

ASX Release

10 November 2022



Completion of acquisition of Southern Solutions Training Services

Further to the announcement released to the ASX on 14 October 2022, the Directors of ReadCloud Limited (“ReadCloud” or “the Company”; ASX: RCL) are pleased to confirm it has completed the acquisition of Southern Solutions Training Services Pty Ltd (“Southern Solutions”), a leading national provider of training for certificates in Early Childhood Education & Care.

Pursuant to the Share Purchase Agreement, ReadCloud has paid the initial cash consideration of \$975,000 from existing cash reserves and issued 1,875,000 RCL shares (at a notional issue price of \$0.20). As previously announced, deferred payments of up to \$1.8 million are payable contingent on Southern Solutions’ FY23 and FY24 EBIT performance (to be paid with 75% cash and 25% in ReadCloud shares issued at the higher of 20 cents or the share price at the time the earn-out targets are met).

The total acquisition cost represents between 3.6x and 4.5x times FY24 EBIT depending on achievement of performance hurdles.

The acquisition provides a significant growth opportunity for the Company in a market that is adjacent to ReadCloud’s core business and in an industry with skills shortages and high national government funding and focus. The integration of the ReadCloud platform into Southern Solutions’ training delivery is expected to deliver efficiencies and better scaling opportunities.

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About ReadCloud Limited

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

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

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

ReadCloud currently has over 131,000 users on its platform.

This announcement is authorised for release to the market by the Board of Directors of ReadCloud Limited.