



ASX Announcement

31 October 2022

Cluey September 2022 Quarterly Activities Report and Appendix 4C

Cluey Ltd (ASX: CLU) (“Cluey” or the “Company”) is pleased to release its Appendix 4C Quarterly Cashflow Report and Quarterly Activities Report for the quarter ending 30 September 2022 (“Q1 FY23”).

Highlights

- Continued growth across all key Group¹ metrics
 - Revenue +52% compared to the prior corresponding period (“Q1 FY22”) (‘PCP’)
 - Gross Profit +59% on PCP
 - Cash Receipts from Customers +43% on PCP
 - New Students +52% on PCP
 - Student Sessions +43% on PCP
 - Variable CAC per New Student -20% (improvement) on PCP
- Key milestone achieved - Cluey completed the delivery of >1 million student sessions since inception
- Transformational investment in Product & Technology continues. Benefits from this investment expected to start flowing from Q3 FY23 onwards and support the path to profitability
- Focus on cost containment, cash preservation and driving towards cashflow breakeven ahead of student and revenue growth
- Winner of the Technology Growth Company of the Year Award for 2022
- Appointment of Executive Deputy Chairman and Joint CEOs

Growth and improvement in all key metrics – Q1 FY23

Cluey Group (Consolidated) – Q1 FY23

Revenue²	Gross Profit²
\$12.0m +52% on PCP	\$6.7m +59% on PCP
Cash Receipts from Customers³	New Students
\$12.9m +43% on PCP	11,288 +52% on PCP
Student Sessions⁴	Variable CAC⁵ per New Student
175k +43% on PCP	\$375 -20% on PCP

¹ The Group includes Cluey Learning (Australia and New Zealand) and Code Camp (Australia and United Kingdom). Code Camp was acquired on 1 October 2021 and is therefore not included in the PCP comparison metrics.

² Revenue and gross profit amounts disclosed are unaudited.

³ Inclusive of GST.

⁴ Includes attendance days at Code Camp after-school and school holiday programs.

⁵ Variable CAC (customer acquisition costs) per student is a non-IFRS measure used for management purposes which represents variable acquisition expenditure for a period divided by new students. The metric in the table above is consolidated and includes both Cluey Learning and Code Camp. New students for Cluey Learning are those students that had a session in the period, whilst New Students for Code Camp are those students that enrolled in the period. Variable acquisition expenditure is calculated based on total marketing expenses and brand investment, plus learning advisor (sales) employment costs and commission (included in employee benefits expense).

Cluey wins Technology Growth Company of the Year

On 13 October 2022 Cluey Learning was announced as the winner of the 2022 Australian Growth Awards - Technology Growth Company of the Year. Robert Gavshon, Cluey's Chairman said, "This is an outstanding achievement for Cluey and is a testament to the hard work, dedication and commitment of the entire Cluey team."

Cluey Ltd Activities Report – Q1 FY23

On 15 September 2022, the Company announced that previous CEO Mark Rohald had been appointed as Executive Deputy Chairman and Matteo Trinca and Trevor McDougall had been appointed Joint Chief Executive Officers. These changes are designed to deliver sharper execution of key business plan initiatives, corporate development and to focus on cashflow breakeven and profitability.

Investment in Product & Technology

- As outlined in the FY22 results presentation, the Company is now fully deploying the increased investment in product and technology capability as a key driver of improving operating leverage and increasing throughput. This investment is aimed at delivering:
 - Service changes and improvements focusing on optimising customer and tutor experience
 - Increasing self-service configuration for customers and tutors, key to scaling growth and cost reduction
 - Single view of customer across business units to optimise sales and lower CAC
- In Q1 FY23, an additional investment in product and technology of \$0.5 million compared to PCP increased the overall product and technology spend (pre capitalisation) for the quarter to \$1.2 million.
- The benefit from the product and technology investment is expected to start yielding a return in Q3 FY23 and support the pathway to profitability in FY24.

