



## ASX Announcement

27 April 2023

### Cluey March 2023 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 31 March 2023 (“Q3 FY23”).

According to Matteo Trinca, Joint CEO, *“Whilst we made the active decision to reduce growth and cash burn, the Company continues to show growth and improvements in key metrics. Both Cluey Learning and Code Camp are facing challenges and opportunities in the current market. Cluey Learning is continuing to take proactive steps to reduce cash burn, decrease costs and drive to profitability. Code Camp is capitalising on its strong momentum and expanding its product offerings to continue attracting customers in Australia and the UK.”*

#### Highlights

- Growth across all key Group<sup>1</sup> metrics:
  - Revenue +2% compared to the prior corresponding period (Q3 FY22) (‘PCP’)
  - Gross Profit +11% on PCP
  - Cash Receipts from Customers +4% on PCP
  - New Students +9% on PCP
  - Student Sessions +4% on PCP
  - Record low variable CAC per New Student -18% (improvement) on PCP
- Significant expansion of Code Camp in Australia and rapid growth of Code Camp in the UK
- Completed capital raise of \$9.5 million in March 2023
- Significant cost saving initiatives implemented in Q3 FY23 are expected to deliver ~\$8.4 million in annual savings going forward, ~\$3.6 million more than previously announced in the half-year FY23 results

---

<sup>1</sup> The Group includes Cluey Learning (Australia and New Zealand) and Code Camp (Australia and United Kingdom).

**Growth and improvement in all key Group metrics – Q3 FY23**

<b>Revenue<sup>2</sup></b>	<b>Gross Profit<sup>2</sup></b>
<b>\$8.6m</b> <b>+2% on PCP</b>	<b>\$4.9m</b> <b>+11% on PCP</b>
<b>Cash Receipts from Customers<sup>3</sup></b>	<b>New Students<sup>4</sup></b>
<b>\$9.7m</b> <b>+4% on PCP</b>	<b>12,034</b> <b>+9% on PCP</b>
<b>Student Sessions<sup>5</sup></b>	<b>Variable CAC<sup>6</sup> per New Student</b>
<b>136k</b> <b>+4% on PCP</b>	<b>\$364</b> <b>-18% on PCP</b>

**Cluey Ltd Activities Report – Q3 FY23**

- **\$8.6m Revenue, an increase of 2% on the PCP**

Notwithstanding an 11% reduction in total marketing and sales expenditure compared to the PCP, the Group delivered \$8.6m in revenue, an increase of 2% on the PCP.

*Cluey Learning:*

In this quarter, Cluey Learning generated revenue of \$6.5m, a decline of 12% on the PCP. This decline was primarily driven by:

- Management's decision to reduce spending on customer acquisition to reduce costs and preserve cash
- The prior observed and noted post-COVID behaviour, with longer pauses taken during holiday periods and a lower proportion of students returning post the summer holiday break
- The macro economic environment characterised by increasing pressure on household budgets and reduction in discretionary spend

This resulted in a lower number of student sessions, partially offset by a higher average session price and gross margin. Cashflow constraints on the company have now been alleviated as a result of the successful completion of a \$9.5 million capital raise at the end of March 2023. The company will continue to focus on delivering sustainable growth and cost management.

Household budgetary constraints associated with current economic conditions and interest rate uncertainty are having an impact on Cluey Learning's acquisition and retention metrics. To address these challenges, Cluey plans to launch a new pricing option, with expected longer commitments to the service and increased student sessions and revenue.

*Code Camp:*

In this quarter, Code Camp generated revenue of \$2.1 million, a significant increase of 91% on the PCP. This growth was driven by a 79% increase in attendance days in Australia to 26,181, and 10,256 attendance days in the more recently launched service in the UK. Code

<sup>2</sup> Revenue and gross profit amounts disclosed are unaudited.

<sup>3</sup> Inclusive of GST.

<sup>4</sup> New Students for Cluey Learning are those students who had a session in the period, whilst New Students for Code Camp are those students who enrolled in the period.

