ReadCloud Limited

Continued earnings growth and operational momentum

FY26 Audited Annual Results



FY26 Financial Highlights

Continuing operations exceeded FY26 earnings guidance

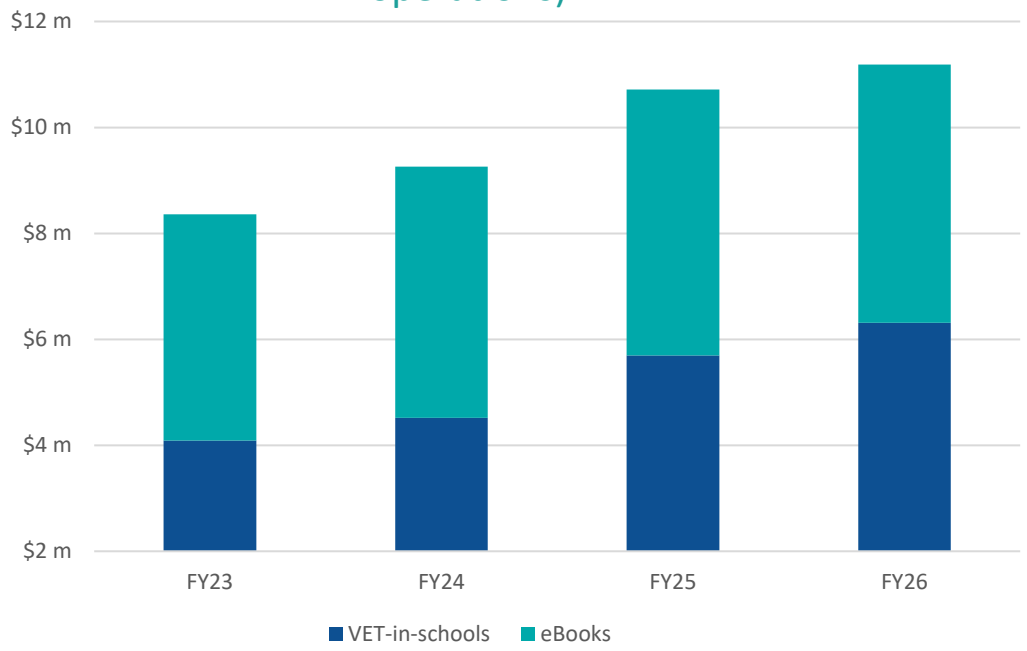
$1.3m	$11.2m	$6.0m	$0.9m	$1.9m
Underlying EBITDA* from continuing operations	Sales and fee revenue from continuing operations	VET-in-Schools auspicing fees	Net operating cash inflow from continuing operations	Closing cash at 30 September 2026
				
Up 15% on FY25 and ahead of $1m+ guidance	Up 4% on FY25	Up 14% on FY25 Positive momentum in key metrics	71% conversion of Underlying EBITDA*	No debt. Self-funded for working capital requirements

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

FY26 Operational Highlights

Strong school retention and record VET delivery

Sales & fee revenue by business (continuing operations)



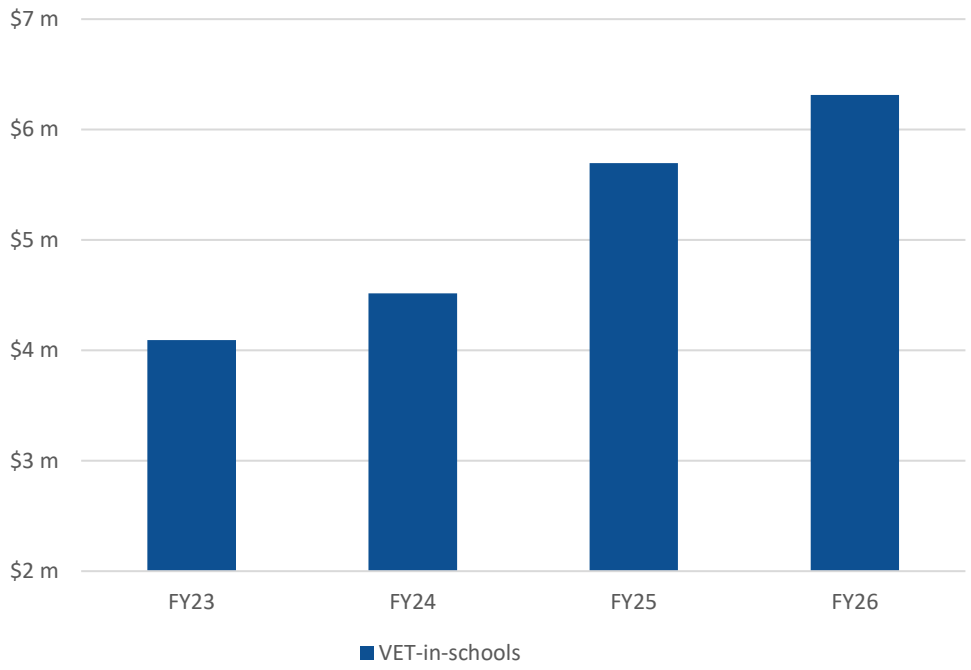
Record activity across the schools businesses

