



readcloud

ReadCloud Limited

Strong earnings momentum and FY26 Outlook




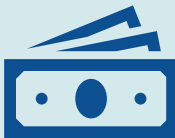

FY25 Audited Annual Results



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FY25 Financial Highlights

Strong earnings momentum driven by revenue growth in Australian school businesses

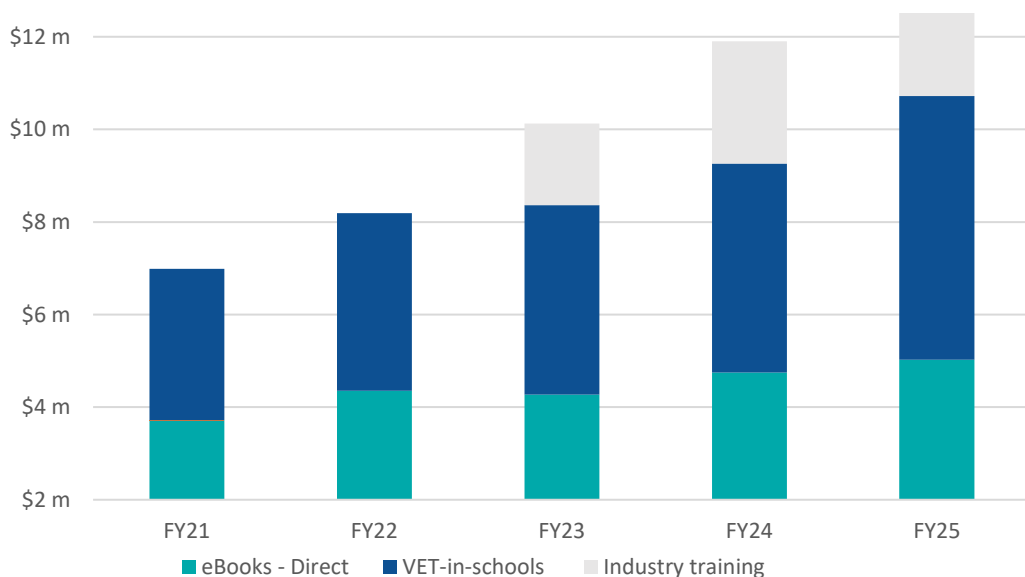
Up 26%	Up 17%	Up 109%	Up 26%	Up 34%
VET-in-Schools Sales & Fee Revenue	Direct eBooks sales to Australian schools	Underlying EBITDA*	Operating Cashflow	Cash
				
\$5.7m	\$4.6m	\$0.8m	\$0.5m	\$1.9m
Organic growth Positive momentum in key metrics	Organic growth and increase in average customer value	Underlying earnings doubled year-on-year	Effective working capital management Strong cash conversion	Self-funded for working capital requirements

*Underlying EBITDA = earnings adjusted for Interest, Tax, Depreciation and Amortisation and one-off restructuring costs.