<sup>5</sup> Includes Cluey Learning tutoring sessions and attendance days at Code Camp after-school and school holiday programs.

<sup>6</sup> Variable CAC (customer acquisition costs) per New 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. Variable acquisition expenditure is calculated based on total marketing media expenses and brand investment, plus learning advisor (sales) employment costs and commission (included in employee benefits expense).

Camp is now benefitting from the cross-sell of Cluey Learning leads, resulting in a lower Variable CAC per New Student. Code Camp intends further growth and expansion of Code Camp venues in H2 FY23. This strategic plan to expand and establish Code Camp as the leading provider of co/extra curricular learning is achieving the expected outcomes.

Code Camp is benefitting from changes in the macro environment, with more parents now considering returning to the workforce to supplement their family incomes. Increased participation rates will likely require additional after-school activities and care for their children.

- **\$4.9 million Gross Profit achieved, an increase of 11% on the PCP**

During the quarter, the Company achieved an improvement of 9% in Gross Profit margin, increasing from 52.4% in the PCP to 57.3%. This increase was driven by a combination of factors, including price increases in Cluey Learning's and Code Camp's services, an increase in the proportion of New Zealand tutors and Australian university student tutors at lower average tutor rates, and a reduction in average discounts provided to customers. These measures have helped to improve the company's performance and position it for further growth in the future.

- **9% increase in New Students and 18% improvement in Variable CAC per New Student on the PCP, whilst overall customer acquisition spend decreased by 11% on the PCP to \$4.4 million**

The growth in overall new students and reduction in CAC are attributed to two main factors:

- Centralisation of marketing and advertising efforts for Cluey Learning and Code Camp resulted in increased efficiency and synergies, as well as the identification and implementation of cross-selling and upselling opportunities
- Code Camp's customer acquisition strategy is now less reliant on paid media, leading to lower up-front costs

- **4% increase in student sessions on the PCP**

Cluey Learning experienced a 15% decline in Student Sessions (99,186 sessions) compared to the PCP. Code Camp achieved a significant increase in attendance days – Australia increased 79% to 26,181 (compared to the PCP), and the UK achieved 10,256 attendance days (no comparable PCP for the UK as this is a new service).

### **\$9.5m capital raise**

In March 2023, Cluey completed a \$9.5 million capital raise by way of an Entitlement Offer to eligible shareholders and Institutional Placement. Proceeds from the issue of equity securities (net of transaction costs) amounted to \$9.0 million.

## Cost mitigation initiatives

A range of initiatives have been implemented to achieve profitability. These initiatives are focussed on reducing operating expenses and CAC as a priority. As previously announced to ASX in February 2023, annualised cost savings of ~\$3.3 million were implemented in H1 FY23. ~\$1.4 million of these savings will be realised in H2 FY23. In addition, ~\$8.4 million of annualised cost savings initiatives have been identified and implemented, which will result in a total annual ongoing reduction in costs of ~\$11.7 million (~\$3.6 million more than previously announced), commencing FY24. One-off restructuring costs associated with these initiatives are expected to be ~\$0.6 million in H2 FY23.

### Annualised Cost Savings implemented in FY23:

\$ millions	H1 FY23	H2 FY23	Total
Employment	\$3.3	\$3.6	\$6.9
Customer Acquisition	-	\$3.0	\$3.0
Other costs	-	\$1.8	\$1.8
<b>Total Cost Savings</b>	<b>\$3.3</b>	<b>\$8.4</b>	<b>\$11.7</b>
One-off restructuring costs	\$0.4	\$0.6	\$1.0

Given the timing of the implementation of these cost savings during FY23 (and noting ~\$1.4 million of these savings will be realised in H2 FY23), the impact of these cost saving initiatives is expected to result in a ~\$7.0 million annualised year-on-year reduction in Cluey Learning's operating expenses in FY24 compared to FY23.

Once the Company approaches profitability, it is anticipated that it will then increase its investment in Customer Acquisition to drive further growth.

