ReadCloud Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	ReadCloud Limited
ABN:	44 136 815 891
Reporting period:	For the year ended 30 September 2026
Previous period:	For the year ended 30 September 2025

2. Results for announcement to the market

				$
Revenue from ordinary activities - continuing operations	Up	4%	to	11,473,765
Underlying EBITDA* from continuing operations	Up	15%		1,300,044
Profit after income tax expense from continuing operations	Up	371%	to	303,121
Loss after income tax benefit from discontinued operations	Up	260%	to	(1,727,003)
Loss from ordinary activities after tax attributable to members	Up	260%		(1,423,882)
Loss for the year attributable to the Owners of ReadCloud Limited	Up	242%	to	(1,423,882)

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

Comments
Profit after tax for the Group from continuing operations was $303,121 (pcp $64,392).

Underlying earnings before interest, taxation, depreciation and amortisation and other costs non-underlying in nature ('Underlying EBITDA') from continuing operations was $1,300,044 (pcp $1,134,237).

Southern Solutions Training Services ("Southern Solutions") has been classified as a discontinued operation in the financial statements. Southern Solutions is a Registered Training Organisation ("RTO") that delivered nationally accredited vocational training to industry, outside ReadCloud's core schools market. Its revenue was subject to changes in State and Federal government policies and funding. ReadCloud has decided to wind down Southern Solutions and exit industry training to focus its resources and capital on the higher-margin schools market and related growth opportunities. The wind-down was completed prior to year-end.

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	0.54	0.29

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 2026 is attached.

12. Signed



Signed _____ Date: 26 November 2026

Cristiano Nicolli
Chairman



ReadCloud Limited

ABN 44 136 815 891

2026 Annual Report

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	56
Directors' declaration	57
Independent auditor's report to the members of ReadCloud Limited	58
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 2026.

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
Mr Paul Collins - Non-Executive Director

Principal activities

The principal activities of the Group in FY26 were:

- the provision of ebook Solutions to domestic and international schools;
- the provision of Vocational Education and Training courses to Australian schools ("VET-in-Schools"); and
- the delivery of nationally accredited vocational training to industry ("industry training", a discontinued operation).

Dividends

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

FY26 Review of operations

FY26 was a year of continued earnings growth and operational momentum for the Group. Our school-focused businesses delivered record activity levels, exceeded earnings guidance and strengthened their positions in attractive recurring revenue markets.

Following the completion of a strategic review, the Group exited Southern Solutions, simplifying operations and increasing focus on the schools market. This positions ReadCloud to concentrate capital and resources on businesses with strong customer retention, scalable operating models and attractive long-term growth prospects.

Andrew Skelton concluded his tenure as CEO on 31 May 2026 after three years of leadership. During that time, he led a transformation of ReadCloud that positioned the Group for its next phase of growth. The Board thanks Andrew for his contribution. Chief Financial Officer Luke Murphy, who has been with ReadCloud for eight years, was appointed Interim CEO with effect from 1 June 2026. The search for a CEO remains work in progress as the board evaluates options.

ReadCloud's continuing operations exceeded FY26 earnings guidance. Financial highlights for FY26 include:

- $1.3m FY26 Underlying EBITDA from continuing operations (versus guidance of $1m+)
- 14% growth in VET-in-Schools partnering fees to $6.0m (FY25: $5.3m)
- $11.2m FY26 sales & fee revenue from continuing operations (FY25: $10.7m)
- $1.9m closing cash balance (30 September 2026) and no debt.

Operational highlights for FY26 include:

- Continuing strong customer retention of 92% for ReadCloudVET and 89% for direct eBook Solutions
- 61 new school customers successfully on-boarded for the 2026 school year across ReadCloudVET and eBook Solutions
- Record delivery of 775 courses through ReadCloudVET, up 6% on pcp
- Record 17,060 student course enrolments, up 10% on pcp
- VET-in-Schools gross margins maintained above 90%
- Continued growth in qualifications per school and average customer value
- Accelerating sales pipeline for 2027, with [46] new schools already signed

The Directors are pleased to report FY26 Underlying EBITDA from continuing operations of $1.3 million, significantly ahead of previous guidance and up 15% on FY25. The result reflects strong growth in ReadCloudVET, resilient recurring revenue across both schools divisions and continued operating discipline across the Group.

VET-in-Schools ("ReadCloudVET")

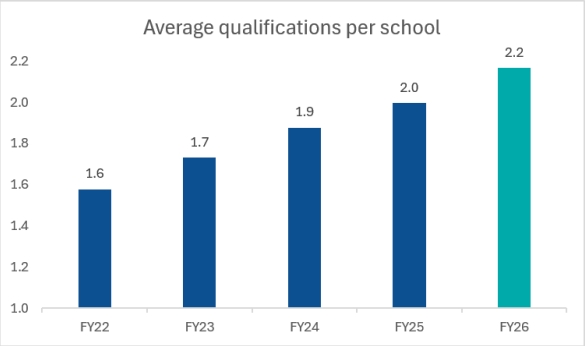
ReadCloudVET delivered another record year in FY26, with partner schools, courses delivered and student enrolments all reaching new highs. The result reflects continuing demand from secondary schools for high-quality vocational education pathways and further strengthens ReadCloudVET's position as a leading provider in the sector.

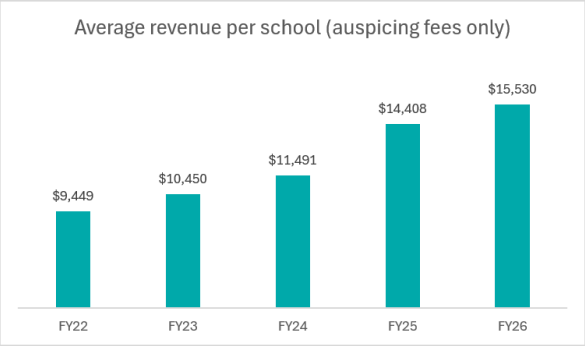
Sales and fee revenue increased 11% to $6.3 million (FY25: $5.7 million), building on the strong growth achieved in FY25. Revenue from ReadCloudVET's core auspicing services increased 14% to $6.0 million, driven by:

- 92% school customer retention (above 90% target);
- the addition of 55 new schools for 2026 (385 total);

- a 10% increase in qualifications per retained School from 2.0 to 2.2;
- record delivery of 775 qualifications (up 6% on pcp); and
- record student course enrolments of 17,060 (up 10% on pcp)

Gross margins remained above 90%, reflecting the scalability of the operating model. Average partnering revenue per school and qualifications per school both continued their multi-year growth trends.

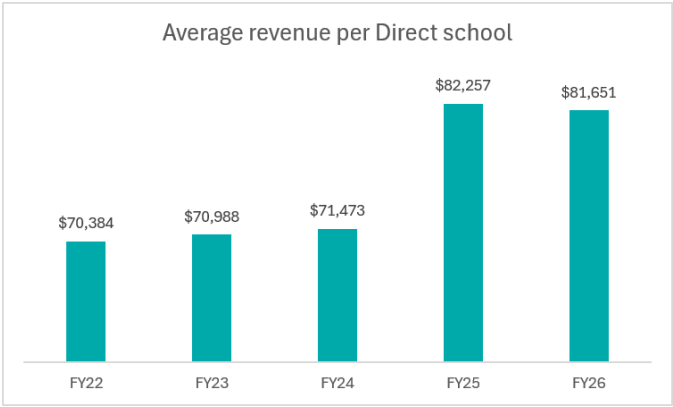




eBook Solutions

eBooks Solutions continued to deliver high-quality recurring revenue during FY26, supported by strong customer retention and long-standing school relationships. Customer retention was 89%, while average customer tenure increased to 5.02 years from 4.77 years, reinforcing the strength and durability of the recurring revenue base.