FY25 Operational Highlights

Continued organic growth for Australian schools businesses

Sales & Fee Revenue by business

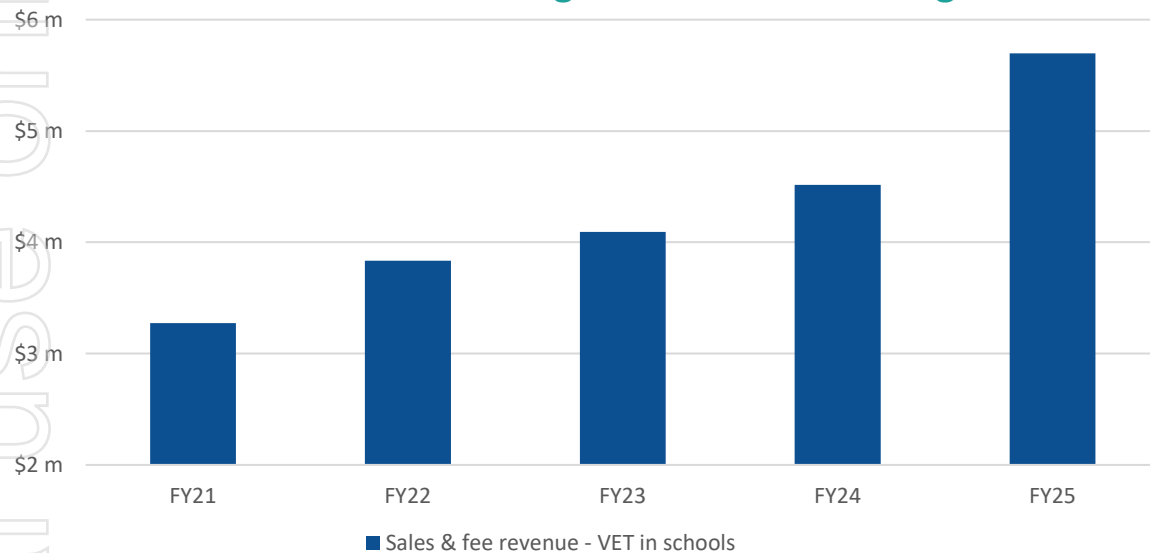


Drivers of Organic Growth

- 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
- Increased investment in advertising and marketing during FY25 expected to support future sales growth

ReadCloudVET (VET-in-Schools)

Sales and fee revenue growth is accelerating



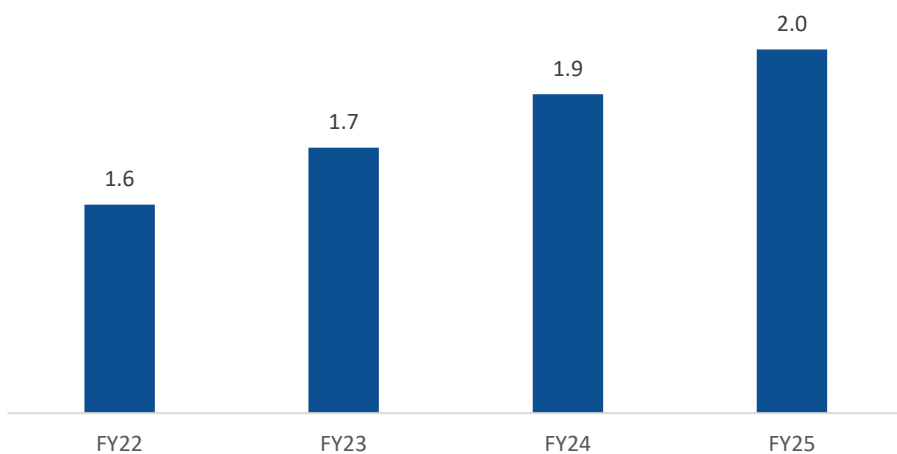
26% Sales and fee revenue growth, including 29% growth in VET-in-Schools partnering fees, driven by:

- 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
- Gross margins continuing > 90%

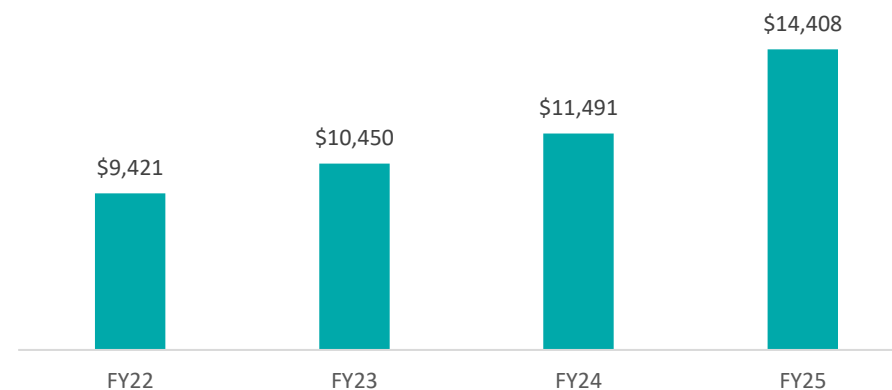
ReadCloudVET (VET-in-Schools)

