

Prospectus

Cluey Ltd

ACN 644 675 909

In relation to the Offer of 25.1 million Shares at an issue price of \$1.20 per Share to raise \$30 million

The Offer is underwritten by Canaccord Genuity (Australia) Limited and Bell Potter Securities Limited.

IMPORTANT INFORMATION: This is an important document and it should be read in its entirety. If after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares offered under it, you should consult with your accountant, solicitor or other professional adviser without delay. The Shares offered by this Prospectus should be considered speculative.

For personal use only



Financial Adviser:

GRANT SAMUEL

Joint Lead Managers and Underwriters:

cg/Canaccord
Genuity

BELL POTTER

Important Notices

Offer

The Offer contained in this document (including the electronic form of this document) and any supplementary or replacement prospectus in relation to this document ('Prospectus') is an invitation to acquire new fully paid ordinary shares ('Shares') in Cluey Ltd ACN 644 675 909 ('Company').

Lodgement and Listing

This Prospectus is dated 23 October 2020 ('Prospectus Date') and a copy was lodged with the Australian Securities and Investments Commission ('ASIC') on that date. The Prospectus expires on 23 November 2021 ('Expiry Date') being the date which is 13 months after the Prospectus Date. No Shares will be issued under this Prospectus after the Expiry Date.

The Company will apply to ASX Limited ('ASX') within 7 days after the Prospectus Date for admission of the Company to the Official List of ASX and for quotation of its Shares (other than those of its Shares it knows will be subject to ASX-imposed escrow) on ASX. Neither ASIC nor ASX or their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Exposure Period

The *Corporations Act 2001* (Cth) ('Corporations Act') prohibits the Company from processing Applications in the 7-day period after the date of the Prospectus is lodged with ASIC ('Exposure Period'). The Exposure Period may be extended by ASIC by up to a further 7 days. The purpose of the Exposure Period is to enable the Prospectus to be examined by ASIC and by other market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in the light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in the light of your personal circumstances. You should also consider the assumptions underlying the financial

information and the risk factors that could affect the Company's business, financial condition and results of operations. No person named in this Prospectus, nor any other person, guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus.

No offering where offering would be illegal

This Prospectus does not constitute an offer or an invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside of Australia. The distribution of this Prospectus outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws. The Offer is not being extended to any investor outside of Australia, other than to certain Institutional Investors as part of the Offer. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

Financial information presentation

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 4. All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$0.1 million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Forward looking statements

Various statements in this Prospectus may be in the nature of forward looking statements, including statements of current intentions, statements of opinion and predictions as to future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

Forward looking statements are subject to various inherent risks and uncertainties (many of which are outside of the Company's control)

that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. As a result, forward looking statements should be read in conjunction with risk factors as set out in Section 5 and other information in this Prospectus.

Suitability of investment and general risk factors

This Prospectus provides information to help investors decide whether they wish to invest in the Company. Before deciding to invest in the Company, potential investors should read this entire Prospectus, and in particular the technical information and the risk factors that could affect the future operations and activities of the Company. The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of individual investors. Please also read the Application Form carefully. Professional advice should be sought before deciding to invest in any securities the subject of this Prospectus.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, or any other person in connection with the Offer. You should rely only on information in this Prospectus.

The Company, the Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Obtaining a copy of this Prospectus

A paper copy of the Prospectus is available free of charge to any person in Australia by calling the Cluey Offer Information Line on 1300 288 664 (within Australia) or +612 9698 5414 (outside Australia) from 9am until 5pm (Sydney time) Monday to Friday from 2 November 2020 to 23 November 2020.

The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website from Australia. It is not available to persons in the United States. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Applications for Shares may only be made on the appropriate Application Form attached to, or accompanying, this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in Appendix B. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time.

Privacy

By completing an Application Form, you are providing personal information to the Company, and the Share Registry, which is contracted by the Company to manage Applications. The Company, and the Share Registry on their behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in the Company's public register. The information must continue to be included in the Company's public register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed. The Company, and the Share Registry, may disclose your personal information for purposes related to your investment to their agents and service providers as disclosed in the Company's Privacy Policy or as otherwise authorised under the *Privacy Act 1988* (Cth).

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry or the Company. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses this Prospectus or that assets shown in them are owned by the Company.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in graphs, charts and tables is based on information available as at the date of this Prospectus.

If you have any Questions

If after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares offered by it, you should consult an accountant, solicitor or other professional adviser for assistance. The Company is unable to advise a person who submits an application ('Applicant') to subscribe for Shares offered under this Prospectus ('Application') on the suitability or otherwise of an investment in the Company.

This document is important and should be read in its entirety.



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Offer Statistics and Key Dates

Offer Statistics

Offer Price	\$1.20 per Share
Gross cash proceeds from the Offer	\$30.0 million
Total number of new Shares to be issued by the Company under the Offer	25.1 million
Total number of Shares on issue on Completion of the Offer	119.6 million
Total number of Shares to be held by Existing Shareholders on Completion of the Offer	94.5 million
Market Capitalisation on Completion at the Offer Price ¹	\$143.5 million
Pro forma net cash on Completion of the Offer	\$42.9 million
Enterprise Value ²	\$100.7 million
Enterprise Value/FY2021F Revenue ^{2,3}	6.5x

Indicative Key Dates

Prospectus Date	Friday, 23 October 2020
Offer opens	Monday, 2 November 2020
Offer closes ⁴	Monday, 23 November 2020
Settlement of the Offer	Wednesday, 2 December 2020
Issue of Shares under the Offer (Completion of the Offer)	Thursday, 3 December 2020
Expected despatch of holding statements	Friday, 4 December 2020
Shares expected to begin trading on ASX on a normal settlement basis	Wednesday, 9 December 2020

Dates May Change

The dates above are indicative only and may change without notice. The Company and the Joint Lead Managers reserve the right to vary any and all of the times and dates of the Offer without prior notice (including, subject to the ASX Listing Rules, the Corporations Act and other applicable laws, to defer the opening date of the Offer if the exposure period is extended, close the Offer early, extend the date the Offer closes, to accept late Applications (either generally or particular instances) or to withdraw the Offer before settlement). If the Offer is withdrawn before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Applicants are encouraged to submit their Application Forms as soon as possible after the Offer opens. Applications made under this Prospectus will not be processed before the Offer opens. No cooling-off rights apply to the Offer. The admission of the Company to the Official List and the quotation and commencement of trading of the Shares is subject to confirmation from the ASX.

Unless otherwise indicated, all times stated throughout the Prospectus are Sydney time.

How to invest

Applications for Shares can be made in accordance with the procedures described in this Prospectus. Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

- 1 Market Capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on Completion of the Offer.
- 2 Enterprise Value is equal to the market capitalisation of the Company less the expected pro forma net cash on Completion of the Offer.
- 3 The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and Appendix A and is subject to the key risks set out in Section 5. There is no guarantee that forecasts will be achieved. Certain Financial Information included in this Prospectus is described as pro forma for the reasons described in Section 4.
- 4 The period commencing on the Opening Date and ending on the Closing Date is referred to in this Prospectus as the Offer Period.

Message from the Chairman

Dear Investor,

On behalf of the Board of Directors, I am pleased to offer you the opportunity to become a Shareholder in Cluey Ltd ('Company').

Cluey Learning Pty Limited ('Cluey'), which will become, on or immediately prior to Completion of the Offer, a subsidiary of the Company, is a leading education technology company in Australia that provides personalised online tutoring and educational support to school students.

The outside-of-school learning support market is large and growing worldwide. The online segment is particularly well placed as online learning is being embraced in earnest. Furthermore, the market is highly fragmented, creating organic and acquisition opportunities across technologies, products, services and distribution.

Cluey has developed and integrated platforms combining video, audio, virtual whiteboard, collaboration and diagnostic tools. These platforms give students access to Cluey's proprietary content, online tutoring and test preparation services, structured around the individual student's needs and goals. It is noteworthy that Cluey has developed its platforms to enable them to be readily deployed in international markets.

Cluey is not a marketplace. Tutors form an integral part of Cluey's scalable service. Tutors are engaged based on their relevant skills and complete onboarding and training. Cluey's platforms and systems infrastructure are used to support the provision of high quality education support for students.

The Company is confident that Cluey generates meaningful educational outcomes – indeed, when parents were surveyed in April 2019, it found that 82% of them considered that their child's grades had improved and 85% of parents considered their child was more confident⁵.

Cluey launched its offering in July 2018 and since that time has achieved significant scale, growth and market acceptance. In September 2020, 19,166 online tutoring sessions, representing growth of ~305% on September 2019, were completed on the Cluey platform. As of 30 September 2020, Cluey had over 5,200 active students and over 620 qualified tutors.

Cluey's founder-led management team, headed by Mark Rohald, has a strong track record of establishing and scaling education businesses (private and public) both in Australia and abroad, and has created significant shareholder value in monetising those businesses. In Australia, Mark and several members of Cluey's leadership team consolidated and grew Think Education Group Pty Ltd and after its successful divestment, acquired and developed Open Colleges Australia

Pty Ltd as a leader in the online vocational education sector, before selling it to the largest for-profit education provider in the USA.

The Company has an experienced Board of Directors with a diverse mix of skills and backgrounds in education, finance, technology, retail, entrepreneurship and corporate transactions. Cluey is also supported by an Independent Education Advisory Board which includes eminent education sector thought leaders.

The Offer outlined in this Prospectus is fully underwritten by Bell Potter Securities Limited and Canaccord Genuity (Australia) Limited and through them, the Company is seeking to raise gross proceeds of \$30.0 million by the issue of 25.1 million Shares at an Offer Price of \$1.20 per Share. No Existing Shareholders are selling any Shares as part of the Offer and there will be an Employee Gift Offer. On Completion of the Offer, Existing Shareholders are expected to own approximately 79.0% and New Shareholders are expected to own approximately 21.0% of the total ordinary shares outstanding in the capital of the Company. Approximately 80.3% of Existing Shares at the Completion of the Offer are expected to be subject to escrow arrangements as outlined in Section 9.5.

This Prospectus contains detailed information about the Offer, the industry sectors in which Cluey operates and the historical and forecast financial position of Cluey, as well as the key risks associated with an investment in the Company. These key risks include, among others, limited operating history, the inability to scale its business and achieve profitability, customer acquisition risk, retention risk, history of losses, uncertainty on future profits and loss of key management personnel. These risks are defined and otherwise detailed in Sections 1.4 and 5.

It is important that you to read this Prospectus carefully, and in its entirety, before deciding whether to invest in the Company.

Together with my fellow Directors, I look forward to welcoming you as a Shareholder of the Company.

Yours sincerely,



Robert Gavshon AM
Chairman

⁵ Based on Cluey Voice of the Customer Internal Research, n=1,201.

CEO Letter

Dear Investor,

Why we founded Cluey

At Cluey, we have a strong belief in utilising technology to transform and enhance the educational experience for school-age students. In particular, we embrace the notion that each student needs a truly personalised and tailored learning program in order to fulfill their learning needs and achieve their potential. The world of education is changing rapidly, driven by the move to digital systems. This means that we need to embrace new ways of delivering education, using big data, artificial intelligence ('AI') and machine learning. Cluey integrates technology with live learning and tutoring to deliver an optimal learning experience.

We have observed a growing trend amongst parents and students in Australia and offshore seeking additional educational support, including tutoring and test preparation, to supplement their learning at school. Our internal research indicates that 40% of the ~4 million Australian school students have used tutoring services in the last year or are considering using tutoring services in the year ahead. More broadly, over 90% of Australian school students use or consider using some form of educational support resources outside the classroom, including learning applications and test preparation materials.

Personalised online learning

We have developed a scalable business model and technology platforms that support the delivery of quality learning to thousands of Australian students, every week.

Education is at the core of everything we do. In consultation with our independent Education Advisory Board, we developed an education model that provides our students with:

- a comprehensive learning program;
- digital content mapped to the national and state curricula;
- regular live tutoring sessions with Cluey tutors using our online learning platform, delivered either 1-to-1 or in small groups, and adapted to student's specific needs;
- independent practice and review activities between tutoring sessions;
- comprehensive reporting and feedback to students, parents and tutors; and
- a quality assurance process based on the extensive capture of learning data and the use of AI and learning analytics.

Some of our achievements to date

Cluey was founded in August 2017 when we commenced the development of our platforms. Less than one year later, in July 2018, we officially launched the Cluey offering.

In a short space of time, we have achieved an enormous amount. Key highlights since inception include the following:

- **Strong customer adoption:** more than 5,200 active students and over 154,000 sessions delivered since launch.
- **Proven student engagement:** on average, during FY2020 active students completed 3.4 sessions per month and provide consistently strong customer feedback scores.
- **Quality control at scale:** Over 620 tutors delivering 19,166 sessions in September 2020; data analytics and AI systems capturing on average 100,000 datapoints in every learning session for analysis of deviation from best practice and providing targeted tutor feedback.
- **Scalable technology platforms using big data:** systems that have been designed to scale, capture and analyse data to enable optimisation of the adaptive learning process and interface.
- **Attractive and improving unit economics:** declining customer acquisition costs, rising customer lifetime value and continuing optimisation of customers' journeys as they interact with Cluey.
- **Quality management team:** a deep bench of talent with extensive experience across education, technology, digital marketing, finance and operations.

Our Vision

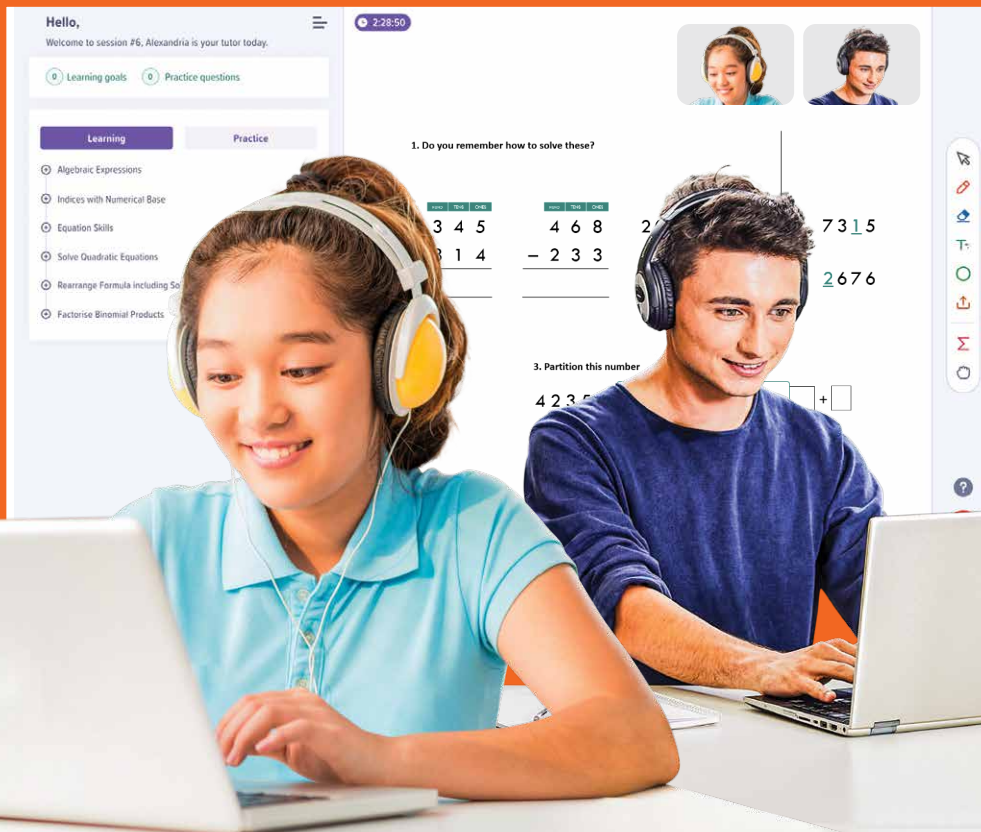
Cluey's success depends on us delivering the outcomes our students and parents expect. We believe Cluey has the potential to meaningfully impact our students, and shift the dial on school education as a whole. As we continue to scale, we are excited about the opportunity to harness data and use AI to continually refine, optimise and personalise the learning experience delivered across our services and platforms. We anticipate significant opportunities for Cluey to expand its offerings, including new subjects, a wider range of learning supports, multiple service configurations, extension into other education segments and international markets. Ultimately, we are motivated by our commitment to make a positive difference to school children's outcomes and attitudes to learning. At Cluey, we believe that learning changes lives.

Sincerely,



Mark Rohald
CEO

01 | Investment Overview



1 Investment Overview

1.1 Introduction

Topic	Summary	Section
Who is Cluey?	<p>Cluey is an education technology company, founded in Sydney, Australia in 2017. On Completion of the Offer, Cluey will become a Wholly Owned Subsidiary of the Company⁶.</p> <p>Cluey provides personalised online tutoring and educational support to school students in Australia.</p> <p>Cluey's integrated technology platform offers students in Years 2-12 access to:</p> <ul style="list-style-type: none"> ● 1-to-1 or small group tutoring with a skilled tutor; ● an online, live and interactive learning environment; ● professionally designed education content mapped to the Australian curriculum in each state, designed by an experienced education faculty; ● learning platform which gathers a large quantity of learning data for each student to support their learning and ensure the quality of their learning experience; ● practice and revision between tutoring sessions; and ● comprehensive feedback and reporting (including full recording of tutoring sessions). 	Sections 3.1 and 3.2
What industry and markets does Cluey operate in?	<p>Cluey operates in the Australian education support sector which includes tutoring and test preparation.</p> <p>Tutoring is a growing industry in Australia with management estimating that 1.6 million students currently utilise tutoring services or are considering utilising tutoring services in the next 12 months. Furthermore, management estimate that ~90% of all Australian students use, or are considering using, further academic support and resources outside of traditional schools.⁷</p> <p>Key drivers of growth in the Australian tutoring industry include:</p> <ul style="list-style-type: none"> ● active involvement of parents in the education of their children; ● demand for educational support to supplement the learning provided by schools; ● widespread implementation of standardised testing in the Australian curriculum (e.g. NAPLAN); and ● parents seeking affordable education alternatives to the rising cost of private school fees. <p>The tutoring industry is highly fragmented with a small number of large franchise brands and a high number of small operations. Tutoring is largely conducted from traditional learning centres or students' or tutors' homes. In response to customer demand to consume tutoring online, combined with the restrictions imposed by COVID-19, tutoring services are increasingly being offered in online environments.</p> <p>As at the Prospectus Date, Cluey is one of the only pure-online tutoring companies operating in the Australian market.</p>	Sections 2.1 and 2.3

6 As noted elsewhere in this Prospectus, on Completion of the Offer the Company will acquire Quartet Education, thus making Quartet Education, and therefore, Cluey, Wholly Owned Subsidiaries of the Company.

7 Based on Cluey Voice of the Customer Internal Research, n=1,201.

1 Investment Overview

Topic	Summary	Section
What is the Offer?	<p>The Offer is an initial public offering to issue approximately 25.1 million new Shares at a price of \$1.20 to raise \$30.0 million (before costs) by the Company.</p> <p>All Shares issued pursuant to this Prospectus will, from the time that they are issued and allotted, rank equally with all other Shares on issue on Listing.</p>	Section 7.1
Why is the Offer being conducted?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> provide the Company with access to capital markets which the Company expects will provide additional flexibility for it to pursue further growth opportunities, including but not limited to, marketing, product development, acquisitions and other growth opportunities; achieve a Listing on ASX to broaden the Company's shareholder base and potentially provide a liquid market for its Shares; and assist Cluey in attracting and retaining staff. 	Section 7.1.2

1.2 Key features of the Company and Cluey

Topic	Summary	Section
How does Cluey/ the Company generate revenue?	<p>The Company, primarily via its Wholly Owned Subsidiary Cluey, generates revenue from the sale of online learning support programs that include tutoring. Most customers pay for their learning support programs on a weekly basis, with payment usually made by credit card seven days in advance.</p>	Section 3.5
Who are Cluey's customers?	<p>Cluey's customers are typically parents of school-aged children, although students are active participants in making the decision to purchase tutoring services (particularly in senior-secondary school years).</p> <p>Cluey's customers represent a broad demographic, largely reflecting the composition of the Australian population. Cluey's customers include a diverse spread by geography (e.g. Australian state), school type (e.g. Government, Independent or Catholic schools) and by school year.</p> <p>Cluey currently has over 5,200 active paying students as at September 2020.</p>	Section 3.1
Why do customers purchase tutoring services from Cluey?	<p>As at the Prospectus Date, Cluey is one of the only pure-online tutoring companies of scale in the Australian market. Customers purchase Cluey's tutoring packages for reasons including:</p> <ul style="list-style-type: none"> <i>Personalised learning.</i> Cluey's integration of academic programs and synchronous tutoring sessions allows for personalisation. <i>Quality education content.</i> Comprehensive education content mapped to the Australian syllabus in each state. <i>Qualified tutors.</i> All tutors undergo a rigorous selection process, including onboarding and training with stringent quality assurance measures to maintain quality in service delivery. <i>Choice.</i> Cluey offers customers the ability to choose 1-to-1 or small group tuition (with corresponding price differential), frequency of tutoring sessions and a range of subjects. <i>Ease and convenience.</i> Cluey's offering is completely online, allowing customers to receive quality live tuition from the comfort of their own homes. 	Section 3.2

Topic	Summary	Section
Who are Cluey's competitors?	<p>The Australian tutoring and learning support industry is local and highly fragmented. There are a large number of small, independent/freelance providers and a small number of larger franchised learning centre brands.</p> <p>The learning support market, and tutoring in particular, is a predominantly offline sector delivered through learning centres, individual tutoring relationships and printed resources and workbooks.</p> <p>Cluey supports students across years 2-12 nationally, offering Mathematics, English and Chemistry aligned to their local curriculum. There are a limited number of directly comparable companies in Australia offering Cluey's level of scale and combination of services.</p> <p>As the provision of education services at the school level requires a high degree of localisation, it is considered reasonably difficult for international providers to enter this market without substantial effort and investment.</p>	Section 2.2.3
What is Cluey's growth strategy?	<p>Cluey's growth strategy is focussed on continuing its current growth trajectory, particularly in building growth in student enrolments through its existing digital marketing strategy. Key elements of Cluey's growth strategy are summarised below:</p> <ul style="list-style-type: none"> ● <i>Increase market penetration.</i> Cluey is focused on growing its student base, extending student retention and increasing efficiencies and automation within its operations. ● <i>Product innovation.</i> Further development and identification of additional academic subjects and service formats. ● <i>Marketing partnerships.</i> Active discussions with other student acquisition channels including government education departments, schools or complementary organisations. ● <i>International expansion.</i> Future expansion into other countries with similar school curricula to Australia (e.g. UK, Canada, Singapore, South Africa, Middle East). ● <i>Acquisition opportunities.</i> Potential acquisition opportunities which complement Cluey's business operations and coverage of outside-of-school education support. 	Section 3.7
What is the impact of COVID-19 on Cluey?	<p>The closure and disruption to school-based education during COVID-19 has generally resulted in an increase in demand for Cluey's online tutoring services.</p> <p>During April and May 2020, Cluey experienced some negative enrolment trends due to the cancellation of NAPLAN tests across Australia for 2020, however this was more than offset by the increased demand of parents and students actively seeking learning support.</p> <p>Subsequent to May 2020, Cluey continues to experience strong demand for its online tutoring services. Cluey has also indirectly benefited from many of its competitors in the tutoring industry being required to close or operate at reduced capacity to comply with social distancing requirements.</p> <p>Operationally, as a digital business, Cluey's staff and operations moved effectively to a remote working environment. Most of Cluey's permanent staff continue to work remotely.</p>	Section 3.11

1 Investment Overview

1.3 Key strengths

Topic	Summary	Section
Significant and growing addressable market	<p>Education intelligence consultancy, HolonIQ, expects the global Education Technology ('EdTech') market to reach \$404 billion by 2025, representing a 16.3% CAGR between 2019 to 2025 or a growth of 2.5x. At this level, EdTech is expected to represent approximately 5% of the broader \$7.3 trillion global education market by 2025. In addition to EdTech's primary role supporting the formal education sector, B2C EdTech models are on the rise as students, parents and workers increasingly seek learning support and up-skilling for supplemental and/or more direct academic and career outcomes.</p> <p>In a survey conducted by Cluey, Cluey found that ~90% of those surveyed seek academic support outside the school classroom, which would represent approximately 3.7 million students⁸ if applicable across the Australian school student population.</p>	Section 2.2.2
Industry leading platform	<p>Cluey's technology capabilities have been developed to support consistently high quality, targeted learning at scale and include purpose-built learning platforms, customer support systems and an end-to-end student management system.</p> <p>Features on Cluey's platform include:</p> <ul style="list-style-type: none"> ● live synchronous video, audio and text-based chat; ● fully integrated learning programs and content; ● fully transparent collaborative workspaces and content tools; ● session guidance and recommendations, including learning goals and reflection; ● full integration with practice content and activities accessible at any time; ● pre-session preparation; ● post-session feedback and reporting; and ● internet browser-based for easy access. 	Section 3.2.2
Scalable business model	<p>Cluey's scalable, cloud-based technology platform is fundamental to its growth with its functionality allowing for streamlined job workflow and the ability to capture live data points. The platform uses artificial intelligence and machine learning to analyse the captured data in order to improve the learning and overall experience for students and parents.</p> <p>All learning with Cluey is intended to provide high quality learning services enabled by purpose-built, scalable learning infrastructure. Cluey's platform is cloud-based and was developed using a combination of proprietary, internally developed software and technologies and third-party software.</p> <p>Since inception, Cluey's technology platforms have been built with a scalable approach to:</p> <ul style="list-style-type: none"> ● teaching and learning; ● customer acquisition; ● customer support; ● tutor selection, quality assurance and support; and ● the use of data. 	Sections 3.2.2 and 3.7

8 Cluey voice of the customer research, September 2019, n=1,201.

Topic	Summary	Section
Strong revenue growth and consistent margins	Cluey, which will become, on or immediately prior to Completion of the Offer, a Wholly Owned Subsidiary of the Company, has demonstrated strong revenue growth since its inception in July 2017. Revenue increased from \$0.9m in FY2019 to \$4.9m in FY2020, representing an increase of 441%. Cluey's gross profit margins have also been consistently improving, from 33% in FY2019 to 48% in FY2020. Cluey is forecasting a further 218% growth in revenue in FY2021F.	Section 4.3
Experienced Board, management and personnel	The Company has assembled: <ul style="list-style-type: none"> an experienced Board with relevant industry and listed company experience as well as a diverse skill set and proven track record of building businesses and a desire to promote strong corporate governance; and a multidisciplinary team of management and employees with high technical expertise. 	Sections 6.1 and 6.2

1.4 Key financial information

Topic	Summary	Section																													
On what basis has the financial information been prepared?	The financial information presented in this Prospectus has been prepared in accordance with the measurement and recognition principles prescribed in Australian Accounting Standards. Significant accounting policies relevant to the financial information are included in Appendix A. The Group operates on a financial year ended 30 June. All amounts disclosed in this Prospectus are presented in Australian Dollars.	Section 4.2																													
What is the Group's pro forma financial position?	A summary of the Group's pro forma statement of financial position as at 30 June 2020 is set out below: <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">Pro Forma 30-Jun-20</th> <th style="text-align: right;">(A\$m)</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td style="text-align: right;">42.85</td> </tr> <tr> <td>Net tangible assets</td> <td style="text-align: right;">39.94</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">40.54</td> </tr> </tbody> </table> <p>The pro forma financial information detailed in Section 4 and the Independent Limited Assurance Report detailed in Section 8 is based on various best estimates assumptions. These assumptions should be read in conjunction with the key risks set out in Section 5.</p>	Pro Forma 30-Jun-20	(A\$m)	Cash	42.85	Net tangible assets	39.94	Net assets	40.54	Section 4.5																					
Pro Forma 30-Jun-20	(A\$m)																														
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What is the Group's historical and forecast financial performance?	A summary of pro forma historical and forecast financial information is set out below: <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="text-align: left;">\$,000</th> <th colspan="3" style="text-align: center;">Pro forma Consolidated Historical</th> <th style="text-align: center;">Statutory Consolidated Forecast</th> </tr> <tr> <th style="text-align: center;">FY2018</th> <th style="text-align: center;">FY2019</th> <th style="text-align: center;">FY2020</th> <th style="text-align: center;">FY2021F</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: center;">3</td> <td style="text-align: center;">901</td> <td style="text-align: center;">4,869</td> <td style="text-align: center;">15,475</td> </tr> <tr> <td>Operating profit/(loss)</td> <td style="text-align: center;">(5,997)</td> <td style="text-align: center;">(11,969)</td> <td style="text-align: center;">(16,531)</td> <td style="text-align: center;">(33,412)</td> </tr> <tr> <td>Profit/(loss) before tax</td> <td style="text-align: center;">(5,987)</td> <td style="text-align: center;">(11,641)</td> <td style="text-align: center;">(16,075)</td> <td style="text-align: center;">(32,936)</td> </tr> <tr> <td>Operating cash flow</td> <td style="text-align: center;">(5,530)</td> <td style="text-align: center;">(10,636)</td> <td style="text-align: center;">(14,301)</td> <td style="text-align: center;">(18,749)</td> </tr> </tbody> </table>	\$,000	Pro forma Consolidated Historical			Statutory Consolidated Forecast	FY2018	FY2019	FY2020	FY2021F	Revenue	3	901	4,869	15,475	Operating profit/(loss)	(5,997)	(11,969)	(16,531)	(33,412)	Profit/(loss) before tax	(5,987)	(11,641)	(16,075)	(32,936)	Operating cash flow	(5,530)	(10,636)	(14,301)	(18,749)	Sections 4.3 and 4.4
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1 Investment Overview

<p>How does the Company intend to fund its operations?</p>	<p>Following Completion, the Group's principal source of funds is expected to be cash on hand.</p> <p>The Group expects that it will have sufficient cash reserves to meet its operational requirements and business needs during the Forecast Period.</p>	<p>Section 7.1.2</p>
<p>What is the Company's dividend policy?</p>	<p>Subject to legal requirements, the payment of dividends by the Company is at the complete discretion of the Directors.</p> <p>In determining whether to declare future dividends, the Directors will have regard to the Group's consolidated earnings, overall financial condition, capital requirements and the level of franking credits available. There is no certainty that the Company will ever declare and pay a dividend.</p> <p>The current dividend policy of the Company is to reinvest all cash flows into the business to maximise the Group's growth. Accordingly, no dividends are expected to be paid in the near term following the Company's Listing on the ASX.</p>	<p>Section 4.9</p>

1.5 Key risks for the Group

There are a number of potential risks associated with the Group and the industry in which it operates, which may impact its future financial performance and condition. Some of the risks are summarised below and further risks are described in Section 5.

Topic	Summary	Section
<p>Limited operating history and evolving digital offerings makes it difficult to evaluate future prospects</p>	<p>Cluey is an early stage education technology company with a limited trading history. Since its commencement in July 2017, Cluey's activities have principally involved developing its technology and products, launching its services and building its brand. Given Cluey's limited trading history, it is difficult to make an evaluation of Cluey's business or its prospects and there is significant risk that Cluey is not able to continue its growth at the current rate or successfully execute on its business plans and strategies.</p>	<p>Section 5.2.1</p>
<p>Cluey may be unable to scale its business and achieve profitability</p>	<p>The ability of the Group to increase revenue and achieve profitability is dependent on its ability to profitably scale Cluey's business in its key markets. While Cluey has been successful in achieving a rapid level of growth in a relatively short period of time, there is no guarantee that Cluey will be able to achieve the same level of rapid growth in the future. The Group's ability to profitably scale Cluey's business in Australia and other markets is dependent on Cluey both expanding its existing customer and tutor bases and retaining existing and new customers for repeat use of Cluey's services. Failure to expand in this way may materially and adversely impact the Group's ability to increase revenue, achieve economies of scale, optimise its systems and expand its operations, any of which may have a negative impact on the Group's profitability.</p>	<p>Section 5.2.2</p>
<p>Loss of key management personnel</p>	<p>Cluey has to date relied on the collective skills and expertise of a limited number of top management executives. Retaining these key management personnel in their current positions is critical to the Group's short and medium-term success.</p>	<p>Section 5.2.3</p>

Topic	Summary	Section
Customer acquisition, retention risk and competitive pricing	<p>The Group's growth depends on Cluey's ability to attract new students to use its products and services and to increase the level of engagement by existing students with Cluey's learning platform.</p> <p>Cluey may not succeed in attracting more students to its services or the use of its learning platform and if students do not increase their level of engagement with the platform, revenues may grow more slowly than expected or decline.</p> <p>If Cluey's efforts to satisfy its existing student user base are not successful or become less effective, or if the cost of such efforts were to significantly increase, it may not be able to attract new students as successfully or efficiently as it has been able to in the past and, as a result, its, and therefore the Group's, business, results of operations, and financial performance and condition would be adversely affected.</p> <p>Cluey may be unable to maintain and grow its student user base if it is unable to offer competitive prices for its products and services. If Cluey fails to expand its user base, its, and therefore the Group's, business, results of operations, and financial performance and condition would be adversely affected.</p>	Section 5.2.4
History of losses and uncertainty on future profits	<p>Quartet Education and Cluey have reported significant net losses since their establishment in July 2017, and is expected to continue to experience net losses in the future. Net losses for FY2018, FY2019 and FY2020 were \$5.2 million, \$10.0 million, and \$15.2 million, respectively. The Group expects to make ongoing investments in the development and expansion of Cluey's business and investment in customer acquisition and operating expenses may increase. Cluey may not succeed in increasing revenues sufficiently to offset these higher expenses, and efforts to grow the business may prove more expensive than currently anticipated. Cluey may incur significant losses in the future including as a result of slowing demand for its products and services; increasing competition, particularly for online tutoring services; decreasing spending on education; and other risks described in this Prospectus.</p>	Section 5.2.5
Failure to effectively manage growth	<p>The Group expects continued growth in Cluey's business which could place significant strain on current management, operational and finance resources as well as the infrastructure supporting Cluey's current services. Cluey's and, therefore the Group's, future success depends on its ability to effectively manage this growth. Failure to appropriately manage growth could be detrimental to Cluey's reputation and to the services provided by Cluey. This could result in failure to retain existing customers and a failure to attract new customers, which could adversely affect the Group's operating and financial performance.</p>	Section 5.2.6
Competition	<p>The Group expects that existing competitors and new entrants to the outside-of-school K-12 education segment will constantly revise and improve their business models in response to challenges from competing businesses, including Cluey. If these or other market participants introduce new or improved delivery of online K-12 education and technology-enabled services that Cluey cannot match or exceed in a timely or cost-effective manner, the Group's business, financial condition and performance and profitability (if applicable) may be adversely affected.</p>	Section 5.2.7

1 Investment Overview

Topic	Summary	Section
Adoption of online tutoring may be slower than anticipated	<p>Online delivery of tutoring services is a relatively new offering which is being increasingly adopted by customers in the broader tutoring market as an alternative to traditional offerings such as in-person tutoring and physical learning centres. If increased penetration and adoption of online tutoring services occurs at a slower rate than anticipated, Cluey may be unable to expand its user base and/or its business and the results of operations, and financial performance and condition of the Group could be adversely affected.</p> <p>Management believes that the COVID-19 pandemic has contributed to the accelerated adoption of online tutoring services in Australia. If the demand for online tutoring services reduces post the COVID-19 pandemic, Cluey's rate of customer acquisition may slow which may adversely affect the Group's operating and financial performance.</p>	Section 5.2.8
Cybersecurity and data protection	<p>Cluey collects and holds a significant amount of personal information about its customers. Cluey's systems, or those of its third-party service providers, may fail, or be subject to disruption as a result of external threats or system errors. Cyber-attacks could also compromise or breach the safeguards implemented by Cluey to maintain confidentiality of such information. Cluey has an IT Disaster Recovery Plan in place but is still in the process of completing and updating its Business Continuity Handbook. Cluey is also in the process of reviewing and updating other relevant procedures to ensure that it has appropriate, up-to-date and effective data security processes in place.</p> <p>Unauthorised access to, or breach or failure of, Cluey's digital infrastructure due to cyber-attacks, negligence, human error or other third-party actions, could disrupt Cluey's operations and result in the loss or misuse of data or sensitive information.</p> <p>Loss of such data may expose Cluey or any member of the Group to litigation, claims, fines and penalties as well as significant reputational damage, or result in a breach of Cluey's obligations under applicable data protection laws or contractual agreements. These breaches may adversely affect the Group's financial performance and could result in a loss of trust by Cluey's customers, tutors and employees, each of which could adversely affect Cluey's reputation and ability to maintain and attract existing and new customers, tutors and employees.</p> <p>In addition, laws relating to data privacy are evolving. If data privacy standards are adopted in Australia, or other markets the Group enters, which are more stringent than those which Cluey's systems are currently designed to comply with, then this could lead to additional costs for compliance and negatively impact the Group's financial condition and/or performance.</p>	Section 5.2.9
Cluey's technology platforms, communications systems and hosting platforms may be disrupted, become redundant, cease to operate efficiently, or fail	<p>Cluey is reliant on the performance, reliability and availability of its technology platforms, communications systems, servers, the internet, hosting services and the cloud-based environment in which it provides its services (whether provided in-house or sourced from third parties). There is a risk that these systems may be adversely affected by various factors such as damage, faulty or aging equipment, power surges or failures, computer viruses, or misuse by staff or contractors. Other factors such as hacking, denial of service attacks, or natural disasters may also adversely affect these systems and cause them to become unavailable.</p> <p>This could result in a reduction of Cluey's ability to generate income, as well as adversely affecting its reputation. This could have a material adverse effect on Cluey's, and therefore the Group's, financial position and performance.</p>	Section 5.2.10
Other risks	<p>A number of other key risks relating specifically to an investment in the Company and generally to an investment in the Shares are included in Section 5.</p>	Section 5

1.6 Directors and Management

Topic	Name	Section
Who are the Directors of the Company?	<ul style="list-style-type: none"> Robert Gavshon (Non-Independent, Non-Executive Chairman) Mark Rohald (Co-Founder, Executive Director and CEO) Ian Young (Independent, Non-Executive Director) Michael Stibbard (Independent, Non-Executive Director) 	Section 6.1
Who are the senior management of the Company/ Cluey?	<ul style="list-style-type: none"> Mark Rohald (Co-Founder, Executive Director and CEO) Greg Fordred (Chief Financial Officer) Michael Allara (Chief Product Officer) David Jablonski (Chief Technology Officer) Trevor McDougall (Chief Operating Officer) Matteo Trinca (Chief Customer Officer) Dr Selina Samuels (Chief Learning Officer) 	Section 6.2

1.7 Significant interests of key Shareholders and related party transactions

Topic	Summary					Section
Who are the Existing Shareholders and what will their interest in the Company be on Completion of the Offer?	Shares held at the Prospectus Date³		Shares held on Completion of the Offer		Section 7.1.3	
	Holder	Shares (m)	Shares (%) ¹	Shares		Shares (%) ¹
	Founders ^{2,3}	36.5	38.6%	36.5		30.5%
	Institutional Shareholders	33.4	35.4%	33.4		28.0%
	Other Existing Shareholders (excluding Founders, and Institutional Shareholders)	24.6	26.0%	24.6		20.6%
	New Shareholders ⁴	–	–	25.1		21.0%
Total	94.5	100.0%	119.6	100.0%		
<p>1. Total % may not equal 100% due to minor rounding difference.</p> <p>2. Founders are Robert Gavshon, Mark Rohald, Sam Linz and Greg Fordred.</p> <p>3. On a fully diluted basis, including the number of Shares represented by employee options and Convertible Loan Notes on a notional as-converted basis. Options and Convertible Loan Notes will not be converted into Shares until shortly prior to settlement of the IPO. This information assumes that the Shares that will be issued to these holders on Completion (i.e. issued in exchange for their current securities holdings in Quartet Education) were issued on the Prospectus Date.</p> <p>4. Includes any new Shares to be issued under the Employee Gift Offer.</p>						

1 Investment Overview

Topic	Summary	Section																					
<p>What significant benefits are payable to Directors and other persons connected with the Company or the Offer and how many Shares are they expected to hold on Completion of the Offer?</p>	<p>On Completion of the Offer, the Directors' and Grant Samuel Investments Pty Ltd ("Grant Samuel"), the Company's financial adviser, are expected to have the following relevant interests in Shares of the Company. The table below does not take into account any Shares the Directors may acquire under the Offer:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">Shares held on completion of the Offer</th> </tr> <tr> <th style="text-align: left;">Name</th> <th style="text-align: center;">Number of Shares (m)</th> <th style="text-align: center;">% of total Shares</th> </tr> </thead> <tbody> <tr> <td>Mark Rohald¹</td> <td style="text-align: center;">14.2</td> <td style="text-align: center;">11.9%</td> </tr> <tr> <td>Robert Gavshon²</td> <td style="text-align: center;">9.3</td> <td style="text-align: center;">7.8%</td> </tr> <tr> <td>Greg Fordred³</td> <td style="text-align: center;">4.4</td> <td style="text-align: center;">3.7%</td> </tr> <tr> <td>Grant Samuel</td> <td style="text-align: center;">0.9</td> <td style="text-align: center;">0.7%</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">28.7</td> <td style="text-align: center;">24.0%</td> </tr> </tbody> </table> <p>1. Mr Rohald's relevant interest in the Shares noted in this table are held by Mistdean Pty Ltd ATF Mistdean Trust and Rohald Pty Ltd ATF Rohald Superannuation Fund.</p> <p>2. Mr Gavshon's relevant interest in the Shares noted in this table are held by Sarwill Pty Ltd ATF the Gavshon Family Superannuation Fund.</p> <p>3. Mr Fordred's relevant interest in Shares noted in this table are held by Shreg Pty Ltd ATF the Greshell Family Trust and GSF No 1 Pty Ltd ATF the Greshell Superannuation Fund.</p> <p>Directors and senior management are entitled to remuneration, fees and payments as set out in Sections 6.3 and 9.6.2.</p> <p>Professional advisers to the Offer are entitled to fees as set out in Section 9.9.</p>	Shares held on completion of the Offer			Name	Number of Shares (m)	% of total Shares	Mark Rohald ¹	14.2	11.9%	Robert Gavshon ²	9.3	7.8%	Greg Fordred ³	4.4	3.7%	Grant Samuel	0.9	0.7%	Total	28.7	24.0%	<p>Sections 6.3, 9.6.2 and 9.9</p>
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Total	28.7	24.0%																					
<p>Will any Shares be subject to restrictions on disposal following Completion of the Offer?</p>	<p>Yes, certain Existing Shareholders have entered into escrow deeds (including mandatory ASX escrow deeds and voluntary escrow deeds) with the Company in relation to some or all of the Shares they will hold on Completion of the Offer. Please see Section 9.5 for details.</p>	<p>Section 9.5</p>																					

