685,067	0.10	68,508
Exercise of 3,169,056 RCLAU listed options at \$0.10 each	3 March 2025	3,169,056	0.10	316,906
Exercise of 1,027 RCLAU listed options at \$0.10 each	4 March 2025	1,027	0.10	103
Share issue transaction costs				(11,334)
Exercise of 1,020,408 RCLAR listed options at \$0.10 each	15 May 2025	1,020,408	0.10	100,000
Share issue transaction costs				(1,581)
Conversion of options to issued capital	15 May 2025			32,240
Balance	30 September 2025	<u>153,619,763</u>		<u>20,470,899</u>

Share buy-back

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

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

Accounting policy for issued capital

Ordinary shares are classified as equity and have no par value.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 15. Equity – reserves

	Consolidated	
	2025	2024
	\$	\$
Share-based payments reserve	382,216	424,468

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration.

Note 16. Equity - dividends

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

Note 17. Financial instruments

Financial risk management objectives

The Group's activities may expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations.

The Board reviews and agrees policies for managing each of these risks.

A summary of the Group's financial assets and liabilities is as follows:

	Consolidated	
	2025	2024
	\$	\$
Financial assets		
Cash and cash equivalents	1,919,780	1,431,178
Trade and other receivables	801,995	977,406
	2,721,775	2,408,584
Financial liabilities		
Trade and other payables	1,065,906	1,119,228
Lease liabilities	233,240	91,767
	1,299,146	1,210,995

Accounting policy for financial instruments

Trade and other receivables

Trade receivables are generally due for settlement within 30 days.

Trade and other payables

The amounts are unsecured and are usually paid within 30 days of recognition, and accordingly they are measured at their face value.

Note 17. Financial instruments (continued)

Market risk

Credit risk

The Group has a strict code of credit, including, where required, obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. There has been no provision for doubtful debts recognized in the current financial year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Note 17. Financial instruments (continued)

Consolidated – 2025	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables		1,065,906	-	-	-	1,065,906
<i>Interest bearing</i>						
Lease liabilities	5.54%	138,169	95,071	-	-	233,240
Total non-derivatives		1,204,075	95,071	-	-	1,299,146
Consolidated – 2024	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	1,119,228	-	-	-	1,119,228
<i>Interest bearing</i>						
Lease liabilities	5.54%	91,767	-	-	-	91,767
Total non-derivatives		1,210,995	-	-	-	1,210,995

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2025	2024
	\$	\$
Short-term employee benefits	1,321,869	1,310,609
Post-employment benefits	117,150	110,691
Termination benefits	139,969	-
Share-based payments	88,920	106,079
	1,667,908	1,527,379

Note 19. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by PKF Melbourne Audit & Assurance Pty Ltd, the auditor of the Group:

	Consolidated	
	2025	2024
	\$	\$
<i>Audit services - PKF Melbourne Audit & Assurance Pty Ltd</i>		
Audit or review of the financial statements	88,285	88,225

Note 20. Contingent liabilities

The Group has no contingent liabilities as at 30 September 2025 (30 September 2024: \$Nil).

Note 21. Related party transactions

Parent entity

ReadCloud Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 18 and in the Remuneration Report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to / from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 22. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2025	2024
	\$	\$
Loss after income tax	(1,830,054)	(26,874)
Total comprehensive income	(1,830,054)	(26,874)

Statement of financial position

	Parent	
	2025	2024
	\$	\$
Total current assets	2,572,516	1,533,639
Total assets	12,365,100	11,351,058
Total current liabilities	(1,557,874)	(1,329,183)
Total liabilities	(9,374,451)	(5,937,864)
Net assets	2,990,649	5,413,194

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has executed guarantees in relation to the debts of the following subsidiaries as at 30 September 2025:

- PKY Media Pty Ltd up to a maximum of \$0.5 million (30 September 2024: maximum of \$0.5 million);
- Ripponlea Institute Pty Ltd up to a maximum of \$0.5 million (30 September 2024: maximum of \$0.5 million); and
- Southern Solutions Training Services up to a maximum of \$0.5 million (30 September 2024: maximum of \$0.5 million).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 September 2025 (30 September 2024: none).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 September 2025 (30 September 2024: none).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 22. Parent entity information (continued)

Interests in subsidiaries

The parent entity, ReadCloud Limited, consolidates the following wholly owned subsidiaries:

- Australian Institute of Education and Training
- PKY Media Pty Ltd
- Ripponlea Institute Pty Ltd
- Southern Solutions Training Services Pty Ltd

Note 23. Events after the reporting period

No matter or circumstance has arisen since 30 September 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.

