

ASX Release

30 January 2024



Quarterly Activities Report & Appendix 4C

Financial Highlights

- 19% increase in Group revenue for the December 2023 quarter, up \$0.19 million on pcp
- 8% reduction in Operating costs for the December quarter on pcp
- \$1.17 million cash reserves at 31 December 2023

Operational Highlights

- Increased focus on customer activities has resulted in strong retention of eBook Solutions and VET-in-schools customers
- Encouraging new signings for 2024 in the domestic and international market for eBook Solutions and locally in the VET segment
- Simplified management structure resulting in lower staff headcount and cost efficiencies
- Southern Solutions student commencements continuing above target

ReadCloud Limited (“ReadCloud” or “the Company”) (ASX: RCL) is a leading provider of eLearning solutions to secondary schools and the Vocational Education and Training (“VET”) sector in Australia. The Directors of ReadCloud are pleased to provide a quarterly update and cash flow statement for the December 2023 quarter.

Operational update

The increased focus on customer facing activities has shown strong returns with pleasing retention rates in the eBook Solutions and VET-in-schools businesses. The disciplined focus on operations is delivering improved gross margin outcomes from a lower cost base.

ReadCloud is continuing its engagement with international schools. In FY24 growth is anticipated across the domestic and reseller eBooks sales channels, with the international channel on track to emerge as the largest contributor of growth in the eBooks Solutions business by the end of FY25.

The VET-in-schools business is well placed for a strong start to the 2024 academic year and positioning to resume growth in FY25 following a year of consolidation and operational refinements.



Industry partnerships, particularly in the personal care industry, are generating a strong pipeline of students for Southern Solutions. 173 students commenced courses in the December quarter, continuing positive momentum above target (135).

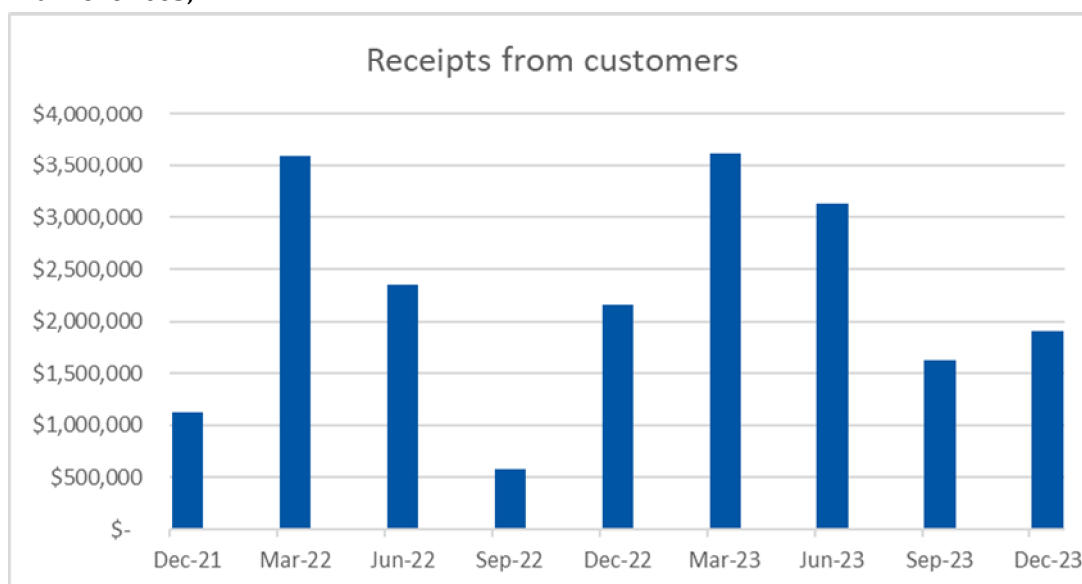
ReadCloud is focussed on disciplined cost control and improving execution of organic growth initiatives. ReadCloud is targeting a breakthrough positive Underlying EBITDA result in FY24 along with a positive operating cash flow outcome.

Finance Update

The Company's results are highly seasonal, with the March and June quarters in each year being the strongest for sales and cash receipts.

Key highlights from the accompanying Appendix 4C Cash Flow Statement include:

- Group revenue for the December 2023 quarter is up 19.2% (\$0.19 million) on pcp, which has been driven by increases in industry training (Southern Solutions) and VET-in-schools revenue;
- \$1.91 million cash receipts from customers for the December 2023 quarter, 11% down on the prior comparable quarter (\$2.16 million) mostly due to timing differences;



- Product manufacturing and operating costs for the December 2023 quarter were \$0.58 million mainly relating to costs of training delivery for the Southern Solutions and VET in schools (TAE qualification) businesses as well as publisher payments relating to full-curriculum eBook sales made during the September quarter;
 - Staff costs for the December 2023 quarter were \$1.44 million versus \$1.49 million for the prior comparable quarter (which included less than 2 months of employment costs for the Southern Solutions business); and

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- Payments to related parties (item 6.1 of the attached Appendix 4C) consisted of remuneration paid to directors during the quarter.

As at 31 December 2023 ReadCloud had cash reserves of \$1.17 million and no debt, placing the Company in a strong cash position leading into the March and June quarters when the majority of the revenue is received from schools. In the current (March) quarter the Company expects to receive its FY23 R&D tax refund (\$0.33 million).

The Company's Appendix 4C Cash Flow Statement accompanies this report.

This announcement was authorised for release by the Board of Directors of ReadCloud Limited.

-Ends-

CONTACTS:

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About ReadCloud Limited

ReadCloud is a leading provider of eLearning software solutions and industry-based training, supporting over 600 schools and educational institutions.

ReadCloud's eReader platform creates an engaging and collaborative learning environment with seamless access to dynamic, interactive digital content from leading publishers. Teachers and students benefit from social annotations, media-rich embedding options, cross-platform compatibility, and an engaging text-to-speech feature available in 120 languages.

ReadCloudVET enables the delivery of 50 qualifications to 15,000 learners across three specialist Registered Training Organisations (RTOs) in Vocational Education and Training Delivered to Secondary School Students.

ReadCloud's strong connection to industry and career pathways extends to Southern Solutions Training Services, an RTO specialising in flexible and blended training models including delivery in a genuine workplace environment for qualifications in Early Childhood Education and Care, Business, Aged Care, Hospitality, Logistics and Real Estate.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ReadCloud Ltd

ABN

44 136 815 891

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,913	1,913
1.2 Payments for		
(a) research and development	(132)	(132)
(b) product manufacturing and operating costs	(579)	(579)
(c) advertising and marketing	(16)	(16)
(d) leased assets	(34)	(34)
(e) staff costs	(1,442)	(1,442)
(f) administration and corporate costs	(254)	(254)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / refund	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(539)	(539)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(6)	(6)
(d) investments		
(e) intellectual property	(10)	(10)
(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(16)	(16)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,719	1,719
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(539)	(539)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(16)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,165	1,165

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,165	1,719
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,165	1,719

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	147
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		N/A
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(539)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,165
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,165
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.2
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2024

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.