Cluey Operating Segments

Cluey Learning – Q1 FY23

- New students acquired in Q1 FY23 of 7,947 increased by 7% on the PCP.
- Management is committed to maintaining a sustainable rate of growth with profitable unit economics, noting that the students with the highest lifetime value are recruited in the third quarter of the financial year (the beginning of the academic year).
- A range of cost mitigation initiatives have been identified and are in the process of being implemented.
- Gross profit margin increased in Q1 FY23 to 56.7% from 53.7% in the PCP. A key driver of this was the implementation of a price increase from 1 July 2022.
- Concerns of the impact of a slowing economy coupled with rising inflation continue. This may have an adverse impact on the business, noting that historically, education services tend to be more resilient during such periods.
- Following a return to regular post-COVID schooling, and as previously noted, the Company is continuing to see an increase in the proportion of students choosing to pause sessions and pausing for longer during school holidays.
- Variable CAC per New Student increased by 8% on PCP to \$506. This was primarily due to an increase in media CAC.

- New Zealand (NZ) – following a pilot launch into NZ in Q2 FY22, Cluey continues to ramp up investment to pursue the NZ market growth opportunity. In Q1 FY23, 863 new students were acquired at a CAC of \$511. In Q1 FY23, NZ students completed over 8,700 sessions, an increase of 44% on the prior quarter.

Code Camp⁶ – Q1 FY23

- The number of after-school attendance days increased from 8,848 to 10,336 (excluding United Kingdom (UK)), an increase of 17% on the prior quarter.
- The number of holiday camp attendance days increased from 9,026 to 15,180 (excluding UK), an increase of 68% on the prior quarter.
- UK – in Q1 FY23 the rollout of the pilot continued, generating \$103,000 (AUD) revenue from 2,330 after-school attendance days and 594 holiday camp attendance days.

Quarterly Cashflow Report

The Appendix 4C Quarterly Cashflow Report for Q1 FY23 is attached.

Operating activities

In the quarter, Cluey continued to provide personalised online tutoring and educational support to Australian and New Zealand school students as well as co/extracurricular online, in-person school holiday camps and after-school programs through its Code Camp subsidiary to Australian and United Kingdom school students.

Significant cash receipts and payments (inclusive of GST where applicable) disclosed in the Appendix 4C include the following:

- Cash receipts from customers of \$12.9 million in the quarter, representing growth of 43% on cash receipts of \$9.0 million in the PCP.
- Cash payments for advertising and marketing (including prepayments) in the quarter of \$3.9 million increased by 39% on \$2.8 million in the PCP.
- Cash payments to staff, teachers and tutors disclosed in cash flow from operating activities in the quarter of \$10.0 million increased by 39% on \$7.2 million in the PCP.

Total cash on hand and in term deposits as of 30 September was \$19.5 million.

⁶ Code Camp was acquired on 1 October 2021. Comparisons provided are to the previous quarter ("Q4 FY22") as the company was not owned by Cluey Ltd in the PCP.

Use of funds – IPO capital raise \$30 million

The Company prepared the Prospectus in October 2020 in relation to the offer of 25.1 million shares at an issue price of \$1.20 per share to raise \$30 million.

In Section 1.8 of the Prospectus, the Company provided a statement detailing the proposed use of these funds. The table below shows the use of funds from the date of admission to the ASX.

Use of funds	Proposed per Prospectus \$m	Actual expenditure 8/12/20 to 30/9/22 \$m	Commentary
Sales & Marketing	10.9	10.9	In line with expectations
Product, Customer Care, Education & Technology	5.8	5.8	In line with expectations
Expenses associated with the IPO / Capital raise	3.4	3.3	In line with expectations – noting that IPO costs include those incurred prior to 8/12/20
Working Capital	9.9	10.0	In line with expectations
Total	30.0	30.0	

Payments to Directors and Related Parties

During the quarter, the following payments to Directors and Related Parties were made:

- \$158,000 included in cashflows from operating activities. These payments were to Executive Directors for gross salary, fees, and expense reimbursements, and to Non-Executive Directors for fees.