1.8 Proposed use of funds and key terms and conditions of the Offer

Topic	Summary	Section																																				
Who is the issuer of this Prospectus?	Cluey Ltd (ACN 644 675 909), a company incorporated in New South Wales, Australia on 28 September 2020 as a public company limited by shares.	Section 7.1																																				
What is the Offer?	The Offer contained in this Prospectus is an invitation to apply for 25.1 million new Shares in the Company, each at an Offer Price of \$1.20 per Share. The Offer is expected to raise \$30.0 million before costs.	Section 7.1																																				
What is the proposed use of funds raised under the Offer?	<p>The Board believes that the Company's current cash reserves, cash flow from existing operations, plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives.</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Sources of funds</th> <th style="text-align: right;">\$m</th> <th style="text-align: right;">%</th> <th style="text-align: left;">Uses of funds</th> <th style="text-align: right;">\$m</th> <th style="text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td>Offer Proceeds</td> <td style="text-align: right;">30.0</td> <td style="text-align: right;">100.0%</td> <td>Sales & Marketing¹</td> <td style="text-align: right;">10.9</td> <td style="text-align: right;">36.3%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Product, Customer Care, Education & Technology²</td> <td style="text-align: right;">5.8</td> <td style="text-align: right;">19.5%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Expenses associated with the IPO³</td> <td style="text-align: right;">3.4</td> <td style="text-align: right;">11.3%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Working Capital⁴</td> <td style="text-align: right;">9.9</td> <td style="text-align: right;">32.9%</td> </tr> <tr> <td>Total sources</td> <td style="text-align: right;">30.0</td> <td style="text-align: right;">100.0%</td> <td>Total uses</td> <td style="text-align: right;">30.0</td> <td style="text-align: right;">100.0%</td> </tr> </tbody> </table> <ol style="list-style-type: none"> 1. Sales & marketing refers to costs related to acquiring new students and comprises of marketing expenses (media spend and affiliate commissions), marketing employee salaries, learning advisors (sales personnel) salaries and commissions. 2. Product, customer care, education & technology refers to costs related to the salaries of the customer care and support, operations, product development, education and technology teams, as well as software and hosting costs paid to third-party providers. 3. Expenses associated with the IPO are exclusive of GST amounts payable. 4. Working capital is the capital required to fund day-to-day operating (for example payment of salaries, rent and other operations expenses). The more significant areas of expenditure in respect to working capital have been separately identified, being sales & marketing, and product, customer care, education & technology. Cluey will likely use the remainder of the capital to fund its growth objectives especially for additional customer acquisition and other general cash requirements. 	Sources of funds	\$m	%	Uses of funds	\$m	%	Offer Proceeds	30.0	100.0%	Sales & Marketing ¹	10.9	36.3%				Product, Customer Care, Education & Technology ²	5.8	19.5%				Expenses associated with the IPO ³	3.4	11.3%				Working Capital ⁴	9.9	32.9%	Total sources	30.0	100.0%	Total uses	30.0	100.0%	Section 7.1.2
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How is the Offer structured and who is eligible to participate in the Offer?	<p>The Offer comprises the following separate components:</p> <ul style="list-style-type: none"> ● the Retail Offer, consisting of the <ul style="list-style-type: none"> – Broker Firm Offer; – Priority Offer; and – Employee Gift Offer; and ● the Institutional Offer. <p>No general public offer of Shares will be made under the Offer.</p>	Section 7.1.1																																				
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers.	Section 7.1																																				

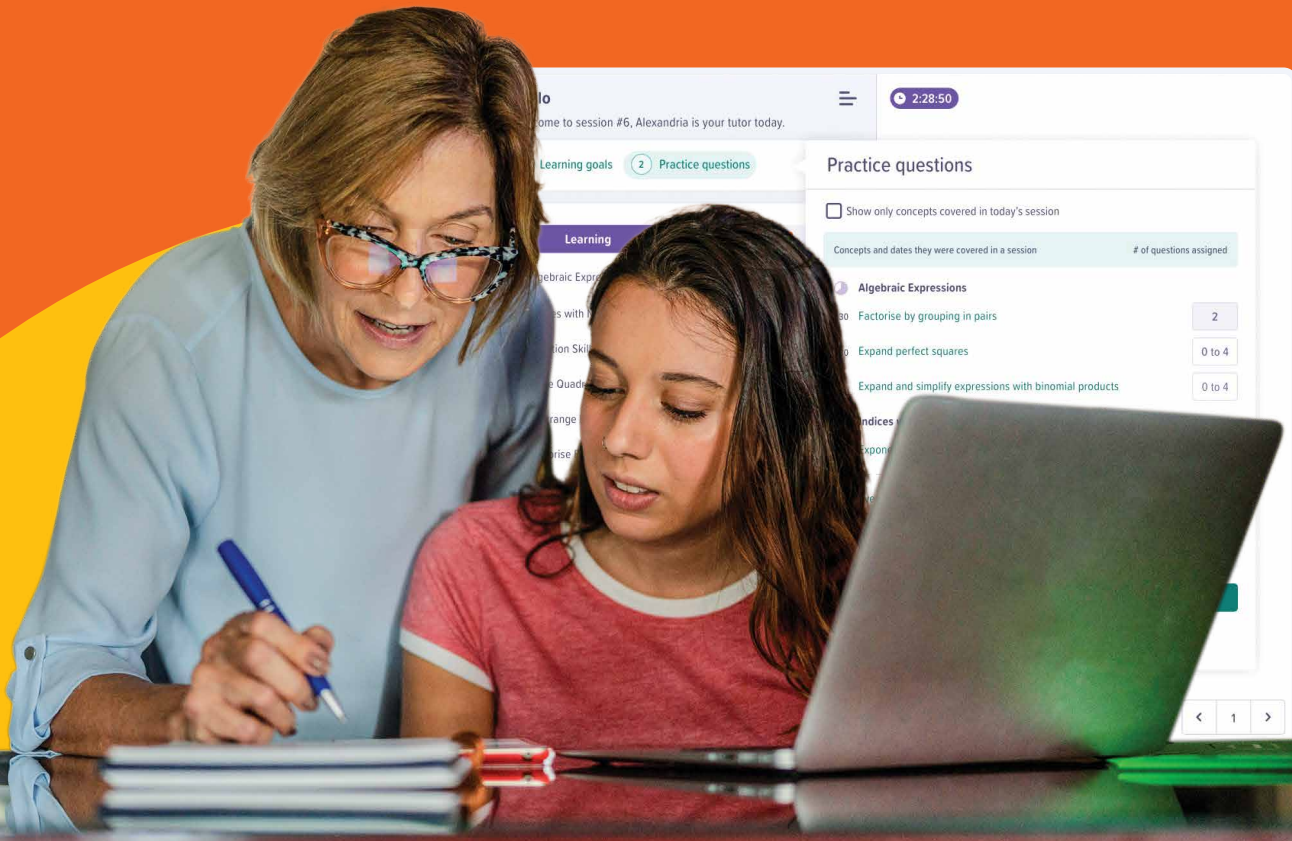
1 Investment Overview

Topic	Summary	Section
<p>Will the Shares be quoted on ASX?</p>	<p>The Company will apply to ASX for admission to the Official List and for quotation of its Shares (other than any Shares that are subject to ASX-imposed escrow) on ASX under the code 'CLU' within 7 days after the Prospectus Date. It is anticipated that quotation of the Shares to be offered under the Offer will commence on a normal settlement basis.</p> <p>Completion of the Offer is conditional on ASX approving the Company's application for admission to the Official List. If approval is not given within three months after such an application is made, the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	<p>Section 7.2</p>
<p>What is the allocation policy?</p>	<p>The allocation of Shares between the Institutional Offer and the Broker Firm Offer, and to participants within the Institutional Offer and Brokers within the Broker Firm Offer, will be determined by agreement between the Joint Lead Managers and the Company.</p> <p>In respect of the Broker Firm Offer, it is a matter for each Broker to determine how they will allocate Shares among their eligible retail clients.</p> <p>In respect of the other components of the Retail Offer, the Company may:</p> <ul style="list-style-type: none"> ● in consultation with the Joint Lead Managers, determine the allocation of Shares to participants within the Priority Offer; and ● determine the allocation of Shares to eligible participants within the Employee Gift Offer. 	<p>Sections 7.3.5, 7.4.5, 7.5.5 and 7.9.2.</p>
<p>Is there any brokerage, commissions or stamp duty payable by Applicants?</p>	<p>No brokerage, commission or stamp duty will be payable by Applicants on the acquisition of Shares under the Offer.</p>	<p>Sections 7.2 and 9.8.4</p>
<p>What are the tax implications of investing in the Shares?</p>	<p>A summary of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 9.8.</p> <p>The acquisition and disposal of Shares will have tax consequences which will vary depending upon the particular circumstances of the Applicant.</p> <p>The Company accepts no liability or responsibility in relation to any taxation consequences connected to the Offer.</p> <p>Applicants should obtain their own tax advice prior to deciding whether to invest.</p>	<p>Section 9.8</p>

Topic	Summary	Section
<p>How can I apply for Shares?</p>	<p>Broker Firm Offer Applicants</p> <p>Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Offer Application Form attached to or accompanying this Prospectus and following the instructions of their Broker who invited them to participate in the Broker Firm Offer.</p> <p>Priority Offer Applicants</p> <p>Applicants under the Priority Offer must apply online in accordance with the instructions provided in their Priority Offer invitation made under this Prospectus.</p> <p>Employee Gift Offer Applicants</p> <p>Applicants under the Employee Gift Offer must apply online in accordance with the instructions provided in their Employee Gift Offer invitation made under this Prospectus.</p> <p>Institutional Offer Applicants</p> <p>The Joint Lead Managers have separately advised Institutional Investors of the application procedure under the Institutional Offer.</p>	<p>Sections 7.3.2, 7.4.2, 7.5.2 and 7.9.1</p>
<p>What is the minimum Application size?</p>	<p>The minimum Application size under the Broker Firm Offer and Priority Offer is \$2,000 of Shares in aggregate.</p> <p>The minimum Application size under the Employee Gift Offer is \$1000 of Shares in aggregate.</p>	<p>Section 7.2</p>
<p>When will Successful Applicants receive their holding statements?</p>	<p>It is expected that initial holding statements will be sent to successful Applicants by standard post on or around 4 December 2020.</p>	<p>Section 7.2</p>
<p>Can the Offer be withdrawn?</p>	<p>The Company may withdraw the Offer at any time before the allocation and issue of Shares under the Offer.</p> <p>If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).</p>	<p>Section 7.12</p>
<p>Where can I find out more information about this Prospectus or the Offer?</p>	<p>All enquiries in relation to this Prospectus should be directed to the Cluey IPO Offer Information Line on:</p> <ul style="list-style-type: none"> ● within Australia: 1300 288 664 ● outside Australia: +612 9698 5414, <p>from 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>If you have any questions about whether or not to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, tax adviser, lawyer or other professional adviser before deciding whether to invest.</p>	<p>Section 7.2</p>

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02 | Industry Overview



2 Industry Overview

2.1 Australian education sector

2.1.1 Overview

Cluey operates in the Australian outside-of-school kindergarten to year 12 ('K-12') segment, providing personalised online tutoring and educational support to students in primary school (Years 2 – 6), and secondary school (Years 7 – 12).

There are two core groups within the Australian schooling sector:

- **Primary School** spans from Year K (also known as foundation, kindergarten, preparatory or pre-primary) to Year 6. While no formal testing occurs, all students are expected to take the government-administered National Assessment Program – Literacy and Numeracy ('NAPLAN') examinations in Years 3 and 5 that assess concepts in numeracy, reading, writing and language conventions. The curriculum is largely set on a national basis, administered by each state and territory. The curriculum for Years K to 10 is developed by the Australian Curriculum, Assessment and Reporting Authority ('ACARA') in consultation with specific state and territory education bodies and student competencies and outcomes are mostly uniform.
- **Secondary School** covers Years 7 to 12. The first two years in secondary school largely follow a compulsory syllabus, with later years allowing students to undertake core and elective subjects. Students in Years 7 and 9 are also expected to sit the NAPLAN examinations. The curriculum for Years 7 to 10 is largely set on a national basis, administered by each state and territory.

Years 11 and 12 (also known as Senior Secondary), prepare students for admission into tertiary study and employment. Curriculum and administration are managed by each state. A final and standardised school-leaving qualification is awarded to completing Year 12 students in each state as an accreditation that allows a graduating student to access higher education and vocational education and training. Students who complete the relevant senior courses and examinations are also awarded a nationally standardised rank out of 99.95 called the Australian Tertiary Admission Rank ('ATAR'). Universities and other higher education providers use this rank for their admissions process.

In 2019, there were approximately 4 million school students in Australia, comprising approximately 2.3 million in primary school, approximately 1.7 million in secondary school including approximately 0.5 million in senior secondary years⁹.

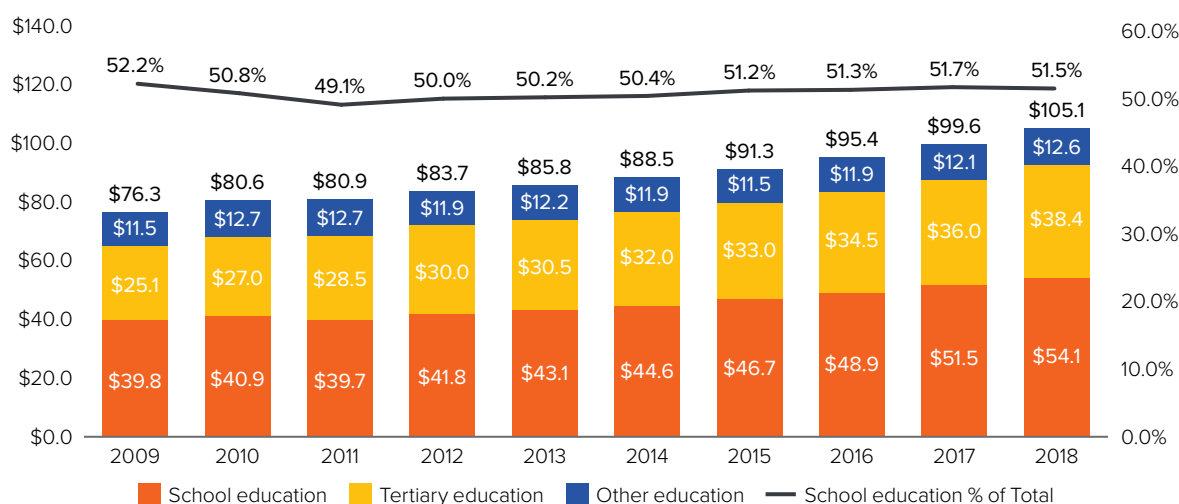
There are also K-12 curricula that sit entirely outside the standard state programs such as the International Baccalaureate, however these are less popular (with only 2,728 Australian students having undertaken this course in 2018).

2.1.2 K-12 government expenditure and private spend

Government expenditure

The K-12 segment makes up the largest cohort in Australia's education sector and represented ~68% of all students in 2018 (other students include those in pre-school and tertiary education). It also attracts the largest quantum of government education spending as shown in Figure 2.1 below, with 51.5% of total expenditure having been allocated to the K-12 segment in 2018.

Figure 2.1: Australian education expenditure (A\$ billion) by segment¹⁰



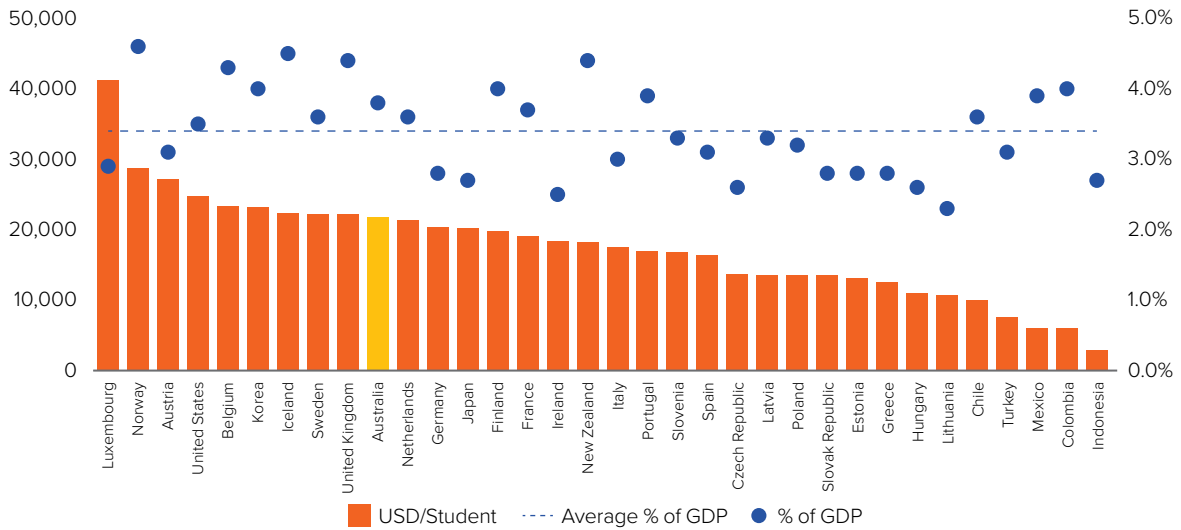
⁹ <https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/national-report-on-schooling-in-australia-data-portal/student-numbers>

¹⁰ ABS Government Finance Statistics, Education, Australia, 2018-19.

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By global standards, Australia spends relatively more on its education sectors on both a per student and per cent of gross domestic product ('GDP') basis. The Organisation for Economic Co-operation and Development ('OECD') estimated that in 2016, Australia's K-12 education expenditure totalled ~US\$21,850 per student in 2016, with total spend representing 3.8% of GDP. This compared to an OECD average of ~US\$17,550 per student (3.4% of GDP) and placed Australia outside of the top OECD quartile relative to its peers.

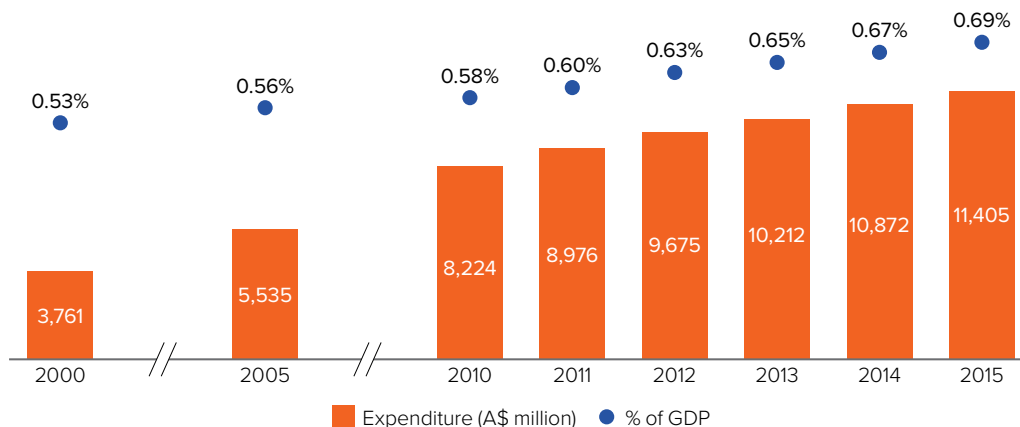
Figure 2.2: Australian K-12 education expenditure relative to OECD peers (2016)¹¹



Private expenditure

Breaking down Australia's education expenditure in the K-12 segment by source suggests that the contribution from private households and institutions has been resilient since 2000. As shown in Figure 2.3, the latest available data from the Australian Council for Educational Research ('ACER') shows that on both an absolute and per cent of GDP basis, private expenditure has seen consistent growth from 2000 – 2015.

Figure 2.3: Australian K-12 education private expenditure (A\$ million) as a % of GDP¹²

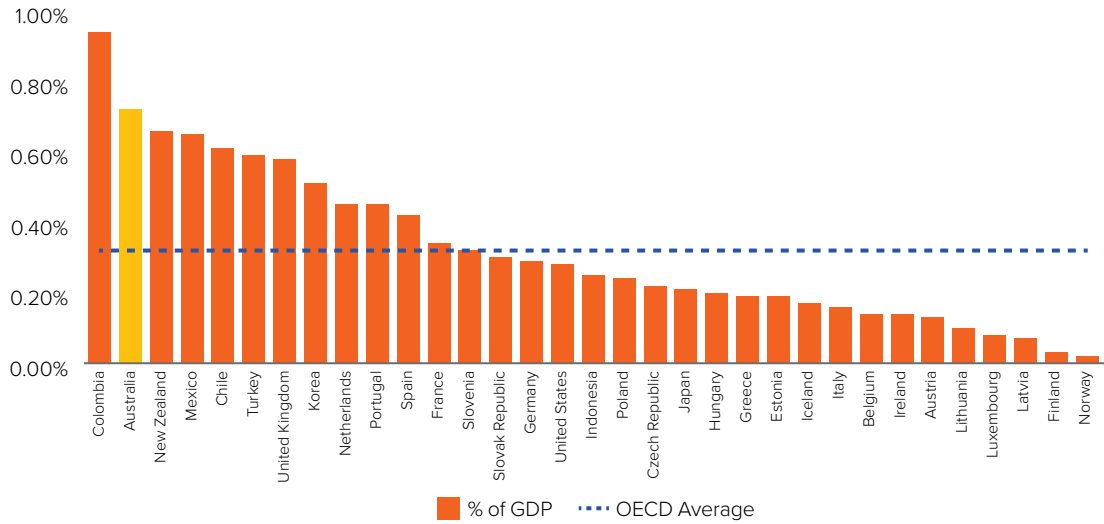


Relative to other nations, Australia spends a larger per cent of GDP on private education expenditure. According to OECD data, Australia's private expenditure on K-12 education as a per cent of GDP was the second highest of all OECD nations in 2016.

11 <https://data.oecd.org/eduresource/education-spending.htm#indicator-chart>; excludes nations that did not report both primary and secondary school data.

12 https://research.acer.edu.au/cgi/viewcontent.cgi?article=1029&context=policy_analysis_misc

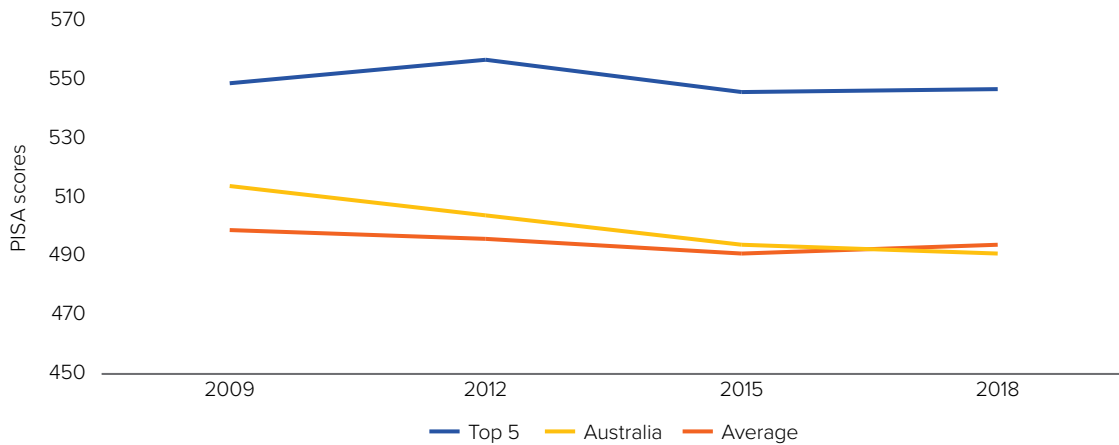
Figure 2.4: Australian K-12 education private expenditure relative to OECD peers (2016)¹³



2.1.3 Australian education performance and challenges

In 2018, the results of the Australian Government’s Review to Achieve Educational Excellence in Australian Schools was published. This report noted that Australian student outcomes have either regressed or stagnated in core subject areas including reading, Science and Mathematics since 2000, and underperformed relative to other OECD nations. This has occurred across every socio-economic quartile and in all school sectors (government, Catholic and independent).

Figure 2.5: Australia’s mean Mathematics score relative to OECD benchmarks¹⁴



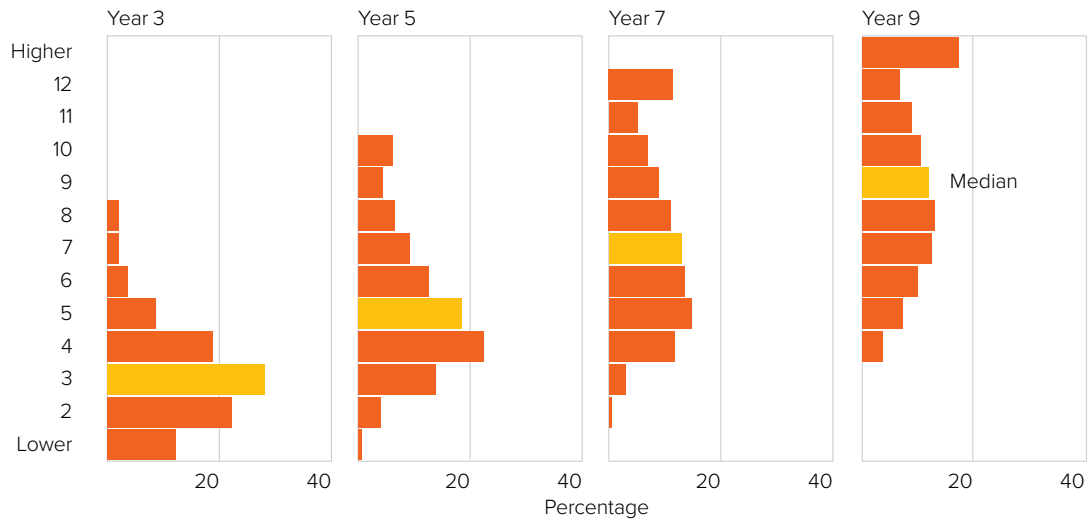
13 <https://data.oecd.org/eduresource/education-spending.htm#indicator-chart>; excludes nations that did not report both primary and secondary school data.

14 Derived from OECD, *PISA database 2009–2018*.

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The challenge of supporting the current and diverse learning needs of individual students has been further reinforced by an independent analysis of NAPLAN results by the Grattan Institute as shown in Figure 2.6:

Figure 2.6: Grattan Institute analysis of NAPLAN results (2016)¹⁵



Many schools and classrooms are not resourced to effectively support students across such a broad achievement range. Teachers who manage classes of 20-30 students at the same time may find it difficult to address individually the needs of each student in the class. This challenge has been exacerbated by the COVID-19 pandemic, with the Grattan Institute concluding that school disruptions and the rapid shift to remote learning has widened the achievement gap between disadvantaged and advantaged students.

Figure 2.7: Grattan Institute analysis of COVID-19 impact (June 2020)¹⁶

The gap will have increased by an extra four-to-seven weeks on average in five states and territories.

	Remote learning duration	Widening of the gap during remote learning (percentage)	Widening of the gap during remote learning across literacy and numeracy (weeks)
VIC	9 weeks	8%	6.6 weeks
ACT	8 weeks	7.5%	5.9 weeks
NSW	7 weeks	6%	5.1 weeks
TAS	7 weeks	6%	5.4 weeks
QLD	6 weeks	5%	4.4 weeks
WA	2 weeks	1%	Negligible
SA	1 week	1%	Negligible
NT	1 week	1%	Negligible

Source: Grattan analysis.

15 Goss, P., Sonnemann, J., Chisholm, C., Nelson, L., 2016, Widening gaps: what NAPLAN tells us about student progress, Grattan Institute. Accessed September 2020 at: <https://grattan.edu.au/wp-content/uploads/2016/03/937-Widening-gaps.pdf>.

16 Sonnemann, J. and Goss, P. (2020). COVID catch-up: helping disadvantaged students close the equity gap. Grattan Institute. Accessed September 2020 at: <https://grattan.edu.au/wp-content/uploads/2020/06/COVID-Catch-up-Grattan-School-Education-Report.pdf>.

Throughout these analyses, the Grattan Institute has recommended a range of strategies to address the widening gap in student achievement, including implementing measures to better target individual student needs and progress¹⁷. In response to the further widening of the achievement gap anticipated to result from COVID-19, the Grattan Institute is now also recommending “*small-group tuition programs, which can increase student learning by up to five months over a six-month program*”¹⁸.

2.2 Outside-of-school learning support market

Given the prevailing organisational structures, regulatory frameworks and funding mechanisms, change in Australian schools remains slow. At the same time, the learning needs of students are diverse, and high levels of adaptability are required to meet their needs.

As such, many Australian families are directly seeking additional academic support outside of the formal school environment.

2.2.1 Overview

Cluey’s internal customer research¹⁹ suggests that parents are increasingly seeking more targeted and individualised support as part of their children’s education, and they often express an interest in greater transparency regarding their children’s learning progress.

When considering further learning support outside of school, students, parents and other stakeholders usually seek one or more of the following:

- General academic improvement, to catch up or get ahead.
- Specific academic performance and test preparation.
- Support to address special learning needs.
- Support to build confidence, engagement and self-efficacy.
- Supervision and care.
- Skill or knowledge expansion.

2.2.2 Market size

Education intelligence consultancy HolonIQ expects the global education market to grow to \$7.3 trillion by 2025, representing a 3.6% CAGR. The K-12 sector is the largest part of this market and is expected to be >50% of the total market by 2030²⁰.

As education sectors continue to digitise, the EdTech market will grow rapidly and is expected to reach \$404 billion by 2025, representing a 16.3% CAGR between 2019 to 2025, or a growth of 2.5x. Within this market, HolonIQ also notes that B2C EdTech models are on the rise as students and parents increasingly seek learning support and/or more direct academic outcomes.²¹

In Australia, there are few reliable measures of the outside-of-school learning support market due to both the range of services and providers active in this market and the particularly fragmented and informal nature of the private tutoring market. Additionally, this sector is one of the few education sectors that remains unregulated.

Given these factors, Cluey conducted its own research of the market as part of its ongoing study into the drivers of choice and value for families seeking tutoring and learning support services. In a September 2019 survey of 1,201 parents, Cluey found that ~92% of those surveyed use or consider using academic support outside the school classroom, while ~50% have paid, or are considering paying, for services such as tutoring.

17 Goss, P., Hunter, J., Romanes, D., Parsonage, H., 2015, Targeted teaching: how better use of data can improve student learning, Grattan Institute. Accessed September 2020 at: <https://grattan.edu.au/wp-content/uploads/2015/07/827-Targeted-Teaching.pdf>.

18 Sonnemann, J. and Goss, P. (2020). COVID catch-up: helping disadvantaged students close the equity gap. Grattan Institute. Accessed September 2020 at: [https://grattan.edu.au/wp-content/uploads/2020/06/COVID Catch up Grattan School Education Report.pdf](https://grattan.edu.au/wp-content/uploads/2020/06/COVID-Catch-up-Grattan-School-Education-Report.pdf).

19 Cluey market opportunity phase 2, November 2018

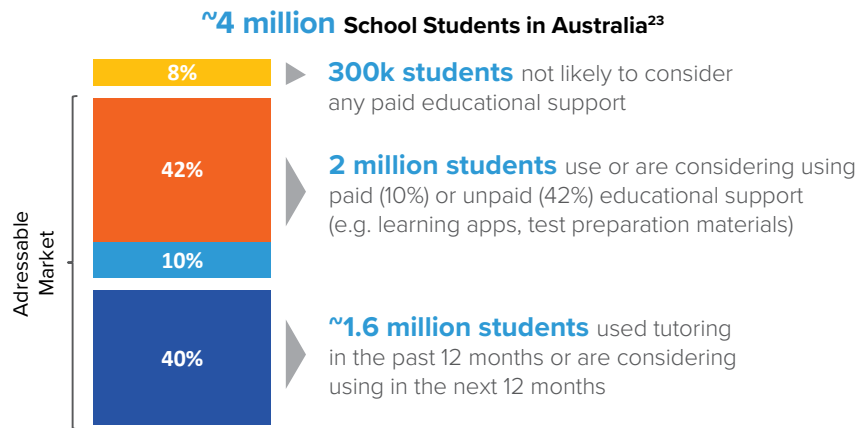
20 <https://www.holoniq.com/2030/10-trillion-global-education-market/>

21 <https://www.holoniq.com/notes/global-education-technology-market-to-reach-404b-by-2025/>

2 Industry Overview

If applied to the Australian school child population, this would result in the estimate of market size set out in Figure 2.8.

Figure 2.8: Cluey market sizing of the educational support sector²²



2.2.3 Alternate learning support options

Given the range of reasons students and parents seek learning support outside of school, the sector is both broad and fragmented. Some of the more common service types available to families seeking support are classified below. The key market players in each category tend to be limited to providers with localised support or content.

Tutoring based learning support solutions

The tutoring market is highly fragmented and is characterised by a small number of franchise brands and a high number of sub-scale individual operators. Tutoring remains predominantly a bricks-and-mortar industry, with many traditional education support businesses operating physical learning centres and classrooms. The main types of operators in this market include:

- **Tutoring centres** – highly fragmented market consisting of multiple operators, franchises and brands, where lessons are typically delivered in groups to students in physical classrooms. During COVID-19, some of these centres have attempted to provide some of their services online;
- **Private tutors** – opaque market consisting of individual tutors establishing informal tutoring relationships directly with students or families, often found through individual recommendations or word-of-mouth. Tutoring marketplaces or aggregators connect students directly with tutors either online or offline. These services are typically focused on matching students and tutors, rather than student learning outcomes; and
- **Online tutoring** – emerging segment of the market, particularly internationally. There are a range of online tutoring models where tutors work directly with students using the online tutoring provider’s infrastructure and tools. Cluey has not identified other market participants of a similar scale with a sole focus on the online delivery of tutoring services in Australia.

Other learning support options

There are several other supplementary learning resources available to Australian school children. Some of these include:

- **Learning content and resources** – this content is available in a range of formats, both physical and digital and available either for “free” or on a paid basis. Supplementary learning resources have traditionally been published as textbooks, study guides, study notes or workbooks, usually mapped to the local curriculum;
- **Learning applications and games** – these provide independent learning and practice tools for students. These applications have traditionally focused on primary and early secondary years and are often asynchronous, self-directed (i.e. student-led), and task-based; and

22 Cluey voice of the customer research, September 2019, n=1,201

23 <https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/national-report-on-schooling-in-australia-data-portal/student-numbers>

- **Classroom resources** – often supplementary and similar to learning content and resources. Some providers make these available for students to use at home, and may be available, or funded, through the school and included in teacher-led schoolwork.

Research evidence

While the market for available learning support is broad and fragmented, research and evidence relating to the relative effectiveness of each available approach to learning support tends to support a narrower range of options.

The Grattan Institute's recommendations relating to tutoring to help address recent COVID-19-exacerbated achievement gap is based on a range of independent studies suggesting that one-to-one tutoring three times a week over twenty weeks can increase student learning by as much as five months. Four recent studies by the Education Endowment Foundation ('EEF') on one-to-one tuition programs lasting ten to twenty weeks in the United Kingdom supported similar findings, where average student learning improvements ranged from three to five months²⁴.

2.3 Drivers of increased online learning adoption

Further uptake in adoption of online learning and tutoring services is anticipated to be driven by:

2.3.1 Continued growth in distribution, support and use of high-quality online learning services

Online and e-learning tools and resources have been a growing feature of the learning experience for Australian school students over the last 15 years. There has been growing government support for the distribution and use of digital resources in Australian classrooms, and for transitioning national standardised assessments, such as NAPLAN, online²⁵. In addition to using the internet to support their learning at home and in the classroom, Australian school students have had access to a wide range of online learning tools for over a decade, including Mathletics (since 2005), Studiosity (since 2003) and Reading Eggs (since 2008).

Technological advances and faster internet speeds have enabled online models to become a more viable mode of teaching. Digital development and the public's recognition of the efficacy of online learning has also been critical to this growth.

2.3.2 Shifting perceptions of online teaching and a growing awareness of its effectiveness

The shift to digital learning solutions is evidence of the improvements in both service quality and learning effectiveness:

- **Overseas** – there has been strong growth and adoption of online tutoring at scale. This demonstrates that the business model is not only effective, but scalable as well.
- **In Australia** – a COVID-19 induced transition of approximately 4 million students in Australian schools to online learning has prompted greater awareness of the opportunity of digital learning. While tutoring has conventionally been conceptualised as an in-person interaction, recent student experiences with online tutoring provide a different perspective on the efficacy of the virtual face-to-face model.²⁶ Moreover, the generation of students who are currently in the formal education system are considered to be 'digital natives'. These cohorts are more receptive to and fluent in computer usage and literacy.

24 Sonnemann, J. and Goss, P. (2020). COVID catch-up: helping disadvantaged students close the equity gap. Grattan Institute. Accessed September 2020 at: <https://grattan.edu.au/wp-content/uploads/2020/06/COVID-Catch-up-Grattan-School-Education-Report.pdf>.

25 <https://www.acara.edu.au/assessment/online-assessment>

26 https://educationendowmentfoundation.org.uk/public/files/Remote_Learning_Rapid_Evidence_Assessment.pdf

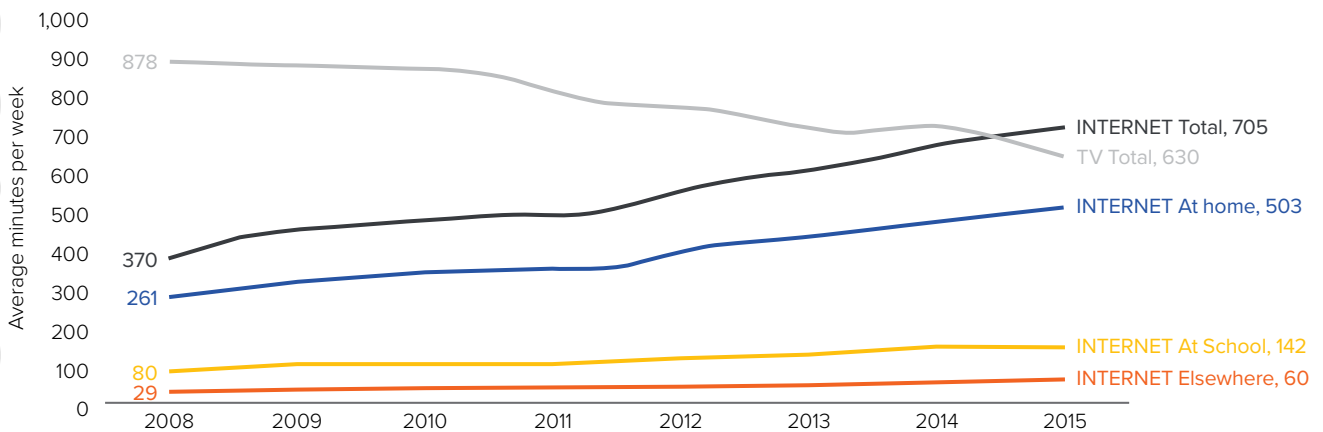
2 Industry Overview

2.3.3 Broadband internet penetration and bandwidth availability in schools and households

Australia has experienced rising rates of internet connectivity, increased data transfer capacity and a proliferation in usage of mobile and digital devices. Internet accessibility is expected to be driven by the continued development and expansion of the National Broadband Network in Australia, particularly into rural and remote areas where internet connection and speeds were previously compromised.

In addition to greater adoption, technology penetration has also been strong, as shown in Figure 2.9, with a Roy Morgan survey revealing the behavioural shift of young children (aged 6 – 13) in relation to their internet usage patterns over a ten-year period.

Figure 2.9: Roy Morgan; changes in how Australian children are spending their time²⁷



27 <https://www.roymorgan.com/findings/7139-internet-overtakes-television-for-kids-time-australia-december-2016-201702140842>

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03 | Company/Group Overview



3 Company/Group Overview

3.1 Overview

3.1.1 Overview

Cluey, which will, on Completion of the Offer, become a Wholly Owned Subsidiary of the Company²⁸, is an education technology company that supports the learning of school students through its online tutoring and test preparation platforms.

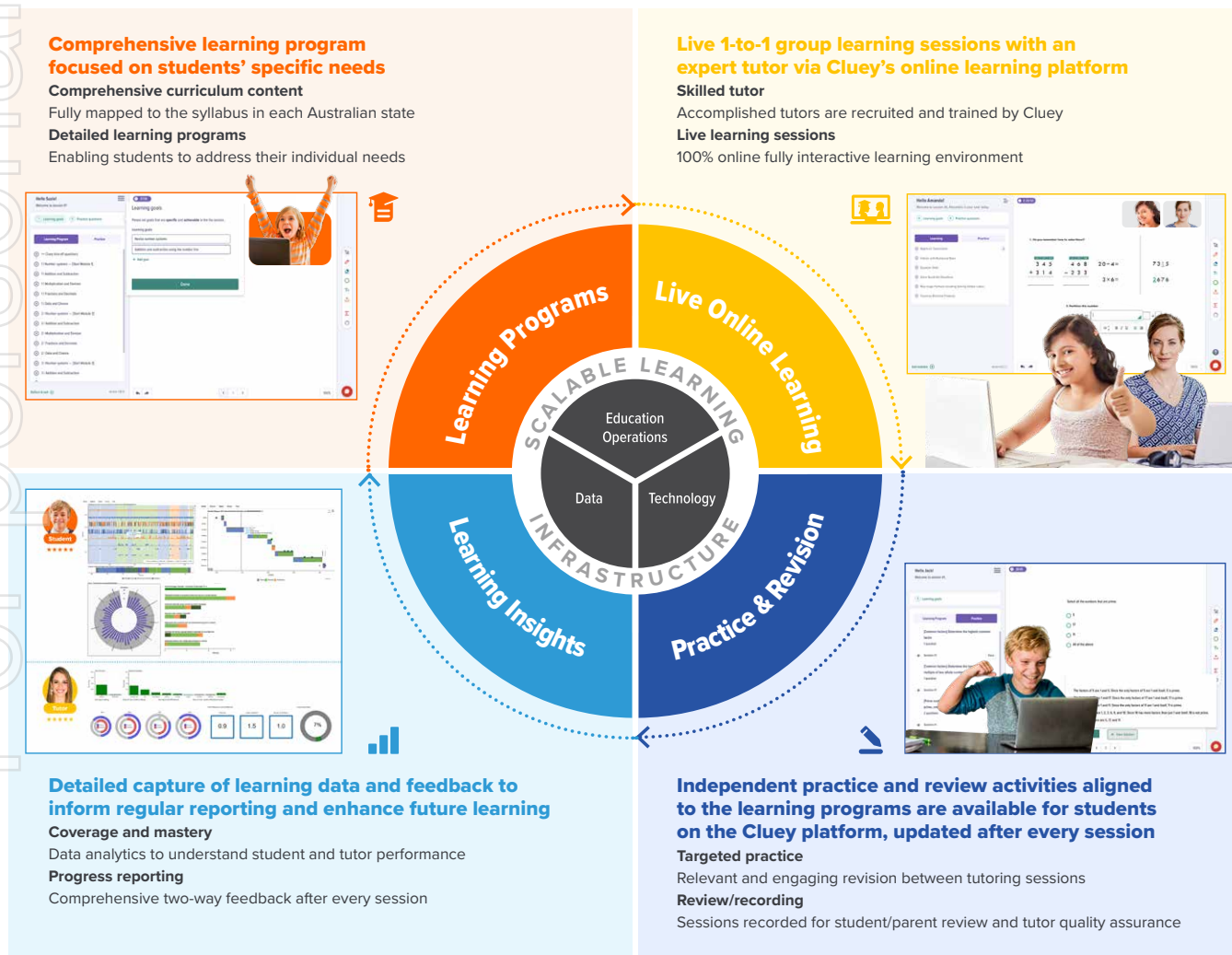
Cluey enrolls students into learning programs that align to their individual academic level, needs and school curriculum. These learning programs form the basis for ongoing engagement with Cluey's services, specifically live, fully interactive 1-to-1 or small group tutoring sessions with targeted, independent practice, which all take place on Cluey's secure, online learning environment.