- 61 new schools onboarded across ReadCloudVET and eBook Solutions for 2026
- Continuing strong customer retention of 92% for ReadCloudVET and 89% for direct eBook Solutions
- ReadCloudVET delivered a record 775 courses, up 6% on FY25
- Record 17,060 student VET course enrolments, up 10% on FY25
- ReadCloudVET gross margin maintained above 90%

ReadCloudVET (VET-in-Schools)

Auspicing fees drove another record year

Sales & fee revenue - VET-in-Schools



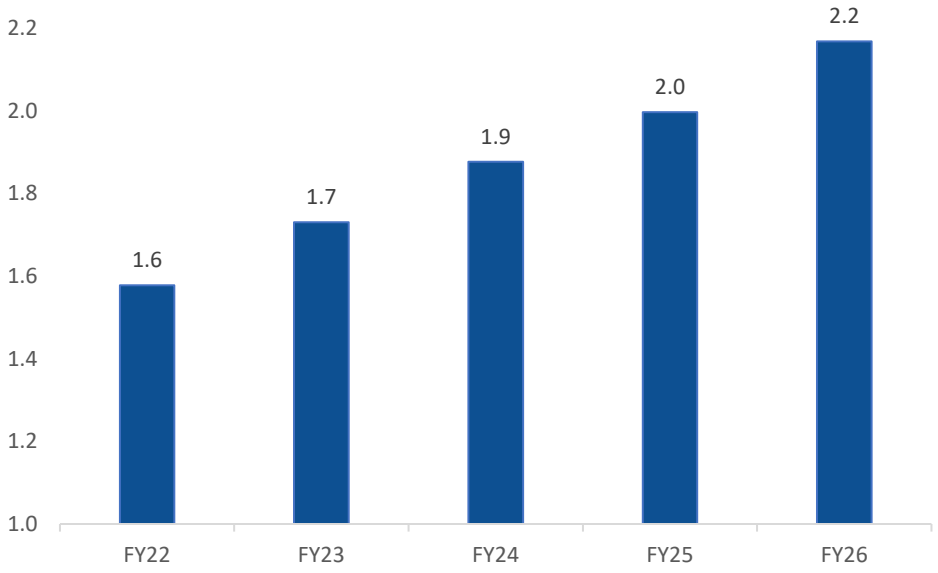
Sales and fee revenue grew 11% to $6.3m

- Auspicing fees grew 14% to $6.0m
- 385 partner schools, including 55 new schools for 2026
- 92% school customer retention, above the 90% target
- Qualifications per retained school rose 10% from 2.0 to 2.2
- Record 775 courses delivered, up 6% on FY25
- Record 17,060 student course enrolments, up 10% on FY25
- Gross profit grew 11% to $5.9m, with gross margin steady at 94%, reflecting ownership of tech and course IP and scalable nature of business