Note 24. Reconciliation of loss after income tax to net cash used in operating activities

	2025 \$	2024 \$
Loss after income tax benefit for the year	(415,898)	(1,018,890)
Adjustments for:		
Depreciation and amortisation	881,587	1,024,025
Share-based payments	135,127	128,346
Finance costs	9,954	32,924
Impairment of goodwill	-	1,787,760
Fair value movement of contingent consideration	-	(1,787,760)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	139,110	201,366
Decrease/(Increase) in prepayments	(32,326)	(3,455)
Increase/(decrease) in trade and other payables	(53,319)	118,561
Increase/(decrease) in employee benefits	951	(23,140)
Increase/(decrease) in unearned income	(130,298)	(45,839)
Increase/(decrease) in income tax payable	-	11,729
Increase/(decrease) in deferred tax liability	(12,179)	(12,180)
Net cash from operating activities	<u>522,709</u>	<u>413,447</u>

Note 25. Earnings per share

	Consolidated	
	2025	2024
	\$	\$
Loss after income tax attributable to the Owners of ReadCloud Limited	<u>(415,898)</u>	<u>(1,018,890)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>150,766,286</u>	<u>146,204,505</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>150,766,286</u>	<u>146,204,505</u>
	Cents	Cents
Basic earnings / (loss) per share	(0.28)	(0.70)
Diluted earnings / (loss) per share	(0.28)	(0.70)

Accounting policy for earnings per share

The options that have been granted by the Company, as set out below, have not been included in the weighted average number of ordinary shares for the purpose of calculating diluted EPS as the Group reported a loss for the year. In accordance with AASB 133, potential ordinary shares are only included when they are dilutive; in a loss-making period, all such instruments are antidilutive.

Description	Number on issue
Options issued under the Group's employee share plan (refer Note 26)	6,134,000

Note 26. Share-based payments

An employee share plan has been established by the Group, whereby the Group may, at the discretion of the Remuneration and Nomination Committee, grant options over ordinary shares in the Company, share rights or performance rights over ordinary shares in the Company to certain key management personnel and employees of the Group. The options, share rights and performance rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Remuneration and Nomination Committee.

Set out below are summaries of options and share rights granted under the plan:

30 September 2025

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the year
4/08/2022	1/07/2025	\$0.29	450,000	-	-	(450,000)	-
30/08/2022	1/07/2025	\$0.29	500,000	-	-	(500,000)	-
17/05/2023	15/01/2025	\$0.00	1,428,571	-	(1,428,571)	-	-
17/05/2023	15/05/2025	\$0.10	1,300,000	-	(1,020,408)	(279,592)	-
04/04/2025	31/03/2028	\$0.00	-	6,134,000	-	-	6,134,000
			<u>3,678,571</u>	<u>6,134,000</u>	<u>(2,448,979)</u>	<u>(1,229,592)</u>	<u>6,134,000</u>
Weighted average exercise price			\$0.11	\$0.00	\$0.04	\$0.25	\$0.00

30 September 2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the year
30/03/2021	9/03/2025	\$0.43	300,000	-	-	(300,000)	-
4/08/2022	1/07/2024	\$0.27	1,800,000	-	-	(1,800,000)	-
4/08/2022	1/07/2025	\$0.29	700,000	-	-	(250,000)	450,000
30/08/2022	1/07/2025	\$0.29	500,000	-	-	-	500,000
17/05/2023	15/01/2025	\$0.00	1,428,571	-	-	-	1,428,571
17/05/2023	15/05/2025	\$0.10	1,300,000	-	-	-	1,300,000
			<u>6,028,571</u>	<u>-</u>	<u>-</u>	<u>(2,350,000)</u>	<u>3,678,571</u>
Weighted average exercise price			\$0.18	-	-	\$0.29	\$0.11

The weighted average remaining contractual life of options outstanding as at 30 September 2025 was 2.5 years (30 September 2024: 0.53 years).

There were no performance rights granted under the plan as part of compensation during the year ended 30 September 2025. At both the commencement and the end of the financial year there were no unissued ordinary shares of the Company under performance rights.