Key indicators showing sustained upward momentum

Average qualifications per school



Average revenue per school (partnering fees only)



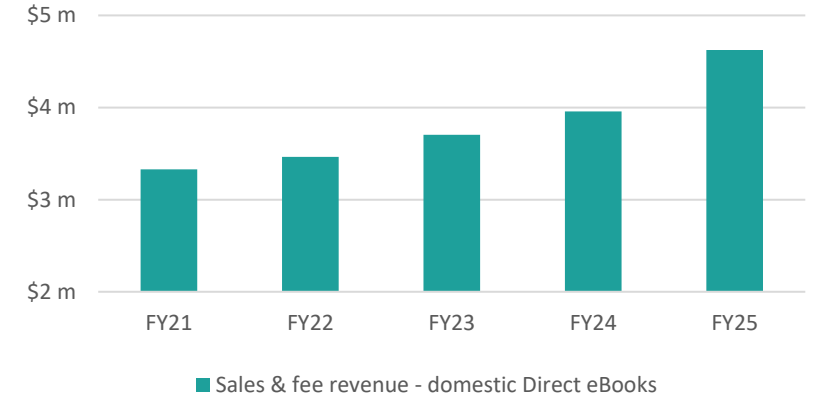
eBooks



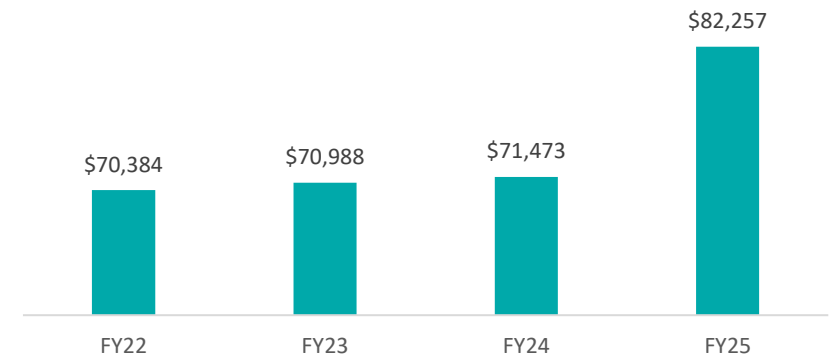
17% Growth in Australian direct eBooks sales

- Growth driven by:
 - 91% customer retention
 - 7 new school customers
 - An increase in average customer value
- International channel contracted in FY25 and performance of Reseller channel was subdued
- Overall eBooks sales and fee revenue growth 6% over pcp
- eBooks team has been restructured and leadership of international sales transitioned for FY26