FY26 eBook Solutions sales and fee revenue was $4.9 million, 3% lower than FY25. Revenue from new and retained schools did not fully offset revenue lost from departing schools. However, average customer value in the domestic direct business remained stable at approximately $82,000 per school. Revenue from the lower-margin reseller channel was broadly unchanged, while international revenue increased 40% from a low base to $73,000.



Six new schools commenced during 2026, and the business continues to pursue geographic expansion opportunities while maintaining strong customer retention and recurring revenue characteristics.

Industry Training (Discontinuing operations)

Southern Solutions Training Services operated in the industry training sector as a Registered Training Organisation delivering nationally accredited vocational education to industry participants.

Following a strategic review, the Group elected to exit the industry training sector due to increasing revenue uncertainty arising from government funding and policy settings. The wind-down of Southern Solutions was completed during FY26, allowing the Group to focus capital and management resources on its core schools market.

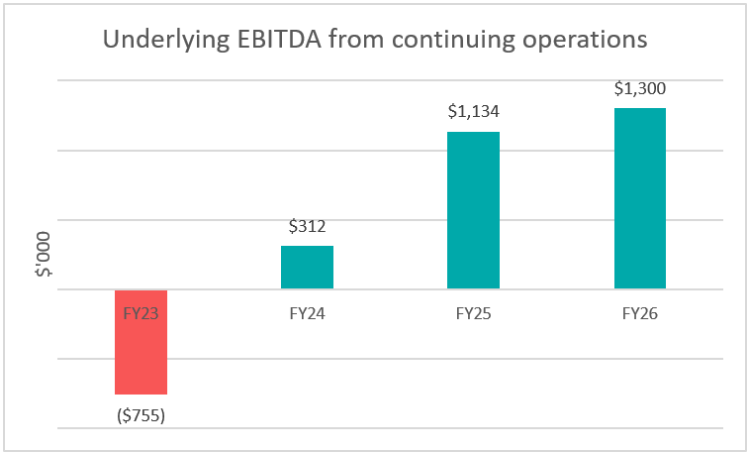
Southern Solutions has been classified as a discontinuing operation in this financial report. Southern Solutions generated sales and fee revenue of $0.8 million during FY26, down 56% on the prior corresponding period. The

business reported an after-tax loss of $1.7 million, including a non-cash goodwill impairment charge of $1.3 million associated with the 2022 acquisition.

No further material financial impact from Southern Solutions is expected beyond FY26.

Reported result

The Group recorded continued growth in profitability with FY26 Underlying EBITDA from continuing operations of $1.3m significantly ahead of previous guidance and up 15% on pcp (FY25 Underlying EBITDA from continuing operations $1.1m), powered by continuing strong organic growth for the VET-in-Schools business and a continued focus on cost discipline.



Continuing operations generated $0.9m in net operating cash inflow, representing 71% conversion of Underlying EBITDA. The Company does not anticipate any need to raise capital to fund its operations.

Underlying EBITDA* is reconciled to the statutory result 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	
	2026	2025 Restated
	$	$
Sales & fee revenue	11,188,715	10,718,814
Less Direct costs	(4,270,790)	(4,339,156)
Gross profit	**6,917,925**	**6,379,658**
Add: Other revenue	246,415	257,762
Less operating expenses:		
Advertising and marketing	(237,781)	(154,078)
Computer software	(139,075)	(134,625)
Employment expenses	(4,443,275)	(4,320,448)
Legal & compliance	(126,359)	(102,990)
Office expenses	(64,813)	(58,818)
Professional services expenses	(504,267)	(408,706)
Telephone, internet & data hosting	(98,655)	(93,282)
Travel expenses	(147,140)	(123,424)
Other expenses	(102,931)	(106,812)
Underlying EBITDA* from continuing operations	**1,300,044**	**1,134,237**
Add: Net interest revenue	29,761	19,866
Less: Depreciation and amortisation	(743,403)	(827,296)
Restructuring costs	(44,443)	(127,288)
Share based payments	(238,838)	(135,127)
Reported net profit after tax from continuing operations	**303,121**	**64,392**
Impairment of non-current assets associated with discontinued operations	(1,260,732)	-
(Loss) after income tax benefit for the year from discontinued operations	(466,271)	(480,290)
Reported (statutory) net loss after tax for the year	**(1,423,882)**	**(415,898)**

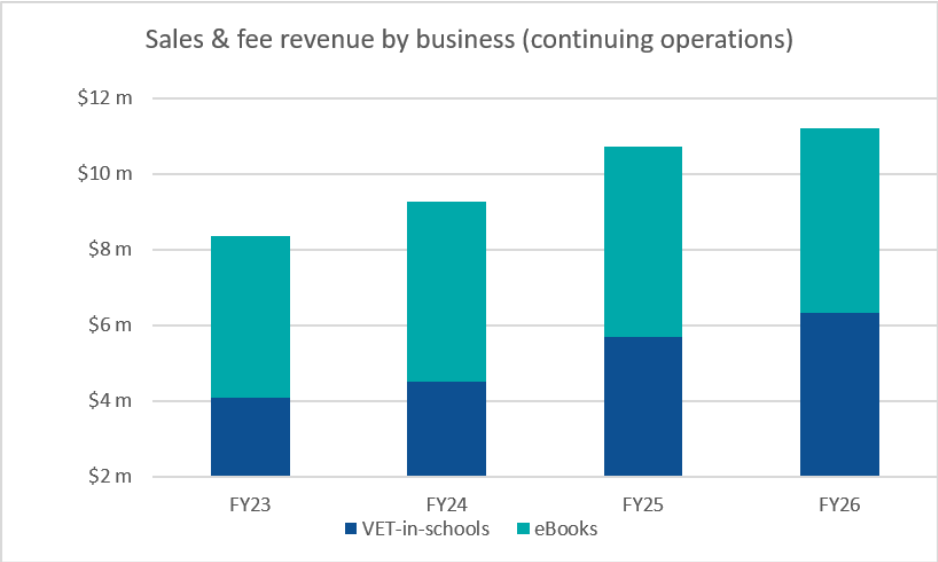
** EBITDA and underlying EBITDA are non-statutory financial measures that are not prescribed by Australian Accounting Standards (AAS). They represent the profit under AAS adjusted for Interest, Tax, Depreciation and Amortisation and certain other specified items. The Directors consider that EBITDA and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

Revenue and gross margins from continuing operations

Revenue

Sales and fee revenue from continuing operations increased 4% to $11.2m in FY26 (pcp $10.7m). Growth was primarily driven by the VET-in-Schools division, which delivered revenue growth of 11% to $6.3m, underpinned by continued expansion in auspicing fee revenue. Auspice fees, the division's core recurring revenue stream, increased 14% year-on-year to $6.0m, reflecting strong customer retention, 55 new school customers for FY26 and an increase in average customer value of retained schools.

FY26 eBook Solutions Sales and fee revenue was $4.9 million, down 3% on pcp. Six new schools commenced in 2026 and school customer retention was 89%.