Note 26. Share-based payments (continued)

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. The fair value of options issued as equity-settled share-based compensation during the year ended 30 September 2025 has been independently determined using an "Up-and-in-Call" Barrier Pricing Approximation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Name of Entity	Type of Entity	% of Capital held	Place of Business / Country of Incorporation	Australian Resident or Foreign Resident	Foreign Jurisdiction(s) of Foreign Residents
ReadCloud Limited	Body corporate	n/a	Australia	Australian	N/A
Australian Institute of Education and Training Pty Ltd	Body corporate	100%	Australia	Australian	N/A
Australian Institute of Education and Training	Unit Trust	100%	Australia	Australian	N/A
PKY Media Pty Ltd	Body corporate	100%	Australia	Australian	N/A
Ripponlea Institute Pty Ltd	Body corporate	100%	Australia	Australian	N/A
Southern Solutions Training Services Pty Ltd	Body corporate	100%	Australia	Australian	N/A

For personal use only



In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 September 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the Consolidated Entity's disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be "CNicolli", written over a horizontal line.

Cristiano Nicolli
Chairman

20 November 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READCLOUD LIMITED**Report on the Audit of the Financial Report****Auditor's Opinion**

We have audited the accompanying financial report of ReadCloud Limited ('the Company') and its controlled entities (collectively 'the Group'), which comprises the consolidated statement of financial position as at 30 September 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 year then ended, notes to the financial statements, including material accounting policy information, and the Directors' Declaration of the Company and of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of ReadCloud Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 September 2025 and of its financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A Key Audit Matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report in the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matter	How our audit addressed this matter
<p>Valuation of goodwill</p> <p>At 30 September 2025, the carrying value of goodwill totalled \$6.66m (2024: \$6.66m) as disclosed in Note 9 of the financial report. Relevant accounting policies are also disclosed in Note 9.</p> <p>An annual impairment test for goodwill is required under AASB 136 <i>Impairment of Assets</i>.</p> <p>Management’s testing has been performed using a discounted cash flow model (Impairment Model) to estimate the value-in-use of each Cash-Generating Unit (CGU) to which the goodwill has been allocated.</p> <p>The evaluation of the recoverable amount requires the Group to exercise significant judgement in determining key assumptions in respect of each CGU, which include:</p> <ul style="list-style-type: none"> • 5-year cash flow forecast; • growth rate and terminal growth factor; and • discount rate. <p>The evaluation of the recoverable amount required the Group to exercise significant judgement in determining key assumptions.</p> <p>The outcome of this impairment assessment could vary if different assumptions were applied. Due to these factors, we consider the valuation of goodwill to be a Key Audit Matter.</p>	<p>Our procedures included, but were not limited to, assessing and challenging:</p> <ul style="list-style-type: none"> • the appropriateness of Management’s determination of each CGU to which goodwill is allocated; • the reasonableness of the budget for the financial year ending 30 September 2026 as approved by the Directors, comparing to current actual results, and considering strategies and outlooks; • Management’s judgements supporting the Group’s forecasted performance for the financial year ending 30 September 2026; • the testing of inputs used in the impairment model, including the approved budget; • the determination of the discount rate applied in the impairment model, comparing to available industry data; • the short to medium term growth rates applied in the forecast cash flow, considering historical results including the growth achieved from services to new client schools and their student population, and available industry data; • the arithmetic accuracy of the impairment model; • Management’s sensitivity analysis around the key drivers of the cash flow projections, to consider the likelihood of such movements occurring, sufficient to give rise to impairment; and • the appropriateness of the disclosures including those relating to sensitivities in assumptions used in Note 9.

Key audit matter	How our audit addressed this matter
<p>Revenue recognition</p> <p>The Group’s revenue amounted to \$12.63m during the year (2024: \$11.90m).</p> <p>Note 5 Revenue and other income describes the accounting policies applicable to the distinct revenue streams, associated performance obligations and manner in which revenue is recognised.</p>	<p>Our procedures included, but were not limited to, assessing and challenging:</p> <ul style="list-style-type: none"> • assessing Management’s alignment of the Group accounting policy with the requirements of AASB 15 and application of the policy to the revenue recognition processes, focusing on key areas of risk in respect of Management’s determination of performance obligations, recognition at point of time

The recognition of revenue and associated unearned revenue is considered a Key Audit Matter due to the varied timing of revenue recognition relative to the different revenue streams and estimation involved.