Australian eBooks strengthening



Average revenue per Direct school

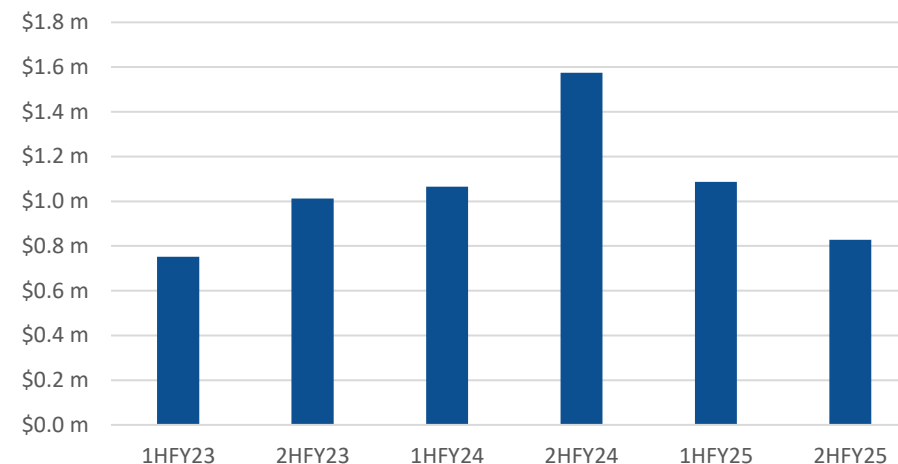


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Industry Training

- Revenue is directly impacted by availability of State funding, which is unpredictable:
 - FY24 revenue + 50% on pcp
 - 1H25 revenue + 2% on pcp
 - FY25 revenue -28% on pcp
- Southern Solutions is heavily dependent on Smart & Skilled funding contract with NSW which is currently under threat with no certainty of renewal
- Since acquisition in November 2022, the industry training team has evolved to be highly skilled and proficient but industry headwinds and funding dynamics are proving challenging to overcome
- Unlike our school-facing operations that leverage a scalable tech platform, Southern Solutions' industry trainers are funded by Southern Solutions which exposes the business to diseconomies of scale during periods of funding contraction
- The Board is initiating a review of the industry training business

Sales & fee rev - Industry training



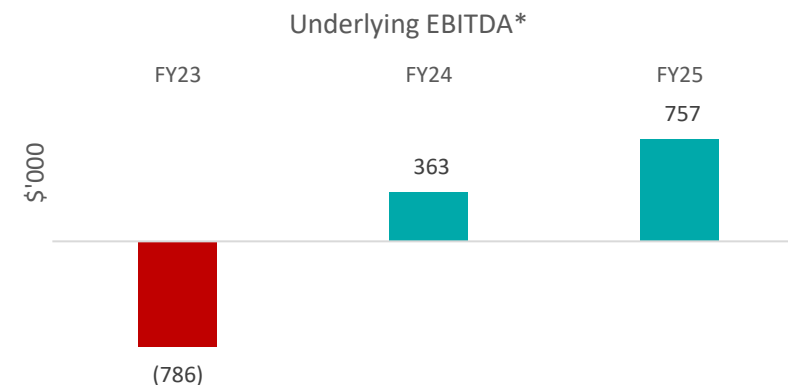
FY25 Summary Profit and Loss

\$'000	30-Sept-25	30-Sept-24	YOY
Sales and fee revenue	12,634	11,904	6%
Less direct costs	(5,338)	(5,340)	0%
Gross profit	7,295	6,564	11%
Gross profit %	58%	55%	
Add: Other revenue	289	365	-21%
Less operating expenses:			
Advertising and marketing	(188)	(122)	53%
Computer software	(182)	(187)	-3%
Employment expenses	(5,286)	(5,263)	0%
Legal & compliance	(114)	(100)	14%
Office expenses	(60)	(58)	3%
Professional services expenses	(509)	(425)	20%
Telephone, internet & data hosting	(96)	(103)	-7%
Travel expenses	(140)	(86)	62%
Other expenses	(221)	(187)	18%
Total operating expenses	(6,796)	(6,533)	4%
Less interest revenue	(31)	(33)	-7%
Underlying EBITDA*	757	363	109%

*Underlying EBITDA = earnings adjusted for Interest, Tax, Depreciation and Amortisation and one-off restructuring costs.

