Research as a Service

ReadCloud Ltd

Company Update

Delivering to the brief

Information Technology – Software & Services

15 April 2026

ReadCloud Limited (ASX:RCL) services the education and training sectors through the provision of digital learning content, proprietary interactive technology, and support for students and educators. The company has released its 4C March quarter activities report, with its schools businesses delivering record quarterly cash receipts of $5.2m (+28% over the previous corresponding period) and group operating cash flow of $2.3m. The timing aligns with the Australian school curriculum through the company's seasonal peak period of the March and June quarters. Growth is being led by the VET-in-schools and eBooks businesses, which collectively added 60 new schools for 2026, taking total schools to 440. The Southern Solutions Industry Training (SS) business continues to be wound down and contributed only $0.1m in cash receipts for the quarter (down 81% on the pcp). Costs for SS continued to be carried as the existing student cohort completes courses, but this is expected to be finalised in FY26. Time and capital can now be directed solely towards the core schools operations, ultimately resulting in a business with a simplified structure, clearer strategic direction and stronger growth with lower volatility. Management stated it is on track to deliver its FY26 schools business targets including revenue growth of 10-20%, operating costs increases of less than 7% and EBITDA (und.) of $1m+ (excluding SS impact). These align with our existing forecasts and we make no changes across our forecast period. The group has a current cash position of $3.7m and no debt, and we forecast it to be cash-flow positive in each of the years across the forecast period. We believe RCL is fully funded to achieve our forecasts and management stated it "does not anticipate needing to raise capital". Forecast metrics now include an EBITDA CAGR of 96% from $0.7m in FY26 to $2.7m in FY28, with Return on Equity set to increase from -0.2% to +16.5% over the same period. Our DCF valuation is derived from organic earnings growth and remains unchanged at $0.36/share, and we believe forecasts are now more stable and predictable post the exit of the industry training business. Our valuation represents potential upside of 374% over the current share price.

Business Model

Going forward on a continuing operations basis, the business will derive revenue from both its software platform and the content that it distributes to students and educators across the platform in its two core businesses of eBook solutions (~45% of sales and fee revenue) and VET-in-schools (~55% of sales and fee revenue).

Schools business accelerating

We forecast the combined schools businesses to deliver FY26 revenue growth of 13.3%. The business is well positioned for continued growth with strong early signs for FY27 in VET-in-schools (59 new direct schools already in open or progressed discussions), complemented by multi-faceted eBook growth options including domestic direct schools, the reinvigoration of the reseller model and growth in the international business. We see our FY25 to FY27 eBooks revenue forecast CAGR of 9.5% as conservative. Operating leverage is emerging through revenue growth, cost management and cost-out benefits of the training business closure, and we forecast it to accelerate with EBITDA margins expanding from 5.5% in FY26 to 17.4% in FY28.

DCF valuation $0.36/share

RCL offers growing revenue and operating earnings with a clear strategy in proven businesses. The March quarterly performance (Q2 FY26) validates our forecasts, which remain unchanged. As does our DCF valuation of $0.36/share, representing potential upside of 374% over the current share price.

Earnings history and RaaS' estimates (in A$m unless otherwise stated)

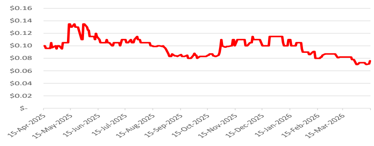
Year end	Revenue	EBITDA adj.*	NPAT adj.*	EPS adj.* (c)	EV/EBITDA (x)	PER (x)
09/24a	12.3	0.4	-0.6	-0.4	23.5	n.a.
09/25a	12.9	0.8	-0.1	-0.1	12.5	n.a.
09/26f	13.1	0.7	-0.1	-0.1	14.1	n.a.
09/27f	13.8	1.8	1	0.6	5.1	11.9
09/28f	15.7	2.7	1.9	1.2	2.8	6.2

Source: RaaS estimates for FY26f, FY27f and FY28f; Company data for historical earnings; *Adjusted for one-time and non-cash items

Share Details

ASX code	RCL
Share price (14-Apr)	$0.076
Market capitalisation	$11.7M
Shares on issue	153.6M
Net cash 31-Mar-2026	$3.7M
Free float (LSEG)	~62.4%
Avg. daily volume (12-mths)	0.111M