Cluey's comprehensive platforms, content and services are used by tutors to support students. Cluey actively monitors all student learning and tuition quality, including measuring student coverage and mastery of the skills and concepts covered in their learning program. Tutors provide students and their parents with regular feedback.

Cluey establishes and manages relationships with families and students directly (a direct-to-consumer business model), rather than through intermediaries such as schools.

Cluey's range of integrated learning services are outlined below:

Figure 3.1: Cluey's suite of high-quality learning services



28 On Completion of the Offer, the Company will acquire Quartet Education, thus making Quartet Education, and therefore, Cluey, Wholly Owned Subsidiaries of the Company.

Cluey's current offering includes:

- support for students in years 2-12 in Mathematics and English, and students in years 11-12 in Chemistry;
- test preparation for NAPLAN and Literacy and Numeracy Test for Initial Teacher Education;
- proprietary learning programs and content that are aligned and mapped to local curricula, enabling Cluey to support the learning needs of school students in all Australian states and territories; and
- purpose-built learning platforms which support all interactions between students and Cluey tutors.

Cluey leverages technology to provide quality tuition, at scale:

- for every hour of live learning on its platform, Cluey collects approximately 100,000 data points;
- data is transformed into a series of insights relating to the engagement and quality of service for both students and tutors via Cluey's proprietary learning analytics capabilities;
- recording of all sessions for revision by students and quality assurance by Cluey; and
- detailed reporting and feedback to parents and students after every session.

The Company is headquartered in Sydney, Australia and employs 80 full time equivalent staff. Cluey engages approximately 620 tutors (located around Australia), all of whom have relevant expertise and qualifications, and who complete extensive onboarding, training and Working with Children checks to ensure Cluey provides a safe environment and high quality learning experience to each student. Cluey attracts highly qualified and credentialed tutors, having received more than 14,000 tutor applications to date.

3 Company/Group Overview

3.1.2 Key metrics snapshot

Figure 3.2: Cluey key metrics



Student metrics

Over **5,200 active students** as at September 2020

In FY2020, on average our students enrolled in **1.4 subjects**

In FY2020, on average our students completed **3.4 sessions** per month

Session metrics

Over **150,000 sessions** run to date

In the first quarter of FY2021, Cluey completed approximately

52,000 sessions

an increase of **338%** on the first quarter of FY2020

and a **41% increase** compared to the fourth quarter of FY2020

4.7x increase in number of sessions in FY2020 vs FY2019

Tutor metrics

Over **620 active tutors** as at September 2020

Over **180,000 hours** of tutor availability during peak times in FY2020

Capturing over **100,000 data points** per session

Over **15 billion data points** captured to date

Student satisfaction

In FY2020, over **56,000 sessions** were rated by students

91% of students have rated their session experience positively

Parent satisfaction

82% of parents agree their child's grades have improved since using Cluey

85% of parents agree that their child's more confident since using Cluey

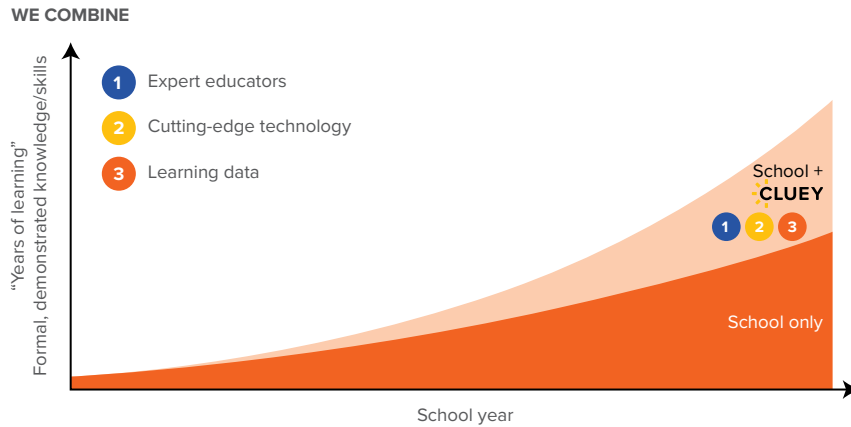


3.1.3 Cluey's mission

Cluey supports the learning of school-aged students, augmenting the education they receive at school.

Cluey's goal is to support the learning growth of students by bringing together expert educators, cutting-edge technology and proprietary learning data to offer students a range of targeted learning services.

Figure 3.3: Cluey seeks to complement and augment school-based learning with targeted learning

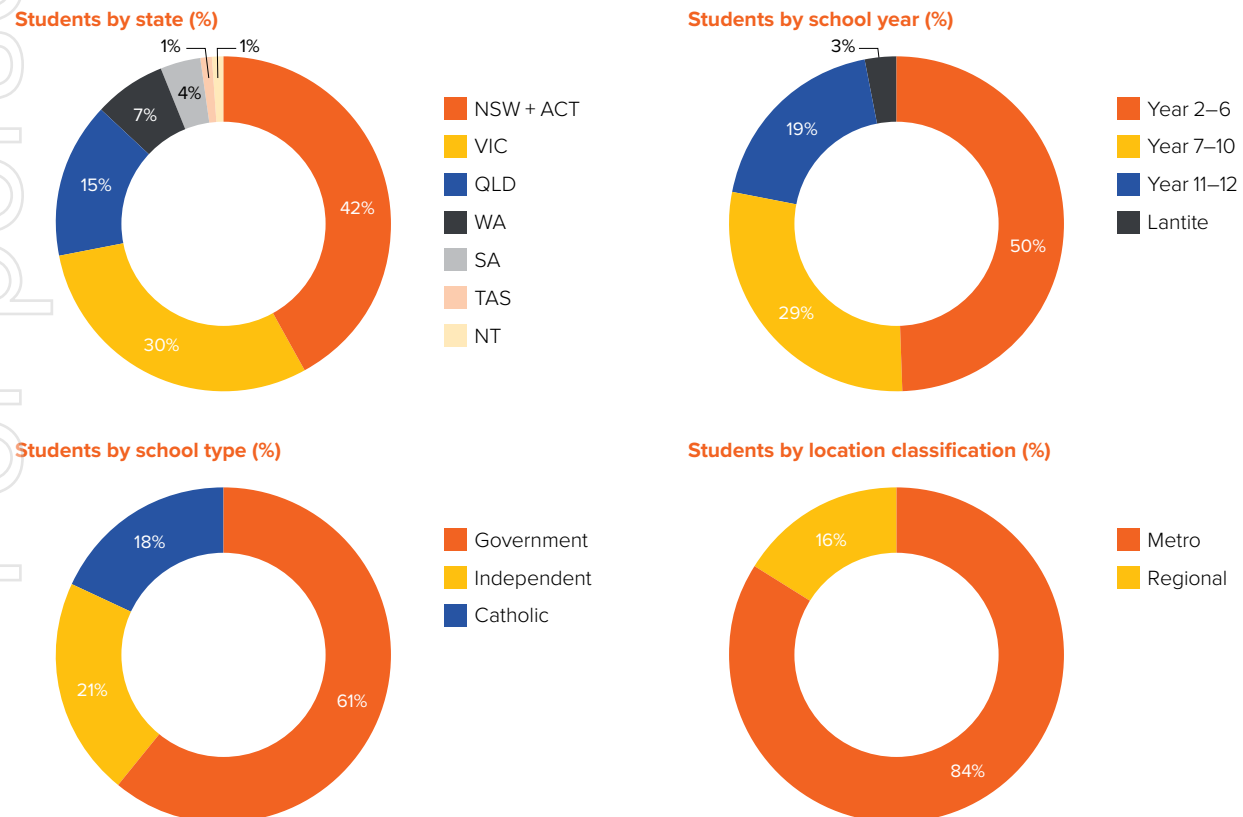


3.1.4 Student demographics

Cluey has a diverse student base in Australia by geography, school year, school type and socio-economic background, demonstrating the broad appeal of its educational support services.

Cluey also caters to a diverse range of student levels and needs. Research from the Grattan Institute (2016) found that many students are either ahead of or behind the median performance level for their school year (with this gap increasing as students progress through their school years). The study of NAPLAN results found that by year 9, around 45% of students are at least 3 years above or below the median²⁹.

Figure 3.4: Cluey student demographics and segmentation details as of August 2020



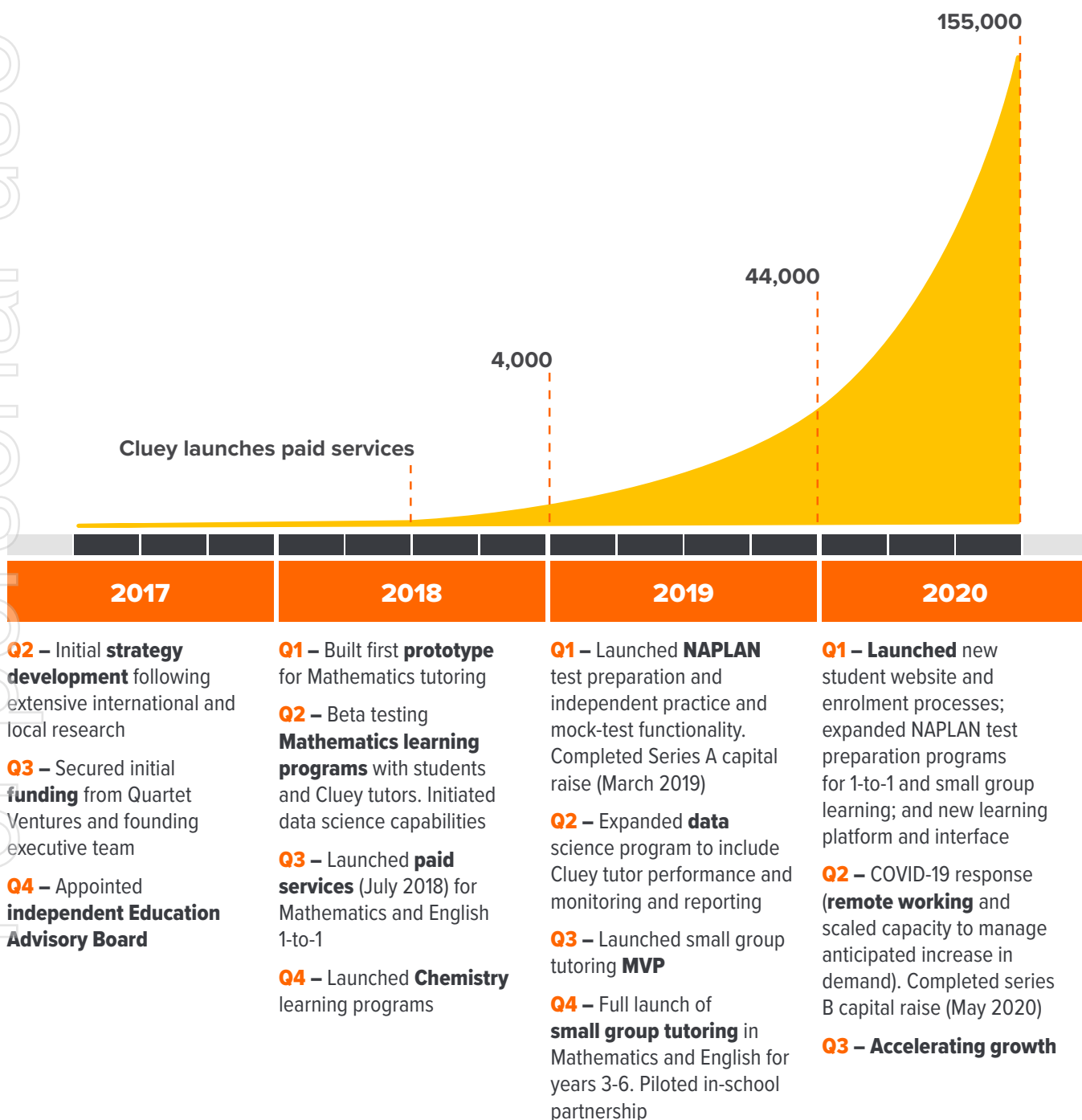
29 Goss, P., Sonnemann, J., Chisholm, C., Nelson, L., 2016, Widening gaps: what NAPLAN tells us about student progress, Grattan Institute. Accessed September 2020 at: <https://grattan.edu.au/wp-content/uploads/2016/03/937-Widening-gaps.pdf>.

3 Company/Group Overview

3.1.5 Corporate History

Cluey was founded in 2017 with capital invested by its founders and senior management. The team spent approximately 12 months developing Cluey’s technology platforms and educational content with the goal to facilitate optimal online learning at scale. Cluey officially launched its services with fee paying students in July 2018. On, or immediately prior to Completion of the Offer, Quartet Education will be acquired by the Company resulting in Quartet Education, and therefore Cluey, both becoming Wholly Owned Subsidiaries of the Company.

Figure 3.5: Key milestones and cumulative student sessions (CY)



Note: Student sessions rounded to the nearest '000.

3.2 Service & Product Overview

Cluey's approach is best described as targeted learning. Cluey offers an integrated tutoring model (1-to-1 or small group sessions, complemented by practice and detailed feedback) that targets the learning needs of each student, within the parameters of the school curriculum.

3.2.1 Product Overview

Cluey enrolls students into learning programs aligned to their current academic level and specific needs. Learning programs (comprising tutoring sessions, practice content, detailed feedback and data analytics) address the key concepts, content and skills outlined in the local curriculum for each academic year and form the basis of Cluey's learning relationship with each student.

Once enrolled with Cluey, a student will:

- work directly with a skilled Cluey tutor in their regular live online learning sessions. These tutorials last one hour and are completed via Cluey's bespoke online learning environment (which hosts Cluey's licensed content). Each student's learning program ensures the tutorial is focused on the right priorities, content and learning sequence. Students also have the flexibility to upload their own content or address a specific school topic if required;
- work independently on additional guided practice activities, both to consolidate the learning from their prior tutorials and to set up for future learning. Feedback on these practice activities is provided by the tutor in the subsequent session;
- receive detailed feedback from their Cluey tutor after each live online learning session, outlining what was covered, current engagement and priorities, and next steps in the learning;
- gain access to the recorded session (by both parents and students) for future revision; and
- continue this cycle of targeted learning and feedback, aligned to the student's evolving needs and learning program.

Cluey applies this model in four main variations as at September 2020:

Private, 1-to-1 learning

- Learning programs are focused on individual student levels and needs, and students engage with their Cluey tutor on a 1-to-1 basis.
- High degree of flexibility for students in adapting their learning programs, Cluey tutor and schedule based on their individual needs.

Small group learning

- Learning programs are focused on the key concepts and skills required to master the subject for that year level and curriculum.
- Students engage with their Cluey tutor in groups of up to four (up to five expected to launch in January 2021) in their live online learning programs, often working together and benefitting from peer learning.

Private, 1-to-1 test preparation

- Learning programs targeted at specific standardised tests, built to cover all key skills and concepts in the test(s). Students engage with their Cluey tutor on a 1-to-1 basis.
- Currently available for NAPLAN (Years 3, 5, 7, and 9) and LANTITE (pre-service teachers) tests.

Small group test preparation

- Learning programs targeted at specific standardised tests, built to cover all key skills and concepts in the test(s). Students engage with their Cluey tutor in small groups.
- Currently available for NAPLAN (Years 3, 5, 7 and 9) tests.

3 Company/Group Overview

The summary below shows which product variations are available for which types of students, and the share of total sessions by major student year groups.



PRIMARY

2–6

English & Maths

SECONDARY

7–10

English & Maths

SENIOR

11–12

English, Maths & Chemistry

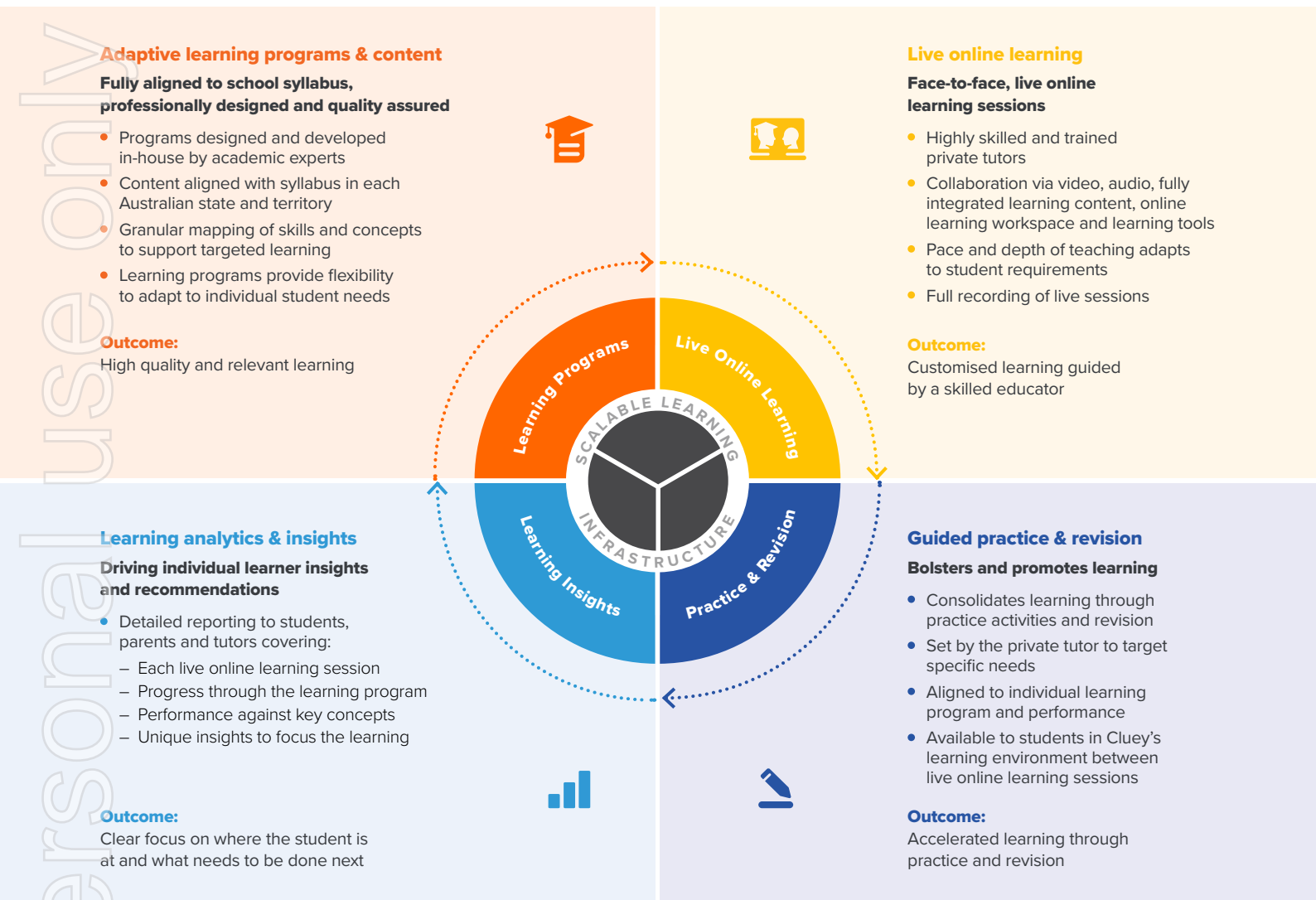
	PRIMARY 2–6 English & Maths	SECONDARY 7–10 English & Maths	SENIOR 11–12 English, Maths & Chemistry
Private, 1-to-1 learning	✓	✓	✓
Small group learning	✓	Launching Q3FY21	
Private, 1-to-1 test preparation	✓	✓	
Small group test preparation	✓	✓	
Share of total sessions (FY2020)	47%	31%	22%

3.2.2 Service Offering

All learning with Cluey is designed to provide high quality learning services enabled by purpose-built, scalable learning infrastructure. Cluey's teaching approach, as outlined in Figure 3.6, is embedded in all learning services and infrastructure.

Figure 3.6: High quality learning enabled by purpose-built “learning infrastructure”

High Quality Learning Services



Supported by Scalable Learning Infrastructure



Education Operations

Ensuring every student is well supported

- Expert full-time faculty responsible for learning standards, content and quality assurance
- Large network of skilled tutors covering Mathematics & English for Years 2–12, and Chemistry for Years 11–12
- Comprehensive tutor selection, on-boarding, monitoring, development and support

Outcome:
 All learning meets Cluey’s rigorous standards



Technology

Intuitive, fully integrated online learning environments

- Purpose-built learning interfaces enable:
- Web-based collaboration – synchronous and asynchronous between tutor and student(s) using shared workspaces and learning tools
 - Real-time communication via video, audio and chat
 - Full Learning Program and content integration
 - Support for a broad range of content types and formats

Outcome:
 Flexible, accessible, and scalable learning interfaces



Data

Deep insight into learning processes and outcomes

- Measurement, collection and analysis of all elements of the learning process including:
 - All Live Learning interactions
 - All Practice interactions
 - Mapping to Learning Programs and Content
- Data is gathered and analysed at scale to drive continuous insights and improvement for students, tutors and Cluey Learning

Outcome:
 Greater quality and precision of services at scale



3 Company/Group Overview

Adaptive Learning Programs & Content

Cluey's learning programs and content are designed by an in-house team of education faculty and instructional designers. These are structured and sequenced to enable Cluey's tutors and students to focus on the students' areas of greatest need and enable them to build on the skills and knowledge learned both at school and with Cluey.

Learning Programs

- Professionally designed, structured and sequenced to support a broad range of learning levels and needs
- Able to be modified and adapted to the specific needs of individual students, while retaining academic quality
- Provide flexibility for Cluey tutors and students to work on their priorities while retaining a robust and quality assured approach to each concept and skill

Value for Cluey students

- Students have direct access to the content they need to support their current level of learning
- Learning content and activities completed with Cluey are directly relevant to a student's schooling and learning growth
- Students can focus on their learning rather than being distracted by the classroom

Value for Cluey tutors

- Cluey tutors have access to a library of directly relevant, professionally developed and quality assured learning content for the students they are supporting
- Cluey tutors do not need to be familiar with all concepts and content for all school levels and curricula they support – the learning programs ensure concepts and content can be properly addressed
- Cluey tutors focus on supporting each student's learning



Learning Programs



Live Online Learning

1-to-1 tuition can be adapted to the individual preferences of each student including scheduling, preferred tutor(s) and priority content/topics. Sessions can be scheduled as frequently as the student needs. Students typically choose to complete one learning session each week for each subject they are enrolled in. Small group tuition is available for students in years 3–6 throughout the year at set times each week. Cluey intends to launch small group tuition for students in Years 7–10 in early CY2021.

Live Online Learning

- Live online learning enables students to work directly with their Cluey tutor for a highly focused session, using the structure, guidance and content of the learning program
- Live online learning sessions take place on Cluey's purpose-built online learning platform, which includes live video, audio, transparent collaborative workspaces, and fully integrated learning content
- All live online learning sessions are monitored and recorded by Cluey

Value for Cluey students

- Students work directly with highly skilled Cluey tutors to focus on their current learning needs and priorities
- In small group learning, students work with their peers on common tasks and priorities
- Students can learn in a safe environment where they access Cluey's online, browser-based learning platform
- Students can access recordings of their learning sessions for review

Value for Cluey tutors

- Cluey tutors focus on the learning needs of each student – Cluey's platform provides clear guidance and resources as well as flexibility to meet the current and changing needs of students
- Cluey tutors can easily adapt learning programs and priorities to meet specific student needs and pace
- Additional benefits to tutors are covered in Section 3.3.1

Hello Amanda!
Welcome to session #6, Alexandria is your tutor today.

Learning goals Practice questions

Learning Practice

- Algebraic Expressions
- Indices with Numerical Base
- Equation Skills
- Solve Quadratic Equations
- Rearrange Formula including Solving Simple Cubics
- Factorise Binomial Products

2:28:50

1. Do you remember how to solve these?

$$\begin{array}{r} 345 \\ + 314 \\ \hline \end{array}$$

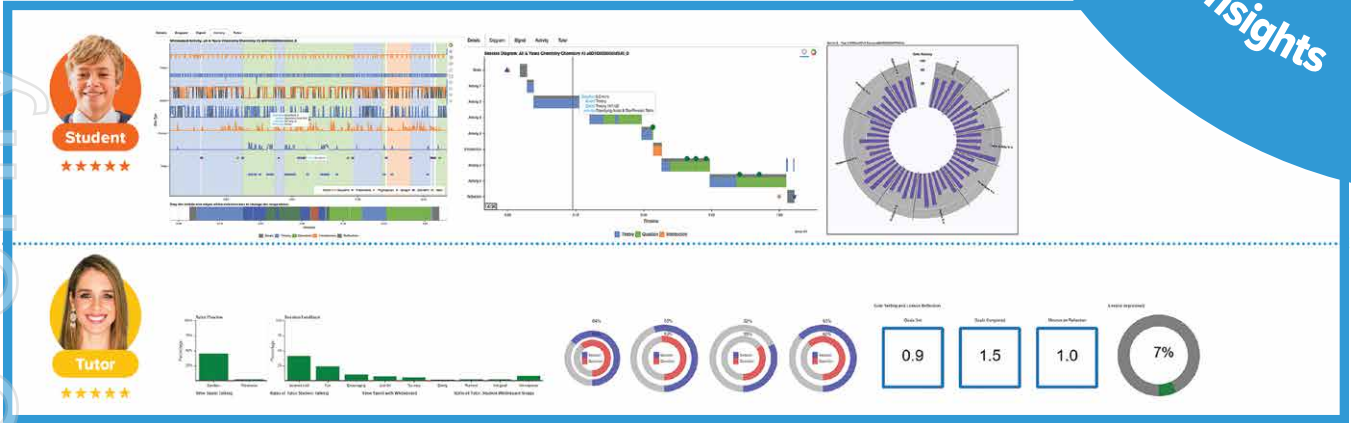
$$\begin{array}{r} 468 \\ - 233 \\ \hline \end{array}$$

$$20 \div 4 =$$

$$3 \times 6 =$$

7315

Live Online Learning



Learning analytics & Insights

Cluey monitors all student and tutor learning interactions during live online learning and guided practice. Additionally, students and tutors provide feedback on their learning after each live online learning session, compiled into an activity report available to students, parents and Cluey tutors.

Cluey's proprietary algorithms and learning analytics monitor and analyse all learning interactions on Cluey's purpose-built learning platforms. For each hour of live online learning, Cluey captures approximately 100,000 data points covering all interactions between the Cluey tutor, student, content, and the learning environment. Cluey's in-house data science team have developed proprietary models and methods to analyse and interpret this data.

Data

For each learning and practice session Cluey collects a wide range of data:

- All voice and video communication are recorded
- All interactions between the tutor, student and the learning environment

- Student feedback after each learning session
- Tutor feedback after each learning session
- Learning content structure and relationships
- All interactions with learning content

Proprietary Algorithms and Analytics

Cluey's data science team uses this data to:

- Directly map all learning activity to learning programs and content
- Measure and map all tutor and student interactions with each learning activity
- Represent each as a simple visual summary
- Link each session summary directly to the session video to allow instant review of any learning activity within the session

- Show student mastery of skills and concepts within their learning programs
- Measure student performance against peer data sets
- Capture and analyse tutor performance signals for each learning session
- Track tutor performance across different subjects, levels and age groups

Cluey uses this information to deliver value to students, tutors and the organisation. This information has enabled Cluey to effectively monitor the quality of more than 900 student sessions per day, flagging any potential issues for follow-up. Quality assurance at scale is key in delivering consistent, high-quality education outcomes for students.

Value for Cluey students

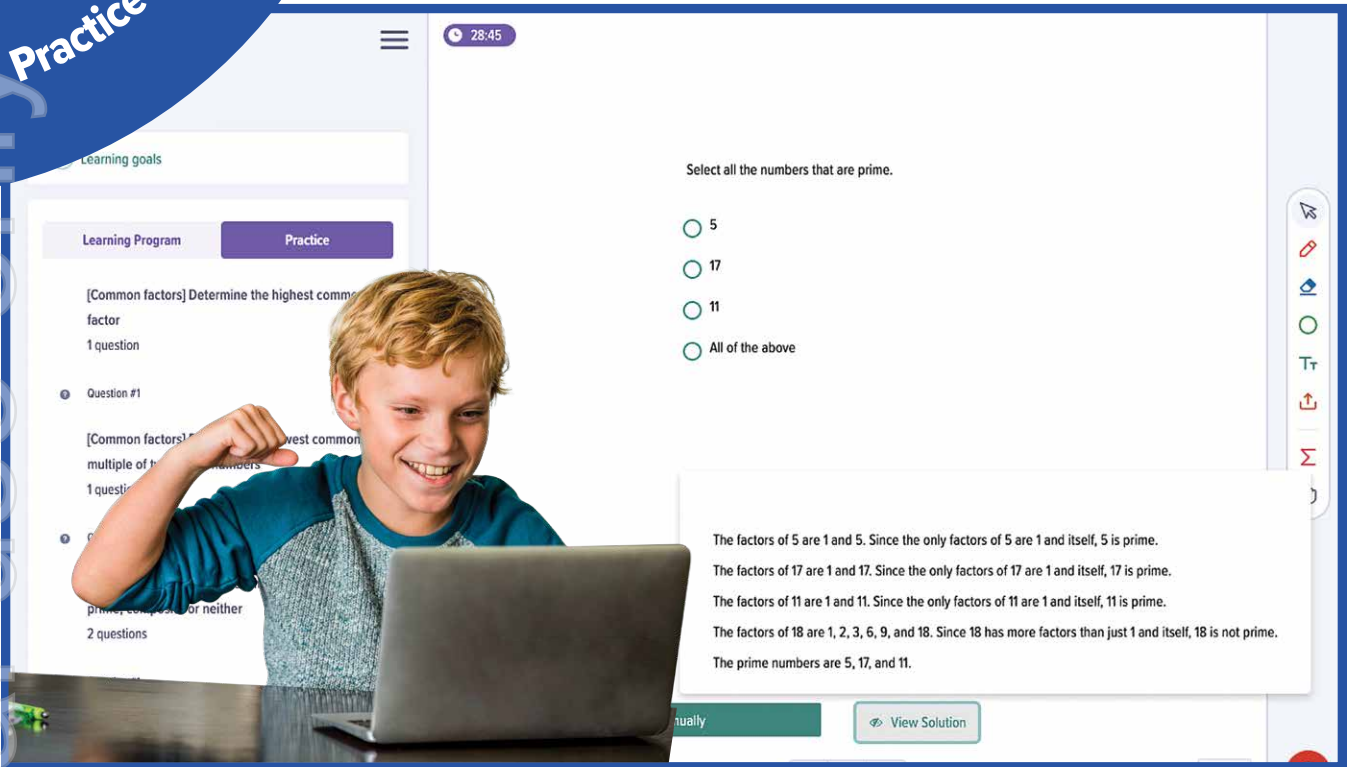
- Clear feedback on priorities and outcomes after each live online learning session
- Capacity to provide feedback to both tutors and Cluey about their tutoring and learning
- Monitoring all sessions supports the provision of a consistently safe and quality-assured learning environment for students

Value for Cluey tutors

- Immediate feedback from the student on session effectiveness
- Structured feedback to students and parents enables Cluey tutors to consistently report on priorities and progress
- Monitoring facilitates quality assurance and professional development processes, enabling Cluey tutors to understand and improve their performance

Value for Company

- Tutor development team can quickly review any learning session or specific learning interaction
- Tutoring quality can be measured, benchmarked and improved at scale



Guided Practice & Revision

Cluey students may be assigned additional learning activities by their Cluey tutors to consolidate or extend their learning. These activities are accessed and completed by students independently using Cluey’s online learning platform, and auto-marked, with feedback provided in the subsequent session.

Additional practice or preparation activities are aligned to the student’s current learning program and priorities and are incorporated into subsequent learning sessions.

Guided practice & revision

- A set of targeted activities aligned to the student’s current learning program and priorities
- May be pre-set (in group learning and test preparation learning programs) or assigned by the Cluey tutor based on current needs and priorities

Value for Cluey students

- Opportunity to revise, extend and/or demonstrate their learning
- Increases the amount of targeted learning for a participating student
- Can be completed independently and/or an opportunity for parents to engage in their child’s learning

Value for Cluey tutors

- Opportunity for Cluey tutors to keep sessions focused on providing targeted support to students and leverage practice for additional learning activities
- Practice activities are assigned and managed by Cluey’s systems – Cluey tutors are able to set priorities for the student and review their performance without additional preparation

3 Company/Group Overview

Education Operations

Cluey's education operations processes ensure a scalable approach to consistently high-quality learning for students. They include:

Professional Full-Time Faculty	Large Network of Skilled Cluey Tutors	Dedicated Tutor Selection, Development and Support
<ul style="list-style-type: none">● Set standards for the provision of learning support to students● Design, develop and continuously improve high quality learning programs and content	<ul style="list-style-type: none">● Work directly with students to support their learning, using learning programs, platforms, and data managed by Cluey	<ul style="list-style-type: none">● Select, onboard, train, support, quality assure and continuously improve Cluey's network of skilled tutors

Technology

Cluey's technology capabilities have been developed to support consistently high quality, targeted learning at scale and include purpose-built learning platforms, customer support systems and an end-to-end student management system. These investments enable Cluey to continue to scale rapidly, efficiently and cost effectively.

Cluey Learning Environments	Fully integrated support and Enterprise systems
<p>Supporting live online learning, both 1-to-1 and small groups, and guided practice.</p> <p>Includes:</p> <ul style="list-style-type: none">● Live synchronous video, audio and text-based chat● Fully integrated learning programs and content● Fully transparent collaborative workspaces and content tools● Session guidance and notifications, including learning goals and reflection● Full integration with practice content and activities accessible at any time● Pre-session preparation● Post-session feedback and reporting● Browser-based for easy access● Architected to support substantial further growth in student and tutor activity across live learning and guided practice	<p>Customer portal to facilitate customer relationships and self-help:</p> <ul style="list-style-type: none">● Student and session reporting● Service configuration and schedule management● Account management● Feedback and help● Architected to support substantial further growth in customer self-help activity and features <p>Student management system designed and developed in Salesforce:</p> <ul style="list-style-type: none">● End-to-end customer data and service management – from sales through to ongoing support● Fully integrated with learning environments, customer portal and tutor portal● Transparent real-time performance reporting● Enables continuous improvements in process efficiency and automation● Highly scalable

3.3 Key Processes & Operations

3.3.1 Tutoring and Tutor Operations

Cluey's value proposition to Cluey tutors

Cluey tutors are a core component of the Cluey offering. Cluey supports tutors to ensure high quality of learning for all students.

The support and benefits for tutors working with Cluey are shown below:

Cluey's Tutor Support	Benefits to Cluey Tutors
Learning programs guide Cluey tutors and students in their teaching and learning	<ul style="list-style-type: none">● Cluey tutors can leverage the expertise of Cluey's professional education team to help them support students● Cluey tutors are guided through the process of providing consistent and actionable feedback to students and parents
The learning platform creates a safe and effective environment for focusing on student needs	<ul style="list-style-type: none">● All content, materials and guidance are directly available to Cluey tutors as needed● Cluey tutors work from anywhere with a stable internet connection (no travel time required)
Cluey's proprietary learning analytics enable high quality assurance and professional development for all Cluey tutors	<ul style="list-style-type: none">● Cluey tutors receive support and development
Cluey manages all aspects of recruiting, matching and managing students	<ul style="list-style-type: none">● Cluey tutors have a large amount of flexibility and efficiency relative to alternatives, such as working for a learning centre● No hidden costs for Cluey tutors that are normally associated with traditional tutoring – finding and managing students, travelling, lesson preparation and administration

3 Company/Group Overview

Tutor operations, selection and development

There is significant attention dedicated to selecting, onboarding, supporting and developing Cluey tutors as highlighted in Figure 3.7.

Figure 3.7: Cluey tutoring operations – key functions and responsibilities



Tutor selection

- ✓ Tutor marketing, selection and application
- ✓ Tutor screening:
 - Phone screens
 - Video submission reviews
 - Interviews



Tutor validation

- ✓ Discipline validation
- ✓ Credential validation
- ✓ Core skills and expertise validation
- ✓ Working with children check



Onboarding

- ✓ Tutor welcome and onboarding processes
- ✓ New tutor training (asynchronous modules and webinars)
- ✓ Tutor readiness assessment
- ✓ Approval to tutor certain subjects and levels

Before session



After session



Quality assurance

- ✓ Leverage Cluey data analytics for daily tutor session quality summaries (relative to standards)
- ✓ Review student and tutor feedback
- ✓ Observe concerns relating to tutoring sessions – full recordings
- ✓ Random sampling for observation and feedback



Training and development

- ✓ Development and oversight of training materials
- ✓ Monitor tutor training and development needs
- ✓ Link tutor development to quality assurance
- ✓ Cluey tutor collaboration for shared support and learning



Tutor administration

- ✓ Tutor personnel and availability planning
- ✓ Tutor utilisation management (load balancing capacity with existing Cluey tutors to facilitate spikes in demand)
- ✓ Manage Cluey tutor accounts and availability
- ✓ Tutor care/support
- ✓ Tutor remuneration

3.3.2 Tutor Personnel

Cluey engages three types of tutors, as summarised in Figure 3.8 below:

Figure 3.8: Cluey tutor categories:

Tutor Categories		
Teachers	University students	Other tutors
<ul style="list-style-type: none"> Trained and accredited educators Experienced and confident at providing tutoring and supporting children Comfortable with tutoring small groups Includes full and part-time teachers, pre-service teachers and former teachers (or teachers taking a break from classroom instruction) Approximately 29% of Cluey's current tutors are teachers Estimated pool of 288,000 schoolteachers and approximately 120,000 education graduates³⁰ 	<ul style="list-style-type: none"> Completed school and currently pursuing further studies Very familiar with subject, expectations, student needs and a high degree of digital literacy Most effective when not required to spend extensive time on lesson planning, preparation and content development Highly relatable to students A new cohort of potential tutors every year (as high school graduates move into university) Approximately 62% of Cluey's current tutors are university students Estimated pool of approximately 1 million domestic students³¹ 	<ul style="list-style-type: none"> Primary job is extra-curricular education Experienced and confident tutoring children individually or collectively Approximately 9% of Cluey's current tutors are considered 'other tutors' Estimated pool of 46,000 other educators³²

Since launch, Cluey has received over 14,000 applications for tutor positions. Cluey is highly selective of its tutors, having selected approximately 6% of the total applicants. Given the extensive pool of potential tutors across Australia, management is confident in Cluey's ability to significantly scale its tutor operations while still ensuring quality.

As highlighted in Figure 3.9, during FY2020, Cluey tutors have provided over 180,000 hours of peak availability³³ with an average utilisation rate of 46%. Cluey seeks to provide enough sessions to fill approximately ~50% of tutors' capacity at any one time, allowing for spare capacity to satisfy demand during peak times.

30 Australian Bureau of Statistics (excluding Early Childhood teachers from the ABS School Teacher category).

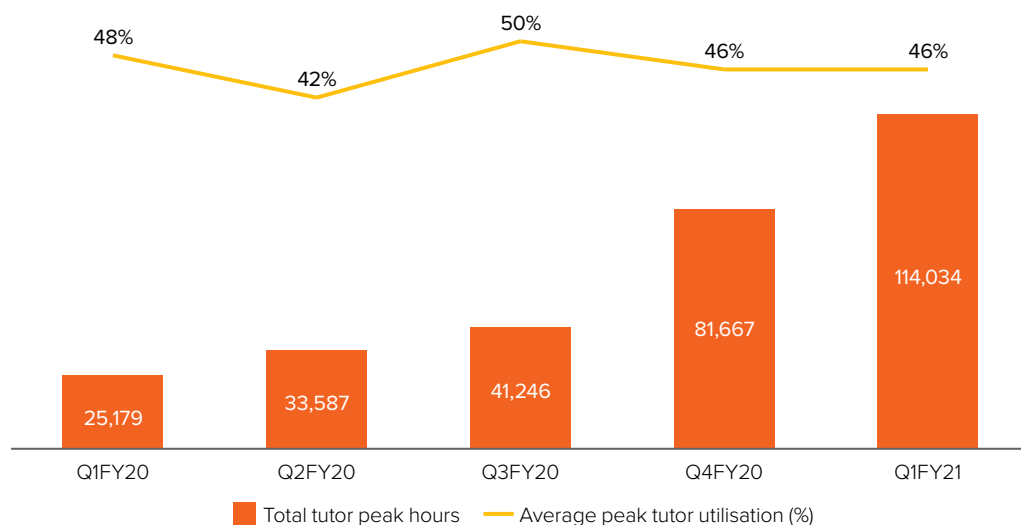
31 <https://www.universitiesaustralia.edu.au/wp-content/uploads/2019/06/Data-snapshot-2019-FINAL.pdf>

32 <https://cica.org.au/wp-content/uploads/Australian-Jobs-2019.pdf>

33 Peak hours between 3:30pm-8:00pm Sydney time, Monday to Friday.

3 Company/Group Overview

Figure 3.9: Tutor availability hours and capacity utilisation



3.3.3 Student Engagement and Support

As part of managing ongoing relationships with its students, Cluey provides a range of support and configuration options to ensure students are continuing to engage with and derive value from their Cluey enrolment.