or over time, and significant judgements and estimates;

- assessing the design of controls and testing the consistent operation of the processes designed to account for the recognition of revenue and related costs of sale;
- for a sample of contracts across each revenue stream, evaluating the contracts and agreeing recognised revenue to the records accumulated as inputs to the financial statements, while also assessing the timing of revenue recognition against the satisfaction of performance obligations, whether related to product delivery or period of service provision;
- the accuracy of revenue and related costs cut off, the accuracy of accrued revenue, and completeness of unearned revenue; and
- the related financial statement disclosures for consistency with the relevant financial reporting standards.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 September 2025 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, we consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of:

- (a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

- (b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of:
- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Auditor's Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 September 2025.

In our opinion, the Remuneration Report of ReadCloud Limited for the year ended 30 September 2025 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten-style logo for PKF.

PKF
Melbourne, 20 November 2025

A handwritten signature in black ink that reads 'Kaitlynn Brady'.

Kaitlynn Brady
Partner

For personal use only

The shareholder information set out below was applicable as at 5 November 2025.

Unmarketable Parcels The number of unmarketable parcel holders as at 5 November 2025 based upon a share price of \$0.099 (9.9 cents) is 476 shareholders holding in aggregate 1,142,896 shares.

Distribution of equity securities

	Number of holders of ordinary shares	Number of holders of unquoted options
1 to 1,000	78	-
1,001 to 5,000	397	-
5,001 to 10,000	186	-
10,001 to 100,000	279	-
100,001 and over	114	7
	1,054	7
Holding less than a marketable parcel	476	

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total quoted shares issued
UBS Nominees Pty Ltd	18,016,530	11.73%
JP Morgan Nominees Australia Pty Limited	15,398,203	10.02%
HSBC Custody Nominees (Australia) Limited	8,413,741	5.48%
Brindle Holdings Pty Ltd <O'Connor S/F A/C>	6,912,000	4.50%
Mr Lars Peder Lindstrom	6,454,128	4.20%
Sandhurst Trustees Ltd <Cyan C3G Fund A/C>	6,177,397	4.02%
DMX Capital Partners Limited	5,077,986	3.31%
Mr Alistair David Strong	4,500,000	2.93%
Hunmar Holdings Pty Ltd	3,817,786	2.49%
Nicholas Mardling	2,800,001	1.82%
Mr Darren Hunter	2,750,000	1.79%
Nicolli Family Pty Ltd <Nicolli Family S/F A/C>	2,573,483	1.68%
Ms Kimberley Juanita Therese Marshall	2,510,920	1.63%
Andrew Skelton	2,448,979	1.59%
Citicorp Nominees Pty Limited	2,410,861	1.57%
Mr Edmund Furrey Rose	2,126,166	1.38%
Ms Natanya Pesha Fisher	2,026,955	1.32%
Dr Scott Maurice Donnellan	2,000,000	1.30%
Mr Joshua Luke Fisher & Mrs Natanya Pesha Fisher <N & J Fisher Super Fund A/C>	1,955,468	1.27%
Australasian Learning Academy Pty Ltd	1,875,000	1.22%
	100,245,604	65.26%

Unquoted equity securities

	Number on issue	Number of holders
Unquoted options exercisable at \$0.00 each and expiring on 31 March 2028	6,134,000	7

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Julie Rochelle Skelton	Unquoted employee options	2,463,878
Melissa Danielle Murphy	Unquoted employee options	1,250,255

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares Number held	% of total shares issued
Thorney Technologies Ltd*	18,730,419	12.2%
TIGA Trading Pty Ltd*	18,730,419	12.2%
MicroEquities Asset Management Pty Ltd	13,361,115	8.7%

* Represents the relevant interests of these shareholders in the shares of the Company

Share buy-back

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

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unquoted Options

There are no voting rights attached to the unquoted options.

There are no other classes of equity securities.

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at:

<https://readcloud.com/investor-information#governance>

Annual General Meeting

ReadCloud Limited advises that its Annual General Meeting will be held on or around 5 February 2026. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon dispatch. The closing date for receipt of nomination for the position of Director is Friday 12 December 2025. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Friday 12 December 2025 at the Company's Registered Office.

The Company notes that the deadline for nominations for the position of Director is separate to voting on Director elections. Details of the Directors to be elected will be provided in the Company's Notice of Annual General Meeting in due course.