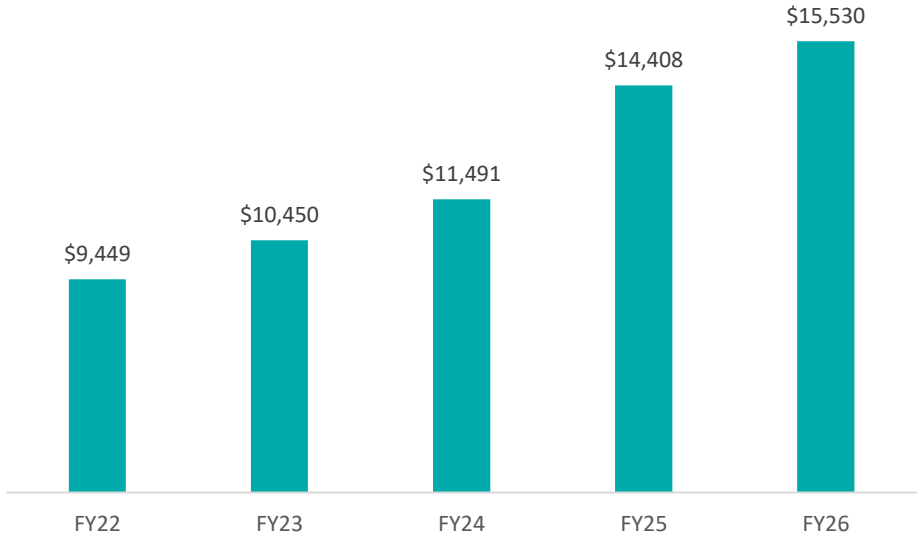
ReadCloudVET (VET-in-Schools)

Sustained upward momentum of key metrics

Average qualifications per school



Average revenue per school (auspicing fees only)

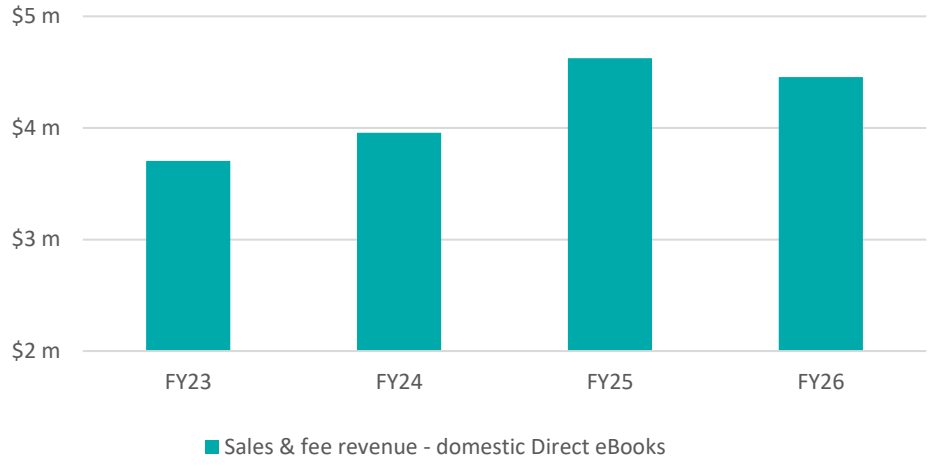


eBooks

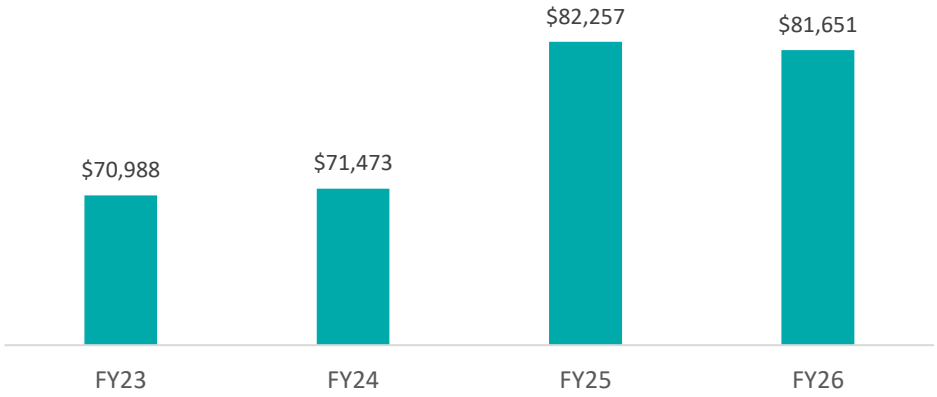
Recurring revenue supported by strong retention