When supporting students, Cluey typically follows a three-stage process to improve the quality and scalability of support services.

- Respond to immediate or changing student needs with student-focused manual processes – enabling Cluey to understand and validate student support needs.
- Streamline and scale valuable support processes.
- Convert those student support processes to student self-service options.

The main types of support provided to students are summarised below:

- Onboarding – getting ready to start a new learning program with Cluey.
- Schedule management – making temporary or permanent changes to tutorial schedule.
- Account management – making changes to student account configuration.
- Session support – ensuring students are able to attend their tutorial sessions on time.

Automated self-service options are available for each of these activities, but students are also able to access assistance from Cluey's student care team, which currently comprises 29 full time equivalent employees who are available Monday to Friday 9am to 9pm Sydney time and Saturday and Sunday 9am to 6pm Sydney time. While the student care team is scalable, Cluey is focussed on process automation and student self-service initiatives to provide efficient and effective student support and provide operating leverage to Cluey as it seeks to scale its business.

3.4 Sales & Marketing

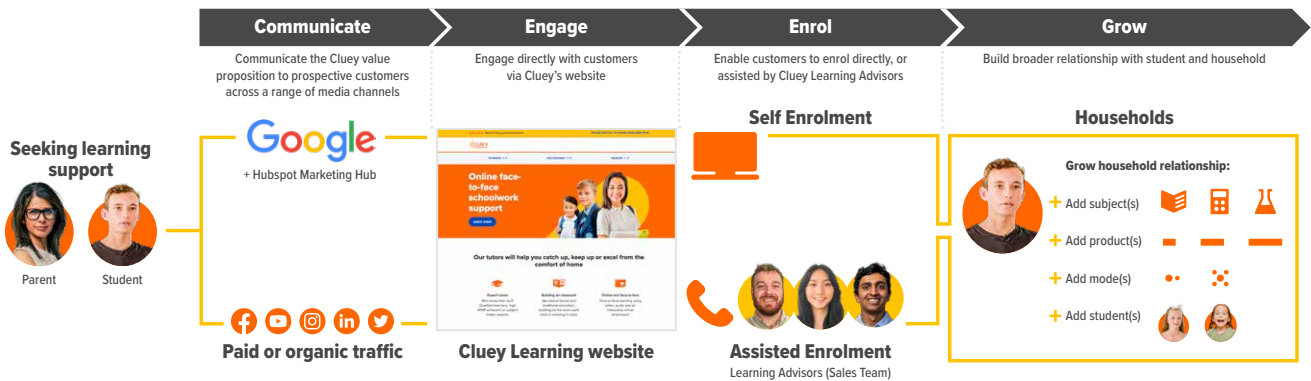
Cluey invests in consumer research and analytics to understand its markets and its end consumers, the students. The education sector for school-aged students has complex stakeholder dynamics: institutions (particularly schools), parents and students are all active voices in forming attitudes and behaviours.

Cluey’s internal “voice of the customer” team leads the ongoing analysis of stakeholder attitudes and priorities, informing Cluey’s brand positioning and communications approach to various stakeholders.

3.4.1 Customer Acquisition

Cluey’s student acquisition strategy is based on a combination of online and offline marketing channels that generate leads for the learning advisors in the sales team, as illustrated in Figure 3.10:

Figure 3.10: Student enrolment journey

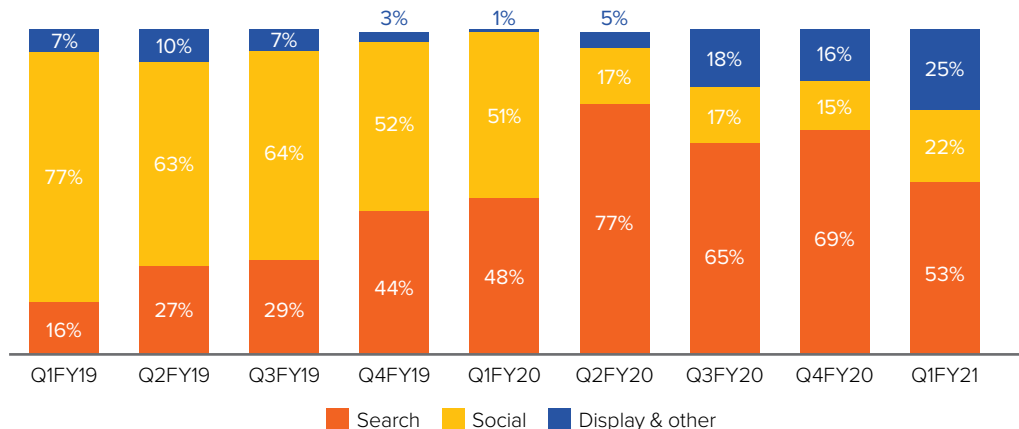


Key elements of Cluey’s customer acquisition strategy and process include the following:

- The majority of media spend is invested through paid online channels targeted by a dedicated acquisition team including online search, social media, online display, paid content, affiliates and other channels.
- A smaller but growing allocation of media spend is directed towards offline marketing channels that include television, radio, print media, public relations and outdoor advertising, building brand equity with Cluey’s target audience.
- Cluey’s paid digital marketing initiatives are supported via brand campaigns focused on establishing Cluey as a reputable and leading voice in the Australian education sector.
- Students enrol through either self-service online enrolment channels or with assistance from the learning advisor team.
- Cluey’s marketing team closely monitors performance in media mix and sales performance. As highlighted in Figure 3.11, the team regularly applies responsive approaches that adjust marketing investment based on the performance data observed to drive investment in channels, initiatives and sales improvements that generate the highest returns.

3 Company/Group Overview

Figure 3.11: Marketing spend mix¹



1. Total % in any quarter may be less than 100% due to minor rounding difference.

- The acquisition team continuously seeks to optimise student journeys and critical conversion points.
- Cluey supports its marketing through the development of promotional collaborations and partnerships with other businesses including Mastercard, Harvey Norman and Microsoft.

3.5 Revenue model

3.5.1 Gross Revenue

Cluey enrolls students into learning programs, which guide the student's learning through each of the core services; live online learning tutorials and guided practice. In most instances, a student's enrolment is ongoing, but is not a subscription and there is no explicit maximum service period. Importantly, students are not locked into service contracts and can pause or cancel at any time.

Cluey generates revenue from the live online learning tutorial sessions which are either 1-to-1 or in a small group. While most students typically complete 1 session per week for each subject in which they are enrolled, students enrolled in 1-to-1 learning programs are able to increase or decrease tutorial frequency (e.g. to two sessions per week, or one session per fortnight). Additionally, students can temporarily pause their learning programs while remaining enrolled with Cluey (e.g. during school holiday periods).

Cluey's additional services (including guided practice, reporting, access to session recordings and use of self-service tools) are available at no additional charge to students actively enrolled in a learning program.

3.5.2 Key Revenue Drivers

Tutoring Session Price

As described in Section 3.5.1, Cluey generates revenue from student participation in learning programs, comprising live online tutorial sessions, which are either 1-to-1 or small group variants. For small group sessions, the number of students (currently up to four per group, with an increase to five planned from January 2021) is a driver of revenue per small group session. As at September 2020, Cluey's price per week (including GST) for a learning program (assuming one tutoring session per week) was \$80 for the 1-to-1 offering and \$45 for the small group offering.

Learning Session Frequency

In FY2020, Cluey students completed an average of 3.4 sessions per student per month. As the Cluey service is flexible to meet individual student needs, different students engage with Cluey with varying frequency, for example:

- Every week of the year.
- Multiple times a week and/or for multiple subjects.
- Only during school terms.
- To receive assistance with a specific education topic, then potentially return for assistance on another topic.
- In short durations prior to a specific assessment such as NAPLAN or examinations.

Number of Subjects Enrolled

A number of students enrol simultaneously in multiple subjects with Cluey. In FY2020, the average number of subjects per student was 1.4.

Promotions

From time to time, Cluey offers promotional discounts (e.g. for the purchase of multi-week learning support programmes, or as part of an introductory offer). For FY2020, discounting represented 11% of Gross Revenue.

Other income

Cluey generates a small amount of additional income from Research & Development grant income, interest income and the COVID-19 cash boost stimulus received. As of FY2020, other income represented 9% of Revenue.

3.5.3 Key Cost Items

Tutor costs

Cluey generates a small amount of additional income from Research & Development grant income, interest income and the COVID-19 cash boost stimulus received. As of FY2020, other income represented 9% of Revenue.

Customer Acquisition Costs

Cluey uses a direct marketing model to target potential students, particularly using digital media (for more details refer to *Section 3.4 Sales & Marketing*). The primary components of customer acquisition costs ('CAC') are marketing spend to generate paid or organic website traffic and learning advisors who assist in converting leads to enrolments:

- **Marketing spend** – Cluey's marketing strategy involves acquiring students through a combination of online and offline marketing. Cluey's marketing team monitors the performance of each marketing channel, taking a proactive approach based on data to continuously optimise marketing investment in order to generate the highest returns.
- **Learning advisors** – As at September 2020, Cluey has an in-house team of 22 learning advisors who are responsible for managing inbound enquiries and advising parents and students about the most appropriate Cluey learning programs to support their specific education needs. Learning advisor costs are a combination of salaries and performance-based commissions. For more details see Section 4.

Gross Profit

Gross profit is calculated after deducting tutor costs associated with the delivery of the tutorial sessions from net revenue. During FY2020, gross profit has improved as a result of the introduction of the small group service, which is a higher margin offering, and lower discounting. The Company expects that Cluey will achieve further improvements in gross profit margins, as the small group service is expanded to include additional school years and as traction for this offering increases. In FY2020, 5% of student sessions were for small groups, which is currently only available for students in years 3-6, with plans to expand the offering to secondary school students in CY2021.

3.5.4 Unit Economics

Cluey's business model demonstrates profitable and improving unit economics driven by a trend of decreasing CAC and favourable trends on the key drivers of estimated customer lifetime value ('Estimated LTV').

Cluey seeks to enhance its unit economics by improving the ratio of Estimated LTV to CAC. This is explained below:

- Unit economics are the direct revenues and cost associated with a particular business model expressed on a per unit basis. In Cluey's case, the 'unit' is the individual student.
- CAC represents the initial costs of acquiring a student (i.e. marketing expenses such as media spend, affiliate commissions and sales personnel salaries and incentives, excluding management overheads) which is calculated over a quarter per new student (in the period they complete their first session).

3 Company/Group Overview

- After assessing CAC, the amount of value each student may generate (i.e. Estimated Lifetime Revenue and Estimated LTV) is estimated based on historical data.
 - Estimated Lifetime Revenue is calculated based on a cohort of students (i.e. all students starting in a particular quarter) and calculating the expected revenue generated from the cohort after churn (i.e. as some students cease purchasing tutoring over time) over various time periods³⁴:
 - Estimated LTV is calculated by multiplying Estimated Lifetime Revenue by the relevant gross profit margin for the respective periods.

During FY2020, Cluey made significant progress in reducing its CAC and improving Estimated Lifetime Revenue and Estimated LTV, as illustrated in Figure 3.12 and Figure 3.13, respectively.

Figure 3.12: FY2020 Estimated Lifetime Revenue compared to quarterly CAC for FY2020

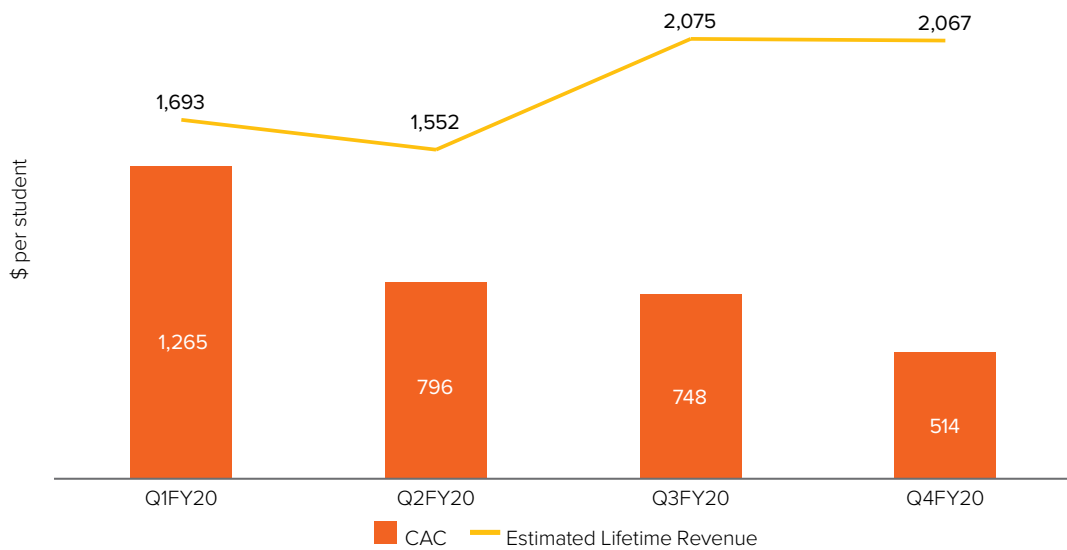
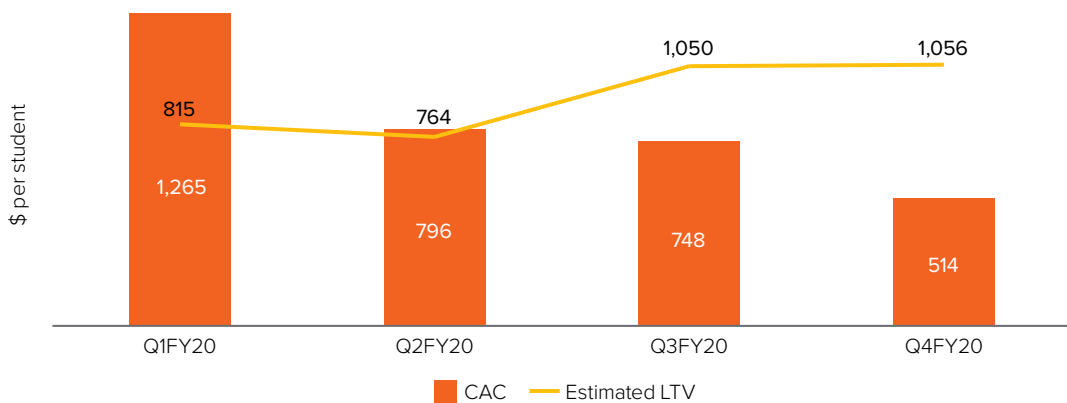


Figure 3.13: FY2020 Estimated LTV compared to quarterly CAC for FY2020



34 Cluey has 27 months of actual student cohort performance data from July 2018 to September 2020; Cluey still has active students in its oldest cohort (over 24 months). For the purposes of calculating Estimated Lifetime Revenue, revenue for a cohort is assessed by combining:

1. actual revenue generated since acquisition of a cohort to date;
2. expected revenue from the active students in the cohort in remaining months up to month 24 which is estimated using actual historical churn rates and monthly spend figures from prior historical cohort data, at current prices; and
3. expected revenue beyond month 24 which is estimated based on the number of active students still active in month 24 of the relevant cohort, the ongoing monthly churn rate observed between months 12 and 24 of engagement with Cluey and average monthly net revenue for that period.

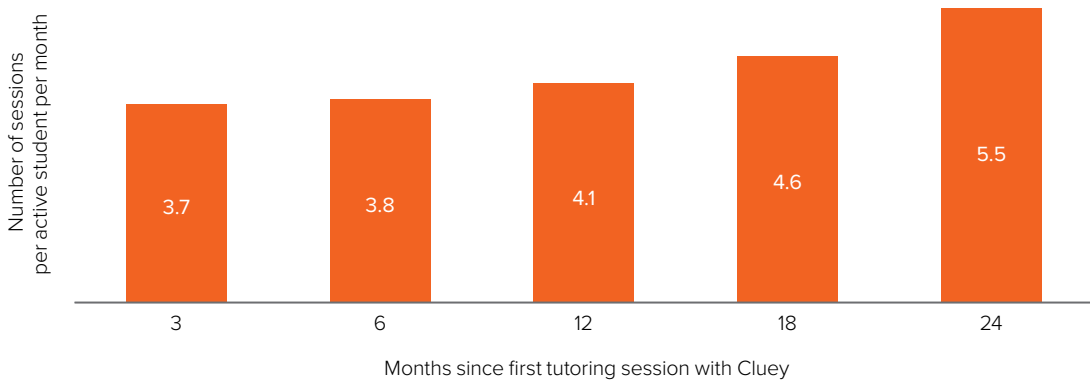
For the purposes of calculating Estimated LTV, gross profit for a cohort is assessed by multiplying:

1. actual revenue generated since acquisition of a cohort to date by the actual observed monthly gross profit margin; and
2. expected revenue up to and beyond month 24 by the actual observed gross profit margin in H2 FY2020.

Cluey has observed a number of trends which contribute to an increase in Estimated Lifetime Revenue:

Students that are retained for longer are more engaged with the Cluey services, as illustrated in Figure 3.14:

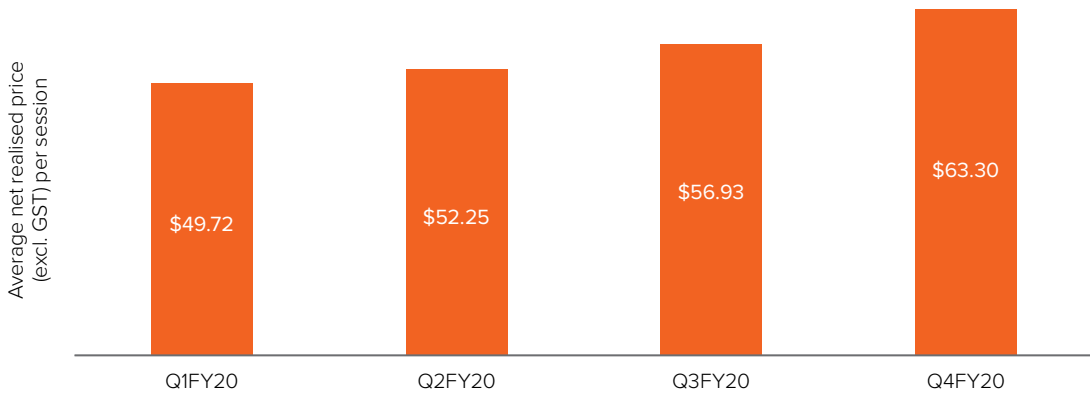
Figure 3.14: Average number of sessions per student per month over time



The above chart shows the average monthly sessions by Cluey students over a 24-month period. For a student to be included in the calculation for a particular column, the length of time that has elapsed since the student first tutored with Cluey must be at least as long as the time period indicated for such column.

Average net realised price per session continued to increase during FY2020, as illustrated in Figure 3.15:

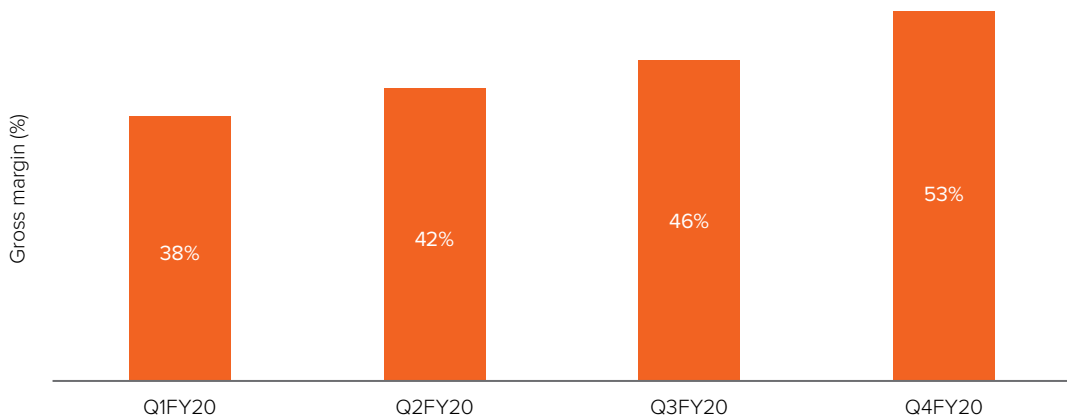
Figure 3.15: Average net realised price (excl. GST) per session (\$ per session)



Cluey has also continued to improve its gross profit margin during FY2020, as illustrated in Figure 3.16 leading to an increase in Estimated LTV.

3 Company/Group Overview

Figure 3.16: Quarterly gross profit margin



Cluey provides the analysis in Section 3.5.4 as an illustration of how it analyses its unit economics. It believes those economics are attractive and illustrate the success of its business model to date. However, these figures are largely reflective of past performance, and compiled over a relatively short trading history. These figures are not necessarily indicative of future performance and investors should not place undue reliance on them. Future performance may differ materially from the outcomes illustrated above.

While significant progress has been made to date, Cluey remains focused on improving its unit economics. Figure 3.17 highlights some of Cluey’s focus areas:

Figure 3.17: Key initiatives to improve unit economics

Focus area	
Improve lifetime value	Early engagement – focus on enhancing student onboarding and early engagement to establish and optimise individual service configuration as soon as possible.
	Optimise subjects per student and engagement frequency – continue to drive improvements in activity and revenue per student.
	Focus on reasons students leave Cluey – Cluey has a team dedicated to understanding the drivers of student cancellations. This team initiates continuous service improvements.
	Student re-engagement and re-enrolment – focus on students who have previously engaged with Cluey to drive re-engagement or re-enrolment in anticipation of changing learning support needs.
Reduce CAC	Marketing optimisation – continuous optimisation of marketing channels that generate the highest returns.
	Brand equity – over time, investments in brand are expected to reduce reliance on paid marketing channels and offset media cost inflation.
	Optimise enrolment processes – support the continued scaling of new student enrolments by enabling prospective students to self-select their optimal enrolment process, either: <ul style="list-style-type: none"> ● Fully online; ● Partially online with Learning Advisor follow-up; or ● Fully supported by a Learning Advisor.
	Increase range of services for students – continue to explore additional services that address current student preferences, including trial sessions and an expanded range of small group options.

3.6 Data Integrity and Security

Data sits at the core of Cluey's offering – from its technology platform to internal business operations, driving analytics and learning insights. Protecting the integrity and security of data has been a core focus of Cluey since inception.

3.6.1 Data Integrity and Security

All communication between system components occurs via encrypted connections to ensure the security of data in motion. Security for data at rest is provided via enterprise-grade security features integrated into the services Cluey uses from third party technology suppliers.

In terms of data integrity and security features:

- All student data is stored in the Salesforce cloud. Access to that data is strictly controlled by Salesforce's data access policies.
- Data collected during student learning sessions is stored in a restricted database within Amazon Web Services and structured in a form that eliminates personally identifiable information.
- Cluey's virtual cloud network is designed with multiple security zones to ensure that different data and system components are isolated from each other.

Cluey selected key platforms and technology to ensure service reliability. The systems that are critical for service delivery to students are deployed in the cloud through enterprise-grade service providers such as Amazon Web Services. These systems are designed for high availability, making extensive use of load balancing, serverless endpoints and a microservice architecture.

3.6.2 Service Safety

Technology design – Cluey's services are delivered online, helping to ensure the safety of students and making Cluey's services available to most students across Australia. Sessions are recorded and monitored to ensure the quality, reliability and security of Cluey's services.

Policies design – All of Cluey's employees and tutors are required to hold up to date Working with Children checks. Moreover, Cluey has policies and procedures covering child protection and online safety for students and Cluey tutors. As part of their onboarding and continuing compliance training, Cluey tutors are required to demonstrate their acceptance and understanding of these policies and procedures.

3.7 Growth Opportunities

Cluey will continue to focus principally on growing its active students, student activity, and student contribution as part of its core growth strategy (see below – Grow Core Services). Cluey is well placed to continue growing due to investments already made in the following:

- Scalable approach to teaching and learning – the combination of learning programs with content designed in-house and the provision and support of Cluey tutors enables scale while ensuring relevance to each student.
- Scalable approach to customer acquisition – building on Cluey's demonstrated ability to monitor and optimise engagement across all channels and enrolment methods.
- Scalable approach to customer support – as an increasing proportion of customers opt for self-service, process improvements and automation will drive efficiency and reduce costs.
- Scalable approach to tutor selection and quality assurance – demonstrated by a large available tutor pool and ease of selection, and building on an increasingly automated approach to session and tutor quality assurance.
- Scalable technology platforms – all key systems have been designed and built in anticipation of substantial increases in customer activity, leveraging enterprise-grade partners to enable greater scale.
- Extensive use of data in growing and improving core services and operations – as Cluey's services continue to scale, more customer insight is generated across the entire customer life cycle, enabling continuous service improvement, efficiency and growth.

3 Company/Group Overview

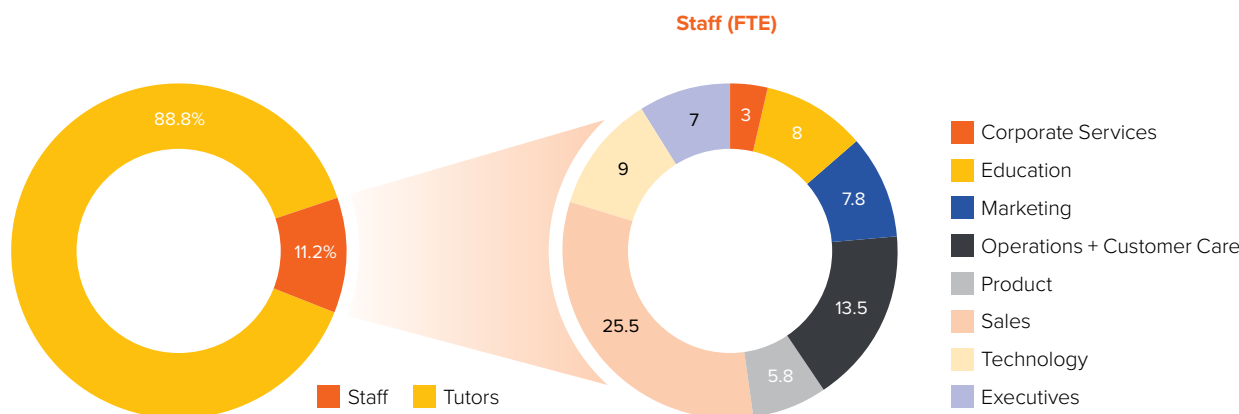
Additionally, in due course, Cluey's investments and capabilities are anticipated to create opportunities for further growth and expansion outside its core services and markets, to both complement and diversify its current products and revenue streams (see below – Further Expansion).

GROW CORE SERVICES	Active student growth	Continue to grow Cluey's active student base by: <ul style="list-style-type: none"> Expanding and optimising current student acquisition methods and strategies; Expanding range of marketing and student acquisition partnerships – focusing on complementary organisations with established student relationships; and Extending small group programs to secondary school students in CY2021 to capture more of the available market.
	Student activity and contribution growth	Continue to grow the activity and contribution of students enrolled with Cluey through: <ul style="list-style-type: none"> Encouraging increasing student learning frequency and tenure; Promoting adoption of additional subjects and services by individual Cluey students; Continuing to automate key support processes and drive student self-service; and Continuing to focus on optimising unit economics.
FURTHER EXPANSION	Explore further product expansion	Leverage Cluey's key strengths – particularly direct student relationships, learning data analytics and scalable learning infrastructure – to explore new products and services including: <ul style="list-style-type: none"> Other high-demand academic subjects; Additional extracurricular subjects; and Complementary learning and service modes.
	Distribution channels	Continue to explore additional service distribution opportunities, including working with schools and other academic institutions or networks.
	Strategic acquisitions	The learning support market is highly fragmented, creating opportunities for Cluey to accelerate expansion of product offerings or distribution via strategic acquisitions.
	International expansion	Explore expansion into other English-speaking school systems with similar curricula through direct entry, partnerships, or strategic acquisitions.

3.8 People

The Group’s executive management team is supported by 73 additional head office employees and over 620 tutors as at September 2020. Cluey’s largest teams engage directly with their customers – Tutors, Sales and Operations, and Customer Care.

Figure 3.18: Cluey tutors and staff as at 30 September 2020



3.9 Independent Education Advisory Board

Cluey’s Education Advisory Board (‘EAB’) advises Cluey’s management on key issues impacting the education sector, regulatory and governance issues relating to education entities, and provides oversight of the quality and relevance of Cluey’s pedagogy and educational services. Members of the EAB are:

- Prof. Ian Young (Inaugural Chair) – former Vice-Chancellor of both ANU and Swinburne and currently Kernot Professor of Engineering at the University of Melbourne;
- Prof. Garry Falloon – Associate Dean, International and Professor of Digital Learning in the Faculty of Human Sciences at Macquarie University, a former teacher and a digital education innovator;
- Prof. William Lovegrove – former Vice-Chancellor of the University of Southern Queensland, Emeritus Professor in Psychology at the University of Wollongong and President of the Nan Tien Institute;
- Prof. Chris Tisdell – Associate Dean (Education) of the Faculty of Science and Director of the Scientia Education Academy, University of NSW and a champion of digital education and STEM; and
- Prof. Rosalind Dixon (member elect) – Professor of Law at University of NSW, Director of the Gilbert + Tobin Centre of Public Law and passionate about innovating schooling.

The EAB meets quarterly with Mark Rohald and Cluey’s Chief Learning Officer, Dr Selina Samuels. Members of the EAB have been actively involved in initiatives such as developing a Macquarie PACE Cluey Internship program, exploring research project opportunities and, more recently, reaching out to state departments of education, such as the NSW Department of Education, to utilise Cluey’s learning support services within state schools post-COVID-19.

3.10 Social Impact

Cluey believes in the importance of deploying its educational infrastructure to support as many students as possible. To this end, Cluey has established a not-for-profit foundation, The Cluey Learning Foundation, to facilitate a growing portfolio of social impact initiatives. These include:

- **Harding Miller Education Foundation (‘HMEF’)** – Cluey is a sponsor of the program, providing scholarships to high potential girls facing disadvantage and offering discounted tutoring services to all HMEF students;
- **UNSW Aspire Program** – Cluey provides free tutoring services for 100 Year 12 students in NSW in the lead up to the 2020 Higher School Certificate who experience educational disadvantage;

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- **NSW Department of Education** – Cluey is conducting a pilot program for NSW Department of Education in selected schools in Term 4, 2020, to address COVID-19 related learning deficits and challenges, with a view to a possible broader roll-out of learning support programs in 2021; and
- **Gonski Institute at UNSW research** – Cluey is participating in a research project run by the Gonski Institute at University of New South Wales ('UNSW') to analyse the impact of tutoring as a strategy to reduce the academic achievement gap between metropolitan students and those in regional, rural and remote areas.

3.11 COVID-19 Impact

COVID-19 started to have a substantial impact on Australian households and school students towards the end of March 2020, both shifting the majority of school students to online learning and creating uncertainty around the long-term impact on household budgets.

Throughout March, April and May 2020, Cluey observed shifts in the competitive landscape, including:

- increased familiarity with online learning as a result of many schools needing to shift to this mode very quickly;
- increased interest in finding learning support for school students learning at home, often supervised by parents;
- temporary restrictions or closure of many traditional tutoring service providers – both learning centres and freelance face-to-face tutors; and
- increases in the number and range of traditional tutoring service providers promoting and endorsing online learning – both to existing and prospective students.

3.11.1 Financial Impact

The initial impact of COVID-19 on Cluey's business was two-fold:

- Increases in enquiries and enrolments from students seeking additional learning support, preferably online.
- Minor increases in students cancelling their Cluey enrolments due to the impact of the pandemic on their household income and the cancellation of NAPLAN examinations in 2020.

Throughout this initial impact period, and thereafter, Cluey's active students and tutorial sessions continued to grow.

Cluey's view is that the pandemic has had a lasting positive impact on the online learning support sector, accelerating a shift to online learning for school students that was already under way. Cluey has been able to sustain and continue growing levels of student participation even once most Australian States and Territories lifted restrictions on physical attendance at schools and related services (including tutoring centres).

While the health and economic outlooks remain uncertain, Cluey believes the COVID-19 pandemic has reinforced the value and role of high-quality online learning and has accelerated the adoption of online learning.

3.11.2 Operational Impact

In March 2020, Cluey recommended that the majority of its staff work remotely. As all Cluey systems and processes are built, monitored and managed using cloud-based services, this transition was rapid and relatively seamless.

Cluey's business performance has continued to improve throughout 2020, with no noticeable negative impact on performance as a result of the shift to remote work arrangements. Most of Cluey's permanent and casual staff continue to work effectively remotely and management will continue to support flexible working arrangements, enabling staff to choose whether to work remotely or from Cluey's offices, for the foreseeable future.

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4 Financial Information

4.1 Introduction

As noted in Section 9.1 of this Prospectus, on or immediately prior to Completion of the Offer the Company will acquire Quartet Education (that is, the entity which owns 100% of the issued share capital in Cluey). Accordingly, on Completion of the Offer, Quartet Education and Cluey will become Wholly Owned Subsidiaries of the Company.

The financial information contained in this Section has been prepared by the Company in connection with the Offer:

- The historical financial information set out below refers to the consolidated financial statements of Quartet Education (i.e. including the 100% ownership of Cluey) for the historical financial years ended 30 June 2018, 30 June 2019 and 30 June 2020.
- The forecast financial information set out below refers to the consolidated financial statements of the Company (i.e. including the Wholly Owned Subsidiaries, Quartet Education and Cluey) for the forecast year ending 30 June 2021, as though the acquisition occurred on 1 July 2020.

The financial information contained in this Section includes:

Historical Financial Information

- Statutory Historical Financial Information of the Company, comprising the:
 - Statutory historical consolidated statements of profit and loss for FY2018, FY2019 and FY2020 (**Statutory Historical Results**);
 - Statutory historical consolidated statements of cash flows for FY2018, FY2019 and FY2020 (**Statutory Historical Cash Flows**);
 - Statutory historical consolidated statement of financial position as at 30 June 2020 (**Statutory Historical Statement of Financial Position**).
- Pro Forma Historical Financial Information of the Company, comprising the:
 - Pro forma historical consolidated statements of profit and loss for FY2018, FY2019 and FY2020 (**Pro Forma Historical Results**);
 - Pro forma historical consolidated statements of cash flows for FY2018, FY2019 and FY2020 (**Pro Forma Historical Cash Flows**);
 - Pro forma historical consolidated statement of financial position as at 30 June 2020 (**Pro Forma Historical Statement of Financial Position**);

(together the Statutory Historical Financial Information and the Pro Forma Historical Financial Information are referred to as the **Historical Financial Information**).

Forecast Financial Information

Statutory Forecast Financial Information of the Company, comprising the:

- Statutory forecast consolidated statement of profit and loss for FY2021F (**Statutory Forecast Results**);
 - Statutory forecast consolidated statement of cash flows for FY2021F (**Statutory Forecast Cash Flows**); and
- Pro Forma Forecast Financial Information of the Company, comprising the:
 - Pro forma forecast consolidated statement of profit and loss for FY2021F (**Pro Forma Forecast Results**);
 - Pro forma forecast consolidated statement of cash flows for FY2021F (**Pro Forma Forecast Cash Flows**);

(together the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are referred to as the **Forecast Financial Information**).

The Historical Financial Information and Forecast Financial Information together form the Financial Information.

The Statutory Historical Financial Information and Statutory Forecast Financial Information together form the **Statutory Financial Information**.

The Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information together form the **Pro Forma Financial Information**.

Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (refer Section 4.2);
 - information regarding certain non-AAS or IFRS financial measures (refer Section 4.2.4);
 - summary of key pro forma operating metrics (refer Section 4.3.2);
 - the pro forma adjustments to the Statutory Historical Financial Information and the Statutory Forecast Financial Information, and reconciliations to the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information respectively (refer Section 4.3);
 - details of the Group's indebtedness and capitalisation (refer Section 4.5.2);
 - information regarding the Group's liquidity and capital resources (refer Section 4.5.3);
 - management's discussion and analysis of the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information (refer Section 4.8);
 - the specific and general assumptions underlying the Forecast Financial Information (refer Sections 4.6);
 - an analysis of the key sensitivities of the Pro Forma Forecast Financial Information (refer Section 4.7); and
 - details of the proposed dividend policy (refer Section 4.9).
- The Financial Information provided in this Section 4 should be read together with the information provided in this Prospectus, including:
- the sensitivity analysis outlined in Section 4.7;
 - the risk factors outlined in Section 5;
 - the description of the use of the proceeds of the Offer described in Section 7.1.2;
 - the Independent Limited Assurance Report, set out in Section 8; and
 - the indicative capital structure described in Section 9.2.

4.2 Basis of Preparation and Presentation of the Financial Information

4.2.1 Overview

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of the Company, together with its forecast financial performance and cash flows. The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information presented in this Prospectus has been reviewed by BDO Corporate Finance (East Coast) Pty Ltd (**BDO**) in accordance with the *Australian Standard on Assurance Engagements (ASAE) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of the Independent Limited Assurance Report (refer to Section 8).

The Group operates on a financial year ended 30 June. All amounts disclosed in this Section 4 are presented in Australian Dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

Measurement and Recognition Principles

The Statutory Financial Information has been prepared and presented in accordance with the measurement and recognition principles prescribed in Australian Accounting Standards (**AAS**) (including the Australian Accounting Interpretations issued by the Australian Accounting Standards Board (**AASB**)), which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The Statutory Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

4 Financial Information

Post-Listing, the Group will continue to prepare its financial statements in accordance with AAS and its financial statements post-Listing will be audited and reviewed by the Group's auditor in accordance with Australian Auditing Standards.

Significant Accounting Policies

The significant accounting policies adopted in the preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout the financial periods presented in this Prospectus, unless otherwise stated.

The Group adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

The impact of adoption on opening retained profits as at 1 July 2019 is immaterial.

4.2.2 Preparation of the Historical Financial Information

Statutory Historical Financial Information

The Statutory Historical Financial Information has been extracted from the audited consolidated financial statements of Quartet Education for FY2018, FY2019 and FY2020 as described in Appendix A of this Prospectus.

Quartet Education's consolidated financial statements for FY2018, FY2019 and FY2020 have been audited by Deloitte in accordance with Australian Auditing Standards. The auditor issued an unqualified opinion on the financial reports for the financial periods ended 30 June 2018, 30 June 2019 and 30 June 2020. The auditor issued an Emphasis of Matter opinion on the financial report for the financial period ended 30 June 2019 on the basis of material uncertainty related to going concern prior to the Series B capital raise completed between May to August 2020.

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus.

The Pro Forma Historical Results and Pro Forma Historical Cash Flows have been derived from the Statutory Historical Financial Information, with pro forma adjustments being made to eliminate certain non-recurring items, and adjustments to reflect the Group's operating and capital structure following Completion.

The Pro Forma Historical Statement of Financial Position as at 30 June 2020 is based on the reviewed financial statements of the Group at that date adjusted to reflect the impact of the Offer and other material transactions post 30 June 2020 (refer to Section 4.5).

The Pro Forma Historical Information has been presented on a comparable basis to the Pro Forma Forecast information and has been adjusted to reflect the impact of all material events occurring before 30 June 2020 including;

- incremental costs of being a publicly listed entity;
- eliminating certain items inconsistent with the future operating structure of the Company;
- impact of the Offer including capital raised and Offer costs, and the capital structure in place after the IPO;
- eliminating certain items in relation to the Convertible Loan Note interest and revaluation on conversion; and
- eliminating COVID-19 stimulus adjustments.

Refer to Section 4.3 for a reconciliation between Statutory Historical Results and Pro Forma Historical Results, to Section 4.4 for a reconciliation between the Statutory Historical Cash Flows and the Pro Forma Historical Cash Flows and to Section 4.5 for a reconciliation between the Statutory Historical Statement of Financial Position and the Pro Forma Historical Statement of Financial Position.

Investors should note that past results are not a guarantee of future performance.

4.2.3 Preparation of the Forecast Financial Information

The Forecast Financial Information is unaudited and has been prepared solely for inclusion in this Prospectus. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information.

The Forecast Financial Information has been reviewed by BDO in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of the Independent Limited Assurance Report on the Forecast Financial Information (refer to Section 8), which has been prepared solely in connection with the offer of shares in Australia.

Statutory Forecast Financial Information

The Statutory Forecast Financial Information has been prepared by the Group based on an assessment of present economic and operating conditions and on a number of assumptions, including the general assumptions and the Directors' best estimate specific assumptions set out in Section 4.6.

The Directors have prepared the Statutory Forecast Financial Information with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned to not place undue reliance on the Statutory Forecast Financial Information. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of the Group, the Directors and management. Accordingly, none of the Company and its Directors and management or any other person can give investors any assurance that the outcomes disclosed in the Statutory Forecast Financial Information will arise.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Statutory Forecast Financial Information, and that this may have a material positive or negative effect on the Group's actual financial performance, cash flows or financial position. Investors are advised to review the assumptions set out in Sections 4.6 in conjunction with the sensitivity analysis set out in Section 4.7, the risk factors set out in Section 5, the key accounting policies set out in Appendix A, and other information set out in this Prospectus.

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Pro Forma Forecast Financial Information

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information. In preparing the Pro Forma Forecast Financial Information, pro forma adjustments have been made to the Statutory Forecast Financial Information to:

- reflect the Group's operating and capital structure following Completion;
- to eliminate certain non-recurring items, including costs of the Offer; and
- to reflect public company expenses.

Refer to Section 4.3 for reconciliations between the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information.

The Directors have no intention to update or revise the Forecast Financial Information or other forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

4.2.4 Non-AAS or IFRS financial measures

The Group uses certain measures to report on its business that are not recognised under AAS or IFRS. These measures are collectively referred in this Section 4.2.4, and under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC, as "non-IFRS financial measures".

The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **Cost of Sales** represents amounts paid (or due to be paid) to tutors for their services in the provision of online tutoring.
- **Gross Profit** is Revenue less Cost of Sales.
- **Gross Margin** is Gross Profit divided by Revenue.
- **New students** are the sum of those students that have their first tutoring session in that month.
- **Active students** are the total number of students that have a tutoring session in that month.
- **Variable acquisition expenditure** is the sum of media, brand and marketing spend and learning advisors (sales) salaries, commissions and superannuation (excluding management overheads) for a particular month.
- **Variable CAC ('customer acquisition cost') per new student** is the total variable acquisition expenditure in a particular month divided by new students with a session during the month.
- **Student Sessions** is the sum of student sessions with revenue within that month (noting that a small group tutoring session will consist of between two and four student sessions).
- **Working capital** is trade and other receivables and other current assets less trade and other payables and income tax payable and employee entitlements.