Share Performance (12 months)



Upside Case

- Execution of growth strategy in eBooks
- Stronger acceleration in VET-in-schools
- Acquiring growth (all current forecasts are organic)

Downside Case

- Failure or delays in conversion of new sales
- Strong competitive response from incumbents
- Lack of traction in the eBooks model

Catalysts

- Ongoing proven momentum materialising
- International eBooks success
- Potential M&A

Board and Senior Management

Cris Nicolli	Non-Executive Chair
Paul Collins	Non-Executive Director
Jonathan Isaacs	Non-Executive Director
Lars Lindstrom	Non-Executive Director
Andrew Skelton	Chief Executive Officer
Luke Murphy	CFO / Co Sec
Darren Hunter	CTO

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***The analyst is also a principal of Cyan IM which owns shares in RCL**

Exhibit 1: Financial Summary

Readcloud (RCL)

Share price (14 April 2026) A$ 0.076

Profit and Loss (A$m)					
Y/E 30 September	**FY24A**	**FY25A**	**FY26F**	**FY27F**	**FY28F**
Revenue	12.3	12.9	13.1	13.8	15.7
Gross Profit	6.6	7.3	7.5	8.2	9.4
EBITDA reported	0.0	0.4	0.6	1.7	2.6
EBITDA underlying	0.4	0.8	0.7	1.8	2.7
Depn	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Amort	(0.9)	(0.7)	(0.7)	(0.7)	(0.7)
EBIT underlying	(0.6)	(0.1)	(0.2)	0.9	1.8
Interest	0.0	(0.0)	0.0	0.0	0.0
Tax	0.0	0.0	0.0	0.0	0.0
NPAT (Rep)	(1.0)	(0.4)	(0.3)	0.8	1.8
Significant & non-cash items	0.4	0.3	0.1	0.1	0.1
NPAT (adj)	**(0.6)**	**(0.1)**	**(0.1)**	**1.0**	**1.9**

Cash flow (A$m)					
Y/E 30 September	**FY24A**	**FY25A**	**FY26F**	**FY27F**	**FY28F**
EBITDA	0.4	0.8	0.7	1.8	2.7
Interest	0.0	0.0	0.0	0.0	0.0
Tax	0.0	0.0	0.0	0.0	0.0
Other	(0.0)	(0.3)	(0.1)	(0.1)	(0.1)
Operating cash flow	0.4	0.5	0.7	1.8	2.7
Mtce capex	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Free cash flow	0.4	0.5	0.6	1.8	2.7
Capitalised Dev. Costs	(0.5)	(0.4)	(0.6)	(0.6)	(0.6)
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0
Other	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)
Cash flow pre financing	(0.1)	0.0	(0.2)	0.9	1.8
Equity	0.0	0.6	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Net cash flow for year	(0.1)	0.6	(0.2)	0.9	1.8

Balance sheet (A$m)					
Y/E 30 September	**FY24A**	**FY25A**	**FY26F**	**FY27F**	**FY28F**
Cash	1.4	1.9	1.6	2.3	3.9
Accounts receivable	1.0	0.8	1.5	1.6	1.8
Inventory	0.0	0.0	0.0	0.0	0.0
Other current assets	0.1	0.1	0.1	0.1	0.1
Total current assets	2.5	2.9	3.2	4.0	5.9
PPE	0.0	0.0	0.1	0.1	0.1
Intangibles and Goodwill	8.7	8.4	8.5	8.5	8.5
Investments	0.0	0.0	0.0	0.0	0.0
Deferred tax asset	0.0	0.0	0.0	0.0	0.0
Other non current assets	0.0	0.2	0.1	0.1	0.1
Total non current assets	8.8	8.7	8.8	8.7	8.7
Total Assets	11.3	11.6	11.9	12.7	14.6
Accounts payable	1.1	1.1	1.2	1.3	1.5
Short term debt	0.0	0.0	0.0	0.0	0.0
Tax payable	0.0	0.0	0.0	0.0	0.0
Other current liabilities	0.4	0.5	1.0	0.8	0.8
Total current liabilities	2.3	2.3	2.9	2.8	2.9
Long term debt	0.0	0.0	0.0	0.0	0.0
Other non current liabs	0.0	0.1	0.1	0.1	0.1
Total non-current liabilities	0.2	0.2	0.3	0.3	0.3
Total Liabilities	2.6	2.5	3.1	3.1	3.2
Net Assets	**8.8**	**9.1**	**8.8**	**9.7**	**11.4**
Share capital	19.8	20.5	20.5	20.5	20.5
Accumulated profits/losses	(11.4)	(11.8)	(12.0)	(11.2)	(9.4)
Reserves	0.4	0.4	0.4	0.4	0.4
Minorities	0.0	0.0	0.0	0.0	0.0
Total Shareholder funds	**8.8**	**9.1**	**8.8**	**9.7**	**11.4**