- Sales and fee revenue of $4.9m, down 3% on FY25
  - 89% direct retention
  - Six new schools
  - Average customer tenure rose from 4.77 to 5.02 years
  - Domestic direct customer value stable at circa $82k
- Reseller revenue broadly unchanged
- International revenue rose 40% to $73k from a low base

Domestic direct eBook sales and fee revenue



Average revenue per Direct school



Southern Solutions — Exit Completed

- **Strategic exit.** The Group exited industry training following a strategic review, given growing uncertainty around government funding and policy settings.
- **Wind-down completed in FY26.** The exit allows ReadCloud to focus capital and management resources on its core schools market.
- **FY26 result.** Sales and fee revenue fell 56% to $0.8m. The $1.7m after-tax loss from discontinuing operations included a $1.3m non-cash goodwill impairment.
- **Outlook.** The Group expects no further material financial impact beyond FY26.

FY26 Summary Profit and Loss

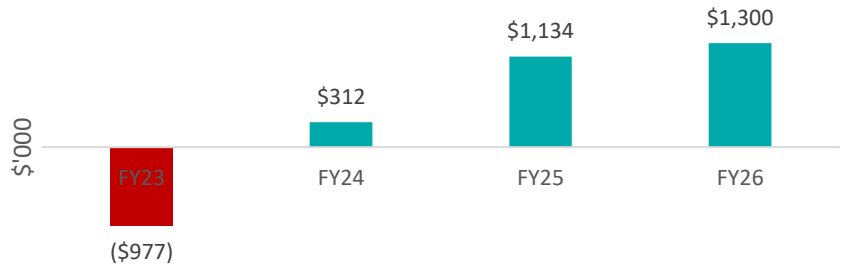
$'000	30-Sept-26	30-Sept-25 (Restated)	YOY
Sales and fee revenue	11,189	10,719	4%
Less direct costs	(4,271)	(4,339)	-2%
Gross profit	**6,918**	**6,380**	**8%**
Gross profit %	62%	60%	
Add: Other revenue	246	258	-4%
Less operating expenses:			
Advertising and marketing	(238)	(154)	54%
Computer software	(139)	(135)	3%
Employment expenses	(4,443)	(4,320)	3%
Legal & compliance	(126)	(103)	23%
Office expenses	(65)	(59)	10%
Professional services expenses	(504)	(409)	23%
Telephone, internet & data hosting	(99)	(93)	6%
Travel expenses	(147)	(123)	19%
Other expenses	(103)	(108)	-4%
Total operating expenses	**(5,864)**	**(5,503)**	**7%**
Underlying EBITDA* from continuing operations	**1,300**	**1,134**	**15%**

*Underlying EBITDA = earnings adjusted for Interest, Tax, Depreciation and Amortisation and one-off restructuring costs. See the FY26 Review of Operations for the reconciliation to the statutory result.