Gross profit and margins

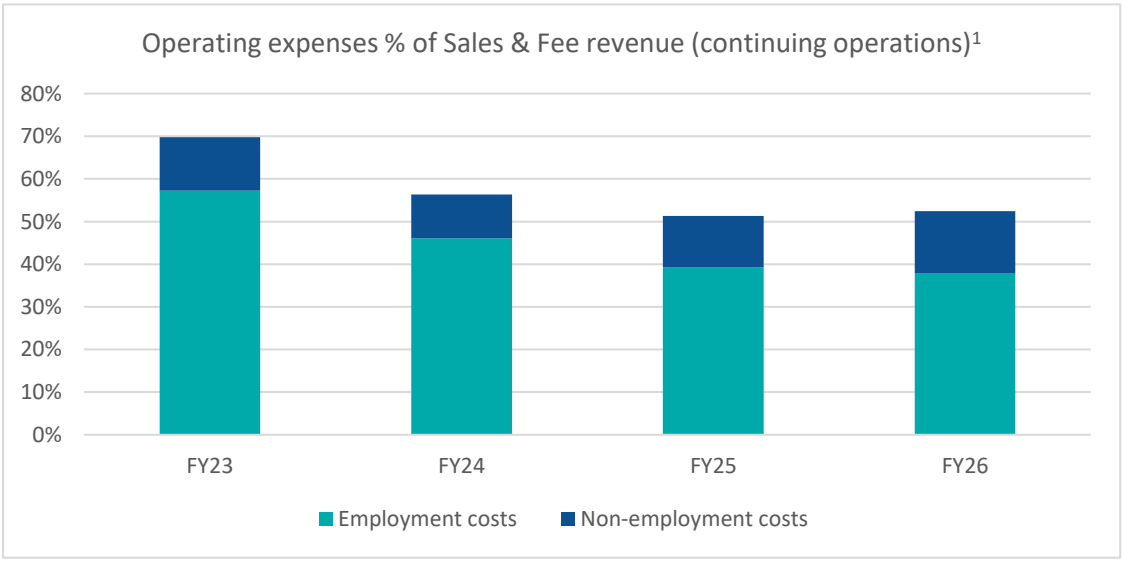
Gross profit increased 8% to $6.9m in FY26 (pcp $6.4m), with consolidated gross margin improving to 62% from 60% in the prior corresponding period. The improvement was driven primarily by the continued growth of the VET-in-Schools division, which operates at structurally higher gross margins than the eBook Solutions division.

The VET-in-Schools division generated gross profit of $5.9m, representing growth of 11% over pcp, while maintaining a gross margin of 94%. The division's strong margin profile reflects the scalable nature of its auspicing services and the operational leverage inherent in the business model.

Gross profit within the eBook Solutions division remained stable at $1.0m (pcp $1.0m), with a stable gross margin of 20% (pcp 20%).

Operating expenses – continuing operations

With the exception of targeted investments in growth initiatives and operational capability, reflected in higher advertising and marketing costs and professional services fees, FY26 operating expenses remained relatively stable and broadly consistent with the prior corresponding period, reflecting continued cost discipline across the business. Overall, operating expenses for continuing operations as a proportion of sales and fee revenue remained stable.



[1] Excluding abnormal items

Significant operating expenses are discussed below.

Advertising and marketing expenses

FY26 saw a 54% increase in advertising and marketing spend to $0.2m, alongside a 19% rise in travel expenses, reflecting ReadCloud's heightened customer engagement and expanded presence at key conferences, particularly focused on geographic expansion of our service offerings outside of our core domestic markets. These strategic investments are anticipated to accelerate future sales growth.

Employment expenses

FY26 Employment expenses of $4.4m up 3% on pcp, reflecting increased investment in sales capability across both schools divisions and expanded utilisation of outsourcing services to support operating efficiency initiatives.

Professional services expenses

FY26 Professional services expenses were $0.5m (pcp $0.4m), with the increase on account of cyber security consulting project costs, including non-recurring expenditure associated with penetration testing of the Company's technology platform. Other components include audit fees, company secretarial fees, investor relations fees, share registry costs, tax consulting fees, and contractor costs incurred in the development of learning and assessment resources for the VET segment.

Statutory net profit after tax from discontinuing operations

The loss after income tax benefit from discontinued operations for FY26 was $1.7m (pcp: $0.5m loss), reflecting the wind-down of Southern Solutions and the recognition of a $1.3 million non-cash goodwill impairment. The wind-down was completed during FY26 and no further material financial impact is expected beyond FY26.

Outlook

ReadCloud enters FY27 with ReadCloudVET ahead of last year's sales timetable and customer retention tracking above 90% in VET-in-Schools and in line with the 90% target for direct eBooks customers.

ReadCloudVET has secured commitments from 42 new schools to commence in 2027, already ahead of the 35 confirmed by early December in the previous selling season. A total of 55 new schools ultimately commenced in 2026. ReadCloudVET expects to secure further commitments in the coming weeks.

ReadCloudVET has completed approximately 75% of qualification renewals for 2027, broadly in line with the same point last year. Based on renewals to date, ReadCloudVET expects school customer retention to remain above 90%, consistent with recent years. Schools that discontinue delivery typically cite shortages of qualified VET teachers or insufficient student enrolments.

eBooks Solutions has secured four new domestic schools for 2027 so far, and direct customer retention is on track to meet the 90% target. The Group expects its FY26 investment in sales capability to support new school acquisition across both businesses in 2027 and 2028.

The Group's growth priorities are to increase the average number of VET courses delivered per school, selectively broaden the range of qualifications offered and expand both businesses into new markets. The Group is also exploring opportunities to generate new revenue streams from its technology platforms and intellectual property, and is assessing potential bolt-on acquisitions that complement its schools businesses.

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.

VET reform and funding

The VET sector landscape is constantly evolving. 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
- 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.

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

Other than the wind-down of industry training operations disclosed in the Review of Operations above, 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 2026 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:

- Vocational Education and Training (VET): Continue providing VET courses and services to enable Australian secondary schools to offer nationally accredited qualifications, with a focus on domestic geographic expansion and increasing the number of courses per customer school.
- Domestic eBook Solutions: Maintain the ongoing provision of eBook solutions to secondary schools across Australia.
- International Expansion: Further expand our eBook solutions offering to international schools.
- New Product Launches: Introduce new products for the schools market that leverage our existing proprietary curriculum and technologies.

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:	2,878,585 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 was an Executive Director of the Company until July 2025. Lars has extensive tech startup experience and was 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 also spent 10 years working in investment banking/M&A with 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).
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

'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 more than 20 years' experience across technology businesses, equity capital markets and strategic advisory.

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 2026, 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	2	2	-	-
Jonathan Isaacs	12	12	2	2	2	2
Lars Lindstrom	11	12	-	-	-	-
Paul Collins	12	12	2	2	2	2

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 2026 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
- Mr Paul Collins - Non-Executive Director
- Mr Andrew Skelton – Chief Executive Officer (until 31 May 2026)
- Mr Luke Murphy – Interim Chief Executive Officer (from 1 June 2026) and Company Secretary (Chief Financial Officer up to 31 May 2026)
- Mr Darren Hunter - Chief Information Officer

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:	Luke Murphy
Title:	Interim Chief Executive Officer (from 1 June 2026) and Company Secretary (Chief Financial Officer up to 31 May 2026)
Qualifications:	B.Comm, CA, AGIA, ICSA
Experience and expertise:	Luke is Interim Chief Executive Officer of ReadCloud Limited, having joined the Company in 2018 as Chief Financial Officer. He has more than 20 years' experience in finance leadership, equity capital markets and corporate advisory, with expertise in commercial strategy, capital raising, mergers and acquisitions, investor relations and corporate governance. At ReadCloud, he established the in-house finance function and led four strategic acquisitions. Over his career, Luke has worked on more than 100 capital markets and strategic transactions, including IPOs, equity raisings and mergers and acquisitions. He is a Chartered Accountant and Chartered Company Secretary and holds a Bachelor of Commerce from the University of Melbourne.