Certain financial data included in Section 4 is also non-IFRS financial information.

Although the Group believes that these measures provide useful information about the financial performance of the Group, they should be considered as supplements to the financial statement measures that have been presented in accordance with the AAS and IFRS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way the Group calculated these measures may differ from similarly-titled measures used by other companies. Investors should therefore not place undue reliance on these non-IFRS financial measures.

4.3 Consolidated Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

4.3.1 Overview

Table 4.1 sets out the Pro Forma Historical Results for FY2018, FY2019 and FY2020, the Pro Forma Forecast Results for FY2021F and the Statutory Forecast Results for FY2021F.

Table 4.1: Pro Forma Historical Results for FY2018, FY2019 and FY2020, the Pro Forma Forecast Results for FY2021F, and the Statutory Forecast Results for FY2021F.

	Notes	Pro Forma Consolidated Historical			Pro Forma Consolidated Forecast	Statutory Consolidated Forecast
		FY2018	FY2019	FY2020	FY2021F	FY2021F
\$'000s						
Revenue	1	3	901	4,869	15,475	15,475
Cost of sales	2	(34)	(608)	(2,540)	(7,153)	(7,153)
Gross profit		(30)	293	2,330	8,322	8,322
Marketing expenses	3	(310)	(2,141)	(4,427)	(6,622)	(6,622)
Occupancy expenses	4	(117)	(313)	(350)	(336)	(336)
Administration expenses	5	(1,983)	(2,018)	(3,079)	(3,244)	(2,902)
Employee benefit expenses	6	(3,557)	(7,791)	(11,003)	(13,314)	(13,531)
Loss on revaluation of financial instrument	7	–	–	–	–	(16,392)
Capital raising transaction cost	8	–	–	–	–	(1,951)
Operating expenses		(5,966)	(12,262)	(18,860)	(23,517)	(41,734)
Operating profit/(loss)		(5,997)	(11,969)	(16,531)	(15,194)	(33,412)
Interest expense		–	–	–	–	–
Disposal of assets		–	–	–	–	–
Other income	9	10	328	455	426	476
Other income/(expense)		10	328	455	426	476
Profit/(loss) before tax		(5,987)	(11,641)	(16,075)	(14,768)	(32,936)
Income tax expense		–	–	–	–	–
Net profit/(loss) after tax		(5,987)	(11,641)	(16,075)	(14,768)	(32,936)
Total comprehensive income		(5,987)	(11,641)	(16,075)	(14,768)	(32,936)

Notes:

1. **Revenue** represents the sum of the consideration received from customers in relation to the provision of online tutoring and educational support.
2. **Cost of sales** represents the sum of amounts paid (or due to be paid) to tutors for their services in the provision of online tutoring.
3. **Marketing expenses** represents expenditure incurred in undertaking marketing activities to acquire new students.
4. **Occupancy expenses** represents office rental lease and associated costs of the leased office premise.
5. **Administration expenses** represents corporate, professional, technology and recruitment costs incurred.
6. **Employee benefit expenses** represents employment costs (salary, commissions, bonus, share-based payments and superannuation) paid (or due to be paid) to the Company's employees and associated employment related on-costs (payroll tax, workers compensation premiums).
7. **Loss on revaluation of financial instrument** represents \$6.2m coupon interest on the Convertible Loan Notes and \$10.2m loss on revaluation of the Convertible Loan Notes prior to their expected conversion to common stock.
8. **Capital raising transaction costs** represents legal and advisor costs incurred in relation to raising capital.
9. **Other income** represents Research & Development grant income, interest income and COVID-19 cash boost stimulus received.

4 Financial Information

4.3.2 Key Operating Metrics

Table 4.2 sets out a summary of the Group's key historical operating metrics for FY2018, FY2019 and FY2020 derived from the Pro Forma Historical Results, and the key pro forma forecast operating metrics for FY2021F derived from the Pro Forma Forecast Results.

Table 4.2: Key historical operating metrics for FY2018, FY2019 and FY2020 and key pro forma forecast operating metrics for FY2021F

	Notes	FY2018	FY2019	FY2020	FY2021F
Key operating metrics					
New students		19	1,822	7,615	16,000
Active students (End of Period)		18	811	3,585	8,034
Total variable acquisition expenditure (\$'000s)	1	283	2,906	5,997	9,134
Variable acquisition expenditure per new student (\$)		14,917	1,595	787	571
Student sessions	2	67	18,101	84,009	241,348

Notes:

1. Includes media, brand and marketing spend, learning advisors (sales) salaries, commissions and superannuation (excluding management overheads).
2. Student sessions can include multiple sessions for each tutoring group session (for example small group).

4.3.3 Pro Forma Adjustments to the Statutory Historical Results and Statutory Forecast Results

Table 4.3 sets out the pro forma adjustments that have been made to the Group's Statutory Historical Results and Statutory Forecast Results to reflect the full year impact of the operating and capital structure that will be in place following Completion as if it were in place as at 1 July 2017.

Table 4.3: Pro forma adjustments to the Statutory Historical Results and Statutory Forecast Results

\$'000s	Notes	FY2018	FY2019	FY2020	FY2021F
Statutory net profit after tax		(5,165)	(10,003)	(15,233)	(32,936)
Incremental public company costs	1	(822)	(822)	(822)	(342)
Executives' salary reductions	2	–	(816)	(333)	(393)
Convertible Loan Note transaction costs	3	–	–	519	460
Convertible Loan Note interest	4	–	–	201	6,191
Convertible Loan Note revaluation on conversion	5	–	–	–	10,201
COVID-19 salary reductions	6	–	–	(358)	(662)
Employee Gift Offer	7	–	–	–	90
Share-based payment expense	8	–	–	–	1,182
COVID-19 stimulus – Cash boost	9	–	–	(50)	(50)
Offer costs	10	–	–	–	1,490
Pro Forma net profit after tax		(5,987)	(11,641)	(16,075)	(14,768)

Notes:

- Incremental public company costs** include the incremental expenditure required to be a publicly listed company including Board, listing and ASX fees. These costs are added back as if the Company had been listed since July 2017.
- Executives' salary reductions** relates to voluntary pay reductions of certain executives to preserve cash. In return, the executives were granted options in the Employee Share plan that vest on an IPO event (refer note 8. below). These costs are added back as if they had been paid in the periods the reductions were made.
- Convertible Loan Note transaction costs** relates to advisor and legal fees in connection with the Convertible Loan Notes. These costs are subtracted as they do not form part of the normal course of trading and are non-operational costs.
- Convertible Loan Note interest** relates to interest charged on Convertible Loan Notes to be paid on receipt of ASX approval and before settlement of this Offer. These costs are subtracted on the basis that the Convertible Loan Notes do not form part of Cluey Ltd's capital structure going forward and, as a result, neither is the associated interest expense.
- Convertible Loan Note revaluation on conversion** relates to the reversal of the loss on revaluation of Convertible Loan Notes immediately prior to their conversion. The revaluation loss is reversed as it is considered a one-off item.
- COVID-19 salary reductions** relates to reduced salary expense as a result of a company-wide reduction in salaries for all permanent employees earning over \$50,000, due to the uncertain impacts of COVID-19 on the Company and its ability to raise capital. Salary reductions will normalise 1 December 2020. These costs are added back as if they had been paid in the periods the reductions were made.
- Employee Gift Offer** relates to the share-based payment costs associated with the \$1,000 share gift to all permanent employees on Completion. These costs are subtracted on the basis that the Employee Gift Offer grants are considered one-off and not normal course of business.
- Share-based payment expense** relates to the share-based payment and associated expense on the conversion of the Employee Share plan options into shares on Completion. The share-based payment expense is reversed as the associated impact has been taken into account in Note 2 above.
- COVID-19 stimulus – Cash boost** relates to the benefit received from the government. This other income was added back as the cash boost is not income the Company expects to receive going forward and is thus considered a one-time benefit.
- Offer costs** include legal and accounting due diligence costs, as well as corporate advisor fees and listing costs. Costs associated with the Offer are estimated at \$3.4 million exclusive of GST, of which \$1.9 million is attributable to the issue of new shares under the Offer and therefore capitalised against issued capital. The remaining \$1.5 million relates to Listing and is therefore expensed in the FY2021F Statutory Forecast Results. These costs are reversed as non recurring items.

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4.4 Consolidated Pro Forma Historical Cash Flows, Pro Forma Forecast Cash Flows and Statutory Forecast Statements of Cash Flows

4.4.1 Overview

Table 4.4 sets out the Pro Forma Historical Cash Flows for FY2018, FY2019 and FY2020, the Pro Forma Forecast Cash Flows for FY2021F, and the Statutory Forecast Cash Flows for FY2021F.

Table 4.4 : Pro Forma Historical Cash Flows for FY2018, FY2019 and FY2020, the Pro Forma Forecast Cash Flows for FY2021F, and the Statutory Forecast Cash Flows for FY2021F.

\$'000s	Notes	Pro Forma Consolidated Historical			Pro Forma Consolidated Forecast	Statutory Consolidated Forecast
		FY2018	FY2019	FY2020	FY2021F	FY2021F
Cash flows from operating activities						
Receipts from customers	1	4	1,048	5,394	15,814	15,814
Payments to suppliers and employees	2	(5,528)	(11,863)	(19,986)	(29,590)	(28,460)
Interest paid		(5)	–	–	–	(6,392)
Research and development incentive		–	178	291	290	290
Net cash (used in) provided by operating activities		(5,530)	(10,636)	(14,301)	(13,487)	(18,749)
Cash flows from investing activities						
Interest received		10	73	221	186	186
Deposits made		(99)	(2)	–	–	–
Purchase of property, plant and equipment		(95)	(54)	(39)	(36)	(36)
Purchase of intangible assets		(419)	(191)	(123)	(80)	(80)
Net cash flows from investing activities		(604)	(174)	58	70	70
Cash flows from financing activities						
Proceeds from issue of equity	3	6,721	24,481	25	30,000	30,000
Proceeds from issue of Convertible Loan Notes	4	–	–	11,033	9,505	9,505
Capital raising transaction costs		–	–	–	–	(3,837)
Net cash provided by (used in) financing activities		6,721	24,481	11,058	39,505	35,668
Net increase (decrease) in cash and cash equivalents held		587	13,670	(3,185)	26,089	16,990
Cash and cash equivalents at beginning of financial year		–	587	14,257	11,072	13,891
Cash and cash equivalents at end of financial year		587	14,257	11,072	37,160	30,881

Notes:

- Receipts from Customers** increases due to the growth in new students, active students, sessions and revenue.
- Payment to suppliers and employees** increases due to the increasing tutor costs associated with the growth in sessions, increased marketing spend associated with increasing student enrolments, and increased employment and related costs associated with the increase in employees, primarily learning advisors (sales) and customer support.
- Proceeds from issue of equity** relates to the Seed (October 2017) and Series A (February 2019) capital raising rounds.
- Proceeds from issue of Convertible Loan Notes** relates to the Series B Convertible Loan Note.

4.4.2 Pro forma Adjustments to the Statutory Historical Cash Flows and the Statutory Forecast Cash Flows

Table 4.5 sets out the pro forma adjustments that have been made to the Group's Statutory Historical Statements of Cash Flows and Statutory Forecast Statements of Cash Flows to reflect the full year impact of the operating and financing structure that will be in place following Completion as if it was in place as at 1 July 2017.

Table 4.5: Pro forma adjustments to the Statutory Historical Statements of Cash Flows and Statutory Forecast Statements of Cash Flows

\$'000s	Notes	FY2018	FY2019	FY2020	FY2021F
Statutory increase/(decrease) in cash and cash equivalents held		1,409	14,624	(2,141)	16,990
Incremental public company costs	1	(822)	(822)	(822)	(342)
Series A capital raising costs	2	–	685	–	–
Executives' salary reductions	3	–	(816)	(333)	(393)
Series B (CLN) capital raising costs	4	–	–	519	460
Convertible Loan Note interest	5	–	–	–	6,392
COVID-19 salary reductions	6	–	–	(358)	(662)
COVID-19 stimulus – Cash boost	7	–	–	(50)	(50)
Offer costs	8	–	–	–	3,377
Employee Gift Offer (on-costs)	9	–	–	–	13
Share-based payment expense	10	–	–	–	304
Pro Forma increase/(decrease) in cash and cash equivalents held		587	13,670	(3,185)	26,089

Notes:

- Estimated incremental public company costs the Group will incur as a publicly listed company including Board, listing and ASX fees. These costs are added back as if the Company had been listed since July 2017.
- Represents the reversal of the Series A capital raising costs to reflect Cluey Ltd's capital structure following Completion. These costs are subtracted as they do not form part of the normal course of trading and are non-operational costs.
- Executives' salary reductions relates to a voluntary pay reduction by certain Executives to preserve cash. These costs are added back as if they had been paid in the periods the reductions were made.
- Represents the reversal of Series B (CLN) capital raising costs relating to advisor and legal fees in connection with the Convertible Loan Notes. These costs are subtracted as they do not form part of the normal course of trading and are non-operational costs.
- Represents the reversal of interest charged on Convertible Loan Notes to be paid on receipt of ASX approval and before settlement of this Offer. These costs are subtracted on the basis that the Convertible Loan Notes do not form part of Cluey Ltd's capital structure going forward, and as a result neither is the associated interest expense.
- COVID-19 salary reductions relate to reduced salary expense as a result of a company-wide reduction in salaries for all permanent employees earning over \$50,000, due to the uncertain impacts of COVID-19 on the Company. These costs are added back as if they had been paid in the periods the reductions were made.
- Represents the reversal of the COVID-19 cash boost stimulus received from the government. This other income was added back as the cash boost is not income the Company expects to receive going forward and is thus considered a one-time benefit.
- Represents the reversal of Offer costs including legal and accounting due diligence costs, as well as corporate advisor fees and listing costs. Costs associated with the Offer have been disclosed exclusive of GST and are estimated at \$3.4 million. These costs are reversed as non-recurring.
- Represents the reversal of Employee Gift Offer (on-costs) associated with the \$1,000 share gift to all permanent employees on Completion. These costs are subtracted on the basis that the Employee Gift Offer grants are considered one-off and not of normal course of business.
- Represents the reversal of the share-based payment expense (incl. on-costs) as the associated impact has been reflected in Note 3 above.

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4.5 Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position

4.5.1 Overview

Table 4.6 and 4.7 sets out the pro forma adjustments that have been made to the audited Statutory Historical Statement of Financial Position for the Group at 30 June 2020 in order to prepare the Pro Forma Statement of Financial Position for the Group to take into account the effect of, amongst other things, the Offer proceeds, transaction expenses and the Convertible Loan Note conversion. These adjustments reflect the impact of the changes in capital structure that will take place as part of the Offer, as if they had occurred or were in place as at 30 June 2020.

Table 4.6: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2020

\$'000s	Notes	Statutory 30-Jun-20	Pro Forma adjustments	Pro Forma 30-Jun-20
Assets				
Cash and bank balances	1,2,6,7,8,9, 10	13,891	28,959	42,850
Other current assets		347	–	347
Total current assets		14,238	28,959	43,197
Plant and equipment		116	–	116
Intangible assets		599	–	599
Total non-current assets		715	–	715
Total assets		14,953	28,959	43,911
Liabilities				
Trade and other payables		2,656	–	2,656
Provisions		397	–	397
Contract liabilities		324	–	324
Total current liabilities		3,376	–	3,376
Borrowings	1,3,4,5,6	11,235	(11,235)	–
Total non-current liabilities		11,235	(11,235)	–
Total liabilities		14,611	(11,235)	3,376
Net assets		342	40,193	40,535
Equity				
Issued capital	4,7, 8,9,10	30,542	59,809	90,351
Reserves		201	–	201
Accumulated losses	2,3,5, 8,9,10	(30,401)	(19,616)	(50,017)
Total equity		342	40,193	40,535

Table 4.7: Pro Forma adjustments to the Statutory Historical Statement of Financial Position as at 30 June 2020

	1	2	3	4	5	6	7	8	9	10	
	Series B capital raise (Aug-20)	Series B (Aug-20) transaction costs	Series B of CLN Revaluation costs	Conversion of Series B CLN to capital	Accelerated CLN interest on conversion	Series B CLN Interest payment	IPO capital raising	IPO transaction costs	Employee Gift Offer	Share-based payment expense	Pro Forma 30-Jun-20
Assets											
Cash and bank balances	13,891	9,505	(460)	-	-	(6,392)	30,000	(3,377)	(13)	(304)	42,850
Other current assets	347	-	-	-	-	-	-	-	-	-	347
Total current assets	14,238	9,505	(460)	-	-	(6,392)	30,000	(3,377)	(13)	(304)	43,197
Plant and equipment	116	-	-	-	-	-	-	-	-	-	116
Intangible assets	599	-	-	-	-	-	-	-	-	-	599
Total non-current assets	715	-	-	-	-	-	-	-	-	-	715
Total assets	14,953	9,505	(460)	-	-	(6,392)	30,000	(3,377)	(13)	(304)	43,911
Liabilities											
Trade and other payables	2,656	-	-	-	-	-	-	-	-	-	2,656
Provisions	397	-	-	-	-	-	-	-	-	-	397
Contract liabilities	324	-	-	-	-	-	-	-	-	-	324
Total current liabilities	3,376	-	-	-	-	-	-	-	-	-	3,376
Borrowings	11,235	9,505	-	10,201	6,191	(6,392)	-	-	-	-	-
Total non-current liabilities	11,235	9,505	-	10,201	6,191	(6,392)	-	-	-	-	-
Total liabilities	14,611	9,505	-	10,201	6,191	(6,392)	-	-	-	-	3,376
Net assets	342	(460)	(10,201)	30,740	(6,191)	-	30,000	(3,377)	(13)	(304)	40,535
Equity											
Issued capital	30,542	-	-	30,740	-	-	30,000	(1,886)	77	878	90,351
Reserves	201	-	-	-	-	-	-	-	-	-	201
Accumulated losses	(30,401)	-	(460)	(10,201)	(6,191)	-	-	(1,490)	(90)	(1,182)	(50,017)
Total equity	342	(460)	(10,201)	30,740	(6,191)	-	30,000	(3,377)	(13)	(304)	40,535

Notes:

The following transactions and events had not occurred prior to 30 June 2020 but have taken place before or are expected to occur around the Completion date. The pro forma financial information in this Section 4.5.1 assumes they occurred before 30 June 2020.

1. Issue of 4,976,103 Convertible Loan Notes in Aug-20 for gross proceeds of \$9.5m.
2. Transaction costs of \$460k incurred in relation to the \$9.5m Convertible Loan Note issue completed in Aug-20.
3. Fair value revaluation of \$10.2m on the total issued Convertible Loan Notes is to be made immediately prior to conversion into ordinary shares.
4. Conversion of 10,751,977 Convertible Loan Notes (carried at fair value) into ordinary shares.
5. Interest expense of \$6.2m on the convertible loan notes is accelerated due to the Offer triggering a conversion event on the convertible loan notes and resulting in the requirement to pay the interest on the note in full at the time of the trigger event.
6. Payment of \$6.4m interest expense on the Convertible Loan Notes is being paid from existing cash reserves immediately before Completion.
7. As a result of the Offer, the Company will issue approximately 25.1 million ordinary shares at a share price of \$1.20 and receive gross proceeds of \$30m.
8. As a result of the Offer, the Company will incur IPO transaction costs of \$3.4m which are exclusive of GST, of which \$1.9m is offset against the Offer proceeds and \$1.5m is expensed.
9. As a result of the Offer, the Company will issue approximately \$77k worth of ordinary shares to employees as part of the Employee Gift Offer and incur share-based payment and related employment expenses of \$90k.
10. The Company will issue \$878k of ordinary shares to executives at IPO, in return for the voluntary pay reduction certain executives made to preserve cash, and incur share-based payment and related expenses of \$304k.

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4.5.2 Indebtedness

The indebtedness of the Group as at 30 June 2020 on a statutory and pro forma basis was \$11.2m and \$0m respectively, on a gross basis.

The Borrowing noted in Table 4.8 represents the value of the Convertible Loan Note securities on issue at 30 June 2020.

Table 4.8 sets out the indebtedness of the Group as at 30 June 2020 on a statutory and pro forma basis, adjusted for the pro forma effect of the Offer as if the transactions had occurred on 30 June 2020.

Table 4.8: Statutory historical indebtedness as at 30 June 2020 and pro forma historical indebtedness as at 30 June 2020

	Audited	Pro Forma
\$'000s	30-Jun-20	30-Jun-20
Cash and cash equivalents	13,891	42,850
Borrowings	(11,235)	–
Total (indebtedness)/net cash	2,657	42,850
Issued capital	30,542	90,351
Reserves	201	201
Accumulated losses	(30,401)	(50,017)
Total equity	342	40,535
Total capitalisation and indebtedness	2,999	83,385

Note:

For specific adjustments refer to Section 4.5.1.

4.5.3 Liquidity and Capital Resources

Following Completion, the Group's principal sources of funds are expected to be cash flow generated from operations and cash on hand.

The Group's main use of cash is to fund working capital and capital expenditure. Historical and forecast capital expenditure and working capital trends are described in Sections 4.6.2 and 4.8.2.

The Group expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the Forecast Period. The Group's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions.

4.5.4 Contractual Obligations and Commitments

Table 4.9 sets out a summary of the Group's statutory contractual obligations and commitments following Completion.

Table 4.9: The Group's statutory contractual obligations and other commitments

	Pro Forma historical			
\$'000s	Less than 1 year	1-5 years	More than 5 years	Total
Operating lease commitments	182	–	–	182

4.5.5 Off Balance Sheet Items

The Group has no material contingent liabilities or off-balance sheet arrangements.

4.6 Forecast Financial Information

The Forecast Financial Information is based on various specific and general assumptions concerning future events including those set out in Section 4.6. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.7, the risk factors set out in Section 5, the key accounting policies in Appendix A and the Independent Limited Assurance Report set out in Section 8. A reconciliation of the Pro forma Forecast Results to the Statutory Forecast Results is set out in Section 4.3.

In preparing the Forecast Financial Information, the Group has undertaken an analysis of historical performance and applied assumptions, where appropriate, in order to forecast future performance for FY2021F.

The Group believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing the Prospectus, including each of the assumptions set forth in Sections 4.6.1 and 4.6.2. However, actual results are likely to vary from that forecast and any variation may be materially positive or negative. The assumptions, upon which the Forecast Financial Information is based, are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of the Group and its Directors, and are not reliably predictable. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

Accordingly, none of the Company, its Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved.

The Forecast Financial Information has been prepared based on the key accounting policies adopted by the Group, which are in accordance with AAS, and are disclosed in Appendix A. It is assumed that there will be no changes in the AAS, the Corporations Act or other financial reporting requirements that may have a material effect on the Group's accounting, other than that already disclosed in this Prospectus.

4.6.1 General Assumptions

In preparing the Pro Forma Forecast Financial Information, the following general assumptions have been adopted:

- No material changes in the competitive environment in which the Group operates.
- No significant deviation from current market expectations of economic conditions relevant to the Group operating in the education, out of school learning support and tutoring sectors for the Forecast Period, e.g. business confidence, consumer sentiment, household incomes and expenses.
- No significant interruptions, industry disruptions or disturbances in relation to the Group's technology, platform and software used to deliver services.
- No material changes in key personnel, including key management personnel, and the Group maintains its ability to recruit and retain the personnel required to support future growth.
- No material change in applicable AAS, IFRS or other mandatory professional reporting requirements of the Corporations Act which have a material effect on the Group's financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures of the Group during the Forecast Period.
- No material changes in Government laws, regulation and policy including in relation to money laundering, interest rates, foreign investment or taxation which may impact the Group's business, clients or levels of investment or business activity in areas in relation to which the Group products are commonly used.
- The Offer proceeds in accordance with the timetable set out in the Important Information section of this Prospectus.
- No material industry disturbances or disruptions to the continuity of operations of the Group, no material industrial actions, and no other material changes in its business.
- No material amendment or termination to any material contract, agreement or arrangement or material change in licences and licence providers relating to the Group's business.

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- No material changes in currency.
- No material adverse impact in relation to litigation or claims (existing or otherwise).
- No material change in the Group's corporate and funding structure.
- No material impairment of intangible assets.
- No material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus.
- No key risks listed in Section 5 occur, or if they do, none of them have a material adverse impact on the operations of the Group.

4.6.2 Specific Assumptions

The basis of the specific assumptions that have been used in the preparation of the Pro Forma Forecast Financial Information is set out in Section 4.6.2.

(a) Revenue

- New student acquisitions in FY2021F are assumed to increase on FY2020 levels based on:
 - experience to date, with regard to the number of new students acquired in FY2020;
 - variable customer acquisition cost improvements achieved during FY2020;
 - improvements in sales team productivity, as a result of initiatives implemented during FY2020; and
 - the effective deployment of a 49.6% increase in marketing spend in FY2021F, as the Group continues to invest in growing awareness of its offering and building its student base.
- Total number of sessions in FY2021F is expected to increase by 2.9 times over FY2020 based on:
 - higher number of active students in FY2021F compared to FY2020; and
 - number of sessions per student per month and number of subjects per student expected to remain consistent with trends observed during the course of FY2020.
- Student retention rates are assumed to remain consistent with trends observed over the course of FY2020.
- Price levels per one-to-one student session and small group session assumed to increase by 1% and 2% respectively in the second half of FY2021F.
- For new students, a consistent discounting strategy to FY2020 is assumed to continue in FY2021F.
- No contribution to revenue from products currently in development, testing or not yet commercialised.

(b) Gross profit margin

- Gross profit margin is expected to continue to increase from 48% in FY2020 to 54% in FY2021F as a result of:
 - increase in the number of small group sessions in FY2021F to 11% (as a percentage of total student sessions) compared to 5% in FY2020;
 - part of this increase is expected as a result of higher take-up across all school years, with secondary small group offering expected to become available in the second half of FY2021F;
 - small group sessions has achieved a gross profit margin of over 70% per session (depending on the number of students per group), which is higher than the gross margin of one-to-one sessions; and
 - no increase in tutor rates during FY2021F.

(c) Operating expenses

- Operating expenses are expected to increase by 25% in FY2021F (from FY2020), compared to a revenue increase of 218% over the same period, resulting in significant improvements in operating leverage. This is as a result of:
 - marketing expenses which are forecast to increase from \$4.4m in FY2020 to \$6.6m in FY2021F;
 - » during FY2020 the Group achieved a continuous decrease in media CAC per new student as a result of its in-house marketing team, which closely monitors performance achieved by media mix, prioritising and allocating budget to the highest performing channels; and
 - » FY2021F media CAC per new student is consistent with levels achieved in the second half of FY2020.
 - employee benefit expenses are forecast to increase from \$11.0m in FY2020 to \$13.3m in FY2021F as a result of increases in headcount across marketing, sales (learning advisors) and customer care teams, in line with the expected growth of the business;
 - » no general or annual salary increases are expected above FY2020 levels.
 - administration expenses are forecast to grow from \$3.1m in FY2020 to \$3.2m in FY2021F:
 - » consistent with historical trends and a general increase in utilisation of variable IT platforms and a higher number of staff; and
 - » adjusted to include incremental costs of being a public company (refer to Section 4.4.2).
 - occupancy expenses in FY2021F consistent with FY2020 occupancy assuming existing office space and facilities have sufficient capacity for the planned increases in headcount.

(d) Cash flow

- Capital expenditure – has been forecast based on historical spend and is expected to be minimal in FY2021F comprising of approximately \$0.1m of capitalised development costs and minor purchases of IT equipment.
- Changes in working capital – consistent with historical trends, no changes assumed in the payment terms to suppliers or student session payment terms.
- Interest – the Group expects to receive interest of 0.5% from cash bearing deposits, based on rates achieved on deposits in FY2020
- Income tax – assumes a continuation of zero or only immaterial income and withholding taxes as a result of the Group's expectation to incur net losses during FY2021F.

(e) Other assumptions

- Depreciation – no changes in the useful life assumptions of the actual asset base and new capital investment items, and no extraordinary write-offs or impairments.
- Amortisation – no changes in the useful life assumptions of the actual asset base and new capital investment items, and no extraordinary write-offs or impairments.
- No gains/losses on disposal of assets have been assumed.

4.6.3 Statutory Forecast Financial Information

The Statutory Forecast Financial Information is based on the same specific and general assumptions as those underlying the Pro Forma Forecast Financial Information as set out in Section 4.6.1 and 4.6.2 above, with the exception of the following specific assumptions.

(a) Public company expenses

Public company expenses are assumed to be incurred during the Historical Periods, and reflect the Group's estimate of the incremental annual expenses that the Company will incur as a public entity. These expenses include Chairman and non-executive Director remuneration, additional audit and legal expenses, listing fees, share registry expenses, directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report expenses.

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Table 4.10: Public Company Expenses

\$'000s

Additional director fees	316
Investor relations/communications	120
Audit fees	112
Contingency	50
ASX Listing annual fees	46
Annual report	30
Half year and annual report preparation	30
Additional legal fees	25
Investor road show costs	20
Tax and compliance	20
AGM costs	12
Board meeting costs	12
Insurance Directors & Officers	10
Company secretarial	10
Registry fees	9
Total	822

(b) One-off IPO and other transaction expenses

IPO and transaction expenses are assumed to be incurred during the Forecast Period and reflect the Group's estimate of expenses directly in connection with its initial public offering. These expenses include underwriter commissions, legal expenses, accounting and tax advisory fees, independent market expert fees, costs associated with the drafting of the prospectus and independent reporting accountant fees. The IPO transaction costs have been disclosed exclusive of GST.

Table 4.11: IPO Transaction Costs

\$'000s

Joint Lead Managers fees	1,500
Financial advisor fees	500
Other advisory fees	500
Legal fees	300
Independent reporting accountant fees	200
ASX Listing fee	169
Contingency	100
Public relations	60
Typesetting and printing	26
Audit fees	21
Upfront registry costs	1
Total	3,377

4.7 Sensitivity Analysis of Forecast Financial Information

The Forecast Financial Information is based on a number of specific and general assumptions, as described in Sections 4.6.1 and 4.6.2. These specific and general assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Group, the Directors and management, and upon assumptions with respect to future business decisions, which are subject to change.

Set out in Table 4.12 is a summary of the sensitivity of the Pro Forma Forecast Financial Information to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown, and these variances may be substantial.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely key impact on the Pro Forma Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that the Group management would respond to an adverse change in one item to seek to minimise the net effect on the Group's earnings and cash flow.

For the purpose of the sensitivity analysis in Table 4.12, each sensitivity is presented in terms of the impact on FY2021F pro forma forecast Revenue and Operating Profit/(Loss).

Table 4.12: Sensitivity analysis on pro forma forecast Revenue and Operating Profit/(Loss) for FY2021F

Assumption	Notes	Variance	FY2021F Revenue impact (\$m)	FY2021F Operating profit/(loss) impact (\$m)
Media CAC per new student	1	+/- 5%	(0.4)/0.4	(0.1)/0.1
Retention of existing student base	2	+/- 2%	0.8/(0.7)	0.3/(0.3)
Change in session prices	3	+/- 3%	0.4/(0.4)	0.4/(0.4)
Learning advisors (sales) efficiency	4	+/- 10%	-/-	0.2/(0.1)
Change in tutor rates	5	+/- 3%	-/-	(0.2)/0.2

Notes:

- Media CAC per new student** – is a key driver of the cost to acquire new students. This sensitivity shows the incremental impact of an absolute increase/decrease in media CAC per new student, assuming the marketing spend remains unchanged, resulting in an increase/decrease in the number of new students acquired for the marketing spend in FY2021F.
- Retention of existing student base** – changes in factors like student retention profiles, both positive and negative, will influence the total number of existing customers. This sensitivity shows the incremental impact of a 2% increase/decrease in monthly student retention in FY2021F.
- Change in session prices** – if the pricing of Cluey's sessions is amended to reflect factors such as increased demand or to address market competition, revenue may vary as a result. This sensitivity shows the incremental impact of a change in price (positive or negative) without the associated changes to other costs in FY2021F.
- Learning advisor productivity** – is a key driver of the number of sales staff required to enrol new students. As learning advisors are responsible for contacting inbound leads, increases/decreases in their productivity results in a lower/higher number of staff required to acquire a fixed number of new students. This sensitivity shows the incremental impact of a 10% increase/decrease in learning advisor productivity in FY2021F.
- Change in tutor rates** – if the rates paid to Cluey's tutors are amended to reflect a change in market conditions, be it a shortage in tutors or changes in alternative competing income streams for tutors, the operating profit/(loss) of Cluey is likely to be impacted. This sensitivity assumes that Cluey would be required to increase the tutor rates without amending session prices or other changes to its cost structure in FY2021F.

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4.8 Management Discussion and Analysis of Pro Forma Financial Information

4.8.1 Overview

Section 4.8 discusses details of the main factors relating to the Group's historical performance in FY2019 and FY2020 only (given limited trading in FY18) and the assumptions that underpin the forecast financials in FY2021F.

The discussion is intended to provide a general and brief summary only and does not detail every factor that has affected historical operating and financial performance, nor everything which may impact the Group's operating and financial performance in the future. Unless stated otherwise, all metrics, financial information and related commentary presented in this Section is on a pro forma basis only. The information in this Section should be read in conjunction with the general and specific risks in Section 5 and the other information contained in this Prospectus.

These forecasts are based on the Group's view of the level of demand for its services and its capacity to capture market share. The nature of the market in which the Group operates is subject to seasonal fluctuations, with higher demand traditionally in Q1 and Q3 and lower demand in school holiday periods, particularly December (impacting Q2) and January (impacting Q3). The Group's business model is predicated on scaling to achieve and sustain profitability and growth.

4.8.2 Discussion of key metrics

Information in Section 4.8.2 has been prepared using the Group's Pro Forma Historical Results for FY2019, FY2020 and Pro Forma Forecast Results for FY2021F. Discussion of FY2018 financial information has been excluded given it includes only two months of actual student operations for the Group, making it an incomparable and incomplete annual representation of the Company's financial performance.

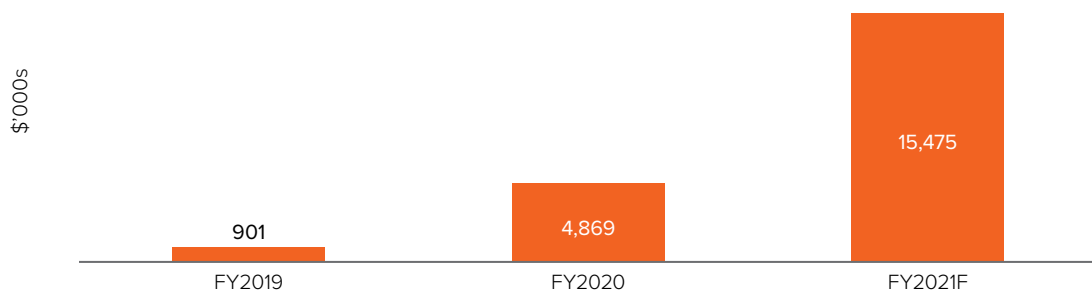
Revenue

The Group generates revenue from the sale of live online tutorial sessions, which are either in one-to-one or small group formats. The growth in revenue over historical periods was primarily due to increases in the number of student sessions.

The Group's annual historical and forecast revenue is illustrated in Figure 4.1:

- in FY2020, revenue was \$4.9m which represented a 441% increase compared to FY2019 revenue of \$0.9m; and
- in FY2021F, revenue is forecast to reach \$15.5m which represents a 218% increase from FY2020.

Figure 4.1: Historical and forecast annual revenue (\$'000s)



The key drivers of the Group's revenue are the:

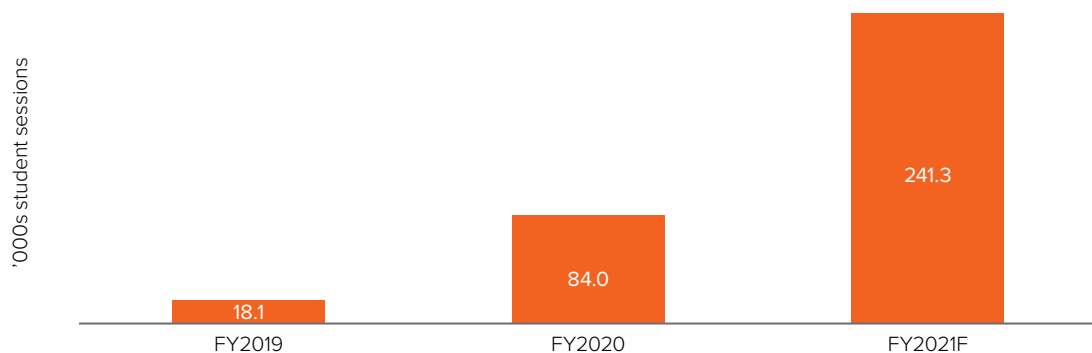
- number of sessions completed;
- average net realised price per session; and
- number of active students.

Student sessions

A key driver of revenue for the Group is the number of sessions its students complete in a given period of time, as illustrated in Figure 4.2:

- in FY2020, approximately 84,000 student sessions were completed, representing a 4.6 times increase compared to approximately 18,100 student sessions completed in FY2019; and
- in FY2021F, over 241,000 student sessions are expected to be completed, a 2.9 times increase compared to FY2020 as the Group continues to grow its active student base.

Figure 4.2: Historical and forecast number of student sessions (000s)



Average net realised price per session

The Group generates revenue based on a price per student session:

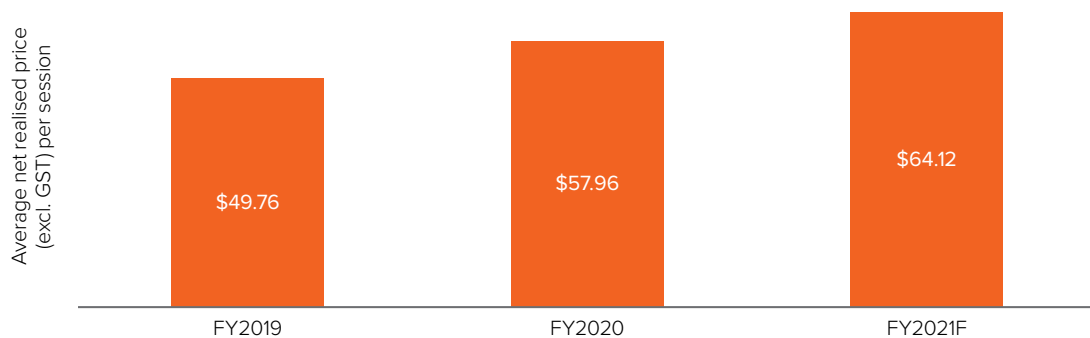
- As at September 2020, the Group's price per student session was \$80 for the 1-to-1 offering (\$72.73 excluding GST) and \$45 for the small group offering (\$40.91 excluding GST).
- The Group offers promotional discounts on session prices (e.g. for the purchase of multi-week learning support programmes, or as part of an introductory offer for new students).

As illustrated in Figure 4.3:

- In FY2020, average net realised price per session was \$57.96, which represents an increase of 16.5% compared to the average net realised price per session of \$49.76 in FY2019.
- In FY2021F, average net realised price per session is forecast to be \$64.12, representing a 10.6% increase compared to FY2020 as the Group continues to reduce levels of discounting and promotional activity, and passes through a price increase of 1% and 2% for the one-to-one and small group sessions respectively.

4 Financial Information

Figure 4.3: Historical and forecast average net realised price (excl. GST) per session (\$ per session)

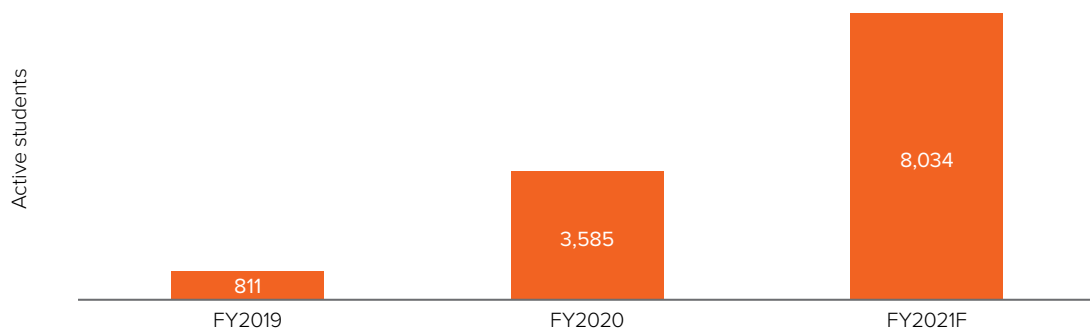


Active students

Another key operating metric for the Group is the number of active students on its platform as illustrated in Figure 4.4:

- At the end of FY2020, there were approximately 3,600 active students utilising the Group's services, representing a 342% increase compared to approximately 800 active students in FY2019.
- At the end of FY2021F, the Group expects approximately 8,000 active students on its platform, representing a 124% increase compared to FY2020 as it retains a portion of its existing student base and continues to acquire new students.

Figure 4.4: Historical and forecast (end of period) number of annual students



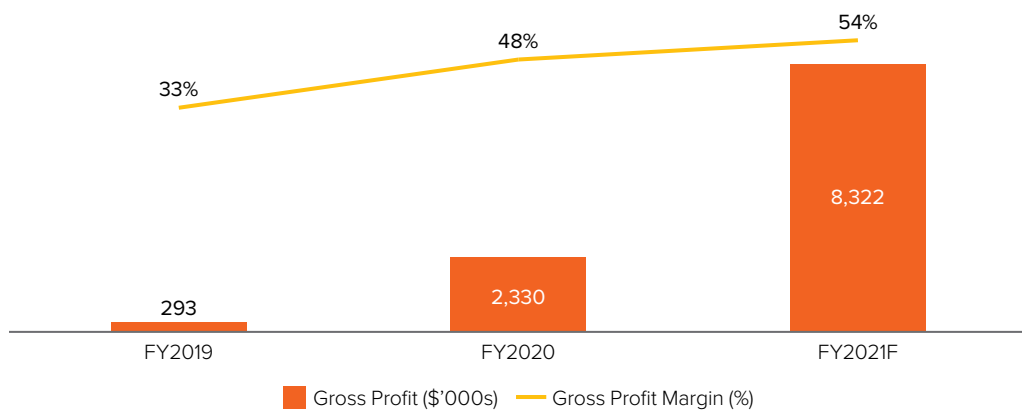
Gross profit and gross profit margin

Gross profit is calculated after deducting tutor costs associated with the delivery of tutor sessions from revenue. Gross profit margin is driven by average session prices achieved, post promotional activities and discounting, and tutor fees paid for the delivery of sessions. Small group sessions, introduced in FY2020, are a higher margin offering, as they currently include revenue from up to four students and the payment of a tutor rate at a small premium to the one-to-one session tutor rates. The Group is planning on expanding the small group offering to five students in the second half of FY2021F.