## Quarterly Cashflow Report

The Appendix 4C Quarterly Cashflow Report for Q3 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
- Co/extracurricular online and 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 \$9.7 million in the quarter, representing growth of 4% on cash receipts of \$9.3 million in the PCP
- Cash payments for advertising and marketing (including prepayments) in the quarter of \$3.0 million, an increase of 10% on \$2.7 million in the PCP
- Cash payments to staff, teachers and tutors disclosed in cashflow from operating activities in the quarter of \$8.0 million increased by 2% on \$7.9 million in the PCP

- Proceeds from issues of equity securities (net of transaction costs) of \$9.0 million in the quarter

Total cash burn (from operating and investing activities) for Q3 FY23 of \$4.1 million, is consistent with the PCP. Adjusted cash burn (adjusted for one-off restructuring costs and the additional investment in product and technology) amounted to \$3.2 million for Q3 FY23, an improvement of \$0.9 million on the PCP.

Total cash on hand including term deposits as of 31 March 2023 amounted to \$18.8 million.

### **Payments to Directors and Related Parties**

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

- \$142,000 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**

Mark Rohald  
Executive Deputy Chairman  
[investor.relations@clueylearning.com](mailto:investor.relations@clueylearning.com)

Greg Fordred  
CFO & Company Secretary  
[investor.relations@clueylearning.com](mailto:investor.relations@clueylearning.com)

### **ABOUT CLUEY**

- Cluey is an innovative, ASX-listed Edtech company that combines education and technology to deliver quality education outcomes and an enhanced experience for students. 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 has a highly experienced management team and Board with a track record of building successful education businesses. 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")

31 March 2023

Consolidated statement of cash flows	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	9,686	32,515
1.2 Payments for:	0	0
(a) research and development	0	0
(b) product manufacturing and operating costs	0	0
(c) advertising and marketing	(2,993)	(9,485)
(d) leased assets	(132)	(386)
(e) staff costs <sup>1</sup>	(8,011)	(27,211)
(f) administration and corporate costs	(1,796)	(7,028)
1.3 Dividends received	0	0
1.4 Interest received	63	192
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 Restructuring costs paid	(346)	(642)
<b>1.9 Net cash from / (used) operating activities</b>	<b>(3,529)</b>	<b>(12,045)</b>

<sup>1</sup> 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

<b>2. Cash flows from investing activities</b>		
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)	(16)
(d) investments	0	0
(e) intellectual property <sup>2</sup>	(606)	(2,075)
(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
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(614)</b>	<b>(2,091)</b>

<sup>2</sup> Payments to acquire intellectual property (item 2.1(e)) includes staff costs capitalised as intangible assets (\$0.6m in the quarter and \$1.6 million YTD)

<b>Consolidated statement of cash flows</b>	<b>Current quarter</b>	<b>Year to date (9 months)</b>
	<b>\$A'000</b>	<b>\$A'000</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	9,500	9,500
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	(516)	(516)
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
<b>3.10 Net cash from / (used in) financing activities</b>	<b>8,984</b>	<b>8,984</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	13,974	23,957
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,529)	(12,045)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(614)	(2,091)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	8,984	8,984
4.5 Effect of movement in exchange rates on cash held	2	12
<b>4.6 Cash and cash equivalents at end of period</b>	<b>18,817</b>	<b>18,817</b>

<b>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</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	<b>\$A'000</b>	<b>\$A'000</b>
5.1 Bank balances	5,274	3,974
5.2 Call deposits	13,543	10,000
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>18,817</b>	<b>13,974</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter</b>
	<b>\$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1 (refer to quarterly activity report for further details)	142
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

<b>7. Financing facilities</b>	<b>Total facility at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	0	0
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
<b>7.4 Total financing facilities</b>	<b>0</b>	<b>0</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>0</b>
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		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,529)
8.2 Cash and cash equivalents at quarter end (item 4.6)	18,817
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	18,817
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>5</b>
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: 27 April 2023

Authorised by: the Board of Cluey Ltd