Name:	Andrew Skelton
Title:	Chief Executive Officer (until 31 May 2026)
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. Andrew concluded his employment with ReadCloud on 31 May 2026.

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 2026 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.

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.

	Short-term benefits		Termination benefits	Post-employment benefits	Long-term benefits	
	Cash salary and fees	Cash bonus	Termination payout	Super-annuation	Equity-settled	Total
30 September 2026	$	$	$	$	$	$
Non-Executive Directors:						
Cristiano Nicolli	74,955	-	-	8,995	-	83,950
Jonathan Isaacs	56,216	-	-	6,746	-	62,962
Lars Lindstrom	56,216	-	-	6,746	-	62,962
Paul Collins	56,216	-	-	6,746	-	62,962
Other Key Management Personnel:						
Luke Murphy[1]	220,453	20,000	-	26,454	48,681	315,588
Andrew Skelton[2]	286,706	-	-	20,000	95,935	402,641
Darren Hunter	227,027	-	-	27,243	-	254,270
	977,789	20,000	-	102,930	144,616	1,245,335

[1] Chief Financial Officer and Company Secretary until 31 May 2026. Interim Chief Executive Officer and Company Secretary from 1 June 2026.
[2] Andrew Skelton ceased as Chief Executive Office on 31 May 2026. Cash salary and fees disclosed above excludes $24,000 paid to an entity associated with Andrew Skelton for consultancy services provided after the cessation of his employment.

	Short-term benefits		Termination benefits	Post-employment benefits	Long-term benefits	
	Cash salary and fees	Cash bonus	Termination payout	Super-annuation	Equity-settled	Total
30 September 2025	$	$	$	$	$	$
Non-Executive Directors:						
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
Other Key Management Personnel:						
Andrew Skelton	409,675	98,364	-	30,000	65,046	603,085
Luke Murphy	200,095	63,168	-	23,261	23,874	310,398
Darren Hunter	232,375	-	-	27,016	-	259,391
	1,160,337	161,532	139,969	117,150	88,920	1,667,908

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

Name	Fixed remuneration 2026	Fixed remuneration 2025	At risk - STI 2026	At risk - STI 2025	At risk - LTI 2026	At risk - LTI 2025
Non-Executive Directors:						
Cristiano Nicolli	100%	100%	-	-	-	-
Jonathan Isaacs	100%	100%	-	-	-	-
Lars Lindstrom	100%	100%	-	-	-	-
Paul Collins	100%	100%	-	-	-	-
Other Key Management Personnel:						
Luke Murphy (i)	78%	72%	6%	20%	16%	8%
Andrew Skelton (ii)	76%	73%	-	16%	24%	11%
Darren Hunter	100%	100%	-	-	-	-

(i) 2026 At risk Short-Term Incentive for Luke Murphy was dependent on the achievement of Group financial measures and CFO specific measures. 2026 At risk Long-Term Incentive for Luke Murphy comprised options over ordinary shares that were granted during 2025, with vesting subject to Absolute Total Shareholder Return over a 3-year performance period and continuous employment until 30 September 2027.

(ii) 2026 At risk Long-Term Incentive for Andrew Skelton comprised options over ordinary shares that were granted in 2025. The Board determined that Andrew Skelton is a 'Good Leaver' under the Company's Employee Incentive Plan. Accordingly, the vesting of his options has been deferred, with vesting subject to the Absolute Total Shareholder Return performance condition over the 3-year measurement period concluding 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
Term of agreement:	No fixed term.
Details:	Annual fee of $62,962 including statutory superannuation
Name:	Paul Collins
Title:	Non-Executive Director
Term of agreement:	No fixed term.
Details:	Annual fee of $62,962 including statutory superannuation
Name:	Luke Murphy
Title:	Interim Chief Executive Officer (from 1 June 2026)
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 $290,830 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 CEO specific measures. The

	employee has also been issued options by the Company, details of which are disclosed elsewhere in this remuneration report.
Name:	Andrew Skelton
Title:	Chief Executive Officer (until 31 May 2026)
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

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 2026.

Options Issued during the period

There were no options issued to Directors and other KMP as part of compensation during the year ended 30 September 2026.

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	Luke Murphy – 1,250,255	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	Andrew Skelton – 2,463,878	Absolute Total Shareholder Return over a 3-year performance period

Options vested or lapsed during the period

During the year ended 30 September 2026 no options vested to KMP and no 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 2026.

Additional information

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

	2026 $	2025[1] $	2024 $	2023 $	2022 $
Sales revenue	11,188,715	10,718,814	11,903,826	10,348,770	8,212,033
Underlying EBITDA	1,300,044	1,134,237	363,185	(785,675)	(822,834)
Profit / (loss) after tax	303,121	64,392	(1,018,890)	(2,251,982)	(1,644,874)

[1] Restated to reflect continuing operations only (i.e. to exclude discontinued operations)

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

$	30 September 2026	30 September 2025	30 September 2024	30 September 2023	30 September 2022
Share price at financial period end	$0.055	$0.088	$0.099	$0.054	$0.135

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
Ordinary shares				
Cristiano Nicolli	2,573,483	305,102	-	2,878,585
Jonathan Isaacs	6,412,430	-	-	6,412,430
Lars Lindstrom	7,405,668	-	-	7,405,668
Paul Collins	3,949,260	-	-	3,949,260
Luke Murphy	426,610	-	-	426,610
Andrew Skelton	3,475,999	-	-	3,475,999
Darren Hunter	7,501,112	-	-	7,501,112
	31,744,562	305,102	-	32,049,664

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 2026	Balance at the start of the period	Received as part of remuneration	Acquired	Exercised	Expired/ forfeited/ other	Balance at the end of the period
Options over ordinary shares						
Cristiano Nicolli	-	-	-	-	-	-
Jonathan Isaacs	-	-	-	-	-	-
Lars Lindstrom	-	-	-	-	-	-
Paul Collins	-	-	-	-	-	-
Luke Murphy	1,250,255	-	-	-	-	1,250,255
Andrew Skelton	2,463,878	-	-	-	-	2,463,878
Darren Hunter	-	-	-	-	-	-
	3,714,133	-	-	-	-	3,714,133

30 September 2026	Balance at the start of the period	Vested and exercised	Lapsed / expired	Granted during period (unvested)	Balance at the end of the period
Options over ordinary shares					
Andrew Skelton	2,463,878	-	-	-	2,463,878
Luke Murphy	1,250,255	-	-	-	1,250,255
	3,714,133	-	-	-	3,714,133

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	6,134,000
			6,134,000

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 2026 or since this date.

Shares issued on the exercise of options and share rights

During the year ended 30 September 2026, no shares were issued on the exercise of options and share rights. Since 30 September 2026, 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 $22,507 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

26 November 2026

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF READCLOUD LIMITED

In relation to our audit of the consolidated financial report of ReadCloud Limited for the year ended 30 September 2026, 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 is made in respect of ReadCloud Limited and the entities it controlled during the year.