The Group's annual historic and forecast gross profit and gross profit margin is illustrated in Figure 4.5:

- In FY2020, gross profit was \$2.3m and gross profit margin was 48%, compared to a FY2019 gross profit of \$0.3m and gross profit margin of 33%.
- In FY2021F, gross profit and gross profit margin is expected to be \$8.3m and 54% respectively, driven by an increase in small group sessions, average price per session and constant tutor rates.
- Small group sessions accounted for 5% of FY2020 student sessions and is expected to account for 11% of FY2021F student sessions, as the offering is rolled out to secondary students in the second half of FY2021F.

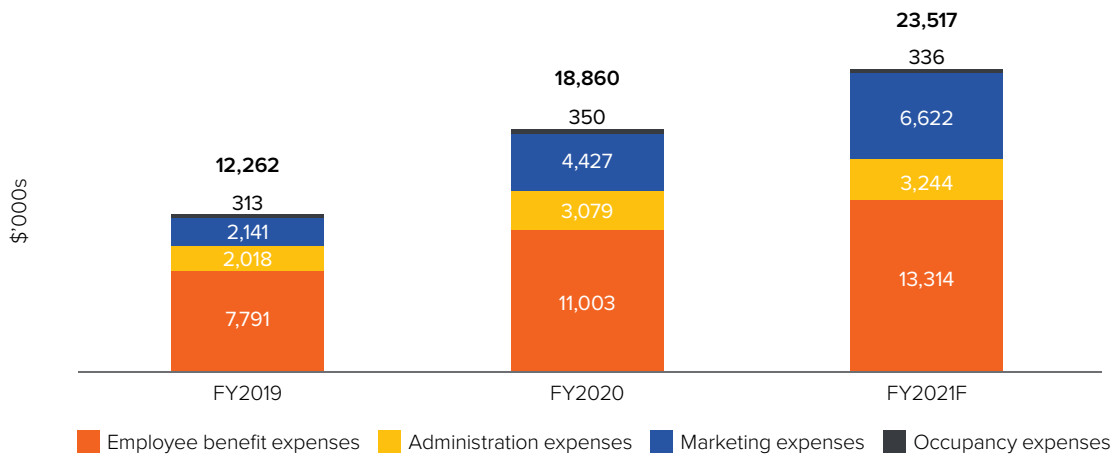
Figure 4.5: Historical and forecast gross profit (\$'000s) and gross profit margin (%)



Operating expenses

Historical and forecast operating expenses are shown in Figure 4.6:

Figure 4.6: Historical and forecast operating expenses (\$'000s)



4 Financial Information

The Group expects to generate operating leverage as it continues to scale:

- From FY2019 to FY2020, operating expenses increased from \$12.3m to \$18.9m, or approximately 1.5 times, comparing to an uplift in revenue over the same period of 5.4 times.
- In FY2021F, operating expenses are expected to amount to \$23.5m; this represents an increase of 25% compared to FY2020, while during the same period, revenue is expected to increase by 218%, as a large component of the Group's current cost base is fixed.

Operating expenses increased in FY2020 compared to FY2019, primarily driven by:

- marketing expenses, which increased from \$2.1m in FY2019 to \$4.4m in FY2020, reflecting the Group's investment in growth. As highlighted in Section 4.3.2, new students acquired increased from approximately 1,800 in FY2019 to approximately 7,600 in FY2020. As a percentage of total operating expenses, marketing expenses increased from 17.5% in FY2019 to 23.5% in FY2020, but decreased significantly as a percentage of revenue, from 238% in FY2019 to 91% in FY2020;
- employee benefit expenses, which increased from \$7.8m in FY2019 to \$11.0m in FY2020, as the Group continued to scale and subsequently increase the number of permanent employees to over 70 (from approximately 51 as at the end of FY2019). Despite this increase, employee benefit expenses as a percentage of total operating expenses decreased from 63.5% in FY2019 to 58.3% in FY2020;
- variable CAC per new student, which includes marketing expenses (media) and employee expenses through the salaries, commissions and superannuation of learning advisors (excluding management overheads), decreased to \$787 in FY2020, from \$1,595 in FY2019. This was as a result of recruiting a specialised in-house marketing team during FY2020 which accelerated marketing spend, efficiency and optimisation;
- administration costs, which are mostly fixed expenses associated with professional service fees, public company costs, software and hosting costs, recruitment costs, ancillary corporate costs and depreciation and amortisation expense, increased to \$3.0m in FY2020 from 2.0m in FY2019, as a result of an increase in professional services (IT consulting); and
- occupancy expenses, which relate to the Group's premises remained relatively flat between FY2019 and FY2020, at \$0.3m and \$0.4m, respectively.

In FY2021F, total operating expenses are expected to increase by 24.7% to \$23.5m, largely attributed to:

- marketing expenses, forecast to increase to \$6.6m in FY2021F, reflecting the Group's investments in growth by acquiring new students and allocating marketing budget to the channels with the highest return on investment. As highlighted in Section 4.3.2, the Group expects to acquire 16,000 new students in FY2021F, an increase of 2.1 times compared to FY2020;
- employee benefit expenses, expected to represent 56.6% of FY2021F total operating expenses. The number of permanent and casual FTEs is expected to increase to approximately 100 during FY2021F, primarily as a result of an increase in the number of learning advisors (sales) and customer care team (support) members. Other teams (e.g. technology, product, education, marketing, corporate services) and their associated employee benefit expenses are expected to be relatively fixed;
- variable CAC expected to be \$571, a decrease of 28% compared to FY2020, but in line with trends experienced in the second half of FY2020. This is driven by improvements in the student acquisition processes (sales team efficiency), marketing optimisation and higher brand recognition;
- relatively fixed forecast administration costs in FY2021F of \$3.2m, an increase of 5.4% compared to FY2020; and
- occupancy expenses expected to remain consistent with historical trends, at \$0.3m.

Cash flow

- Capital expenditure comprising capitalised development costs and minor purchases of IT equipment, has been minimal in FY2019 and FY2020, at less than \$0.1m for each period. This trend is expected to continue in FY2021F, with capital expenditure forecast to be \$0.1m.
- Changes in working capital are consistent with historical trends with no changes assumed in the payment terms to suppliers or student session payment terms in FY2021F.

- Interest income has been approximately \$0.1m in FY2019 and \$0.2m in FY2020, as a result of the Group carrying cash on its balance sheet. In FY2021F, the Group expects to receive approximately \$0.2m of interest income, based on a 0.5% deposit rate.
- Income tax is not material for historical periods and is expected to continue to be zero or immaterial as the Group is expected to incur net losses in CY2021F.

4.8.3 Q1 FY2021F trading update and historical quarterly performance

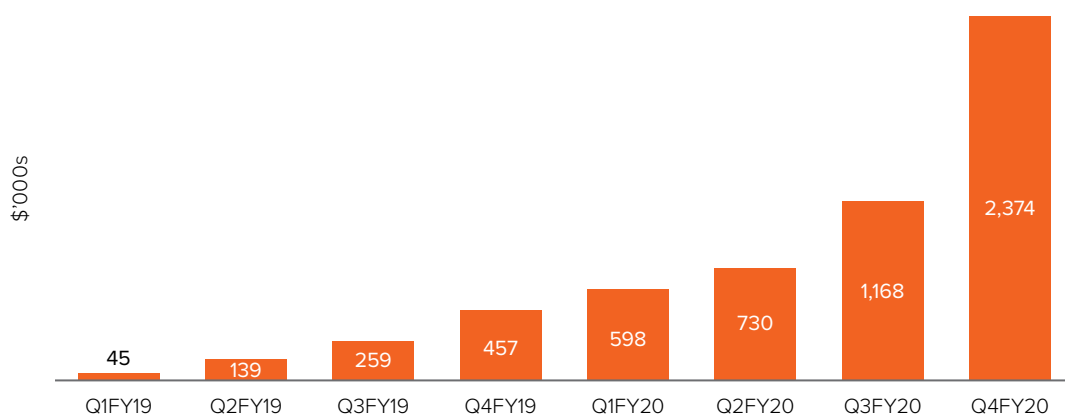
Cluey achieved a strong performance in Q1 FY2021, experiencing improvements across key operating metrics including student sessions, average net realised price per session and active students. The following Section provides a brief trading update on these metrics as of Q1 FY2021, and covers Cluey’s historical quarterly performance for revenue and gross profit in FY2019 and FY2020. As seasonality (primarily driven by school holidays) has an impact on Cluey’s business, a quarterly analysis of the key metrics provides additional context.

Revenue

As illustrated in Figure 4.7, on a quarterly basis, revenue in Q4 FY2020 was \$2.4m, representing an increase of:

- 103% compared to \$1.2m of revenue in Q3 FY2020; and
- 419% compared to \$0.5m of revenue in the prior corresponding period of Q4 FY2019.

Figure 4.7: Historical quarterly revenue (\$'000s)



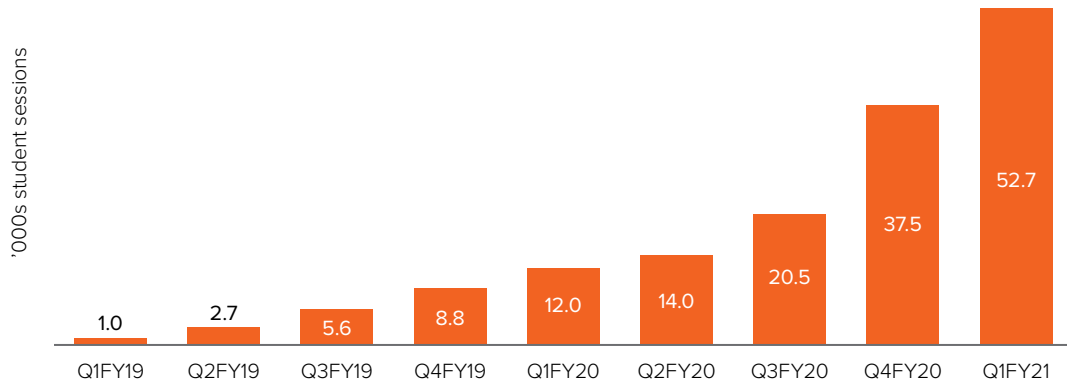
Student sessions

As illustrated in Figure 4.8, Cluey completed over 52,000 student sessions during Q1 FY2021, representing an increase of:

- 41% compared to approximately 37,500 sessions completed in Q4 FY2020; and
- 338% compared to approximately 12,000 sessions completed in the prior corresponding period of Q1 FY2020.

4 Financial Information

Figure 4.8: Historical number of quarterly student sessions (000s)



Average net realised price per session

As illustrated in Figure 4.9, Cluey achieved an average net realised price per session of \$63.71 in Q1 FY2021 representing an increase of:

- 0.7% compared to an average net realised price of \$63.30 in Q4 FY2020; and
- 28% relative to an average net realised price of \$49.72 in the prior corresponding period in Q1 FY2020.

Figure 4.9: Historical quarterly average net realised price (excl. GST) per session (\$ per session)

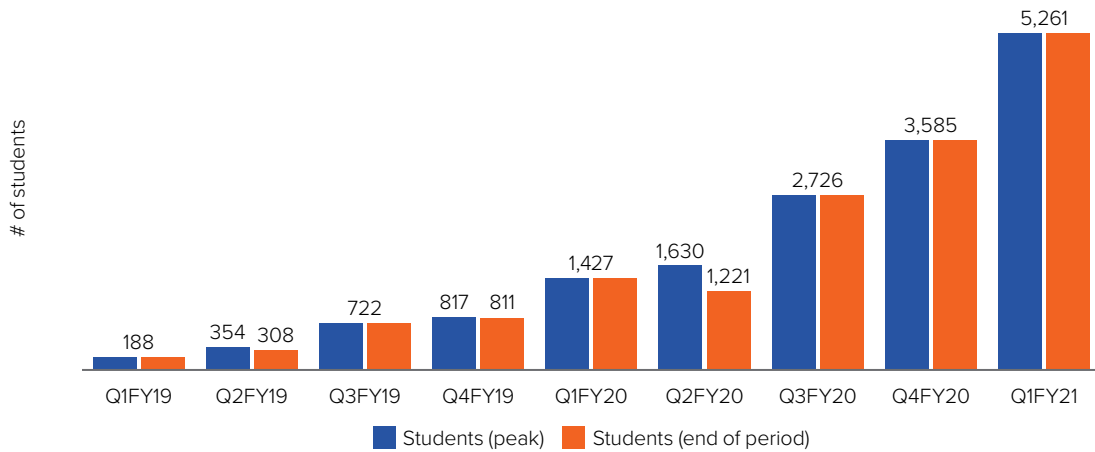


Active students

In Q1 FY2021, over 5,200 students were active on Cluey's platform, representing a:

- 47% increase on the approximately 3,600 active students in Q4 FY2020; and
- 269% increase on the approximately 1,400 active students in the prior corresponding period in Q1 FY2020.

Figure 4.10: Historical (peak & end of period) number of quarterly students



As shown above in Figure 4.10, the quarterly number of active students can be represented on two different bases:

- Peak of the period (i.e. recording the highest number of active students in any given month in the quarter).
- End of period (i.e. recording the number of active students in the last month of the quarter).

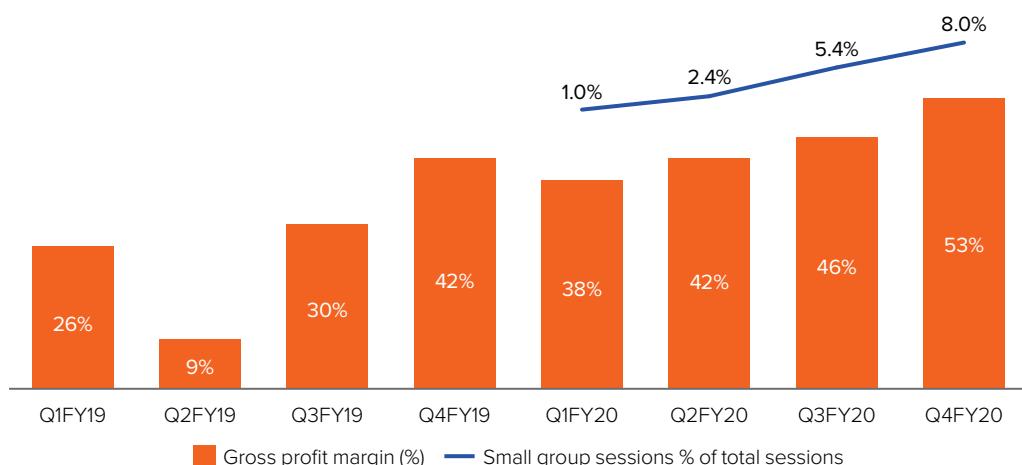
Given the inherent seasonality of Cluey’s operations (as mentioned in Section 4.8.1), there are slight deviations between these two methods of presenting student numbers, with this impact typically evident in the school holiday periods starting in December. As such, quarterly representations of active students in certain quarters are subject to slight differences depending on whether numbers are viewed on a ‘peak’ or ‘end of period’ basis. Cluey considers the end of period view to be the most indicative of its retained student performance at any point in time.

Gross profit, gross profit margin and small group sessions

As illustrated in Figures 4.11 and 4.12, as the business scaled throughout FY2020, Cluey has generated consistent improvements in gross profit and gross profit margins. This can be attributed to an increasing net realised revenue per session due to lower promotional activity and discounting, as well as the commencement and increased uptake of small group sessions during FY2020. Q4 FY2020 gross profit and gross profit margin was \$1.3m and 53% respectively, compared to:

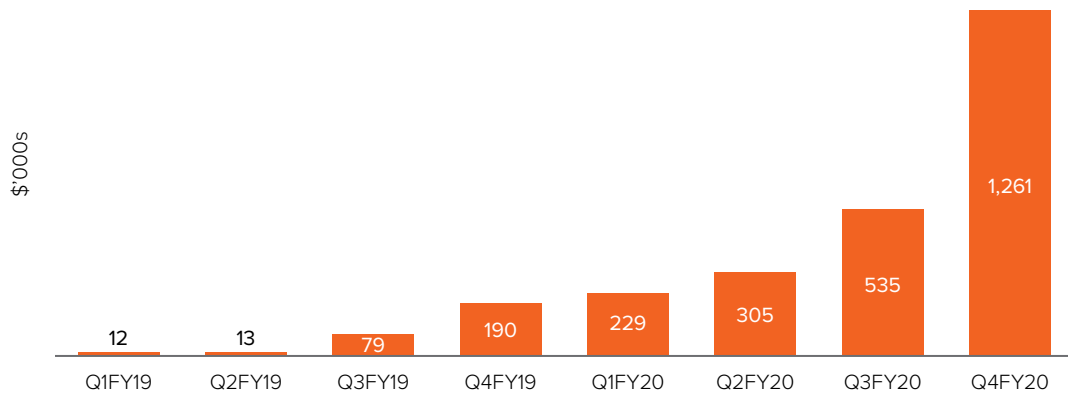
- \$0.5m gross profit and 46% gross profit margin in the prior quarter in Q3 FY2020; and
- \$0.2m gross profit and 42% gross profit margin in the previous corresponding period in Q4 FY2019.

Figure 4.11: Historical quarterly gross profit margin (%) and small group sessions as a percentage of total student sessions (%)



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Figure 4.12: Historical quarterly gross profit (\$'000s)



4.9 Dividend Policy

The Group intends to reinvest all cash flow into the business in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near-term. The payment of a dividend, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the operating results, cash flows and the financial condition of the Group, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends, and any other factors the Directors may consider relevant. The Directors do not provide any assurance of the future level of dividends paid by the Group.

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05 | Risk Factors



5 Risk Factors

Risk Factors³⁵

This Section 5 describes some of the potential risks associated with the Group's business, the industry in which it operates, and the risks associated with an investment in the Company's Shares.

The Group is subject to risk factors that are both specific and those that are more general in nature. Any of these risk factors (individually or in combination) may, if they eventuate, have a material adverse effect on the Group's business, financial position, operating and financial performance, growth, price and/or value of the Shares, and your investment returns. Many of the circumstances giving rise to these risks and the occurrence of consequences associated with each risk are partially or completely outside the control of the Company, its Directors and key management. This Section 5 should be read in conjunction with other information disclosed in this Prospectus. There can be no guarantee that the Group will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate.

Section 5 does not purport to list every risk that may be associated with an investment in the Company or the Shares now or in the future. The selection of risks in this Section 5 has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date; however, there is no guarantee or assurance that the importance of risks will not change or that other risks will not emerge.

Before applying for Shares, you should carefully read the entire Prospectus and satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you having regard to your own investment objectives, financial circumstances and particular needs (including financial and taxation issues). If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest.

5.1 Speculative nature of investment

Any potential investor should be aware that subscribing for Shares involves various risks. The Shares to be issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. An investment in Shares of the Company should therefore be considered very speculative.

5.2 Business Risks Associated with the Group

5.2.1 Limited operating history and evolving digital offerings makes it difficult to evaluate future prospects

Cluey is an early stage education technology company with a limited trading history. Since its commencement in July 2017, Cluey's activities have principally involved developing its technology and products, launching its services and building its brand. Given Cluey's limited trading history, it is difficult to make an evaluation of Cluey's business or its prospects and there is significant risk that Cluey is not able to continue its growth at the current rate or successfully execute on its business plans and strategies.

5.2.2 Cluey may be unable to scale its business and achieve profitability

The ability of the Group to increase revenue and achieve profitability is dependent on its ability to profitably scale Cluey's business in its key markets. While Cluey has been successful in achieving a rapid level of growth in a relatively short period of time, there is no guarantee that Cluey will be able to achieve the same level of rapid growth in the future. The ability to profitably scale Cluey's business in Australia and potentially other markets is dependent on Cluey both expanding its existing customer and tutor bases and retaining existing and new customers for repeat use of Cluey's services. Failure to expand in this way may materially and adversely impact the Group's ability to increase revenue, achieve economies of scale, optimise its systems and expand its operations, any of which may have a negative impact on the Group's profitability.

³⁵ As noted elsewhere in this Prospectus, the Group consists of the Company and its subsidiaries. On Completion of the Offer, the Company will acquire Quartet Education, thus making Quartet Education, and therefore, Cluey, Wholly Owned Subsidiaries of the Company.

5.2.3 Loss of key management personnel

Cluey has to date relied on the collective skills and expertise of a limited number of top management executives. Retaining these key management personnel in their current position is critical to the Group's short and medium-term success.

5.2.4 Customer acquisition, retention risk and competitive pricing

The Group's growth depends on Cluey's ability to attract new students to use its products and services and to increase the level of engagement by existing students with Cluey's learning platform.

Cluey may not succeed in attracting more students to its services or the use of its learning platform and if students do not increase their level of engagement with the platform, revenues may grow more slowly than expected or decline.

If Cluey's efforts to satisfy its existing student user base are not successful or become less effective, or if the cost of such efforts were to significantly increase, it may not be able to attract new students as successfully or efficiently as it has been able to in the past and, as a result, its, and therefore the Group's, business, results of operations, and financial performance and condition will be adversely affected.

Cluey may be unable to maintain and grow its student user base if it is unable to offer competitive prices for its products and services or if its services fail to adequately meet the expectations of its customers. If Cluey fails to expand its user base, its, and therefore the Group's, business, results of operations, and financial performance and condition would be adversely affected.

5.2.5 History of losses and uncertainty on future profits

Quartet Education and Cluey, which will become Wholly Owned Subsidiaries of the Company on Listing, have reported significant net losses since their establishment in July 2017, and are expected to continue to experience net losses in the future. Net losses for FY2018, FY2019 and FY2020 were \$5.2 million, \$10.0 million, and \$15.2 million, respectively. The Group expects Cluey to make ongoing investments in the development and expansion of its business and investment in customer acquisition and operating expenses may increase. Cluey may respond to greater than anticipated demand for its products and services by investing in additional up-front customer acquisition costs reducing profitability in the short term with expected concomitant longer term gains. The Group may not succeed in increasing revenues sufficiently to offset these higher expenses, and efforts to grow the business may prove more expensive than currently anticipated. The Group may incur significant losses in the future including as a result of slowing demand for its products and services; increasing competition, particularly for online tutoring services; decreasing spending on education; and other risks described in this Prospectus.

5.2.6 Failure to effectively manage growth

The Group expects Cluey's business to continue to grow which could place significant strain on current management, operational and finance resources as well as the infrastructure supporting Cluey's current services. The Group's future success depends on Cluey's ability to effectively manage this growth. Failure to appropriately manage growth could be detrimental to Cluey's reputation and to the services provided by Cluey. This could result in failure to retain existing customers and a failure to attract new customers, which could adversely affect the Group's operating and financial performance.

5.2.7 Competition

The Group expects that existing competitors and new entrants to the outside-of-school K-12 education segment will constantly revise and improve their business models in response to challenges from competing businesses, including Cluey. If these or other market participants introduce new or improved delivery of online K-12 education and technology-enabled services that Cluey cannot match or exceed in a timely or cost-effective manner, Cluey's, and therefore the Group's, business, financial condition and performance and profitability (if applicable) may be adversely affected.

5 Risk Factors

5.2.8 Adoption of online tutoring may be slower than anticipated

Online delivery of tutoring services in K-12 in Australia is a relatively new offering which is being increasingly adopted by customers in the broader tutoring market as an alternative to traditional offerings such as in-person tutoring and physical learning centres. If increased penetration and adoption of online tutoring services occurs at a slower rate than anticipated, Cluey may be unable to expand its user base and/or its business and the results of operations, and financial performance and condition of the Group could be adversely affected.

Management believes that the COVID-19 pandemic has contributed to the accelerated adoption of online tutoring services in Australia. If the demand for online tutoring services reduces post the COVID-19 pandemic, Cluey's rate of customer acquisition may slow which may adversely affect Cluey's, and therefore the Group's operating and financial performance.

5.2.9 Cybersecurity and data protection

Cluey collects and holds a significant amount of personal information about its customers. Cluey's systems, or those of its third-party service providers, may fail, or be subject to disruption as a result of external threats or system errors. Cyber-attacks could also compromise or breach the safeguards implemented by Cluey to maintain confidentiality of such information. Cluey has an IT Disaster Recovery Plan in place but is still in the process of completing and updating its Business Continuity Handbook which at present is incomplete. Cluey is also in the process of reviewing and updating other relevant procedures to ensure that it has appropriate, up-to-date and effective data security processes in place.

Unauthorised access to, or breach or failure of, Cluey's digital infrastructure due to cyber-attacks, negligence, human error or other third-party actions, could disrupt Cluey's operations and result in the loss or misuse of data or sensitive information.

Loss of such data may expose Cluey or any member of the Group to litigation, claims, fines and penalties as well as significant reputational damage, or result in a breach of Cluey's obligations under applicable data protection laws or contractual agreements. These breaches may adversely affect the Group's financial performance and could result in a loss of trust by its customers, tutors and employees, each of which could adversely affect Cluey's reputation and ability to maintain and attract existing and new customers, tutors and employees.

In addition, laws relating to data privacy are evolving. If data privacy standards are adopted in Australia, or other markets in which the Group enters, which are more stringent than those which are currently in place, then this could lead to additional costs for compliance and negatively impact the Group's financial condition and/or performance.

5.2.10 Cluey's technology platforms, communications systems and hosting platforms may be disrupted, become redundant, cease to operate efficiently, or fail

Cluey is reliant on the performance, reliability and availability of its technology platforms, communications systems, servers, the internet, hosting services and the cloud-based environment in which it provides its services (whether provided in-house or sourced from third parties). There is a risk that these systems may be adversely affected by various factors such as damage, faulty or aging equipment, power surges or failures, computer viruses, or misuse by staff or contractors. Other factors such as hacking, denial of service attacks, or natural disasters may also adversely affect these systems and cause them to become unavailable.

This could result in a reduction of Cluey's ability to generate income, as well as adversely affecting its reputation. This could have a material adverse effect on Cluey's, and therefore the Group's, financial position and performance.

5.2.11 Execution of growth strategies during seasonal peak enrolment periods

Cluey's operating results have historically fluctuated due to seasonality and changes in the business. Future operating results may vary significantly from quarter to quarter due to a variety of factors, including school term and school holiday schedules.

The back to school period in Australia is in February and March which is a critical period for Cluey to execute on customer retention strategies and acquisition of new students. If Cluey is unsuccessful in retaining existing active students and attracting new students during peak enrolment periods, then Cluey's, and therefore the Group's, operating and financial performance may be adversely affected.

5.2.12 Tutor selection, retention, quality control and tutor costs

Cluey's business model requires that it selects, engages, trains and quality assures an increasing number of tutors as it increases the scale of its business. If Cluey is unable to effectively execute and scale its tutor operations and maintain quality standards, its, and therefore the Group's, business, financial condition and profitability (if applicable) may be adversely affected.

If the average rate paid to Cluey's tutors increases at a faster rate than the average price per session Cluey is able to derive from its customers, then Cluey's, and therefore the Group's profit margins may be adversely affected.

5.2.13 Employment

Cluey's business relies significantly on its staff and tutors. Its Financial Statements and financial position may be affected by adverse changes to employment laws, regulations or rules. In addition, in recent times there have been large underpayments of wages and benefits identified under Australian awards and enterprise agreements. Much complexity and uncertainty exist in regard to award coverage and entitlements generally and consequently historical or future claims cannot be ruled out.

5.2.14 Acquisitions, expansion or growth initiatives by Cluey may not be successful

As part of its growth strategy, the Group may investigate and undertake expansion, acquisition and other growth initiatives from time to time. The risks the Group may face with its past and future expansion, acquisition and other growth initiatives include:

- difficulty in integrating and migrating the operations, systems, technologies, employees and customers of the acquired business;
- disruption to the Group's existing business which is as at the Prospectus Date primarily Cluey, and diversion of financial and management resources on the transition and integration of the acquired business;
- difficulty in entering markets in which the Group has limited direct or prior experience where competitors have established market positions;
- potential loss of key employees, customers or suppliers of the acquired business;
- differences in corporate culture and expectations between Cluey and the acquired business;
- assumption of liabilities and incurrence of debt to fund acquisitions;
- assumption of contractual obligations that contain terms that are not beneficial to the Group as a whole;
- failure to realise the anticipated synergies, economies of scale and increases in the revenue, margins and net profit from the acquired business;
- limited experience with local laws, regulations and business customs in new and unfamiliar markets;
- difficulty in accurately valuing the acquired business resulting in overpayment;
- incomplete or inaccurate due diligence analysis of the acquired business; and
- failure to obtain appropriate warranties and indemnities from the vendors and warranty insurance in relation to the acquired business.

The occurrence of any of the above factors may adversely impact the Group's ability to realise the anticipated benefits, strategic and financial objectives and synergies of the expansion, acquisition or other growth initiative, including any anticipated improvement in the Group's financial performance. Further, the availability or opportunity for future expansion, acquisition or other growth initiatives may be affected by factors outside of the control of the Group and are not reliably predictable.

5.2.15 Changes in curriculum and standardised testing

Cluey's ability to adapt to changes in curricula and/or standardised testing and the associated costs in doing so, may impact on Cluey's ability to retain existing customers and its, and therefore the Group's, revenue and operating expenses.

5 Risk Factors

5.2.16 New products or expansion into new territories may not achieve intended outcomes

If the Group introduces new product or service features, products or services, or expands into new territories or market segments, there are risks that these initiatives may result in unforeseen costs, fail to achieve any revenue or may not achieve the intended outcomes. The Group's plans for growth may be constrained by unforeseen issues particular to a territory or market segment, including changes to the regulatory, taxation and foreign exchange environment. In addition, growth may place strain on management and operational resources.

5.2.17 Need to attract and retain skilled staff in specialised roles and management personnel

There is a risk that the Group may not be able to attract and retain skilled staff and key personnel or be able to find effective replacements for them in a timely or cost-effective manner. If the Group is unable to attract and retain skilled staff and key personnel, it could materially adversely impact the Group's ability to operate its business, implement its business strategy and develop its products which would have a detrimental impact on the Group's financial performance and profitability. A failure to establish or maintain a positive and supportive culture within the Group, and amongst its operations across various current or future jurisdictions, or non-compliance with workplace regulation in any relevant jurisdiction could also have an adverse impact on the ability to attract and retain skilled staff and could expose the Group, or any of its constituents, to liability.

Refer to Section 9 for details of contractual arrangements for Directors and senior management together with the Company's incentive policies.

5.2.18 Speed of innovation required

Constantly changing technology and product offerings of Cluey's competitors may require Cluey to adapt its products and business model to overcome these challenges and remain competitive, which may be costly or unsuccessful. Cluey's ability to meet the challenges of innovation is also reliant on its personnel and access to specialist skills and expertise.

5.2.19 Failure to realise benefits from product development costs

Developing software and technology is expensive and often involves an extended period of time to achieve a return on investment. An important part of Cluey's business strategy is to continue to make investments in innovation and related product development opportunities, to maintain its competitive position.

Cluey may not, however, receive significant revenues from these investments for several years or may not realise such benefits at all. Cluey makes assumptions about the expected future benefits generated by investment in product research and development and the expected timeframe in which the benefits will be realised. These assumptions involve both known and unknown risks that are beyond the control of the Group and are thus subject to change. Any change to the assumptions may have an adverse impact on the Group's ability to realise benefits from innovation and product development related costs.

5.2.20 Reputation damage

Maintaining the strength of Cluey's reputation is important to retaining and increasing its customer base and successfully implementing its business strategy. Cluey's reputation could be affected by the actions of third parties, such as business partners, competitors, technology providers and its customer base. There is also a risk that unforeseen issues or events or unsubstantiated social media coverage may adversely affect Cluey's reputation. This may impact on the future growth and profitability of the Group.

5.2.21 Internet availability, cost and reliability

Cluey's services require customer and tutor access to reliable internet connection. There is a risk that future access to the internet for existing and prospective customers is compromised by rising costs, unreliable connection or general unavailability in rural and remote locations. This could result in a slower adoption of Cluey's online services, which could adversely affect the Group's future operating and financial performance.

5.2.22 Changes in law and regulations

Cluey may be adversely impacted by the introduction or changes in government policy, regulation or legislation applying to tutoring services and/or education providers.

5.2.23 Failure to protect intellectual property rights

Actions taken by Cluey to protect its intellectual property may not be adequate, complete or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar technologies by others.

The Group may suffer damage if former employees infringe its intellectual property rights.

Monitoring unauthorised use of Cluey's intellectual property is difficult and can be costly. The Group may not be able to detect unauthorised use of its intellectual property rights.

The laws of many countries may not protect Cluey's intellectual property. Changes in laws in Australia and elsewhere may adversely affect Cluey and its intellectual property rights.

Cluey may in the future need to initiate litigation such as infringement or administrative proceedings, to protect its intellectual property rights. Litigation, whether Cluey is a plaintiff or a defendant, can be expensive, time-consuming, unpredictable and may divert the efforts of its staff and managers whether or not such litigation results in a determination that is unfavourable to Cluey.

5.3 Intellectual Property

5.3.1 Trade secrets

Cluey, and therefore the Group, will rely on its trade secrets. The protective measures that Cluey employs may not provide adequate protection for its trade secrets. This could erode Cluey's competitive advantage and materially harm its, and therefore the Group's, business and financial performance and condition. The Group cannot be certain that others will not independently develop the same or similar trade secrets on their own or gain access to trade secrets or disclose such trade secrets, or that the Group will be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret.

5.3.2 Infringement of third-party IP

If a third party accuses the Company or Cluey of infringing its IP rights or if a third party commences litigation against the Company or Cluey for the infringement of patent or other IP rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Costs that the Group incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time. In addition, parties making claims against the Company or Cluey may be able to obtain injunctive or other equitable relief that could prevent the Company or Cluey from further developing discoveries or commercialising, amongst others, its brand, educational model, content, systems, algorithms or software. In the event of a successful claim of infringement against the Company or Cluey, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in introducing changes or improvements to, amongst others, its brand, educational model, content, systems, algorithms or software and loss of substantial resources while it attempts to develop alternatives. Defence of any lawsuit or failure to obtain any of these licenses could prevent the Company or its partners from commercialising available intellectual property and could cause the Group to incur substantial expenditure.

5.4 General Risks

Most of the general risks discussed below are outside the control of the Company and the Directors and cannot be mitigated.

5.4.1 Economic and financial market conditions may deteriorate

Once the Company becomes a listed company, it will become subject to general market conditions and risks inherent to all entities whose securities are publicly listed on a securities exchange. General economic conditions (both domestically and internationally), long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities may adversely affect the market price of Shares and the ability of the Company to pay dividends. None of the Company, the Directors or any other person guarantees the market performance of the Shares or the payment of dividends.

5 Risk Factors

5.4.2 COVID-19 pandemic

The COVID-19 pandemic has had an unprecedented impact on financial markets in Australia and worldwide. The impact of the COVID-19 pandemic has led to increased unemployment levels, deteriorating household income and worsening financial performance of businesses throughout Australia and worldwide.

The full impact of the COVID-19 pandemic is inherently uncertain and there is a risk that the economic and financial markets and business conditions could further weaken. There is a risk that worsening economic conditions driven by COVID-19 could impact the Group's future financial condition, performance and/or the price or value of the Shares.

Cluey has been a beneficiary of an increase in demand for online tutoring services as a result of restrictions applying during the COVID-19 pandemic. While the Company believes the adoption of online tutoring is sustainable and likely to increase, there is a risk that demand for online tutoring services subside or decline beyond the COVID-19 pandemic.

5.4.3 Price of Shares may fluctuate

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if the Group's earnings increase. Some of the factors which may affect the price of the Shares include:

- the number of potential buyers or sellers of Shares on the ASX at any given time;
- fluctuations in the domestic and international market for listed stocks;
- changes in fiscal, monetary or regulatory policies, legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which the Group operates;
- variations in sector performance, which can lead to investors exiting one sector to prefer another;
- initiatives by other sector participants which may lead to investors switching from one stock to another; and
- general operational and business risks.

5.4.4 Shareholders may suffer dilution

In the future, the Company may elect to issue new Shares, including pursuant to management and employee incentive arrangements, or engage in institutional fundraisings including to fund capital requirements or acquisitions that the Group may decide to make. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), some or all Shareholders may be diluted as a result of such issues of Shares and fundraisings.

5.4.5 Trading in Shares may not be liquid

There is currently no public market through which the Shares may be sold. There can be no guarantee that an active market in the Shares will develop or that the price of Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

The Existing Shareholders will hold approximately 79% of the Shares following Completion of the Offer, which may impact on liquidity. Escrowed Shareholders have, or will on (or shortly before) Completion of the Offer entered into both mandatory and voluntary escrow arrangements in relation to the escrowed Shares they will hold immediately following Completion of the Offer.

A summary of the escrow arrangements is set out in Section 9.5. This could affect the prevailing market price at which Shareholders are able to sell their Shares at certain points in time. For example, Shares may be illiquid during the escrow period but may be extremely liquid when those shares come out of escrow.

5.4.6 Potential sell-down by Existing Shareholders

Escrowed Shareholders will be able to sell Escrowed Shares once they are released from the escrow arrangements described in Section 9.5. There will be no restrictions under the escrow arrangements upon sale of Escrowed Shares once the relevant Escrow Period ends. The escrow arrangements include partial release dates after which Escrowed Shareholders may sell some of their Escrowed Shares. Refer to Section 9.5 for further information.

Existing Shareholders may not be long-term holders of Shares. A significant sale of Shares by some or all Existing Shareholders, or the perception that such sale may occur at the end of an Escrow Period, could adversely impact the price of Shares. Conversely, the absence of any significant sell-down of Escrowed Shares may cause or contribute to a diminution in the liquidity of the market for the Shares.

5.4.7 Adverse taxation changes may occur

The Group, or any of its constituents, may be exposed to changes in taxation legislation or interpretation in Australia and any jurisdiction in which it may conduct business in the future. Any change to the current rates of taxes imposed on any member of the Group in those jurisdictions is likely to affect returns to Shareholders.

In addition, an interpretation of taxation laws by the relevant tax authority that is contrary to the Group's view of those laws may increase the amount of tax to be paid or cause changes in the carrying value of tax assets in the Group's consolidated financial statements. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and Shareholder returns.

Cluey has made claims under the research and development tax incentive provided by the Australian Government ('R&D Incentive'). The R&D Incentive is claimed by way of self-assessment by Cluey based on a review by management. R&D is a complex area and there is a risk that the ATO or Innovation and Science Australia could form a different view to Cluey. In the event that Cluey's claims are selected for audit and Cluey is unable to provide appropriate documentation or adequately substantiate its claims, it is possible that it could be required to refund amounts previously received together with penalties depending on the outcome of the audit. The years which remain open to audit as at the Prospectus Date are financial years ended 30 June 2018 and 30 June 2019. The value of R&D incentives received by Cluey in each of those financial years is \$178,137 and \$290,544 respectively.

5.4.8 Australian Accounting Standards may change

Changes to the Australian Accounting Standards ('AAS') are determined by the Australian Accounting Standards Board ('AASB') and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key income statement and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key income statement or statement of financial position items, may differ. Any changes to AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Group.

5.4.9 Expected future events may not occur

Certain statements in this Prospectus constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Forward looking statements are identified by words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar words that involve risks and uncertainties. The Forecast Financial Information contains examples of forward-looking statements.

Given these uncertainties, prospective investors should not place undue reliance on such forward-looking statements, which speak only as of the Prospectus Date. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Company, Directors, management or any other person referred to in this Prospectus, that a particular outcome or future event is guaranteed. Neither the Company nor the Directors have any intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

5 Risk Factors

5.4.10 Force majeure events may occur

Events may occur within or outside Australia that could impact upon global, Australian, or other local economies relevant to the Group's financial performance, the operations of the Group and the price of the Shares. These events include, but are not limited to, acts of terrorism, outbreaks of disease and pandemics (such as COVID-19), international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, or other man-made or natural events or occurrences that can have an adverse effect on the demand for Cluey's products and services, its ability to conduct business and the Group's credit performance. The Group only has a limited ability to insure against some of these risks.

Refer to Sections 3.11 and 5.4.2 for further information on the COVID-19 pandemic and its impact on the Group, the economy and financial markets in Australia and globally.

5.4.11 No guarantee in respect of investment

The above list of risk factors should not be taken as an exhaustive list of the risks faced by the Company, Cluey, the business in which they own and operate or the Company's Shareholders. The above factors, and others not specifically referred to above, may materially affect the financial performance of the Group as a whole and the value of the Shares offered by the Company under the Offer. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX. Furthermore, there is no guarantee that the Shares will remain continuously quoted on ASX, which could impact the ability of prospective Shareholders to sell their Shares. Investors should consult their professional adviser before deciding whether to apply for Shares under the Offer.

5.5 Prospective Information

No assurance as to future profitability or dividends can be given as they are dependent on successful development of the Group's core service offering, future revenue, the working capital requirements of the Group, and other factors, some of which are outside of the control of the Group.

There can be no guarantee that the assumptions on which the financial forecasts and development strategies of the Board, or those upon which the Group or any of its constituents bases its decisions to proceed, will ultimately prove to be valid or accurate. The forecasts and development strategies depend on various factors many of which are outside the control of the Company and the Directors.

Changes in interest rates, exchange rates, government budgetary measures, relevant taxation and other legal regimes and Government policies may adversely affect the Group.