Continuing operations

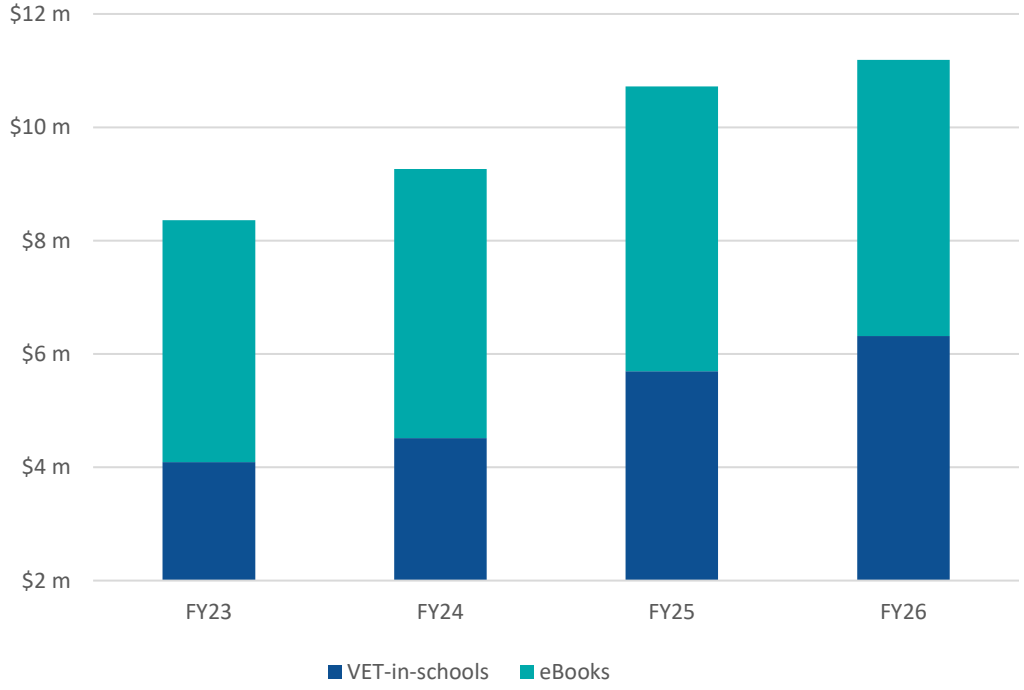
- Sales & Fee Revenue up 4% to $11.2m
  - VET-in-Schools auspicing fees up 14% to $6.0m
  - eBook Solutions sales and fee revenue down 3% to $4.9m
  - Lower margin Reseller revenue broadly flat. International revenue up 40% from a low base
- Gross profit up 8% to $6.9m, with margin up from 60% to 62%
- Operating expenses were 52% of sales and fee revenue, versus 51% in FY25
  - Employment expenses up 3%, reflecting investment in sales and outsourcing
  - Marketing up 54% and travel up 19%, supporting customer engagement and geographic expansion
  - Professional services up 23%, including cyber security project costs
- Underlying EBITDA* of $1.3m, up 15% and ahead of $1m+ guidance

Underlying EBITDA from continuing operations

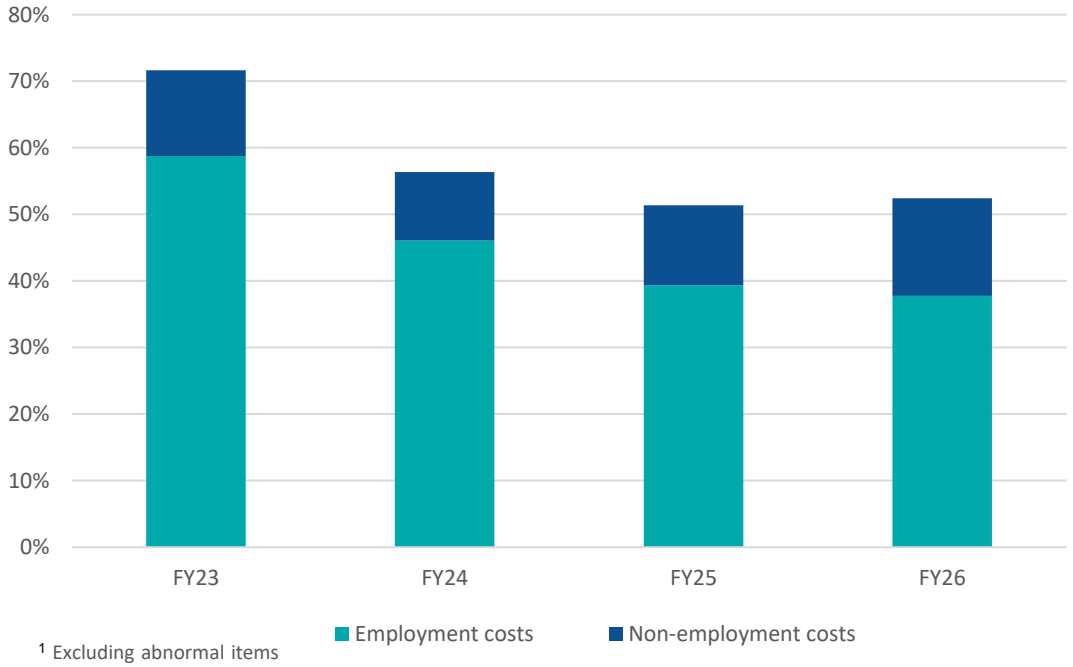


VET-in-Schools revenue growth and cost discipline driving earnings momentum

Sales & fee revenue by business (continuing operations)