PKF
Melbourne, 26 November 2026

Kaitlynn Brady
Partner

PKF Melbourne Audit & Assurance Pty Ltd is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s). Liability limited by a scheme approved under Professional Standards Legislation.

ReadCloud Limited
Consolidated statement of profit or loss and other comprehensive income
30 September 2026

	Note	Consolidated 2026 $	Consolidated 2025 Restated $
Revenue			
Sales and fee revenue	6	11,188,715	10,718,814
Other income	6	285,050	287,582
Total revenue and other income		11,473,765	11,006,396
Expenses			
Advertising and marketing expenses		(237,781)	(154,078)
Computer software		(139,075)	(134,625)
Depreciation and amortisation expenses	7	(743,403)	(827,296)
Employment expenses	7	(4,487,718)	(4,447,736)
Legal and compliance expenses		(126,359)	(102,990)
Office expenses		(64,813)	(58,818)
Professional services expenses		(504,267)	(408,706)
Publisher and bookseller fees expense		(4,144,785)	(4,240,046)
Share-based payment expenses	7	(238,838)	(135,127)
Telephone, internet & data hosting expenses		(98,655)	(93,282)
Trainer costs		(126,005)	(99,110)
Travel expenses		(147,140)	(123,424)
Other expenses		(102,931)	(106,812)
Finance costs		(8,874)	(9,954)
Profit before income tax expense		**303,121**	**64,392**
Income tax expense	8	-	-
Profit after income tax expense for the year from continuing operations		**303,121**	**64,392**
(Loss) before impairment and after income tax benefit from discontinued operations		(466,271)	(480,290)
Impairment of non-current assets associated with discontinued operations		(1,260,732)	-
(Loss) after income tax expense/(benefit) for the year from discontinued operations		**(1,727,003)**	**(480,290)**
Profit/(loss) after income tax expense/(benefit) for the year attributable to the owners of ReadCloud Limited		**(1,423,882)**	**(415,898)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year attributable to the Owners of ReadCloud Limited		**(1,423,882)**	**(415,898)**
		Cents	**Cents**
Basic earnings / (loss) per share from continuing operations	26	0.20	0.04
Basic earnings / (loss) per share from discontinued operations	26	(1.12)	(0.32)
Diluted earnings / (loss) per share from continuing operations	26	0.20	0.04
Diluted earnings / (loss) per share from discontinued operations	26	(1.12)	(0.32)

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

ReadCloud Limited
Consolidated statement of financial position
30 September 2026

	Note	Consolidated 2026	Consolidated 2025
		$	$
Assets			
Current assets			
Cash and cash equivalents		1,864,828	1,919,780
Trade and other receivables	9	782,487	801,995
Prepayments		143,648	147,605
Total current assets		2,790,963	2,869,380
Non-current assets			
Non-current deposits		-	36,300
Property, plant and equipment		40,518	40,173
Intangible assets	10	6,982,697	8,422,222
Right-of-use assets	11	79,189	214,943
Total non-current assets		7,102,404	8,713,638
Total assets		9,893,367	11,583,018
Liabilities			
Current liabilities			
Trade and other payables	12	723,523	1,065,906
Provision for employee entitlements	13	419,473	383,217
Contract liabilities	14	655,791	692,829
Lease liabilities	11	95,071	138,169
Total current liabilities		1,893,858	2,280,121
Non-current liabilities			
Deferred tax liability		-	2,484
Provision for employee entitlements	13	101,232	122,020
Lease liabilities	11	-	95,071
Total non-current liabilities		101,232	219,575
Total liabilities		1,995,090	2,499,696
Net assets		7,898,277	9,083,322
Equity			
Contributed equity	15	20,470,899	20,470,899
Reserves	16	621,054	382,216
Accumulated losses		(13,193,676)	(11,769,793)
Total equity		7,898,277	9,083,322

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 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)
Transactions with Owners in their capacity as Owners:				
Exercise of options – proceeds received (net of transaction costs) (note 15)	583,715	-	-	583,715
Share-based payments (note 27)	-	135,127	-	135,127
Lapse of options	-	(45,139)	45,139	-
Settlement of options	100,000	(100,000)	-	-
Settlement of share rights	32,240	(32,240)	-	-
Balance at 30 September 2025	20,470,899	382,216	(11,769,793)	9,083,322

Consolidated	Issued capital $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 October 2025	20,470,899	382,216	(11,769,793)	9,083,322
Loss after income tax expense for the period	-	-	(1,423,882)	(1,423,882)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(1,423,882)	(1,423,882)
Transactions with Owners in their capacity as Owners:				
Share-based payments (note 27)	-	238,838	-	238,838
Balance at 30 September 2026	20,470,899	621,054	(13,193,676)	7,898,277

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

	Note	Consolidated 2026	Consolidated 2025
		$	$
Cash flows from operating activities			
Receipts from customers		11,178,468	10,570,787
Payments to suppliers and employees		(10,560,594)	(10,007,964)
Research and development tax incentive refund		263,141	331,689
Interest income		38,635	29,820
Net cash from continuing operations operating activities		919,650	924,332
Net cash used in discontinued operations operating activities		(383,520)	(401,623)
Net cash from operating activities	25	536,130	522,709
Cash flows from investing activities			
Payments for property, plant and equipment		(19,681)	(26,665)
Payments for software development	10	(424,358)	(414,136)
Purchase of intellectual property	10	-	(34,251)
Net cash used in investing activities		(444,039)	(475,052)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities	11	(138,169)	(132,816)
Interest paid on lease liabilities	11	(8,874)	(9,954)
Proceeds from issue of shares	15	-	596,628
Share issue transaction costs	15	-	(12,913)
Net cash from / (used in) financing activities		(147,043)	440,945
Net increase/(decrease) in cash and cash equivalents		(54,952)	488,602
Cash and cash equivalents at the beginning of the financial year		1,919,780	1,431,178
Cash and cash equivalents at the end of the financial year		1,864,828	1,919,780

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 2026. 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 2026 the Group:

- recorded a profit after income tax from continuing operations of $303,121 (30 September 2025: $64,392);
- recorded an Underlying EBITDA from continuing operations of $1,300,044 (30 September 2025: Underlying EBITDA of $1,134,237);
- generated net operating cash inflows of $536,134, comprising inflows of $919,650 from continuing operations, partially offset by outflows of $383,520 from discontinued operations; and
- had net cash outflows from investing activities of $444,039.

As at 30 September 2026:

- the net assets of the Group were $7,898,277 (30 September 2025: $9,083,322);
- the Group had a net current asset position of $897,105 (including $655,791 of contract liabilities in respect of which performance obligations are expected to be delivered in FY27); and
- the Group had cash and cash equivalents of $1,864,828 (30 September 2025: $1,919,780).

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 FY27 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 operating performance and continuing to exercise cost discipline;
- growing ReadCloudVET by increasing the average number of VET courses delivered per school and selectively broadening the range of qualifications offered;
- expanding ReadCloudVET and eBook Solutions into new markets;
- exploring opportunities to generate new revenue streams from the Group’s technology platforms and intellectual property; 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 23.

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 2026 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 10. 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 comprise:

Continuing operations:

- the provision of ebook Solutions to domestic and international schools ("eBook solutions segment"); and
- the provision of Vocational Education and Training courses to Australian schools ("VET-in-schools segment").

Discontinued operations:

- the delivery of nationally accredited vocational training to industry ("Industry Training").