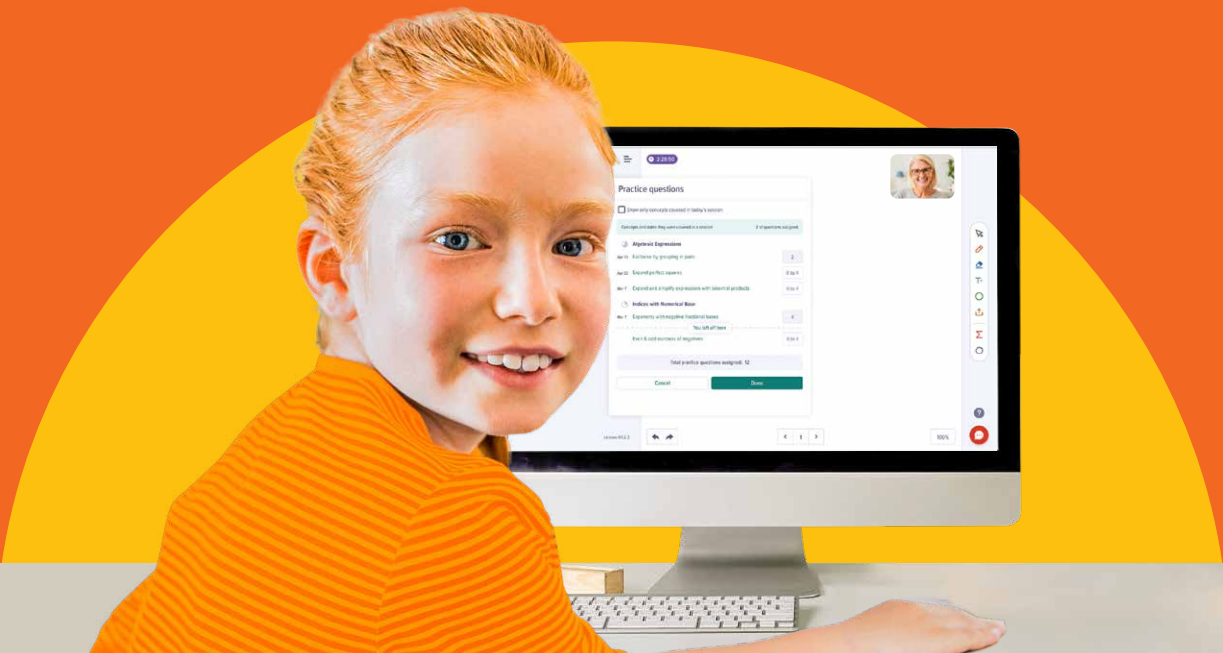
The Directors expect that the proceeds of the public capital raising will provide sufficient capital resources to enable the Company to achieve its current business objectives. The Directors can give no assurance, however, that such objectives can be met without future financing or, if future financing is necessary, that it can be obtained on favourable terms.

5.6 Concluding Comment

The above list of risk factors ought not to be taken as an exhaustive one of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Investment in the Company must be regarded as speculative and neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of the Shares, including those offered by this Prospectus, will be achieved.

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06 | Key People, Interests and Benefits



6 Key People, Interests and Benefits

6.1 Board of Directors

On Listing, the Board will comprise a Non-executive Chairman, two Non-executive Directors and one Executive Director. It is proposed that the Company will undertake a search to identify and select an appropriate candidate who will add diversity to the Board as a Non-Executive Director.

Experience



Robert Gavshon

Chairman and Non-Executive Director

Robert migrated to Australia from South Africa in 1978 where he was a partner in a large law firm. Shortly after arrival in Australia, he was appointed Group General Counsel and Director of Corporate Affairs with worldwide responsibility for a multinational corporation listed on the ASX. Robert later became a significant shareholder in and served as a director of public companies including Executive Deputy Chairman of Barbeques Galore Ltd, a Nasdaq listed company and Rebel Sport listed on the ASX. He has also been involved in several successful equity ventures where he took Board and advisory roles including Oporto, Hipages and The Optical Company. Robert has been engaged in the education sector for over two decades and was a shareholder in and Chairman of Think Education Group and Open Colleges until their sale. He has also occupied leading positions in the not-for-profit sector. In 2019 Robert was recognised as a Member of the Order of Australia (AM) for his services to education, business and community. He holds Bachelor of Commerce and Bachelor of Law degrees.



Professor Ian Young

Non-Executive Director

Ian has over 20 years' experience in the higher education sector. He was previously the Chief Executive (Vice-Chancellor) of the Australian National University and Swinburne University of Technology and has also held several senior faculty and teaching positions across a range of tertiary institutions. Ian also has extensive experience with boards in the education, government and research sectors. He was previously the Chair of the Group of Eight universities, VERNet and Education Australia and has held board member positions at the Australian Research Council, IDP Education and Online Education Services. Ian holds a Bachelor of Engineering (Honours) in Civil Engineering, a Master of Engineering Science in Coastal Engineering and a PhD in Coastal Engineering Science.

Ian is an independent Director as in the Board's view he is free from any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with the independent exercise of his judgement.



Michael Stibbard

Non-Executive Director

Michael has over 40 years' experience in the accounting profession. He was an audit and business consulting partner with Horwath NSW Pty Limited, Chartered Accountants for 23 years and managing partner for 6 of those years. When the company merged with Deloitte in February 2007, he continued to act as an audit and business consulting partner until his retirement from the firm in September 2017. Since leaving Deloitte, Michael has continued to provide business advisory services. He holds a Bachelor of Commerce degree (UNSW).

Michael is an independent Director as in the Board's view he is free from any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with the independent exercise of his judgement.

Experience



Mark Rohald

Executive Director

Mark co-founded Cluey in 2017 and has been the CEO of Cluey since its inception. Mark has 30 years of experience in private education and training in the UK, South Africa, Canada and Australia. He has founded a number of private and publicly listed education and EdTech companies. He has served as a Board member of more than 30 education organisations across the K-12, Vocational and Higher Education segments. Previously, Mark was the co-founder and Director of Educor, one of the largest private education companies in the world, listed on the JSE and NASDAQ. Mark was the co-founder and Joint CEO of the Think Education Group – a significant Australian provider of campus-based vocational and higher education. In 2010, Mark co-founded the Open Colleges Group which developed into the largest private provider of online learning in Australia. Mark holds Bachelor of Commerce and Bachelor of Commerce with Honours (Economics) degrees.

6.2 Key Managers

Experience



Mark Rohald

Chief Executive Officer

Mark co-founded Cluey in 2017, following a 30-year career in private education and training in the UK, South Africa, Canada and Australia. He has founded a number of private and publicly listed education and EdTech companies. He has served as a Board member of more than 30 education organisations across the K-12, Vocational and Higher Education segments. Previously, Mark was the co-founder and Director of Educor, one of the largest private education companies in the world, listed on the JSE and NASDAQ. Mark was the co-founder and Joint CEO of the Think Education Group – one of Australia's leading providers of campus-based vocational and higher education. In 2010, Mark co-founded the Open Colleges Group which developed into the largest private provider of online learning in Australia. Mark holds Bachelor of Commerce and Bachelor of Commerce with Honours (Economics) degrees.



Greg Fordred

Chief Financial Officer

Greg is a co-founding Executive and Chief Financial Officer of Cluey. Greg has over 20 years' experience in executive and senior finance positions with companies in the Financial Services and Education sectors. In the last 15 years, Greg held CFO/Company Secretary positions at Open Colleges, Think Education Group and Kaplan Australia. Greg played an instrumental role in the corporate development and growth of these organisations, creating significant shareholder value, whilst ensuring high standards of governance. Greg is a Chartered Accountant and Chartered Secretary. He holds a Bachelor of Business and several post-graduate qualifications in Company Secretarial Practice and Governance of ASX Listed Entities.



Dr Selina Samuels

Chief Learning Officer

Selina has over 25 years' experience in the education sector. She has been a university lecturer at the University of London and UNSW, Head of English at Ascham School in Sydney and held other senior education leadership roles. She has unique experience in developing new education enterprises. She designed and implemented a framework for an international network of schools that transformed pedagogy, physical and digital learning environments, and she worked with the Dalton Foundation in Hong Kong to develop a new kindergarten and primary school. Selina holds an Arts/Law degree with the University Medal, a Masters of Education and a PhD.

6 Key People, Interests and Benefits

Experience



Michael Allara

Chief Product Officer

Michael has 20 years' experience in digital product and strategy domains across several industries undergoing major transformation, in both Australia and the UK. He has worked in product and strategy roles in the video game (Sony Computer Entertainment Europe), digital media (NineMSN), and education (Open Colleges, Cluey) industries, as well as through professional services engagements with PricewaterhouseCoopers and Oakton. Michael holds a Bachelor of Commerce from the University of New South Wales.



David Jablonski

Chief Technology Officer

David has over 25 years' experience in technology and product development. His proficiency spans a broad range of technologies, from enterprise security platforms to consumer products. Prior to joining Cluey, David held leadership roles at Symantec, Websense (now Raytheon), and BlackCitrus. In addition to global organisations, David has founded, expanded and consulted to numerous small internet companies in the United States and Australia. David holds a Bachelor of Science in Electrical Engineering from the Massachusetts Institute of Technology.



Trevor McDougall

Chief Operating Officer

Trevor has over 10 years' experience in senior leadership positions with a focus on scaling technology and operations. Previously, Trevor held the position of CIO at Open Colleges and Think Education Group. Trevor has global experience across entertainment, supply chain, operations and education, working for businesses including Sony & IDP. Trevor has led the development and execution of digital product strategies in high growth environments and has run commercial operations. Trevor holds a Bachelor of Commerce from Macquarie University and an MBA from MGSM.



Matteo Trinca

Chief Customer Officer

Matteo has 15 years' experience in customer intelligence and strategic marketing in the gaming and education sectors. Driven by a strong passion for decision science, he started his career in data and analytics, transitioning to revenue management roles, holding senior positions at William Hill Australia and PaddyPower Plc (now Flutter Entertainment Plc). Originally from Italy, Matteo has lived, studied and worked in Spain, Ireland and Australia. He holds double degrees in Industrial Engineering and an eMBA from INSEAD Business School.

6.3 Directors' Shareholding Qualifications, Remuneration and Interests

Except as disclosed in the Prospectus, no Director or proposed Director of the Company, or firm in which a Director or proposed Director is a partner, has any interest, nor has had any interest for registration, or has received or is entitled to receive any sum for services rendered by either him or the firm to induce him to become or qualify him as a Director, or otherwise in connection with the promotion or formation of the Company or in the property proposed to be acquired by the Company in connection with its promotion or formation.

6.3.1 Shareholding qualifications & remuneration

The Directors are not required under the Company's constitution ('Constitution') to hold any Shares in order to qualify as Directors.

The Constitution provides the Directors are entitled to remuneration for their services as Directors as determined by the Company in general meeting. A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be paid or reimbursed (in accordance with the Company's policies applicable to the reimbursement of management expenses) for any disbursements or any other out of pocket expenses properly incurred as a result of the directorship or any special duties in connection with the business of the Company.

6.3.2 Directors' interests in securities

Set out below are details of the interests of the Directors in the Shares and other securities of the Company immediately prior to lodgement of the Prospectus with ASIC³⁶. Interests include those held directly and indirectly.

Name	Position	Annual Remuneration	Shares directly held	Options held	Option valuation
Robert Gavshon	Chairman and Non-Executive Director	\$90,000	9.3 million	–	–
Mark Rohald	CEO and Non-Executive Director	\$250,000	14.2 million	–	–
Professor Ian Young	Non-Executive Director	\$60,000	–	–	–
Michael Stibbard	Non-Executive Director	\$60,000	–	–	–
Total			23.5 million		

6.3.3 Other interests of Directors

Directors have no other interests in the Company.

6.4 Related Party Transactions

There are no related party transactions.

6.5 Employee Incentive Plan

The Company has approved an Employee Incentive Plan which will enable the Board, from time to time and in its absolute discretion, to make an offer to any employee, contractor or director (including any prospective employee, contractor or director) ('Eligible Employee') to participate.

The Employee Incentive Plan is an omnibus plan which allows the Board complete discretion in determining the most appropriate incentive to be offered upon the terms set out in the Employee Incentive Plan and upon such additional terms and conditions as the Board determines. In particular, the Board may determine at any time up until the exercise of an Award under the Employee Incentive Plan that a restriction period may apply to some or all of the Awards issued to Eligible Employees.

36 The number of Shares disclosed in the table above assumes that the Shares that will be issued to the noted holders on Completion in exchange for their current holding in Cluey's securities were issued on the Prospectus Date.

6 Key People, Interests and Benefits

The Employee Incentive Plan provides for the issue to a Participant of:

- Options, which may be subject to vesting conditions as determined by the Board, including Good Leaver and Bad Leaver conditions;
- Shares, either at a discount to market value or at market value with an ability for a loan to be provided by the Company to the employee, repayable from dividends and/or the sale of shares once vesting conditions have been lifted;
- Shares, in lieu of any wages, salary, director's fees or other remuneration, or by the Company in its discretion, in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment;
- Performance Rights which will be issued for nil consideration and subject to vesting conditions as determined by the Board; and
- Free or discounted shares to employees being subject to the concessional tax treatment in Division 83A of the *Income Tax Assessment Act 1997*, as determined by the Board from time to time.

The Company must have reasonable grounds to believe, when making an offer under the Employee Incentive Plan, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

The Directors are entitled to participate in the Employee Incentive Plan, subject to Shareholder approval.

6.6 Legal or Disciplinary Action

No Director (or company that the Director was a director of at the relevant time) has, in the 10 year period ending on the date of this Prospectus, had any legal or disciplinary action against the Director that is relevant to the Director's role in the Company and a potential investor's decision to apply for Shares.

6.7 Insolvent Companies

Other than as set out below, no Director has been an officer of a company that entered into a form of external administration because of insolvency while the Director was an officer of the company or within 12 months of the Director ceasing to be an officer of the company.

Robert Gavshon was a non-executive director of Mothercare Australia Limited which went into voluntary administration on 29 January 2013. Mothercare Australia Limited came out of administration during 2013 and was subject to a Deed of Company Arrangement.

6.8 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted a number of corporate governance policies, charters and written procedures as the documentary basis for its overarching corporate governance system. To this end, the Board is committed to administering its corporate governance policies, charters and procedures with openness and integrity and in accordance with their spirit and intention.

Furthermore, and to the extent applicable to the Company (after having regard to its size, stage of development and nature), the Company has adopted and sought to comply with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations"³⁷ ("Recommendations").

The Board is of the belief that the Board's current size and composition, as well as the Company's corporate governance framework is optimal having regard to the Company's nature and stage of development. The appropriateness of the Company's overarching corporate governance system will however be reviewed on an ongoing basis.

The Company's full "Corporate Governance Plan" (which is a compilation of all of the Company's corporate governance policies, charters and written procedures) is available in the dedicated corporate governance information section of the Company's website at <https://clueylearning.com.au>.

The Company's main corporate governance policies, charters and procedures as at the date of this Prospectus are set out below.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and senior management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) Appointing, and where necessary, replacing, CEO/MD and senior executives of the Company and the determination of their terms and conditions including remuneration and termination.
- (ii) Driving the strategic direction of the Company and its business and ensuring appropriate resources are available to meet corporate objectives and to monitor management's performance.
- (iii) Reviewing and ratifying systems of risk management and internal compliance and control, charters and codes of conduct and ensuring legal compliance across all areas of the Company's business.
- (iv) Approving and monitoring the progress of major corporate initiatives involving capital expenditure, capital management and acquisitions and divestitures.
- (v) Approving and monitoring the budget and the adequacy and integrity of financial and other reporting.
- (vi) Approving the annual, half yearly and quarterly accounts.
- (vii) Approving significant changes to the organisational structure.
- (viii) Approving the issue of any shares, options, equity securities or other financial instruments in the Company (subject to compliance with the ASX Listing Rules).
- (ix) Procuring appropriate professional development opportunities for Directors and senior managers to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.
- (x) Approving the Company's remuneration framework.
- (xi) Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making across all of the Company's operations.
- (xii) Recommending to Shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them.
- (xiii) Meeting with the external auditor, at their request, without management being present.

It is the responsibility of the Nomination Committee to ensure that appropriate checks are undertaken before the appointment of Directors and senior executives and has in place written agreements with each Director and senior executive which detail the terms of their appointment.

(b) Composition of the Board

On Admission, the Board will consist of four Directors (two of whom are considered by the Board to be "independent" in accordance with criteria set out in Recommendations pertaining to "independence").

As the Company's activities develop in size, nature and scope, the composition of the Board will be reviewed to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.

(c) Identification and management of risk

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

6 Key People, Interests and Benefits

(e) Independent professional advice

The individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman.

(f) Remuneration Committee

Under the Board Charter, the Board is required to establish committees once the Board is of a sufficient size and structure, and the Company's duties are of a sufficient magnitude to justify the establishment of a particular committee or sub-committee of the Board. The Board currently has only four members and considers that the committee structure would not yet be an effective mechanism in relation to decision making in relation to remuneration. The Board (as a whole) carries out the duties of the remuneration committee.

The Constitution provides that the Non-Executive Directors will be paid by way of remuneration for their services as Directors such annual fees as the Directors determine, provided the annual fees do not exceed in aggregate the maximum sum that is from time to time approved by Shareholders in a general meeting in accordance with the ASX Listing Rules. As at the Prospectus Date, the maximum sum approved for this purpose is A\$500,000.

In addition, a Director may be paid special and additional remuneration as the Directors determine if, with the approval of the other Directors, a Director performs extra services or makes any special exertions for the benefit of the Company.

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

For so long as there is no Remuneration Committee, the Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain senior executives and Directors who will create value for Shareholders, having regard to the performance of the Company and its related entities, the performance of the executive and the prevailing remuneration expectations in the market.

For so long as there is no Remuneration Committee, the Board is also responsible for reviewing any equity-based plans and other incentive schemes including the appropriateness of performance hurdles.

(g) Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key senior personnel (that is, its Directors and, if applicable, any employees reporting directly to the CEO/MD). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading. The policy also prescribes periods in which dealing in the Company's securities are forbidden.

(h) Diversity policy

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its corporate objectives. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. The Board may establish measurable objectives for achieving diversity, and is responsible for assessing annually both the objectives, and the Company's progress in achieving them.

(i) Audit and Risk Committee

The Board (as a whole) carries out the duties of the audit and risk committee, as the Board considers it is not yet of a sufficient size and structure to gain any benefit from separate committees. The Audit and Risk Committee Charter includes, but is not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and the Company's risk management systems, the identification and management of business, environmental and social risk and the external audit function.

(j) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(k) Internal audit

The Company does not have an internal audit function. The Board considers the financial control function in conjunction with its risk management policy is sufficient for a Company of its size and complexity.

6.9 Departures from Recommendations

Following Listing, the Company will be required to report any departures from the Recommendations in accordance with ASX Listing Rule 4.7.3.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendations	Explanation for Departure
1.5 – A listed entity should set measurable objectives for achieving gender diversity	The Company has a diversity policy which is set out in the Corporate Governance Plan (which itself is included on the Company's website). The Board may set measurable objectives for achieving the overarching objective of the diversity policy, including gender diversity, and if objectives are set, the Company must annually review and report on progress against those objectives. The Board has yet not set measurable objectives but will in the future review the appropriateness of setting objectives as the Company develops in size and complexity.
2.1 – The board of a listed entity should have a nomination committee	Under the Board Charter, the Board is required to establish committees once the Board is of a sufficient size and structure, and the Company's duties are of a sufficient magnitude to justify the establishment of Board committees. The Board currently has only four members and considers that the committee structure would not yet be an effective mechanism for discharging their duties. The full Board undertakes the role of the nomination committee and considers all the matters as set out in the Company's Nomination Committee Charter.
2.4 – The majority of the board should be independent	The Board considers that Mr Gavshon and Mr Rohald are not independent. Accordingly, the Company does not satisfy this recommendation. Nonetheless, the Board considers that the Company is not currently of the size or complexity to warrant the appointment of an additional independent director.
2.5 – The chair of the Board should be an independent director and should not be the same person as the CEO	Robert Gavshon is the Chairman of the Board and as such the Company does not satisfy this Recommendation (that is, because he is not considered by the other Directors to be "independent"). Nonetheless, the Directors other than Robert Gavshon, consider that Robert Gavshon is most the appropriate person to act as the Chairman of the Board given his experience and expertise. The Board will keep the matter under review and aims to comply with this Recommendation as soon as it is appropriate.
3.3 – A listed entity should have and disclose a whistleblower policy	The Board is responsible for overseeing procedures for whistleblower protection pursuant to the Audit and Risk Committee Charter and considers that the Company is currently of a size, and its affairs of such complexity, that a separate whistleblower policy is not yet necessary. The spirit of a whistleblower policy is enshrined in the Company's Corporate Code of Conduct, in which employees are encouraged to raise any matters of concern in good faith without fear of retribution. Nonetheless, Cluey has a whistleblower policy which is expected to be adopted by the Company in due course.
3.4 – A listed entity should have an anti-bribery and corruption policy	The Board considers that the Company is currently of a size, and its affairs of such complexity, that a separate anti-bribery and corruption policy is not yet necessary. The basic tenets of such a policy are included in the Company's Corporate Code of Conduct and the Board is informed of any material breaches of the Code.

6 Key People, Interests and Benefits

Principles and Recommendations	Explanation for Departure
4.1 – The board of a listed entity should have an audit committee	<p>Under the Board Charter, the Board is required to establish committees once the Board is of a sufficient size and structure to warrant the establishment of separate Board committees. The Board currently has only four members and considers that the committee structure would not yet be an effective mechanism. The full Board undertakes the role of the audit committee and considers all the matters as set out in the Company's Audit and Risk Committee Charter.</p>
6.4 – A listed entity should ensure that all substantive resolutions at a shareholder meeting are decided by a poll	<p>The Board considers that there is no significant benefit of calling a poll on substantive resolutions rather than voting by a show of hands as a matter of course given the practice of the Company at general meetings of Shareholders to display, at the time of voting for each resolution, the proxy votes received by the Company so that Shareholders are fully informed as to the level of support for each resolution. The Board notes however that it is a requirement of the Company's Constitution that all resolutions put forward for approval under the ASX Listing Rules will be decided by a poll.</p>
7.1 – The board of a listed entity should have a risk committee	<p>Under the Board Charter, the Board is required to establish committees once the Board is of a sufficient size and structure to warrant the establishment of separate Board committees. The Board currently has only four members and considers that the committee structure would not yet be an effective mechanism.</p> <p>The full Board undertakes the role of the risk committee and considers all the matters as set out in the Company's Audit and Risk Committee Charter.</p> <p>The Board is ultimately responsible for risk oversight and risk management. Discussions on the recognition and management of risks are regularly considered by the Board.</p>
8.1 – The board of a listed entity should have a remuneration committee	<p>Under the Board Charter, the Board is required to establish committees once the Board is of a sufficient size and structure to warrant the establishment of separate Board committees. The Board currently has only four members and considers that the committee structure would not yet be an effective mechanism.</p> <p>The full Board undertakes the role of the remuneration committee and considers all the matters as set out in the Company's Remuneration Committee Charter.</p>

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07 | Details of the Offer



7 Details of the Offer

7.1 The Offer

This Prospectus relates to the initial public offer of 25.1 million Shares by the Company at the Offer Price to raise \$30.0 million (before costs and expenses). The Shares offered under this Prospectus will represent 21.0% of the Shares on issue on Completion of the Offer. Accordingly, the “free float” (for the purposes of Condition 7 of ASX Listing Rule 1.1) will be approximately 36.5% of the Shares on issue on Listing.

The total number of Shares on issue on Completion of the Offer will be 119.6 million. The Shares will be fully paid ordinary shares and will, once issued, rank equally with the Shares on issue on Listing. A summary of the rights attaching to the Shares is set out in Section 9.4.

The Offer has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 9.6.1.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Structure of the Offer

The Offer comprises:

- the Retail Offer, consisting of the:
 - Broker Firm Offer – which is open to Australian resident retail clients of participating Brokers, who have a registered address in Australia and who receive an invitation from a Broker to acquire Shares under this Prospectus and who are not in the United States (see Section 7.3);
 - Priority Offer – which is open to selected investors nominated by the Company in eligible jurisdictions, who have received a Priority Offer invitation to acquire Shares under this Prospectus (see Section 7.4); and
 - Employee Gift Offer – whereby Eligible Employees received a guaranteed allocation of \$1,000 worth of Shares at no cost (see Section 7.5); and
- the Institutional Offer – which consists of an offer to Institutional Investors in Australia, New Zealand and certain other jurisdictions around the world, made under this Prospectus (see Section 7.9).

No general public offer of Shares will be made under the Offer.

The allocation of Shares between the Institutional Offer, Broker Firm Offer and Priority Offer will be determined by agreement between the Joint Lead Managers and the Company. For further information regarding the allocation of Shares within each of the Broker Firm Offer, Priority Offer, Employee Gift Offer and the Institutional Offer, see Sections 7.3.5, 7.4.5, 7.5.5 and 7.9.2.

7.1.2 Purpose of the Offer and Use of Proceeds

The purpose of the Offer is to:

- provide the Company access to capital markets which it expects will provide additional financial flexibility to pursue further growth opportunities, including, but not limited to, marketing, product development, operations and other growth opportunities;
- achieve a Listing on ASX to broaden the Company’s shareholder base and provide a liquid market for its Shares; and
- assist the Company and, where applicable Cluey, in attracting and retaining appropriately qualified and experienced staff.

Table 7.1: Sources and Uses of Proceeds

Sources of funds	\$m	%	Uses of funds	\$m	%
Offer Proceeds	30.0	100.0%	Sales & Marketing ¹	10.9	36.3%
			Product, Customer Care, Education & Technology ²	5.8	19.5%
			Expenses associated with the IPO ³	3.4	11.3%
			Working Capital ⁴	9.9	32.9%
Total sources of funds	30.0	100.0%	Total uses of funds	30.0	100.0%

1. Sales & marketing refers to costs related to acquiring new students and comprises of marketing expenses (media spend and affiliate commissions), marketing employee salaries, learning advisors (sales personnel) salaries and commissions.
2. Product, customer care, education & technology refers to costs related to the salaries of the customer care and support, operations, product development, education and technology teams, as well as software and hosting costs paid to third-party providers.
3. Expenses associated with the IPO are exclusive of GST amounts payable.
4. Working capital is the capital required to fund day-to-day operating (for example payment of salaries, rent and other operations expenses). The more significant areas of expenditure in respect to working capital have been separately identified, being sales & marketing, and product, customer care, education & technology. Cluey will likely use the remainder of the capital to fund its growth objectives especially for additional customer acquisition and other general cash requirements.

The Board reserves the right to vary these uses of funds, acting in the best interests of Shareholders and as circumstances require.

(a) Potential effect of the fundraising on the future of the Company

The Board believes that on Completion of the Offer, the Company will have sufficient funds available from the proceeds of the Offer and its operations to fulfil the purposes of the Offer and carry out its stated business objectives (see Section 3.7).

The Group's Statutory and Pro Forma Historical and Forecast Cash Flows, including the net cash flow before the impact of the Offer, are set out in Section 4.4. The Group's Statutory and Pro Forma Historical Statements of Financial Position as at 30 June 2020, including details of the pro forma adjustments made to show the impact of the Offer, are set out in Section 4.5.

7.1.3 Shareholder structure

The details of the ownership of Shares as at the Prospectus Date and Completion of the Offer are set out in Table 7.2.

Table 7.2: Details of the Ownership of Shares

Holder	Shares held at the Prospectus Date ³		Shares held on Completion of the Offer	
	Shares (m)	Shares (%) ¹	Shares	Shares (%) ¹
Founders ²	36.5	38.6%	36.5	30.5%
Institutional Shareholders	33.4	35.4%	33.4	28.0%
Other Existing Shareholders (excluding Founders, and Institutional Shareholders)	24.6	26.0%	24.6	20.6%
New Shareholders ⁴	–	–	25.1	21.0%
Total	94.5	100.0%	119.6	100.0%

1. Total % may not equal 100% due to minor rounding difference.
2. Founders are Robert Gavshon, Mark Rohald, Sam Linz and Greg Fordred
3. On a fully diluted basis, including the number of Shares represented by employee options and Convertible Loan Notes on a notional as-converted basis. Options and Convertible Loan Notes will not be converted into Shares until shortly prior to settlement of the IPO. This information assumes that the Shares that will be issued to these holders on Completion (i.e. issued in exchange for their current securities holdings in Quartet Education) were issued on the Prospectus Date.
4. Includes any new Shares to be issued under the Employee Gift Offer.

7 Details of the Offer

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the Shares being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 9.4.
What is the consideration payable for each Share being offered?	The Offer Price is \$1.20 per Share.
What is the Offer period?	<p>The key dates, including details of the Offer Period, are set out in the Key Dates on page 3 of this Prospectus.</p> <p>These key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time.</p> <p>The Company and the Joint Lead Managers reserve the right to amend any or all of the times and dates of the Offer without notice subject to the ASX Listing Rules, the Corporations Act and other applicable laws, including closing the Offer early, extending the Offer, deferring the date of Completion of the Offer, accepting late Applications either generally or in particular cases, allotting Shares at different times to investors, or to cancel or withdraw the Offer without prior notice.</p> <p>If the Offer is cancelled or withdrawn before the allocation and issue of Shares to successful Applicants, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>No Shares will be issued on the basis of this Prospectus after the Expiry Date.</p> <p>The quotation and commencement of trading of the Shares to be issued under the Offer is subject to confirmation from ASX.</p>
How much is to be raised under the Offer?	\$30 million is expected to be raised under the Offer.
Is the Offer underwritten?	Yes, the Offer is fully underwritten.
Who is lead managing the Offer?	The Joint Lead Managers are Bell Potter and Canaccord.
What is the minimum and maximum Application size under the Broker Firm Offer?	<p>The minimum Application under the:</p> <ul style="list-style-type: none">● Broker Firm Offer is \$2,000 of Shares in aggregate. There is no maximum Application size under the Broker Firm Offer, however the Company and the Joint Lead Managers reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for; and● Priority Offer is \$2,000 of Shares in aggregate. Priority Offer Applicants may apply for up to the value of Shares indicated in their Priority Offer invitation. <p>Under the Employee Gift Offer, Eligible Employees will be offered the opportunity to apply for \$1,000 of Shares at no cost.</p> <p>For more information, see Sections 7.3.3, 7.4.3 and 7.5.3.</p>

Topic	Summary
What is the allocation policy?	<p>The allocation of Shares between the Institutional Offer, Broker Firm Offer and Priority Offer will be determined by the Joint Lead Managers and the Company, having regard to the allocation policies outlined in Sections 7.3.5, 7.4.5, 7.5.5 and 7.9.2.</p> <p>In respect of the Broker Firm Offer, it is a matter for each Broker to determine how they will allocate Shares among their eligible retail clients.</p> <p>The final allocation of Shares under the Priority Offer will be determined by the Company, in consultation with the Joint Lead Managers, subject to the minimum allocation for Applicants under the Priority Offer.</p> <p>With respect to the Employee Gift Offer, all Eligible Employees will be offered the opportunity to apply for up to \$1,000 of Shares under the Prospectus at no cost. The allocation of Shares under the Employee Gift Offer is guaranteed to Eligible Employees. The Employee Gift Offer is not available outside Australia.</p>
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be sent by standard post on or about 4 December 2020.</p>
Will the Shares be quoted?	<p>Yes. The Company will apply to ASX within seven days of the Prospectus Date for admission to the Official List, and for quotation of the Shares to be issued under the Offer on ASX under the code 'CLU'.</p> <p>Completion of the Offer is conditional on ASX approving the Company's application for Admission. If the Company is not Admitted or if permission is not granted for the quotation of the Shares (other than those Shares which are subject to ASX-imposed escrow) on ASX within three months after the Prospectus Date (or any later date permitted by law), the Offer will be withdrawn and all Application Monies received by the Company will be refunded (without interest), as soon as practicable in accordance with the requirements of the Corporations Act.</p>
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares issued under the Offer on ASX will commence on or about 9 December 2020.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> <p>The Company and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Cluey IPO Offer Information Line, by a Broker or otherwise.</p>
Are there any escrow arrangements?	<p>Yes. Details are provided in Section 9.5.</p>
Has an ASIC relief or ASX waiver been obtained or been relied on?	<p>No.</p>
Are there any tax considerations?	<p>Refer to Section 9.8.</p>
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 9.6.1 for details of various fees payable by the Company to the Joint Lead Managers.</p>

7 Details of the Offer

Topic	Summary
What should you do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to Cluey IPO Information Line on 1300 288 664 within Australia and +612 9698 5414 (outside Australia) from 8:30am to 5:00pm (Sydney time) Monday to Friday (excluding public holidays).</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should consult with your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p>

7.3 Broker Firm Offer

7.3.1 Who may apply

The Broker Firm Offer is open to clients of participating Brokers who have a registered address in Australia and who received an invitation from a Broker to acquire Shares under this Prospectus and who are not in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

7.3.2 How to apply

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Broker Firm Offer Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5:00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9:00am (Sydney time) on 2 November 2020 and is expected to close at 5:00pm (Sydney time) on 23 November 2020 ('Closing Date'). The Company and the Joint Lead Managers may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens. Please contact your Broker for instructions.

7.3.3 Is there a minimum or maximum Application size?

The minimum Application size under the Broker Firm Offer is \$2,000 of Shares in aggregate. There is no maximum Application size under the Broker Firm Offer, however the Company and the Joint Lead Managers reserve the right not to accept Applications in the Broker Firm Offer that are from persons they believe may be Institutional Investors or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than \$250,000 of Shares. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

7.3.4 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by your Broker.

7.3.5 Broker Firm Offer allocation policy

The allocation of Shares to Brokers will be determined by the Joint Lead Managers, in agreement with the Company, in their absolute discretion. Shares which are allocated to Brokers for allocation to their Australian retail resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Joint Lead Managers to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

7.3.6 Application acceptance and Application Monies

Applicants in the Broker Firm Offer will be able to call the Cluey IPO Offer Information Line on 1300 288 664 (within Australia) or +612 9698 5414 (outside Australia) from 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays) to confirm their allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Cluey IPO Offer Information Line or confirmed your allocation through the Broker from whom you received your allocation.

7.4 Priority Offer

7.4.1 Who can apply

The Priority Offer is open to selected investors nominated by the Company in eligible jurisdictions who have received a Priority Offer invitation to acquire Shares under the Prospectus. The Priority Offer may include Directors and certain employees of Cluey in eligible jurisdictions. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer. The Priority Offer is not open to persons who are in the United States.

Your personalised invitation will indicate an amount of Shares that you may apply for.

7.4.2 How to apply

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you must apply in accordance with the instructions provided in your personalised invitation to apply.

Recipients of the Priority Offer invitation should read the separate offer letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the online Priority Offer Application Form in accordance with the instructions provided in your Priority Offer invitation and on the website containing the Application Form.

7 Details of the Offer

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received by no later than 5.00pm (Sydney time) on 18 November 2020 and it is your responsibility to ensure that this occurs.

7.4.3 Is there a minimum or maximum Application size?

Applications under the Priority Offer must be for a minimum of \$2,000 worth of Shares in aggregate. Your personalised invitation will indicate the maximum amount of Shares that you may apply for.

7.4.4 How to pay

Applicants under the Priority Offer must pay their Application Monies by BPAY® in accordance with the instructions on the personalised Priority Offer Application Form.

When completing your BPAY® payment, please make sure to use the specific biller code and unique CRN provided to you or generated by the online Application Form. Application Monies paid via BPAY® must be received by the Share Registry by no later than 5.00pm (Sydney time) on 2 December 2020 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Joint Lead Managers take any responsibility for any failure to receive Application Monies or payment by BPAY® before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

7.4.5 What is the Priority Offer allocation policy?

The allocation of Shares among Applicants in the Priority Offer will be determined by the Company, in consultation with the Joint Lead Managers. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

7.4.6 How do I confirm my allocation?

Applicants in the Priority Offer will be able to call the Cluey IPO Offer Information Line on 1300 288 664 (within Australia) or +612 9698 5415 (outside Australia) from 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays) to confirm their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Cluey IPO Offer Information Line.

7.4.7 Holding lock on shares held by employees and Directors

If a Director or employee receives Shares in the Priority Offer, they may be required to hold all or some of those Shares subject to a holding lock (voluntary escrow), for a period of time after Completion of the Offer, as indicated in their personalised Priority Offer Letter.

7.5 Employee Gift Offer

7.5.1 Who can apply?

All Eligible Employees are entitled to participate in the Employee Gift Offer. Eligible Employees for the purposes of the Employee Gift Offer are all current permanent employees of the Group as at 30 September 2020 selected by the Board to participate in the Employee Gift Offer.

The Employee Gift Offer will allow approximately 77 Eligible Employees to acquire Shares on or about Completion of the Offer at no cost to the Eligible Employees.

7.5.2 How to apply?

If you are an Eligible Employee, you will receive a separate invitation letter detailing the terms of the Employee Gift Offer.

A copy of this Prospectus is available at <https://investor.automic.com.au/#/IPO/employeeegiftoffer>.

Eligible Employees should read the separate invitation letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Employee Gift Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Employee Gift Offer, you must complete the online Employee Gift Offer Application Form in accordance with the instructions provided to you by the Company and on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

When applying to participate in the Employee Gift Offer, you must do so by no later than 5.00pm (Sydney time) on 23 November 2020 and it is your responsibility to ensure that this occurs.

7.5.3 Is there a minimum or maximum Application size?

See Section 7.5.5 for more information.

7.5.4 How to pay?

No payment for Shares is required for the Employee Gift Offer.

7.5.5 Employee Gift Offer allocation policy?

For Eligible Employees who are current permanent employees in Australia of the Group, the Employee Gift Offer will allow them to acquire Shares, at no cost, to the value of \$1,000 (to the nearest number of whole Shares (rounded down) and calculated at the Offer Price), free of income tax in accordance with current Australian tax legislation, provided their adjusted taxable income does not exceed \$180,000 per annum.

7.5.6 How do I confirm my allocation?

Applicants in the Employee Gift Offer will be able to call the Cluey IPO Offer Information Line on 1300 288 664 (within Australia) or +612 9698 5414 (outside Australia) from 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays) to confirm their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Cluey IPO Offer Information Line.

7.5.7 Mandatory holding lock on allocations

Employee Gift Offer Shares will be subject to a holding lock for a three-year holding period (unless the Eligible Employee terminates their employment earlier in which case the Employee Gift Offer Shares will be released). Once the holding period ends or the Employee Gift Offer Shares are released, Eligible Employees will, subject to the requirements of the Company's Securities Trading Policy, be free to deal with the Shares. Employee Gift Offer Shares are not subject to forfeiture.

7.6 Acceptance of Applications under the Retail Offer

An Application in the Broker Firm Offer, Priority Offer or Employee Gift Offer is an offer by you to the Company to apply for Shares in the dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form³⁸. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

38 No amount is payable in respect of the Employee Gift Offer.

7 Details of the Offer

An Application may be accepted by the Company in respect of the full number of Shares specified in the Application Form (or the dollar value equivalent) without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application.

The Company and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application.

Successful Applicants in the Retail Offer will be issued Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

7.7 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Application Monies received under the Broker Firm Offer or the Priority Offer will be held in a special purpose account until Shares are issued to Successful Applicants. Applicants under the Broker Firm Offer and Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your cheque(s), bank draft(s) or BPAY® payment. If the amount of your cheque(s), bank draft(s) or BPAY® payment for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

7.8 Electronic payments and communications

Any Application will be required to provide sufficient details for electronic payments (including for any refunds, corporate actions, dividends or otherwise, for so long as a person is an Applicant or Shareholder) and electronic or email communications. Shareholders are required to keep such details up to date.

7.9 Institutional Offer

7.9.1 Invitations to Bid

Under the Institutional Offer, Institutional Investors in Australia, New Zealand and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Shares under this Prospectus. The Joint Lead Managers separately advised Institutional Investors of the Application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made under this Prospectus and are at the Offer Price per Share.

7.9.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by the Joint Lead Managers by agreement with the Company.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- Number of Shares bid for by particular Applicants.
- The timeliness of the bid by particular Applicants.
- The Company's desire for an informed and active trading market following Completion of the Offer.

- The Company's desire to establish a wide spread of institutional Shareholders.
- Overall anticipated level of demand under the Broker Firm Offer, Employee Gift Offer and Institutional Offer.
- The size and type of funds under management of particular Applicants.
- The likelihood that particular Applicants will be long-term Shareholders.
- Other factors that the Company and the Joint Lead Managers considered appropriate.

7.10 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that the Company may not pay dividends, or that any dividends paid may not be franked;
- agreed and acknowledged that the Company may only make any payments electronically (and has no obligation to make any payment by any other method) and that any payments may be delayed or not made if current electronic payment details have not been supplied by the Applicant(s) or Shareholder(s) at the relevant time;
- agreed and acknowledged that, to the maximum extent permitted by law from time to time (and subject to any legal requirement to make a paper copy document available upon request), the Company may only provide notices, reports and communications to Applicant(s) and Shareholders(s) in electronic form or by email, and has a discretion to hold any general or class meeting on a virtual platform;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s), and the Company has not had regard to the particular investment objectives, financial situation or needs of the Applicant(s);
- declares that, where the relevant Offer category has eligibility criteria, the Applicant(s) meet those eligibility criteria;
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer and Priority Offer), or otherwise satisfies the requirements in Section 9.11;
- acknowledged and agreed that the Offer may be withdrawn by the Company and or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

7 Details of the Offer

Each Applicant in the Broker Firm Offer, the Priority Offer, Employee Gift Offer and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- It understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws in accordance with the US Securities Act registration requirements or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws.
- It is not in the United States.
- It has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States.
- It is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S.
- It will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.11 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside of Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered, sold, re-sold, pledged or transferred in the United States except in accordance with US Securities Act registration requirements or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable state securities law.

Each Applicant under the Offer will be taken to have represented, warranted and agreed as follows:

- It understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and applicable US state securities laws.
- It is not in the United States.
- It has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States.
- It will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

See Section 9.11 for further details regarding foreign selling restrictions.

7.12 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Company and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.13 ASX listing, registers and holding statements

7.13.1 Application to the ASX for listing of the Company and quotation of Shares

The Company will apply within seven days of the Prospectus Date for admission to the Official List and for quotation of the Shares that will be issued under the Offer. The Company's ASX code is 'CLU'.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription under the Prospectus.

If permission is not granted for the quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any ASX Listing Rule waivers obtained by the Company from time to time), the Company will be required to comply with the ASX Listing Rules.

7.13.2 CHESS and issuer sponsored holdings

The Company will apply prior to Listing to participate in ASX's Clearing House Electronic Sub-register System ('CHESS') and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules in relation to CHESS. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become "approved financial products" (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being either the CHESS sub-register or the Company's issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the Company's issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been issued to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Security holder Reference Number (SRN) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

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Independent Limited Assurance Report



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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

The Directors
Cluey Ltd
Level 8
51 Pitt Street
SYDNEY NSW 2000

22 October 2020

Dear Directors

Independent Limited Assurance Report

INTRODUCTION

BDO Corporate Finance (East Coast) Pty Ltd (**BDO**) has been engaged by Cluey Learning Pty Ltd (**Cluey** or the **Company**) to prepare this Independent Limited Assurance Report (**Report**) for inclusion in a prospectus proposed to be issued in relation to the initial public offering of shares in Cluey, on or about December 2020 (**Prospectus**) and listing on the Australian Securities Exchange (**ASX**) (the **Offer**).