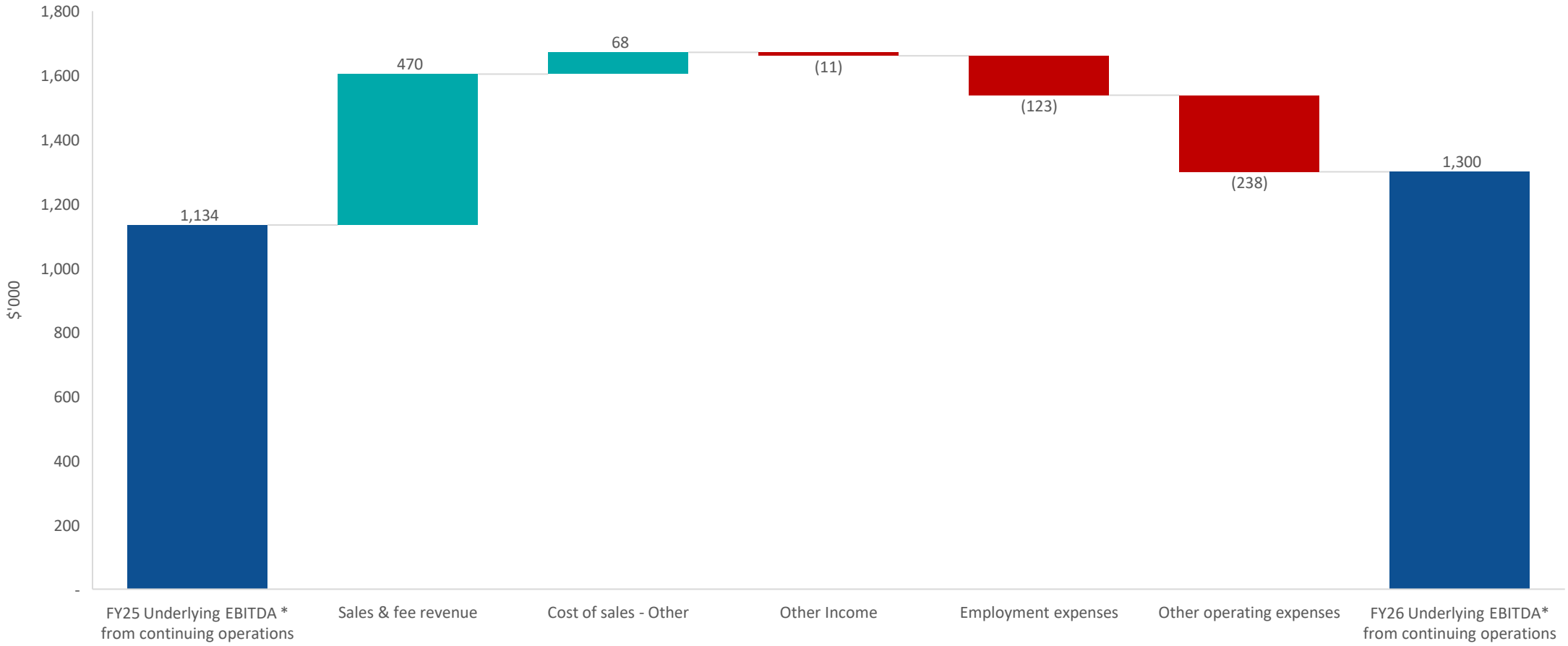


Operating expenses as % of Sales & Fee revenue[1] (continuing operations)