Previously, Industry Training was reported as part of a broader VET Cash Generating Unit, grouped with the VET-in-schools division on the basis of centralisation of key functions and consolidation of learning platforms. Following the decision to withdraw from the industry training sector integration initiatives have ceased. The cash flows generated by Southern Solutions are entirely independent of the cash flows generated by the VET-in-schools division and management has determined that Industry Training should be reassessed as a distinct stand-alone CGU and classified as a discontinuing operation.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and prior period segment reporting information in this note have been restated to align with the requirements of AASB5 as Southern Solutions has met the criteria of a discontinuing operation.

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 - continuing operations
During the year ended 30 September 2026 approximately 3.4% of the Group's external sales revenue from continuing operations was derived from sales to one direct school customer (30 September 2025: 2.9%).

Note 4. Operating segments (continued)

Consolidated – 30 September 2026

	eBook solutions	VET-in-schools	Unallocated public company costs	Total
	$	$	$	$
Sales revenue	4,875,086	6,313,629		11,188,715
Other income	285,050	-		285,050
Total revenue	5,160,136	6,313,629		11,473,765
Underlying EBITDA from continuing operations	(321,353)	2,198,982	(577,585)	1,300,044
Depreciation and amortisation	(724,208)	(19,195)	-	(743,403)
Restructuring costs	-	(44,443)	-	(44,443)
Share based payments	(129,727)	(109,111)	-	(238,838)
Net interest revenue	29,761	-	-	29,761
Reported (statutory) net profit after tax from continuing operations	(1,145,527)	2,026,233	(577,585)	303,121
Loss after income tax benefit from discontinued operations				(1,727,003)
Loss after income tax expense/(benefit) for the year attributable to the owners of ReadCloud Limited				(1,423,882)

	eBook Solutions	**VET-in-schools**	**Discontinued operations**	**Total**
Total segment assets	4,183,898	5,693,997	15,472	9,893,367
Total segment liabilities	(1,242,010)	(734,876)	(18,204)	(1,995,090)

Consolidated – 30 September 2025 (restated)

	eBook solutions	VET-in-schools	Unallocated public company costs	Total
	$	$	$	$
Sales revenue	5,021,818	5,696,996	-	10,718,814
Other income	287,582	-	-	287,582
Total revenue	5,309,400	5,696,996	-	11,006,396
Underlying EBITDA from continuing operations	(453,678)	2,116,346	(528,431)	1,134,237
Depreciation and amortisation	(767,582)	(59,714)	-	(827,296)
Restructuring costs	(127,288)	-	-	(127,288)
Share based payments	(54,034)	(81,093)	-	(135,127)
Net interest revenue	19,866	-	-	19,866
Reported (statutory) net profit after tax from continuing operations	(1,382,716)	1,975,539	(528,431)	64,392
Loss after income tax benefit from discontinued operations				(480,290)
Loss after income tax expense/(benefit) for the year attributable to the owners of ReadCloud Limited				(415,898)

	eBook Solutions	**VET-in-schools**	**Discontinued operations**	**Total**
Total segment assets	4,567,860	5,681,733	1,333,425	11,583,018
Total segment liabilities	(1,436,807)	(908,058)	(154,831)	(2,499,696)

Note 5. Discontinued operations

Group subsidiary Southern Solutions Training Services ("Southern Solutions") is a Registered Training Organisation that delivered nationally accredited vocational training to industry. Southern Solutions is heavily impacted by State government policy and funding, the unpredictable nature of which has created significant revenue headwinds over the last 18 months. As a result, the decision was made to wind down Southern Solutions and exit the industry training sector, enabling the Group to direct its full resources and capital towards its core school education market. The wind-down was completed prior to year-end and Southern Solutions is classified as a discontinued operation.

As Southern Solutions has met the criteria of a discontinued operation, the prior period comparative information in the Consolidated Statement of Profit or Loss and Other Comprehensive Income has been restated to align with the requirements of AASB 5 Non-current Assets Held for Sale and Discontinued Operations. At the date of this report, the Directors do not anticipate any claims or repayment of funding payable in relation to the wind-up of the discontinued operations.

Financial Performance Information	**Consolidated**	
	2026	**2025**
	$	**$**
Revenue		
Sales revenue	849,707	1,915,189
Other income	2	926
Total revenue and other income	849,709	1,916,115
Expenses		
Advertising and marketing	(1,088)	(33,678)
Computer software	(32,961)	(47,594)
Depreciation and amortisation expense	(14,841)	(54,291)
Employment expenses	(1,061,953)	(1,696,761)
Impairment of goodwill	(1,260,732)	-
Legal & compliance	(24,611)	(11,067)
Office expenses	(2,955)	(1,275)
Professional services expenses	(13,604)	(75,906)
Publisher and bookseller fees expense	(14,697)	(61,651)
Telephone, internet & data hosting	(1,700)	(2,938)
Training costs	(125,045)	(373,305)
Travel expenses	(2,391)	(16,659)
Other expenses	(22,618)	(33,459)
Loss before income tax benefit	(1,729,487)	(492,469)
Income tax expense benefit	2,484	12,179
Other comprehensive income	-	-
Total comprehensive loss from discontinued operations	(1,727,003)	(480,290)
Cash flow information		
Net cash used in operating activities	(383,520)	(401,625)
Net cash used in investing activities	(1,338)	(8,645)
Net cash used in financing activities	-	-

Note 6. Revenue and other income

	Consolidated 2026 $	Consolidated 2025 $
Revenue from contracts with customers:		
Sales and fee revenue		
eBook Sales	4,681,148	4,788,730
Licence Fee	219,177	264,511
Auspicing fees	6,011,839	5,289,801
Training fees	189,882	270,677
Sales & fees - other	86,669	105,095
	11,188,715	10,718,814
Other income		
Government grants - R&D	246,415	250,389
Interest revenue calculated using the effective interest method	38,635	29,820
Other revenue	-	7,373
	285,050	287,582
Revenue and other income	11,473,765	11,006,396

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

	Consolidated 2026 $	Consolidated 2025 $
Goods transferred at a point in time	4,767,817	4,893,825
Services transferred over time	6,420,898	5,824,989
Total sales and fee revenue	11,188,715	10,718,814

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 6. Revenue (continued)

Auspicing fees
The Group receives revenue for the provision of auspicing 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 auspicing 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 auspicing fees is initially recorded as unearned revenue and released into revenue over this period.

Government grants
The Research and Development Tax Incentive is recognised as a government grant as described in Note 8, 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)
Auspicing fees	
Performance obligations (considered inter-linked and therefore not separate performance obligations) include: • 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

Note 7. Expenses

	Consolidated 2026 $	Consolidated 2025 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	14,434	20,849
Right of use assets	135,754	128,798
	150,188	149,647
Amortisation		
Software development	574,805	622,130
Registered Training Organisation licence	-	5,706
Intellectual property in Vocational Education & Training course materials	18,410	49,813
	593,215	677,649
Total depreciation and amortisation	743,403	827,296
Employee benefits expense excluding superannuation	3,897,931	3,811,371
Defined contribution superannuation expense	589,787	636,365
Total Employment expenses	4,487,718	4,447,736
Share-based payments expense	238,838	135,127

Depreciation and amortisation above relate to continuing operations. Total depreciation and amortisation for the year including discontinued operations was $758,244 (2025: $881,587). The difference of $14,841 (2025: $54,291) is included in the result of discontinued operations disclosed in Note 5.