ENDS

Authorised for release to the ASX by the Board of Cluey Ltd.

For enquiries please contact:

Investors

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ABOUT CLUEY

Cluey is an innovative, ASX-listed Edtech company that combines education, technology and data to deliver quality education outcomes and an enhanced experience for students. Cluey has a highly experienced management team and Board with a track record of building successful education businesses and is supported by an Independent Education Advisory Board comprising four eminent independent education sector thought leaders.

Cluey key facts:

- Cluey provides curriculum aligned academic support for students in Australia and New Zealand. In addition, Cluey delivers co-curricular online, holiday camps and after school programs in Australia and the United Kingdom through its wholly owned subsidiary, Code Camp.
- Cluey is headquartered in Sydney.
- Cluey has been recognised in the prestigious HolonIQ inaugural list of most innovative Edtech companies in Australia. Cluey was also the winner of the 2022 Australian Growth Company Awards - Technology Growth Company of the Year; 2021 Technology Scale-up Edtech of the Year Award, and recognised as the 5th fastest growing technology company in Australia in the Deloitte Technology Fast 50 2021 Awards.

Appendix 4C

Quarterly cashflow report for entities subject to Listing Rule 4.7B

Name of entity

Cluey Ltd

ABN

65 644 675 909

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12,877	12,877
1.2 Payments for:	0	0
(a) research and development	0	0
(b) product manufacturing and operating costs	0	0
(c) advertising and marketing	(3,887)	(3,887)
(d) leased assets	(125)	(125)
(e) staff costs ¹	(9,957)	(9,957)
(f) administration and corporate costs	(2,618)	(2,618)
1.3 Dividends received	0	0
1.4 Interest received	27	27
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used) operating activities	(3,683)	(3,683)

¹ Staff costs (item 1.2(e)) include payments to employees, teachers and tutors for their service in the provision of learning support services, and excludes staff costs capitalised and shown in investing activities cash flows

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities - net of cash acquired	0	0
(b) businesses	0	0
(c) property, plant and equipment	(8)	(8)
(d) investments	0	0
(e) intellectual property ²	(716)	(716)
(f) other non-current assets	0	0
2.2 Proceeds from disposal of:	0	0
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	0	0
(d) investments	0	0
(e) intellectual property	0	0
(f) other non-current assets	0	0
2.3 Cash flows from loans to other entities	0	0
2.4 Dividends received	0	0
2.5 Other (provide details if material)	0	0
2.6 Net cash from / (used in) investing activities	(724)	(724)

² Payments to acquire intellectual property (item 2.1(e)) includes staff costs capitalised as intangible assets (\$351k in the quarter and YTD)

Consolidated statement of cash flows	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2 Proceeds from issue of convertible debt securities	0	0
3.3 Proceeds from exercise of options	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans and borrowings	0	0
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	0	0
3.10 Net cash from / (used in) financing activities	0	0

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	23,957	23,957
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,683)	(3,683)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(724)	(724)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	0	0
4.5 Effect of movement in exchange rates on cash held	(3)	(3)
4.6 Cash and cash equivalents at end of period	19,547	19,547

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter	Previous quarter
	\$A'000	\$A'000
5.1 Bank balances	4,547	8,957
5.2 Call deposits ³	15,000	15,000
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	19,547	23,957

³ Call deposits includes \$10,000,000 in a term deposit which matures in December 2022

6. Payments to related parties of the entity and their associates	Current quarter
	\$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1 (refer to quarterly activity report for further details)	158
6.2 Aggregate amount of payments to related parties and their associates included in item 2	0
6.3 Aggregate amount of payments to related parties and their associates included in item 3	0

7. Financing facilities	Total facility at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	0	0
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	0	0
7.5 Unused financing facilities available at quarter end		0
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
None		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,683)
8.2 Cash and cash equivalents at quarter end (item 4.6)	19,547
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	19,547
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: the Board of Cluey Ltd