

ASX Release

29 April 2022



Quarterly Activities Report & Appendix 4C

Operational Highlights

- 25% year on year increase in VET-In-School user numbers to 15,000 users, driven by organic growth, cross-selling, and the acquisition of Ripponlea Institute
- 23% year on year increase in Direct full-curriculum ReadCloud platform user numbers to 69,000 users.
- The ReadCloud platform is now used by over 600 schools and educational institutions
- Conclusion of the most successful on-boarding season to date
- Planned launch of ReadCloud VET Group in May 2022

Financial Highlights

- Record cash receipts from customers of \$3.6 million for the quarter, up 15% on the prior March quarter
- \$1.4 million positive net cash from operations
- Unaudited consolidated revenue for 1H FY22 (ended 31 March) of \$7.1 million, up 35% on the prior corresponding period, with invoicing of customers for both key business segments (full-curriculum and VET-In-Schools) still occurring
- Strong cash balance of \$5.4 million cash on 31 March 2022, positioning the Company well for growth

ReadCloud Limited ("ReadCloud" or "the Company") (ASX: RCL) is the leading provider of digital 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 March 2022 quarter.

The Directors are pleased to report a 25% increase in VET-In-Schools users (from 12 months ago) to 15,000 users, driven by organic growth (more existing customer schools taking more VET programs), an increase in new school customers, and the acquisition of Ripponlea Institute.



The Directors are also pleased to report a 23% increase (from 12 months ago) in Direct full-curriculum ReadCloud platform user numbers to 69,000 users for the 2022 school year. This is particularly encouraging considering the inability of the sales team to travel for the majority of another COVID-impacted year.

The Company experienced modest (4.4%) year-on-year growth in ReadCloud platform user numbers for full-curriculum Reseller schools for the 2022 school year. However, ReadCloud's main Reseller, having contributed to a \$1 million Reseller revenue decline in FY21, has stabilised with year-to-date eBook sales being up on the FY21 full year.

The ReadCloud platform is now used by over 600 schools and educational institutions.

Channel	April 2022	April 2021	% Change
Direct full-curriculum schools	69,000	56,000	+23%
Reseller schools	47,000	45,000	+4%
VET-in-schools	15,000	12,000	+25%
Total Users	131,000	113,000	+16%

Operationally, the March quarter saw the conclusion of the most successful school and student on-boarding season to date for both the full-curriculum and VET-in-Schools segments. Leveraging the investments in systems and processes made in the past 12 months, the on-boarding of schools onto the ReadCloud platform at the start of the school year was completed more efficiently (in terms of accuracy and timeliness) than in any prior year. This has resulted in increasing customer satisfaction, further endorsing the ReadCloud platform.

As mentioned in ReadCloud's December quarterly activities report, significant planning and investment has been made in building the ReadCloud VET brand and associated marketing collateral ahead of a planned major marketing launch in May 2022. The Company is already seeing a positive pipeline for the VET segment for 2023.

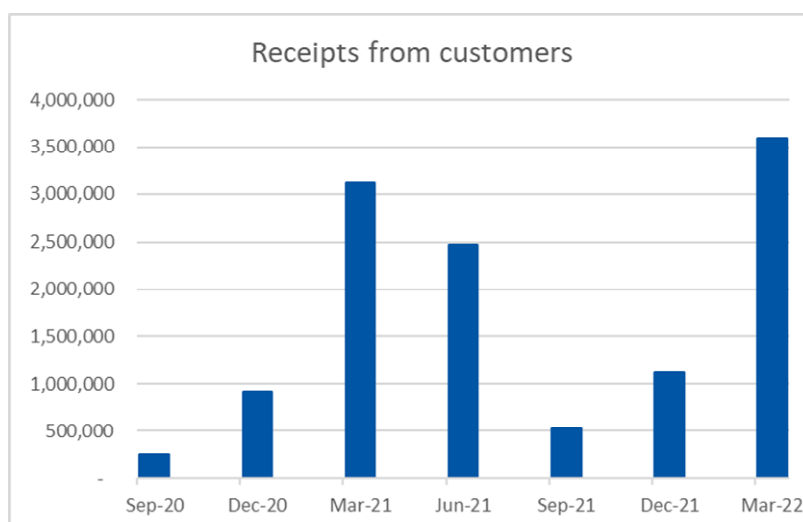
New market opportunities leveraging ReadCloud's core SaaS platform continue to progress.

Finance Update

ReadCloud's cash flow is highly seasonal in line with the school year cycle. Most of the Company's cash receipts from customers are received in the quarters ending March and June each year. This is in line with the Board's decision to change the Financial Year end from 30 June to 30 September.

Key points from the accompanying Appendix 4C Cash Flow Statement:

- record cash receipts from customers of \$3.6 million for the quarter, up 15% on the prior March quarter;



- \$1.4 million positive net cash from operations, attributable to timing debtor collections and publisher payments;
- Unaudited consolidated revenue for 1H FY22 of \$7.1 million, up 35% on the prior corresponding period, with invoicing of customers for both key business segments (full-curriculum and VET-in-Schools) still occurring;
- Staff costs for the March quarter were \$1.1 million, up on the December quarter as a result of the recruitment of additional salespeople in the VET team; and
- Payments to related parties (item 6.1 of the attached Appendix 4C) consisted of remuneration paid to directors during the quarter.

ReadCloud had a cash balance of \$5.4 million as at 31 March 2022 and zero debt, positioning the Company well for growth. As noted above, ReadCloud's cash flows are highly seasonal, with most cash receipts from customers for the year to be received in the March and June quarters each year.

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

-Ends-

CONTACTS:

Investors & Media:

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About ReadCloud Limited

ReadCloud is the leading provider of eLearning software solutions, including eBooks, to over 600 Schools and in the Vocational Education and Training (VET) sector in Australia. ReadCloud's proprietary eBook platform delivers digital content to students and teachers with extensive functionality, including the ability to make commentary in, and import third party content into eBooks.

Students and teachers can share notes, questions, videos and weblinks directly inside the eBooks turning the eBook into a place for discussion, collaboration, and social learning, substantially improving learning outcomes.

ReadCloud sources content for its solutions from multiple publishers, delivering the full Australian school curriculum in digital form in all States, on one platform. In the Vocational Education and Training (VET) sector, ReadCloud provides over 60 digital VET courses and auspicing services to schools across Australia.

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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,598	4,715
1.2 Payments for		
(a) research and development	(133)	(267)
(b) product manufacturing and operating costs	(540)	(769)
(c) advertising and marketing	(131)	(206)
(d) leased assets	(52)	(100)
(e) staff costs	(1,126)	(2,218)
(f) administration and corporate costs	(185)	(341)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	-	(70)
1.7 Government grants and tax incentives	-	396
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	1,431	1,140
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(8)	(14)
(d) investments		
(e) intellectual property	(57)	(154)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(65)	(168)

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	4,075	4,469
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,431	1,140
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(65)	(168)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	5,441	5,441

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	5,441	4,075
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)	5,441	4,075

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	183
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	1,431
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,441
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,441
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A as positive cashflow for quarter
<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?	
Answer: 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?	
Answer: 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?	
Answer: 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: 29 April 2022

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.