Note 8. Income tax expense

	Consolidated 2026 $	Consolidated 2025 $
Income tax benefit	(2,484)	(12,179)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax expense	(1,426,364)	(428,077)
Tax at the statutory tax rate of 25.00% (25.00% at 30 September 2025)	(356,591)	(107,019)
Share based payments	59,710	33,782
Non-deductible expenses – entertainment	2,464	1,925
Impairment of goodwill	315,183	-
Non-assessable R&D tax incentive	(61,604)	(62,597)
Non-deductible R&D expenditure subject to incentive	46,490	46,307
Acquisition related	106,090	111,368
Deferred tax asset not brought to account	(151,765)	64,123
Prior period adjustments	37,510	(100,068)
Other balances and permanent differences	29	-
Income tax benefit	(2,484)	(12,179)

	Consolidated 2026 $	Consolidated 2025 $
Deferred tax liability comprises temporary differences attributable to:		
Provisions, accruals and other amounts not yet deductible	(417,701)	(470,032)
Capitalised software costs deducted	391,039	428,650
Unused income tax losses	26,662	41,382
Total deferred tax liability	-	-
Deferred tax assets not recognised	1,451,164	1,602,929

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 9. Current assets - trade and other receivables

	Consolidated 2026 $	Consolidated 2025 $
Trade receivables	512,524	551,606
Deposits – current	36,300	-
R&D tax incentive receivable	233,663	250,389
	782,487	801,995

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 2026 $	Consolidated 2025 $
0 to 3 months	499,596	527,943
3 to 6 months	19,853	22,275
Greater than 6 months	(6,925)	1,388
	512,524	551,606

Note 10. Non-current assets - intangibles

	Consolidated 2026 $	Consolidated 2025 $
Goodwill	8,449,045	8,449,045
Impairment	(3,048,492)	(1,787,760)
	5,400,553	6,661,285
Software	6,792,624	6,368,266
Less: Accumulated amortisation	(5,228,470)	(4,653,665)
	1,564,154	1,714,601
Registered Training Organisation Licences	200,000	200,000
Less: Accumulated amortisation	(200,000)	(194,231)
	-	5,769
Intellectual property in Vocational Education & Training course materials	813,844	813,844
Less: Accumulated amortisation	(795,854)	(773,277)
	17,990	40,567
	6,982,697	8,422,222

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 2024	1,922,595	6,661,285	26,861	89,461	8,700,202
Additions	414,136	-	-	34,251	448,387
Amortisation expense	(622,130)	-	(21,092)	(83,145)	(726,367)
Impairment of goodwill	-		-	-	
Balance at 30 September 2025	1,714,601	6,661,285	5,769	40,567	8,422,222
Additions	424,358	-	-	-	424,358
Amortisation expense	(574,805)	-	(5,769)	(22,577)	(603,151)
Impairment of goodwill	-	(1,260,732)	-	-	(1,260,732)
Balance at 30 September 2026	1,564,154	5,400,553	-	17,990	6,982,697

Note 10. 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 14.5% (30 September 2025: 13.6%), 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 a 17% 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 2025: 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. increasing operating expense growth rates throughout the model period;
iv. combining scenarios i to iii above;
v. increasing the weighted average cost of capital by 5.5 percentage points (to 20.0%); and
vi. 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 11. Leases

A. Cash flows

	Consolidated 2026 $	Consolidated 2025 $
Total cash outflow for leases:		
Office leases	147,083	142,770

B. Right-of-use assets

	Consolidated 2026 $	Consolidated 2025 $
Right-of-use assets – Office lease	631,468	631,468
Less: Accumulated depreciation	(552,279)	(416,525)
Balance at end of financial period	79,189	214,943

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 2024	69,452
Lease Modification - Lease Term Extended	274,289
Depreciation charge	(128,798)
Balance at 30 September 2025	214,943
Depreciation charge	(135,754)
Balance at 30 September 2026	79,189

C. Lease liabilities

	Consolidated 2026 $	Consolidated 2025 $
Current	95,071	138,169
Non-current	-	95,071
Balance at end of financial year	95,071	233,240

Refer to note 18 for further information on financial instruments.

Note 11. 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 2026, is 0.58 years (30 September 2025: 1.58 years).

The Group's Head Office property lease is due to expire on 30 April 2027. The Company has an option to renew the lease for the further 2 years, with a (market) rent review on the commencement of a new term. The last date for exercising the option is 1 February 2025. As at the date of this report no decision has been made as to whether the lease renewal option will be exercised. As a result, the unavoidable future lease payments as reflected in the carrying value of Right-of-use assets and the Current lease liability only take into account the current lease term.

Note 12. Current liabilities - trade and other payables

	Consolidated 2026 $	Consolidated 2025 $
Trade payables	280,012	339,851
Accrued expenses	428,578	546,481
GST receivable	(13,677)	(26,093)
Other payables	28,610	205,667
	723,523	1,065,906

Note 13. Provision for employee entitlements

	Consolidated 2026 $	Consolidated 2025 $
Annual leave (current)	237,271	257,654
Long service leave (current)	182,202	125,563
	419,473	383,217
Long service leave (non-current)	101,232	122,020

Note 14. Current liabilities – Contract liabilities

	Consolidated 2026 $	Consolidated 2025 $
Unearned revenue - software	11,464	18,485
Unearned revenue - ebooks sales	45,344	-
Unearned revenue - auspicing fees	498,983	574,344
Unearned revenue – distribution agreement	100,000	100,000
	655,791	692,829

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 2026 (including early invoicing in late FY26 of auspicing fees for the 2027 school year). It is anticipated that this revenue will be recognised at the commencement of the school year in early 2027.

Note 15. Equity - contributed equity

	Consolidated			
	2026 Shares	2025 Shares	2026 $	2025 $
Ordinary shares - fully paid	153,619,763	153,619,763	20,470,899	20,470,899

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	153,619,763		20,470,899
Balance	30 September 2026	153,619,763		20,470,899

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 16. Equity – reserves

	Consolidated 2026 $	Consolidated 2025 $
Share-based payments reserve	621,054	382,216

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 17. Equity - dividends

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

Note 18. 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 2026 $	Consolidated 2025 $
Financial assets		
Cash and cash equivalents	1,864,828	1,919,780
Trade and other receivables	782,487	801,995
	2,647,315	2,721,775
Financial liabilities		
Trade and other payables	723,523	1,065,906
Lease liabilities	95,071	233,240
	818,594	1,299,146

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 18. 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 18. Financial instruments (continued)

Consolidated – 2026	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Remaining contractual maturities $
Non-derivatives				
Non-interest bearing				
Trade and other payables		723,523	-	723,523
Interest bearing				
Lease liabilities	5.54%	95,071	-	95,071
Total non-derivatives		818,594	-	818,594

Consolidated – 2025	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Remaining contractual maturities $
Non-derivatives				
Non-interest bearing				
Trade and other payables	-	1,065,906	-	1,065,906
Interest bearing				
Lease liabilities	5.54%	138,169	95,071	233,240
Total non-derivatives		1,204,075	95,071	1,299,146

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 19. 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 2026 $	Consolidated 2025 $
Short-term employee benefits	997,789	1,321,869
Post-employment benefits	102,930	117,150
Termination benefits	-	139,969
Share-based payments	144,616	88,920
	1,245,335	1,667,908

Note 20. 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 2026 $	Consolidated 2025 $
Audit services - PKF Melbourne Audit & Assurance Pty Ltd		
Audit or review of the financial statements	100,000	88,285

Note 21. Contingent liabilities

The Group has no contingent liabilities as at 30 September 2026 (30 September 2025: $Nil).