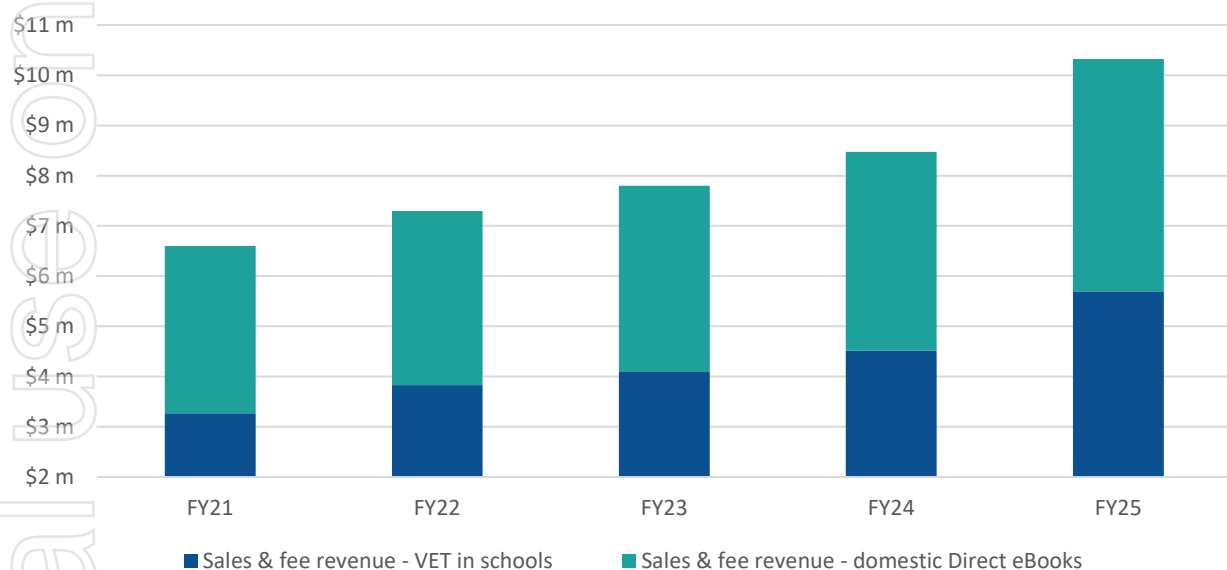
Notes

- Sales & Fee Revenue up 6% reflecting:
 - 26% growth for VET-in-Schools
 - 17% growth in Australian direct eBooks sales
 - declines in domestic Reseller and international eBooks, reducing overall eBooks sales and fee revenue growth to 6%
 - a 28% decline in industry training revenue
- Consolidated gross profit up 11%
- Operating expenses up 4%
 - Employment expenses remained consistent
 - Increased investment in Advertising & marketing and travel (conferences and customer visits)
- Continued earnings improvement – FY25 Underlying EBITDA* up 109%