[1] Excluding abnormal items

FY25 to FY26 Underlying EBITDA Earnings Bridge



Cashflow

$'000	30-Sept-26	30-Sept-25 (Restated)	YOY
Receipts from customers	11,179	10,570	6%
Payments to suppliers and employees	(10,561)	(10,008)	6%
Research and development tax incentive refund	263	332	-21%
Interest income	39	30	30%
Income tax	-	-	-
Net from operating activities from continuing operations	**920**	**924**	**-1%**
Net cash used in operating activities from discontinuing operations	(384)	(401)	-5%
Net cash from operating activities	**536**	**523**	**3%**
Payments for property, plant and equipment	(20)	(27)	-26%
Payments for software development	(424)	(414)	2%
Purchase of intangible assets	-	(34)	-100%
Net cash used in investing activities	**(444)**	**(475)**	**-7%**
Repayment of lease liabilities (including interest)	(147)	(143)	3%
Proceeds from issue of shares (net of costs)	-	584	-100%
Net cash from / (used in) financing activities	**(147)**	**441**	**-133%**
Net increase/(decrease) in cash	(55)	489	-111%
Cash at the beginning of the financial year	1,920	1,431	34%
Cash at end of the financial year	**1,865**	**1,920**	**-3%**

Operating cash flow

- $0.9m net operating cash inflow from continuing operations
- 71% conversion of Underlying EBITDA from continuing operations
- $536k Group net operating cash inflow after a $384k outflow from Southern Solutions

Balance Sheet

$'000	30-Sept-26	30-Sep-25
Cash and cash equivalents	1,865	1,920
Trade and other receivables	782	801
Prepayments	144	148
Total current assets	**2,791**	**2,869**
Non-current deposits	-	36
Property, plant & equipment	41	40
Intangibles	6,982	8,423
Right-of-use assets	79	215
Total non-current assets	**7,102**	**8,714**
Total assets	**9,893**	**11,583**
Trade and other payables	723	1,067
Contract liabilities	656	693
Employee entitlements (Current & NC)	521	505
Lease Liabilities (Current & NC)	95	233
Deferred tax liability	-	2
Total liabilities	**1,995**	**2,500**
Net assets	**7,898**	**9,083**

Financial position

- $1.9m closing cash and no debt at 30 September 2026
- Total assets fell 15%, primarily due to the $1.3m non-cash Southern Solutions goodwill impairment
- Total liabilities fell 20% to $2.0m
- The Group does not anticipate a capital raise to fund operations

FY27 Outlook

Continued focus on disciplined execution that fuels organic growth and unlocks operating leverage

- ReadCloudVET is ahead of last year's sales timetable
  - 42 new schools have committed to start in 2027 so far
  - further commitments are expected in the coming weeks
- VET-in-Schools customer retention is tracking above 90%
- eBooks Solutions has secured four new domestic schools for 2027 so far
- Direct eBooks customer retention is on track to meet the 90% target
- FY26 investment in sales capability expected to support new school acquisition across both schools businesses in 2027 and 2028
- Growth priorities
  - delivering more VET courses per school
  - selectively broadening the range of VET qualifications offered
  - expanding both ReadCloudVET and eBooks Solutions into new markets
- Additional growth opportunities
  - generating revenue from ReadCloud's technology platforms and intellectual property
  - complementary bolt-on acquisitions

Investment Highlights

- Operating leverage being unlocked by sustained revenue growth and disciplined cost control
- Focus on schools education market provides exposure to recurring demand for curriculum resources and vocational training
- Recurring school revenue supported by 92% ReadCloudVET retention and 89% direct eBook Solutions retention in FY26
- Leading position in VET-in-Schools, with record delivery and a 94% gross margin
- Continuing operations Underlying EBITDA up 15% to $1.3m, ahead of guidance
- Growth opportunities through more courses per school and expansion into new markets
- Potential new revenue from technology platforms and intellectual property
- $1.9m closing cash, no debt and no anticipated capital raise to fund operations

Corporate Snapshot

ASX Code: RCL	
Share Price (24 November 2026)	$0.045
Market capitalisation (@ 4.5 cents)	$6.8m
Shares on issue	153.6m
Options on issue (unlisted)	6.1m
Current cash (30 September 2026)	$1.9m

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

Board & Management	
Cristiano Nicolli	Non-Executive Chairman
Paul Collins	Non-Executive Director
Jonathan Isaacs	Non-Executive Director
Lars Lindstrom	Non-Executive Director (Founder)
Luke Murphy	Interim CEO (from 1 June 2026)
Darren Hunter	Chief Information Officer



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