Note 22. 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 19 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 23. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2026 $	2025 $
Loss after income tax	(1,614,001)	(1,830,054)
Total comprehensive income	(1,614,001)	(1,830,054)

Statement of financial position

	Parent	
	2026 $	2025 $
Total current assets	2,509,786	2,572,516
Total assets	10,720,406	12,365,100
Total current liabilities	(1,372,056)	(1,557,874)
Total liabilities	(11,841,416)	(9,374,451)
Net assets	(1,121,010)	2,990,649

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 2026:

- Australian Institute of Education and Training Pty Ltd (as trustee for the Australian Institute of Education and Training unit trust) up to a maximum of $0.5 million (30 September 2024: maximum of $0.5 million);
- 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 2026 (30 September 2025: none).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 September 2026 (30 September 2025: 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 23. 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 24. Events after the reporting period

No matter or circumstance has arisen since 30 September 2026 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 25. Reconciliation of loss after income tax to net cash used in operating activities

	2026 $	2025 $
Loss after income tax benefit for the year	(1,423,882)	(415,898)
Adjustments for:		
Depreciation and amortisation	758,244	881,587
Share-based payments	238,838	135,127
Finance costs	8,874	9,954
Impairment of goodwill	1,260,732	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	55,808	139,110
Decrease/(Increase) in prepayments	3,957	(32,326)
Increase/(decrease) in trade and other payables	(342,381)	(53,319)
Increase/(decrease) in employee benefits	15,466	951
Increase/(decrease) in unearned income	(37,038)	(130,298)
Increase/(decrease) in income tax payable	-	-
Increase/(decrease) in deferred tax liability	(2,484)	(12,179)
Net cash from operating activities	536,134	522,709

Note 26. Earnings per share

	Consolidated 2026 $	Consolidated 2025 $
Loss after income tax attributable to the Owners of ReadCloud Limited	(1,423,882)	(415,898)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	153,619,763	150,766,286
Weighted average number of ordinary shares used in calculating diluted earnings per share	153,619,763	150,766,286
	Cents	**Cents**
Basic earnings / (loss) per share from continuing operations	0.20	0.04
Basic earnings / (loss) per share from discontinued operations	(1.12)	(0.32)
Diluted earnings / (loss) per share from continuing operations	0.20	0.04
Diluted earnings / (loss) per share from discontinued operations	(1.12)	(0.32)

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 27)	6,134,000

Note 27. 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 2026

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
04/04/2025	31/03/2028	$0.00	6,134,000	-	-	-	6,134,000
			6,134,000	-	-	-	6,134,000
Weighted average exercise price			$0.00	$0.00	$0.00	$0.00	$0.00

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
			3,678,571	6,134,000	(2,448,979)	(1,229,592)	6,134,000
Weighted average exercise price			$0.11	$0.00	$0.04	$0.25	$0.00

The weighted average remaining contractual life of options outstanding as at 30 September 2026 was 1.5 years (30 September 2025: 2.5 years).

There were no performance rights granted under the plan as part of compensation during the year ended 30 September 2026. At both the commencement and the end of the financial year there were no unissued ordinary shares of the Company under performance rights.

Note 27. 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 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

ReadCloud Limited
Directors' declaration
30 September 2026

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 2026 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



Cristiano Nicolli
Chairman

26 November 2026

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READCLOUD LIMITED

Report on 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 2026, 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, the consolidated entity disclosure statement, 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 accompanying financial report 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 2026 and of its financial performance for the year then 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

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of 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*
Valuation of goodwill At 30 September 2026, the carrying value of goodwill totalled $5.40m (2025: $6.66m) as disclosed in Note 10 of the financial report. Relevant accounting policies are also disclosed in Note 10. An annual impairment test for goodwill is required under AASB 136 *Impairment of Assets*. 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. The evaluation of the recoverable amount requires the Group to exercise significant	Our procedures included, but were not limited to, assessing and challenging: • 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 2027 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 2027; • 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

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judgement in determining key assumptions in respect of each CGU, which include:

- 5-year cash flow forecast;
- growth rate and terminal growth factor; and
- discount rate.

The evaluation of the recoverable amount required the Group to exercise significant judgement in determining key assumptions. 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.

- 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; and
- the appropriateness of the disclosures including those relating to sensitivities in assumptions used in Note 10.

Key audit matter	*How our audit addressed this matter*
Revenue recognition The Group's revenue from continuing operations amounted to $11.47m during the year (2025: $11.01m). Note 6 Revenue and other income describes the accounting policies applicable to the distinct revenue streams, associated performance obligations and manner in which revenue is recognised. 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.	Our procedures included, but were not limited to, assessing and challenging: • 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 or over time, and significant judgements and estimates; • 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 in Note 6 for consistency with the relevant financial reporting standards.

Key audit matter	*How our audit addressed this matter*
Accounting and presentation of discontinued operations During the year, the Group completed the orderly cessation of operations of Southern Solutions Training Services (SSTS), a subsidiary of the Group. The closure of this component, as disclosed in Note 5, represented a discontinued operation in the financial report in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.	Our procedures included, but were not limited to, assessing and challenging: • The progress of the SSTS wind-down up to the end of the financial year and whether the accounting treatment and presentation as a discontinuing operation continue to comply with AASB 5. • Managements classification of the discontinued operation in accordance with AASB 5. • The completeness and measurement of the remaining SSTS assets and liabilities, including outstanding government funding receivables and other residual wind-down balances. • The impairment assessment of goodwill, including key assumptions and inputs where relevant.

In connection with this, the Group impaired the goodwill allocated to the cash generating unit by $1,260,732. This required significant judgement by Management in determining the measurement of the assets and liabilities of the discontinued operation, the presentation of results of the discontinued operations and the adequacy of the related disclosures.

Given the complexity of the applicable accounting requirements and the significance of the transactions to the financial report, this was considered a key audit matter.

- The financial statement disclosures to assess whether the remaining activities and balances continue to be appropriately presented as a discontinued operation in accordance with AASB 5.

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 2026 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. We have issued a separate opinion on 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 other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Group 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 ability of the Group 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 to cease operations, or has 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.

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

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.

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

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 September 2026.

In our opinion, the Remuneration Report of the Company for the year ended 30 September 2026, 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.

PKF

PKF
Melbourne, 26 November 2026

Kaitlynn Brady

Kaitlynn Brady
Partner

The shareholder information set out below was applicable as at 20 November 2026.

Unmarketable Parcels The number of unmarketable parcel holders as at 20 November 2026 based upon a share price of $0.044 (4.4 cents) is 584 shareholders holding in aggregate 2,251,790 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	341	-
5,001 to 10,000	155	-
10,001 to 100,000	240	-
100,001 and over	109	7
	923	7
Holding less than a marketable parcel	584	

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	15,125,671	9.85%
HSBC Custody Nominees (Australia) Limited	8,055,834	5.24%
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	4,900,000	3.19%
Hunmar Holdings Pty Ltd	3,817,786	2.49%
Nicolli Family Pty Ltd <Nicolli Family S/F A/C>	2,878,585	1.87%
Nicholas Mardling	2,800,001	1.82%
Mr Darren Hunter	2,750,000	1.79%
Ms Kimberley Juanita Therese Marshall	2,510,920	1.63%
Andrew Skelton	2,448,979	1.59%
Citicorp Nominees Pty Limited	2,184,096	1.42%
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%
	153,619,763	65.16%

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 9 February 2027. 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 Thursday 17 December 2026. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Thursday 17 December 2026 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.