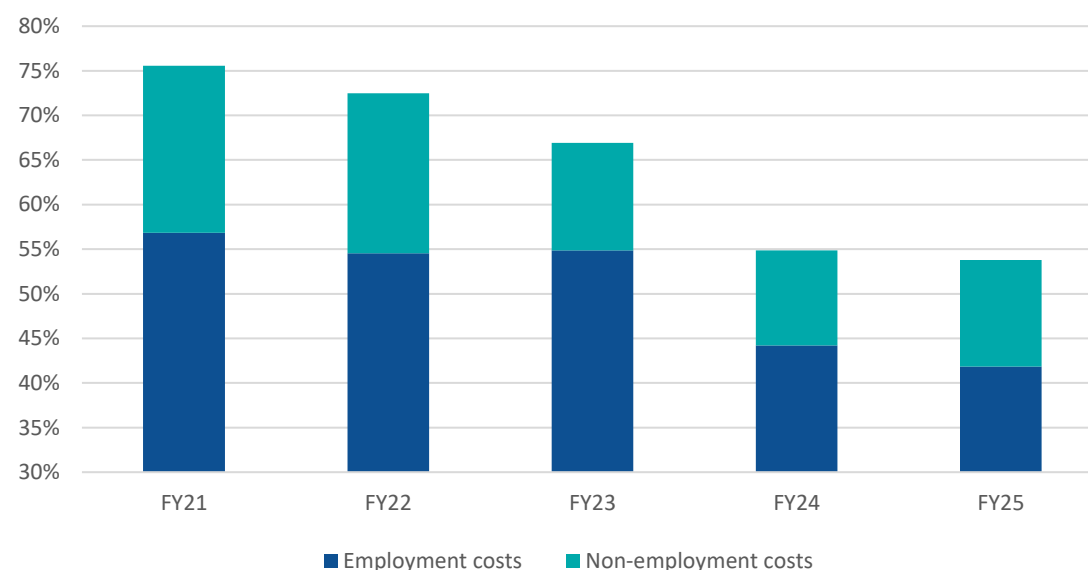


Core revenue growth and cost discipline driving earnings momentum

Sales and fee revenue growth - Australian school businesses



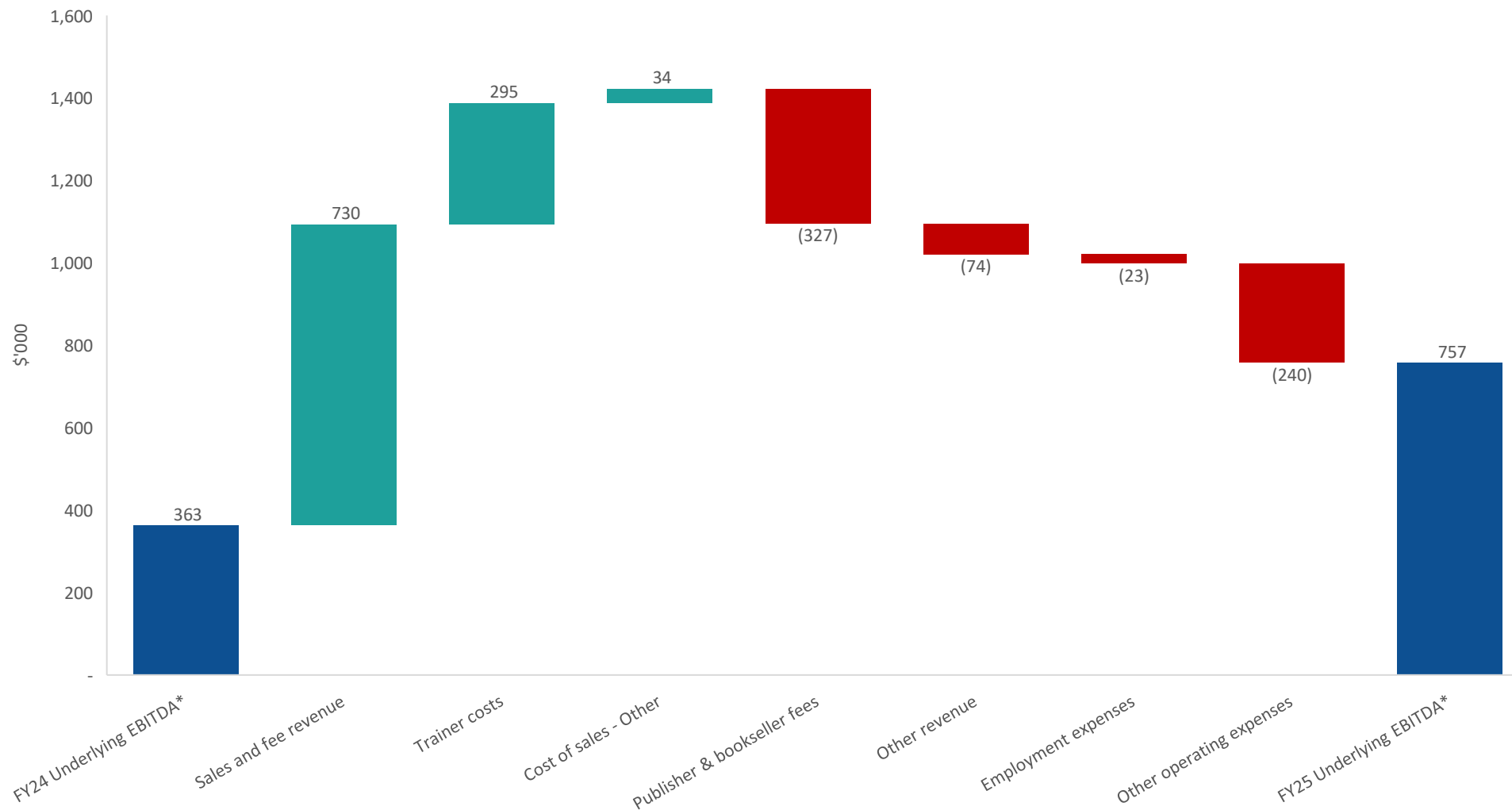
Operating expenses¹ % of Sales & fee revenue