Interim (A$m)	**1H24a**	**2H24a**	**1H25a**	**2H25a**	**1H26f**	**2H26f**
Revenue	8.3	4.0	9.3	3.6	9.4	3.7
EBITDA (und)	1.1	(0.6)	1.8	(1.0)	1.9	(1.3)
NPAT (adj)	0.4	(1.0)	1.3	(1.4)	1.4	(1.5)
EPS (normalised)	0.3	(0.7)	0.9	(0.9)	0.9	(1.0)
Dividend (cps)	-	-	-	-	-	-

Divisions/Categories	**FY24A**	**FY25A**	**FY26F**	**FY27F**	**FY28F**
eBooks	4.8	5.1	5.5	6.1	6.9
VET-in-Schools	4.5	5.7	6.5	7.5	8.7
Industry Training	2.6	1.9	0.9	0.0	0.0
Sales & fee revenue	**11.9**	**12.6**	**12.9**	**13.6**	**15.5**
Other income	0.4	0.3	0.2	0.2	0.2
Total Revenue	**12.3**	**12.9**	**13.1**	**13.8**	**15.7**
EBITDA (normalised)	0.4	0.8	0.7	1.8	2.7

Margins, Leverage, Returns	FY24A	FY25A	FY26F	FY27F	FY28F
Gross Profit	55.5%	57.7%	57.6%	60.2%	60.6%
EBITDA	3.4%	6.0%	5.5%	13.2%	17.4%
EBIT	(5.0%)	(0.8%)	(1.3%)	6.8%	11.8%
NPAT pre significant items	(8.0%)	(3.2%)	(2.0%)	6.1%	11.2%
Net (Debt)/ Cash	1.4	1.9	1.6	2.3	3.9
ROA	(5.4%)	(0.9%)	(1.4%)	7.4%	12.6%
ROE	(6.8%)	(0.9%)	(1.5%)	10.2%	16.5%
ROIC	(12.0%)	(1.9%)	(3.2%)	15.8%	24.0%
Working capital	(0.1)	(0.3)	0.3	0.3	0.3
WC/Sales (%)	(1.2%)	(2.0%)	2.1%	2.1%	2.1%
Revenue growth	14.7%	5.3%	1.3%	5.2%	13.7%

Pricing		**FY24A**	**FY25A**	**FY26F**	**FY27F**	**FY28F**
No of shares (y/e)	(m)	146	154	154	154	154
Weighted Av Dil Sha	(m)	146	151	154	154	154
EPS Reported	cps	(0.7)	(0.3)	(0.2)	0.5	1.1
EPS Normalised/Dil	cps	(0.4)	(0.1)	(0.1)	0.6	1.2
EPS growth (norm/dil)		n/a	n/a	n/a	-866%	92%
DPS	cps	-	-	-	-	-
DPS Growth		n/a	n/a	n/a	n/a	n/a
Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%
PE (x)		-	-	-	11.9	6.2
PE market		18.0	18.0	18.0	18.0	18.0
Premium/(discount)		n/a	n/a	n/a	(33.9%)	(65.5%)
EV/Revenue		0.8	0.8	0.8	0.7	0.5
EV/EBITDA		23.5	12.5	14.1	5.1	2.8
FCF/Share	cps	0.3	0.3	0.4	1.1	1.7
Price/FCF share		28.2	23.5	18.2	6.6	4.3
Free Cash flow Yield		3.5%	4.2%	5.5%	15.1%	23.0%

Source: RaaS estimates; Company data for actuals

FINANCIAL SERVICES GUIDE

RaaS Research Group Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415, of

BR SECURITIES AUSTRALIA PTY LTD; ABN 92 168 734 530; AFSL 456663

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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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