Further reduction in operating expenses as a proportion of sales and fee revenue in FY25 despite increased investment in Advertising & marketing and travel

¹ Excluding abnormal items

FY24 to FY25 Underlying EBITDA Earnings Bridge



Cashflow

\$'000	30-Sept-25	30-Sept-24	YOY
Receipts from customers	12,558	12,042	4%
Payments to suppliers and employees	(12,398)	(12,006)	3%
Research and development tax incentive refund	332	333	0%
Interest income	31	33	-7%
Income tax	-	12	-100%
Net cash from operating activities	523	414	26%
Payments for property, plant and equipment	(27)	(19)	40%
Payments for software development	(414)	(523)	-21%
Purchase of intangible assets	(34)	(10)	230%
Net cash used in investing activities	(475)	(552)	-14%
Repayment of lease liabilities (including interest)	(143)	(139)	2%
Proceeds from issue of shares (net of costs)	584	-	-
Net cash from / (used in) financing activities	441	(139)	+416%
Net increase/(decrease) in cash	489	(278)	+276%
Cash at the beginning of the financial year	1,431	1,709	-16%
Cash at end of the financial year	1,920	1,431	34%

Notes

- Effective Working Capital Management
- 69% Underlying EBITDA to operating cashflow conversion
- Cash generated from operating activities up 26%
- Proceeds from share issues represent funds received from the exercise of options at \$0.10 each (including by Directors, management and institutional shareholders)

Balance Sheet

\$'000	30-Sept-25	30-Sep-24
Cash and cash equivalents	1,920	1,431
Trade and other receivables	801	978
Prepayments	148	115
Total current assets	2,869	2,524
Non-current deposits	36	0
Property, plant & equipment	40	40
Intangibles	8,423	8,700
Right-of-use assets	215	69
Total non-current assets	8,714	8,809
Total assets	11,583	11,333
Trade and other payables	1,067	1,119
Contract liabilities	693	823
Employee entitlements (Current & NC)	505	504
Lease Liabilities (Current & NC)	233	92
Deferred tax liability	2	15
Total liabilities	2,500	2,533
Net assets	9,083	8,780

Notes

- Maintaining a strong cash position (cash up 34% on pcp)
- Debt free



FY26 Outlook

Management is focussed on disciplined execution that fuels organic growth and unlocks operating leverage

FY26 Priorities:

- extend strong earnings momentum
- win >50 new school customers
- ensure school customer retention >90%
- preserve VET-in-Schools gross margin >90%
- increase average customer value >7%

By concentrating resources on our core competencies in school-based digital learning, ReadCloud will deliver stronger, more predictable returns for shareholders

Investment Highlights

- Large addressable markets in education present a deep pool of opportunity resilient to geopolitical and economic shocks
- Operating leverage being unlocked by sustained revenue growth and disciplined cost control
- Recurring revenue models with 90-95% retention rates
- Market leading position in VET-in-schools
- Proprietary technology enables global reach with sales in 6 countries
- Exciting organic growth prospects on a self-funded and BAU basis

Corporate Snapshot

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ASX Code: RCL	
Share Price (19 November 2025)	\$0.11
Market capitalisation (@ 11 cents)	\$16.9m
Shares on issue	153.6m
Options on issue (unlisted)	6.1m
Current cash (30 September 2025)	\$1.9m

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

Substantial Shareholders	
Board and management shareholdings*	22.7%
Thorney Group*	12.2%
Microequities Asset Management	8.7%
Hunmar Holdings/Darren Hunter*	4.9%
Lars Lindstrom	4.8%
Cyan Investment Management	4.0%
Top 20	65.2%
*Includes indirect holdings	

RCL ASX Chart



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