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

SCOPE

You have requested BDO to perform a limited assurance engagement in relation to the financial information described below and disclosed in the Prospectus.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards (**AAS**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 Cth (the **Act**).

SCOPE OF REVIEW OF THE STATUTORY HISTORICAL FINANCIAL INFORMATION

You have requested BDO to review the following statutory historical financial information included in the Prospectus:

- The historical consolidated statement of profit or loss for the years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**) and 30 June 2020 (**FY20**);
- The historical consolidated statement of cash flows for FY18, FY19 and FY20;
- The historical consolidated statement of financial position as at 30 June 2020;

together the **Statutory Historical Financial Information**.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS and the company's adopted accounting policies. The Statutory Historical Financial Information has been extracted from the financial

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247420 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

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statements of Cluey for the financial periods ended 30 June 2018, 30 June 2019 and 30 June 2020 (audited by Deloitte Touche Tohmatsu (**Deloitte**)). The audits were performed in accordance with Australian Auditing Standards.

Deloitte issued an unqualified opinion on the financial reports for the years ended 30 June 2018, 30 June 2019 and 30 June 2020.

SCOPE OF REVIEW OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

You have requested BDO review the following pro forma historical financial information included in the Prospectus:

- The pro forma consolidated historical statements of profit and loss for FY18, FY19 and FY20;
 - The pro forma consolidated historical statements of cash flow for FY18, FY19 and FY20;
 - The pro forma consolidated historical statement of financial position as at 30 June 2020; and
 - Associated details of the pro forma adjustments,
- together the **Pro Forma Historical Financial Information**.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of Cluey, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in AAS applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those event(s) or transaction(s) had occurred as at 30 June 2020. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position.

Directors' Responsibility

The directors of Cluey are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with AAS and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.



Review statement on the Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in Section 4 of the Prospectus, and comprising the:

- 12 months ended 30 June 2018
- 12 months ended 30 June 2019; and
- 12 months ended 30 June 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus.

Review statement on the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 4 of the Prospectus, and comprising the:

- 12 months ended 30 June 2018
- 12 months ended 30 June 2019; and
- 12 months ended 30 June 2020,

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 4 of the Prospectus.

SCOPE OF REVIEW OF THE FORECAST FINANCIAL INFORMATION

You have requested BDO review the following forecast financial information of Cluey included in Section 4 of the Prospectus:

- The statutory forecast consolidated statement of profit and loss and consolidated statement of cash flows of Cluey for the year ending 30 June 2021 (FY21), as described in Section 4 of the Prospectus. The directors' best-estimate assumptions underlying the statutory forecast are described in Section 4 of the Prospectus; and
- The pro forma forecast consolidated statement of profit and loss and consolidated statement of cash flows of Cluey for FY21, as described in Section 4 of the Prospectus. The pro forma forecast has been derived from Cluey's statutory forecast, after adjusting for the effects of the pro forma adjustments described in Section 4 of the Prospectus,

together the **Forecast Financial Information**.

The Forecast Financial Information, to the extent possible, has been prepared on a consistent basis and in accordance with the recognition and measurement principles contained in AAS and Cluey's adopted accounting policies. Due to its nature, the Forecast Financial Information does not represent the company's actual prospective comprehensive income and cash flows for the year ending 30 June 2021.

DIRECTORS' RESPONSIBILITY

The directors of Cluey are responsible for the preparation of the forecast for the year ending 30 June 2021 including the best-estimate assumptions underlying the forecast. They are also responsible for the preparation of the pro forma forecast for the year ending 30 June 2021, including the selection and determination of the pro

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forma adjustments made to the forecast and included in the pro forma forecast. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of a forecast and a pro forma forecast that are free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY

Our responsibility is to express limited assurance conclusions on the statutory and pro forma forecast, the best-estimate assumptions underlying the statutory and pro forma forecast, and the reasonableness of the statutory and pro forma forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Review statement on the Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the director's best-estimate assumptions, used in the preparation of the statutory forecast consolidated statement of profit and loss and statutory forecast consolidated statement of cash flow of Cluey for the year ending 30 June 2021 do not provide reasonable grounds for the statutory forecast; and
- in all material respects, the statutory forecast:
 - is not prepared on the basis of the director's best-estimate assumptions as described in Section 4 of the Prospectus;
 - is not presented fairly in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus; and
- the statutory forecast itself is unreasonable.

Review statement on the Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the director's best-estimate assumptions, used in the preparation of the pro forma forecast consolidated statement of profit or loss and pro forma forecast consolidated statement of cash flow of Cluey for the year ending 30 June 2021 do not provide reasonable grounds for the pro forma forecast; and
- in all material respects, the pro forma forecast:
 - is not prepared on the basis of the directors' best-estimate assumptions, as described in Section 4 of the Prospectus;
 - is not presented fairly in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus; and
- the pro forma forecast itself is unreasonable.



The statutory forecast and pro forma forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of Cluey for the year ending 30 June 2021. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the statutory forecast and pro forma forecast since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the statutory forecast and pro forma forecast relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Cluey. Evidence may be available to support the directors' best-estimate assumptions on which the statutory forecast and pro forma forecast are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Cluey, which are detailed in the Prospectus, and the inherent uncertainty relating to the forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 4 of the Prospectus. The sensitivity analysis described in Section 4 of the Prospectus demonstrates the impact on the pro forma forecast of changes in key best-estimate assumptions. We express no opinion as to whether the forecast will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the statutory forecast or pro forma forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of Cluey, that all material information concerning the prospects and proposed operations of Cluey has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction(s) or event(s) outside of the ordinary business of Cluey not described in the Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

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INDEPENDENCE

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Prospectus other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. From time to time, BDO provides Cluey with certain other professional services for which normal professional fees are received.

GENERAL ADVICE WARNING

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

FINANCIAL SERVICES GUIDE

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully
BDO CORPORATE FINANCE (EAST COAST) PTY LTD

A handwritten signature in black ink, appearing to read 'S. Stevens', is enclosed in a thin black rectangular box.

Sebastian Stevens
Director

For personal use only



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Australia

FINANCIAL SERVICES GUIDE

Dated: 22 October 2020

This Financial Services Guide (FSG) helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd (BDO Corporate Finance, we, us, our).

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us \$200,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

COMPLAINTS RESOLUTION

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint relating to general advice to a retail client is not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
MELBOURNE VIC 3001
Toll free: 1800 931 678
Email: info@afca.org.au

COMPENSATION ARRANGEMENTS

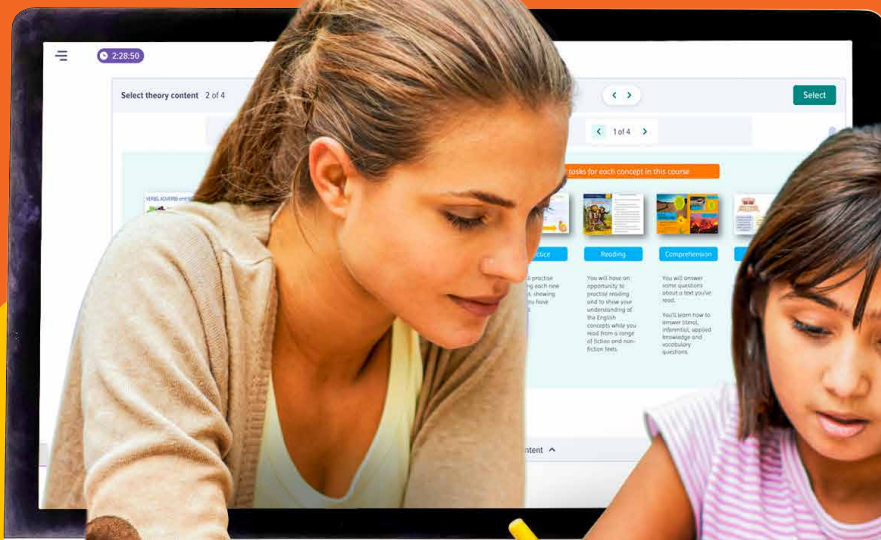
BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au

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9 Additional Information

9.1 Company Information

The Company was incorporated on 28 September 2020 in New South Wales under the Corporations Act as a public company limited by shares. The Company will be taxed as a public company and its statutory accounts will be made up to 30 June annually. As noted elsewhere in this Prospectus, on or immediately prior to Completion of the Offer, the Company will acquire Quartet Education, thereby making Quartet Education, and therefore Cluey, both Wholly Owned Subsidiaries of the Company.

9.2 Share Capital Structure

Following the completion of the Offer the shareholding structure in the Company will be as follows:

Category*	Number of Shares	% ownership interest
Existing Shares	94.4 million	79.0%
New Shares offered under this Prospectus	25.1 million	21.0%
Total number of Shares on issue on Completion of the Offer	119.6 million	100.0%

* As at the date of this Prospectus, there are no options on issue.

9.3 Major Shareholders

Details of Shareholders who hold 5% or more of the Shares on issue as at the date of this Prospectus³⁹, and who will hold more than 5% after completion of the Offer, are set out below.

Shareholder ⁴⁰	Shares held at Prospectus Date	% of total Shares at Prospectus Date	Shares held on Completion of the Offer	% of total Shares held on Completion of the Offer
Acorn Group	8.0	8.4%	8.0	6.7%
Allectus Capital Limited	7.1	7.5%	7.1	5.9%
Dufus P/L ATF The Linz Superannuation Fund	8.6	9.1%	8.6	7.2%
Milford Private Equity II LP	9.9	10.5%	9.9	8.3%
Mistdean P/L ATF Mistdean Trust	14.2	15.1%	14.2	11.9%
Sarwill P/L ATF The Gavshon Family Superannuation Fund	9.3	9.8%	9.3	7.8%
Thorney group of companies	8.5	9.0%	8.5	7.1%

9.4 Rights attaching to Shares

A summary of the rights and liabilities attaching to the Shares being offered for issue under the Prospectus is detailed below. This summary is qualified by the full terms of the Constitution (a copy of which is available from the Company on request and free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders.

(a) Issue of further Shares

The Board may, subject to the Constitution, the Corporations Act and the ASX Listing Rules issue or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

39 The number of Shares disclosed in the table below assumes that the Shares that will be issued to the noted holders on Completion in exchange for their current holding in Cluey's securities were issued on the Prospectus Date.

40 This is the legal registered holder of the Shares as set out in the Company's Share register, not any beneficial owners of the Shares.

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(b) Preference Shares

The Company may issue preference shares including preference shares which are, or at the option of the Company or a holder are, liable to be redeemed or convertible into Shares. The rights attaching to preference shares are those set out in Schedule 1 of the Constitution unless other rights have been decided by the Board under the terms of issue of any such preference shares.

(c) Classes of Shares

The procedure set out in the Constitution must be followed to vary any rights attaching to Shares (or any other class of shares). Under the Constitution, and subject to the Corporations Act, ASX Listing Rules and the terms of issue of a particular class of shares, the rights attaching to Shares (or any other class of shares) may be varied:

- with the consent in writing of the holders of at least 75% of the issued shares of that class; or
- by special resolution passed at a separate general meeting of the holders of the shares of the class.

(d) Transfer of Shares

Subject to the Constitution and to any restrictions attaching to a Shareholder's Shares (including because of the imposition of ASX-imposed escrow), Shares may be transferred by:

- a transfer effected in accordance with the ASX Settlement Operating Rules;
- a written instrument of transfer in any form authorised by the Corporations Act; or
- any other method of transfer permitted by the Corporations Act or ASX Listing Rules.

(e) Refusing a transfer

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Directors may in their absolute discretion ask ASX Settlement to apply a holding lock to prevent a transfer under the ASX Settlement Operating Rules, or refuse to register a paper-based transfer, of a Share, where, amongst other things:

- the Company is served with a court order that restricts the relevant Shareholder's capacity to transfer the Shares or the Company has a lien on the Shares the subject of the transfer;
- registration of the transfer may breach an applicable law and ASX has agreed in writing to the application of a holding lock or that the Company may refuse to register a transfer; or
- the Shareholder has agreed in writing to the application of a holding lock or that the Company may refuse to register a paper-based transfer.

(f) Non-marketable parcels

In accordance with, and as permitted by the ASX Listing Rules, the Company may sell Shares that constitute less than a "marketable parcel" (as that term is defined in the ASX Listing Rules) by following the relevant sale of small holdings procedures set out in the Constitution.

(g) Meetings of members

Every Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

(h) Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney and entitled to vote is entitled to one vote on a show of hands and, on a poll, one vote for each Share held by the Shareholder (with adjusted voting rights for partly paid shares). If the votes on a proposed resolution are equal, the chairperson of the meeting has a casting vote in addition to any deliberative vote.

(i) Directors – appointment and retirement

Under the Constitution, there must be at least 3 Directors, at least 2 of whom must ordinarily reside in Australia, or such greater number not exceeding 10 as the Directors think fit, in office at all times. Directors are elected, re-elected or removed at general meetings of the Company.

No Director (excluding the Managing Director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected.

The Board may also appoint any eligible person to be a Director, either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the conclusion of the next annual general meeting of the Company following that eligible person's appointment.

(j) Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. If the votes are equal on a proposed resolution, the chairperson of the meeting does not have a second or casting vote in addition to the chairperson's deliberative vote. A written resolution is taken to have passed at a meeting of the Directors if the document containing the resolution is signed by all of the Directors entitled to vote on that resolution.

(k) Directors – remuneration

Under the Constitution, the Board may decide the remuneration to which each Director is entitled to be paid for his or her services as a Director provided the annual fees payable to Non-Executive Directors do not exceed in aggregate the maximum sum that is from time to time approved by Shareholders in a general meeting in accordance with the ASX Listing Rules.

Remuneration payable by the Company to the Managing Director (which Director's remuneration does not reduce the maximum sum that is available to be paid to Non-Executive Directors) and any other executive Directors may be by way of salary, bonuses, or any other elements but must not include a commission on, or percentage of operating revenue.

Directors are entitled to be paid or reimbursed for all travelling and other expenses properly incurred by them in attending and returning from any meeting of the Directors, any meeting of any committee of the Directors, any general meeting of the Company or otherwise in connection with the business of the Company.

If, with the approval of the Directors, any Director performs extra services or makes any special exertions for the benefit of the Company, the Directors may approve the payment to that Director of special and additional remuneration as the Directors think fit, having regard to the value to the Company of the extra services or special exertions.

(l) Powers and duties of Directors

Subject to the Corporations Act and this Constitution, the Directors are responsible for managing the business of the Company and may exercise all powers of the Company which are not required to be exercised by the Company in a general meeting by the Corporations Act or this Constitution.

(m) Dividends

Subject to the Corporations Act and to any special rights or restrictions attached to any shares, the Directors may resolve to pay any dividend they think appropriate and to fix the time for payment.

Every dividend must be paid equally on all fully paid Shares and proportionately on all partly paid Shares. The Directors may also resolve that dividends are to be paid out of a particular source or sources.

(n) Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Share or classes of shares, Shareholders will be entitled to share in any surplus property of the Company in proportion to the number of Shares held by them. If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders all or part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of shareholder.

9 Additional Information

(o) Indemnity and insurance

The Company may indemnify each “officer” (as that term is defined in Section 9 of the Corporations Act) of the Company on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by that person as an officer of the Company or of a related body corporate of the Company.

The Directors may also and to the full extent permitted by law, authorise the Company to enter into any documentary indemnity in favour of, or insurance policy for the benefit of, a person who is, or has been, an officer of the Company or of a related body corporate of the Company, which indemnity or insurance policy may be on such terms as the Directors approve.

(p) Restricted Securities

The Company must comply with and enforce any Restriction Deed (as that term is defined in the ASX Listing Rules) and/or the terms of any Restriction Notice (as that term is defined in the ASX Listing Rules) and enforce the Constitution to ensure compliance with the requirements of the ASX Listing Rules or ASX relating to Restricted Securities. During the escrow period applicable to Restricted Securities, the holder of those Restricted Securities must not dispose of, or agree or offer to dispose of, those Restricted Securities, except as permitted by the ASX Listing Rules or ASX.

9.5 Escrow Arrangements

The Company expects that a significant number of Shares will be subject to mandatory/ASX-imposed escrow arrangements (see Section 9.5.1) and voluntary escrow arrangements (see Section 9.5.2).

9.5.1 Mandatory escrow

None of the Shares being offered for issue under the Offer will be subject to ASX-imposed escrow. However, the Company expects that ASX will classify between approximately 30% and 40% of the Company’s Shares on Listing as “Restricted Securities”. Except as set out in Section 9.5.3 below, Shares classified by ASX as “Restricted Securities” will not be able to be traded or otherwise dealt with/disposed of for a period of up to 24 months from the date Quotation of the Company’s (un-escrowed) Shares commences. Prior to the commencement of Quotation, the Company will release a statement setting out the precise number of Shares that have been classified by ASX as Restricted Securities and the duration of the escrow period applicable to those Shares⁴¹. Refer to Figure 9.1 for an estimated breakdown of the mandatory escrow arrangements on Existing Shareholders.

The Company expects the following Shares will be classified by ASX as “Restricted Securities”⁴²:

- approximately 15% to 20% of the Shares (on Listing) will be subject to ASX-imposed escrow for 2 years beginning on the date Quotation of the Company’s (un-escrowed) Shares commences; and
- (a further) approximately 15% to 20% of the Shares (on Listing) will be subject to ASX-imposed escrow for 12 months beginning on the date on which the relevant investments into Quartet Education were made⁴³.

41 On Listing, the Company expects that a significant number of the Shares in which the Directors (and others, including certain senior executives of the Company) have a relevant interest (as that term is defined in the Corporations Act) in will be subject to the 2 year mandatory escrow period referred to herein.

42 Subject to receipt of ASX’s written decision in this regard. The proportions set out herein exclude the Shares (on Listing) that the Company expects will be subject to voluntary escrow arrangements. See Section 9.5.2 for further detail in relation to the Company’s voluntary escrow arrangements.

43 Each of these “pre-Offer” investments were made into Quartet Education between 8 May 2020 and 14 August 2020. Accordingly, all of the Shares subject to a period of 12 months ASX-imposed escrow will be free from escrow after 14 August 2021.

9.5.2 Voluntary Escrow

Certain Shareholders (and entities and persons associated with them) have also entered into voluntary escrow arrangements with the Company in relation to either all or a significant proportion of their Shares held on Completion of the Offer as set out in Figure 9.1⁴⁴. Under their escrow arrangements, these Shareholders agree, subject to certain limited exceptions, not to deal in those Shares for the duration of the voluntary escrow period.

9.5.2.1 Founders Voluntary Escrow

Pursuant to the terms of the individual voluntary escrow deeds, all of the Shares in which Messrs Rohald, Gavshon, Fordred and Linz have a relevant interest (as that term is defined in the Corporations Act) in will also be subject to voluntary escrow from Completion until the commencement of trading on the earlier of the trading day immediately after the Company releases to ASX its:

- Appendix 4E and preliminary final report for the year ending 30 June 2021; or
- Appendix 4E and annual report for the year ending 30 June 2021.

9.5.2.2 Institutional Shareholders Voluntary Escrow

80% of the Shares in which each of the Institutional Shareholders have a relevant interest (as that term is defined in the Corporations Act) will also be subject to voluntary escrow as follows.

Voluntary escrow – First release date

The Company will ensure that the holding locks applicable to the below noted significant holders are modified so that they cover 60% (i.e. rather than 80%) of the below noted holders' Shares on and from the commencement of trading on the trading day immediately after the Company releases to ASX its Appendix 4D and financial statements for the half year ending 31 December 2020.

Voluntary escrow – Second release date

The Company will ensure that the holding locks applicable to the below noted significant holders are modified so that they cover 20% (i.e. rather than 60%) of the below noted holders' Shares on and from the commencement of trading on the earlier of the trading day immediately after the Company releases to ASX its:

- Appendix 4E and preliminary final report for the year ending 30 June 2021; and
- Appendix 4E and annual report for the year ending 30 June 2021.

Voluntary escrow – Final release date

The Company will ensure that the holding locks applicable to the below noted significant holders are lifted in relation to the remaining 20% of the below noted holders' Shares from the commencement of trading on the trading day immediately after the Company releases to ASX its Appendix 4D and financial statements for the half year ending 31 December 2021.

9.5.2.3 Other Existing Shareholders Voluntary Escrow

Certain of the Other Existing Shareholders referred to in Figure 9.1 will be subject to voluntary escrow from Completion until the commencement of trading on the earlier of the trading day immediately after the Company releases to ASX its:

- Appendix 4E and preliminary final report for the year ending 30 June 2021; or
- Appendix 4E and annual report for the year ending 30 June 2021.

44 Please note that these voluntary escrow arrangements are in addition to any applicable ASX-imposed escrow requirements.

9 Additional Information

Figure 9.1: Mandatory & Voluntary escrow arrangements

	Total number of Shares held on Completion of the Offer	Total number of Shares subject to voluntary escrow	Voluntarily escrowed Shares as a percentage of total issued Shares ¹	Total number of Shares estimated to be subject to mandatory escrow	Estimated mandatory escrowed Shares as a percentage of total issued Shares ¹	Estimated Shares as a percentage of total issued Shares subject to escrow ¹
Founders ^{2,3}	36.5 million	13.1 million	36.0%	23.3 million	64.0%	100.0%
Institutional Shareholders	33.4 million	18.8 million	56.3%	7.9 million	23.7%	80.0%
Other Existing Shareholders	24.6 million	9.4 million	38.2%	3.3 million	13.3%	51.5%
Total	94.5 million	41.3 million	43.7%	34.5 million	36.6%	80.3%

1. Total % may not equal 100% due to minor rounding difference.

2. Founders are Robert Gavshon, Mark Rohald, Sam Linz and Greg Fordred.

3. On a fully diluted basis, including the number of Shares represented by employee options and Convertible Loan Notes on a notional as-converted basis. Options and Convertible Loan Notes will not be converted into Shares until shortly prior to settlement of the IPO. This information assumes that the Shares that will be issued to these holders on Completion (i.e. issued in exchange for their current securities holdings in Quartet Education) were issued on the Prospectus Date.

9.5.3 Restrictions on dealings and permitted release of escrow

The mandatory escrow and voluntary escrow arrangements referred to in this Prospectus contain restrictions on dealing that are broadly defined and include, among other things, selling, transferring or otherwise disposing of any interest in the Shares the subject of those arrangements, encumbering or granting a security interest over those Shares, doing, or omitting to do, any act where that act or omission would have the effect of transferring effective ownership or control of any of those Shares to an unrelated third party or agreeing to do any of those things.

There are limited circumstances in which the mandatory or voluntary escrow restrictions may be released, namely:

- to allow the Shareholder to accept an offer under a bona fide third party takeover bid made in relation to the Company in accordance with the Corporations Act;
- to allow the escrowed Shares to be transferred or cancelled as part of a merger by way of a scheme of arrangement under Part 5.1 of the Corporations Act;

provided that, in either case, if for any reason any or all escrowed Shares are not transferred or cancelled in accordance with such a takeover bid or scheme of arrangement, then the holder of such escrowed Shares agrees that the restrictions applying to their escrowed Shares will continue to apply for the remainder of the relevant escrow period; or

- as a requirement by applicable law.

Subject to the ASX Listing Rules, nothing in the escrow arrangements (whether mandatory or voluntary) affects the following rights attaching to any escrowed securities:

- the right to vote;
- the right to receive dividends or other forms of distributions; or
- the right to participate in any form of rights, entitlement or other pro rata offering to Shareholders (including any bonus or dividend reinvestment plan).

9.6 Material Contracts

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material (or potentially material) and which investors and their professional advisers would reasonably expect to find disclosed in this Prospectus for the purpose of making an informed assessment of an investment in the Shares under the Prospectus.

This section contains a general summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in the Prospectus.

9.6.1 Underwriting agreement

The Offer has been underwritten by the Joint Lead Managers pursuant to an underwriting agreement between the Company and the Joint Lead Managers ('Underwriting Agreement'). Under the Underwriting Agreement, the Joint Lead Managers have agreed to manage and underwrite the Offer.

For the purposes of this Section 9.6.1, the term "Offer Documents" means the Prospectus, any draft Prospectus used to market the Offer to Institutional Investors and/or a number of other documents ancillary to the Prospectus or the Offer (such as an Application form) and includes any supplementary prospectus or other amendments, supplements, replacements or updates to any of the above.

Fees

The Company has agreed to pay the Joint Lead Managers a management fee of 2.00% of the Offer proceeds, an underwriting fee of 3.00% of the Offer proceeds and an entirely discretionary incentive fee of up to 0.50% of the Offer proceeds.

Subject to the requirements of ASX, the underwriting and management fees will become payable by the Company on the date of settlement of the Offer and will be paid to the Joint Lead Managers in equal proportions. In addition to the fees described above, the Company has agreed to reimburse the Joint Lead Managers for certain other agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

Representations, warranties and undertakings

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Joint Lead Managers as well as various common conditions precedent (including conducting due diligence, lodgement of this Prospectus, the entry into escrow deeds by the Escrowed Shareholders and ASX granting any waivers or providing any confirmations and modifications necessary to enable the Offer and the Listing to proceed in accordance with the timetable).

The representations and warranties given by the Company include, but are not limited to, matters such as power and authorisation, validity of obligations, accuracy of information, financial information, disclosure in this Prospectus and other public information and compliance with laws, ASX Listing Rules and other legally binding requirements.

The Company also provides additional representations and warranties in connection with matters including, but not limited to, its assets, the provision and accuracy of closing certificates, the Shares, encumbrances, future matters, material contracts, litigation, non-disposal of Escrowed Shares, tax, insurance, authorisations, eligibility for Listing, internal accounting controls and the preparation and presentation and disclosure of the unit economics.

The Company's undertakings include that it will:

- during the period following the date of the Underwriting Agreement until 90 days after the Settlement Date, carry on its business in the ordinary course and not dispose of or charge, the whole or any material part of its business or enter into any agreement or commitment which is material in the context of the Offer, the Company, or the Company's business (taken as whole) without the prior written consent of the Joint Lead Managers; and
- during the period following the date of the Underwriting Agreement until 90 days after the Settlement Date issue or agree to not issue or issue any equity securities (as defined in the ASX Listing Rules) or any securities that are convertible or exchangeable into such equity securities, without the prior written consent of the Joint Lead Managers, other than an issue or grant of securities by the Company under the Employee Incentive Plan.

9 Additional Information

Indemnity

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct or gross negligence of an indemnified party, the Company agrees to keep the Joint Lead Managers and certain affiliated parties indemnified from losses incurred in connection with the Offer.

Termination events

A Joint Lead Manager may terminate the Underwriting Agreement at any time before the settlement of the Offer, by notice given to the Company and the other Joint Lead Manager, and without any cost or liability to that Joint Lead Manager, if any of the following, amongst other, events occur:

- A Joint Lead Manager forms the view (acting reasonably) that a statement contained in the Offer Documents is or becomes misleading or deceptive or likely to mislead or deceive, or a matter required by the Corporations Act is omitted from the Offer Documents.
- A person gives a notice to the Company under section 730 of the Corporations Act.
- There are not, or there ceases to be, reasonable grounds in the opinion of the Joint Lead Managers for any statement or estimate in the Offer Documents which relate to a future matter.
- The S&P/ASX 300 Index published by S&P is at any time more than 10% below its level as at 5:00pm on the Business Day immediately preceding the date on which the Underwriting Agreement was entered into.
- Any material adverse change occurs in the assets, liabilities, share capital, Share structure, financial position or performance, profits, losses or prospects of the Company, the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Group) from those disclosed in the Prospectus.
- The Company withdraws the Prospectus or terminates the Offer, or indicates that it does not intend to proceed with the Offer or any part of the Offer.
- A member of the Group is or becomes Insolvent, or an act occurs or an omission is made which may result in a member of the Group becoming Insolvent.
- Any of the following occurs in relation to the Offer:
 - ASIC issues proceedings in relation to the Company;
 - ASIC makes an order or interim order under section 739 or section 1324B of the Corporations Act concerning the Prospectus;
 - ASIC applies for an order under Part 9.5 of the Corporations Act in relation to the Offer or any Offer Document;
 - ASIC holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer Document under the ASIC Act; or
 - any other government agency commences any investigation or hearing in relation to the Offer, or any Offer Document.
- There is a withdrawal of consent, where:
 - any person whose consent to the issue of the Prospectus or any supplementary Prospectus is required by section 720 of the Corporations Act and who has previously consented to the issue of the Prospectus or any supplementary Prospectus withdraws such consent;
 - any person gives a notice under section 733(3) of the Corporations Act; or
 - any person (other than the Joint Lead Managers) who has previously consented to the inclusion of their name or any statement in the Prospectus or any supplementary Prospectus withdraws that consent.
- The Company lodges a supplementary Prospectus without the consent of the Joint Lead Managers or fails to lodge a supplementary Prospectus in a form acceptable to a Joint Lead Manager or, in a Joint Lead Manager's opinion, becomes required to lodge a supplementary Prospectus because of a circumstance set out in section 719(1) of the Corporations Act.
- Any of the Directors named in the Offer Documents ceases to be a Director, Mark Rohald ceases to be chief executive officer of the Company, Greg Fordred ceases to be chief financial officer of the Company, or any such changes are announced, without the written consent of the Joint Lead Managers.

- If any of the obligations of the relevant parties under any of the Material Contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Manager) or if all or any part of any of the Material Contracts:
 - is terminated, withdrawn, rescinded, avoided or repudiated;
 - is altered, amended or varied without the consent of the Joint Lead Managers;
 - ceases to have effect, otherwise than in accordance with its terms; or
 - is breached, or there is a failure by a party to comply.
- If reasonable grounds exist for a Joint Lead Manager to believe that any ASX conditions to Quotation of the Shares will not be completed, fulfilled or waived by ASX so as to result in the Offer Shares not being granted Quotation by the relevant date agreed to by the Joint Lead Managers.
- The Company or a member of the Group:
 - disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus;
 - ceases or threatens to cease to carry on business;
 - alters its capital structure, other than as contemplated in the Prospectus; or
 - amends its constitution or any other constituent document of the relevant company.
- A Director or any member of the senior management of the Group is charged with a criminal offence relating to any financial or corporate matter.
- Any Director or any member of the senior management of the Group is disqualified under the Corporations Act from managing a corporation.
- A Director or a senior member of management of the Company engages in any fraudulent conduct or activity.
- An event specified in the timetable is delayed for more than two Business Days without the prior written approval of the Joint Lead Managers.
- Any escrow deed is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with.

Termination events subject to materiality

A Joint Lead Manager may also terminate the Underwriting Agreement at any time before the settlement of the Offer, by notice given to the Company and the other Joint Lead Manager, and without any cost or liability to that Joint Lead Manager, if any of the following events occur and the occurrence of that event (whether singly or together with other events) is considered adversely material to the Company or the likely success of the Offer:

- There occurs a new circumstance that has arisen since the Prospectus was lodged that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged.
- Any statement or estimate in the Offer Documents that relates to a future matter is, in the reasonable opinion of the Joint Lead Managers, unlikely to be met in the projected time frame (including in each case, any financial forecast).
- Any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Offer or materially reduce the likely level of Applications or materially affects the financial position of the Company or has a material adverse effect on the success of the offer:
 - the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia; or
 - the adoption by ASX or their respective delegates of any regulations or policy.

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- Any of the following occurs:
 - any material adverse change or disruption to the political conditions or financial markets of Australia, New Zealand, the United Kingdom, the United States of America, Hong Kong or Singapore;
 - a general moratorium on commercial banking activities in Australia, New Zealand, the United States of America, the United Kingdom, Hong Kong or Singapore is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - trading in securities generally has been suspended or materially limited for at least one trading day, by any of the ASX, the Hong Kong Stock Exchange, the London Stock Exchange or the New York Stock Exchange.
- Any of the following occurs:
 - there is an outbreak of hostilities (whether or not a war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs;
 - a national emergency is declared; or
 - a terrorist act is perpetrated, involving any one or more of Australia, Canada, Hong Kong, New Zealand, Singapore, the United Kingdom or the United States of America, any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world.
- Any of the following occurs:
 - legal proceedings are commenced against the Company;
 - any Director is charged with an indictable offence or any regulatory body commenced any public action against the Director or announced that it intends to take any such action; or
 - any Director is disqualified from managing a corporation under section 206A, 206B, 206C, 206D, 206E or 206F of the Corporations Act.
- A contravention by the Company or any entity in the Group of the Corporations Act, the ASX Listing Rules, its constitution or any other applicable law or regulation.
- The Prospectus, an Offer Document or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules or any other applicable law or regulation.
- Any representation or warranty contained in the Underwriting Agreement on the part of the Company is breached or becomes false, misleading or incorrect.

9.6.2 Key employment agreements

Key employees of the Group have each entered into executive employment agreements with Cluey ('Executive Employment Agreement'), and a summary of the principal terms governing their respective employment engagements is set out in this Section 9.6.2.

(a) Mark Rohald – Chief Executive Officer

Mark Rohald is the Chief Executive Officer of Cluey and the principal terms of his respective Executive Employment Agreement are as follows:

- Mr Rohald is entitled:
 - to receive an annual base salary of \$250,000 (exclusive of superannuation);
 - to receive a short term incentive of up to 30% of his annual base salary each year, subject to both the financial performance of Cluey and the achievement of key performance indicators (as set by the board of Cluey within 30 days of commencement of each financial year); and
 - to participate in the Employee Incentive Plan, subject to Shareholder approval.

- In light of COVID-19, Mr Rohald has agreed to forgo any salary up until 30 November 2020.
- Mr Rohald's base salary will be adjusted to market rates with effect from 1 July 2021 with annual reviews occurring in July of each year, commencing 1 July 2022.
- Mr Rohald may terminate the agreement by giving Cluey six months written notice.
- Cluey may terminate the agreement by giving six months written notice to Mr Rohald or, by making payment in lieu of the whole (or part of the) notice period.
- Upon termination of his respective employment agreement, he will be subject to a post – employment restraint of trade period for 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

(b) Greg Fordred – Chief Financial Officer

Greg Fordred is the Chief Financial Officer of Cluey and the principal terms of his respective Executive Employment Agreement are as follows:

- Mr Fordred is entitled:
 - to receive an annual base salary of \$200,000 (exclusive of superannuation) (increasing to \$250,000 from 1 January 2021);
 - to receive a short term incentive of up to 30% of his annual base salary each year, subject to both the financial performance of Cluey and the achievement of key performance indicators (as set by the board of Cluey within 30 days of commencement of each financial year); and
 - to participate in the Employee Incentive Plan.
- In light of COVID-19, Mr Fordred is currently receiving a 20% reduction in his base salary. The reduction will cease and his base salary will revert to normal on 1 December 2020.
- Mr Fordred's remuneration is subject to annual reviews in July of each year.
- Mr Fordred may terminate the agreement by giving Cluey three months written notice.
- Cluey may terminate the agreement by giving three months written notice to Mr Fordred or, by making payment in lieu of the whole (or part of the) notice period.
- Upon termination of his respective employment agreement, he will be subject to a post – employment restraint of trade period for 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

(c) Michael Allara – Chief Product Officer

Michael Allara is the Chief Strategy & Product Officer of Cluey and the principal terms of his respective Executive Employment Agreement are as follows:

- Mr Allara is entitled:
 - to receive an annual base salary of \$200,000 (exclusive of superannuation) (increasing to \$250,000 from 1 January 2021);
 - to receive a short term incentive of up to 30% of his annual base salary each year, subject to both the financial performance of Cluey and the achievement of key performance indicators (as set by the board of Cluey within 30 days of commencement of each financial year); and
 - to participate in the Employee Incentive Plan.
- In light of COVID-19, Mr Allara is currently receiving a 20% reduction in his base salary. The reduction will cease and his base salary will revert to normal on 1 December 2020.
- Mr Allara's remuneration is subject to annual reviews in July of each year.
- Mr Allara may terminate the agreement by giving Cluey three months written notice.
- Cluey may terminate the agreement by giving three months written notice to Mr Allara or, by making payment in lieu of the whole (or part of the) notice period.
- Upon termination of his respective employment agreement, he will be subject to a post – employment restraint of trade period for 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

9 Additional Information

(d) Trevor McDougall – Chief Operating Officer

Trevor McDougall is the Chief Operating Officer of Cluey and the principal terms of his respective Executive Employment Agreement are as follows:

- Mr McDougall is entitled:
 - to receive an annual base salary of \$200,000 (exclusive of superannuation) (increasing to \$250,000 from 1 January 2021);
 - to receive a short term incentive of up to 30% of his annual base salary each year, subject to both the financial performance of Cluey and the achievement of key performance indicators (as set by the board of Cluey within 30 days of commencement of each financial year); and
 - to participate in the Employee Incentive Plan.
- In light of COVID-19, Mr McDougall is currently receiving a 20% reduction in his base salary. The reduction will cease and his base salary will revert to normal on 1 December 2020.
- Mr McDougall's remuneration is subject to annual reviews in July of each year.
- Mr McDougall may terminate the agreement by giving Cluey three months written notice.
- Cluey may terminate the agreement by giving three months written notice to Mr McDougall or, by making payment in lieu of the whole (or part of the) notice period.
- Upon termination of his respective employment agreement, he will be subject to a post – employment restraint of trade period for 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

(e) David Jablonski – Chief Technology Officer

David Jablonski is the Chief Technology Officer of Cluey and the principal terms of his respective Executive Employment Agreement are as follows:

- Mr Jablonski is entitled:
 - to receive an annual base salary of \$200,000 (exclusive of superannuation) (increasing to \$250,000 from 1 January 2021);
 - to receive a short term incentive of up to 30% of his annual base salary each year, subject to both the financial performance of Cluey and the achievement of key performance indicators (as set by the board of Cluey within 30 days of commencement of each financial year); and
 - to participate in the Employee Incentive Plan.
- In light of COVID-19, Mr Jablonski is currently receiving a 20% reduction in his base salary. The reduction will cease and his base salary will revert to normal on 1 December 2020.
- Mr Jablonski's remuneration is subject to annual review in July of each year.
- Mr Jablonski may terminate the agreement by giving Cluey three months written notice.
- Cluey may terminate the agreement by giving three months written notice to Mr Jablonski or, by making payment in lieu of the whole (or part of the) notice period.
- Upon termination of his respective employment agreement, he will be subject to a post – employment restraint of trade period for 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

(f) Matteo Trinca – Chief Customer Officer

Matteo Trinca is the Chief Customer Officer of Cluey and the principal terms of his respective Executive Employment Agreement are as follows:

- Mr Trinca is entitled:
 - to receive an annual base salary of \$300,000 (exclusive of superannuation);
 - to receive a short term incentive of up to 30% of his annual base salary each year, subject to both the financial performance of Cluey and the achievement of key performance indicators (as set by the board of Cluey within 30 days of commencement of each financial year); and
 - to participate in the Employee Incentive Plan.
- In light of COVID-19, Mr Trinca is currently receiving a 20% reduction in his base salary. The reduction will cease and his base salary will revert to normal on 1 December 2020.
- Mr Trinca's remuneration is subject to annual review in July of each year.
- Mr Trinca may terminate the agreement by giving Cluey three months written notice.
- Cluey may terminate the agreement by giving three months written notice to Mr Trinca or, by making payment in lieu of the whole (or part of the) notice period.
- Upon termination of his respective employment agreement, he will be subject to a post – employment restraint of trade period for 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

(g) Selina Samuels – Chief Learning Officer

Selina Samuels is the Chief Learning Officer of Cluey and the principal terms of her respective Executive Employment Agreement are as follows:

- Dr Samuels is entitled:
 - to receive an annual base salary of \$200,000 (exclusive of superannuation) (increasing to \$250,000 from 1 January 2021);
 - to receive a short term incentive of up to 30% of her annual base salary each year, subject to both the financial performance of Cluey and the achievement of key performance indicators (as set by the board of Cluey within 30 days of commencement of each financial year); and
 - to participate in the Employee Incentive Plan.
- In light of COVID-19, Dr Samuels is currently receiving a 20% reduction in her base salary. This reduction will cease and her base salary will revert to normal on 1 December 2020.
- Dr Samuels' remuneration is subject to annual review in July of each year.
- Dr Samuels may terminate the agreement by giving Cluey three months written notice.
- Cluey may terminate the agreement by giving three months written notice to Dr Samuels or, by making by making payment in lieu of the whole (or part of the) notice period.
- Upon termination of her respective employment agreement, she will be subject to a post – employment restraint of trade period for 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

9 Additional Information

9.7 Operational Agreements

9.7.1 Agreements: Staff and Consultants

The Company has entered into agreements with staff and consultants. Each of these agreements contains a confidentiality clause. The terms of those agreements with regards to confidentiality are standard in that they impose restrictions on the disclosure of confidential information and restrictions on the use of confidential information, except for the purposes for which it has been disclosed. The agreements are subject to the usual exclusions in relation to information that was in the public domain when disclosed, that comes into the public domain after disclosure, other than as a result of the recipient's breach of the agreement or was in the recipient's possession when disclosed. Some agreements contain other exclusions relating to disclosure required by law to the extent required to be so disclosed.

9.7.2 Directors' deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. The key features of this deed may be summarised as follows:

- (i) To the extent permitted by law, the Company:
 - indemnifies each of the Directors against any liability (excluding liability for legal costs) incurred by the Director as an officer or former officer of the Company; and
 - indemnifies the Director against any reasonable legal costs incurred as a result of the Director defending an action for any liability incurred by the Director as an officer or former officer of the Company.
- (ii) The Company must, where possible, maintain appropriate insurance cover in favour of the Director during the term of the Director's appointment.
- (iii) The Director, during his or her appointment and for a period of 7 years after the Director ceases to be an officer of the Company, may inspect any books and records of the Company in certain circumstances and for particular purposes.
- (iv) The Director is entitled to retain any copies of board documents, including minutes of board meetings or committees.

9.8 Taxation

9.8.1 Acquisition and Disposal

The acquisition and disposal of Shares will have tax consequences which will differ depending on the individual situation of each prospective shareholder. Prospective shareholders in the Company should therefore seek their own independent taxation advice regarding the taxation implications associated with the Offer.

The tax information provided below is general in nature and only relates to Australian shareholders who hold their Shares on capital account. Different tax implications may apply to non-resident Shareholders or Shareholders who hold their Shares on revenue account. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

The Offer comprises the issue of Shares. The issue of Shares involves the acquisition of a capital gains tax ('CGT') asset but should not give rise to a taxing event at the time of issue for Shareholders.

The disposal of Shares will be a taxing event for Shareholders. Shareholders should derive a taxable capital gain where the capital proceeds that are received on disposal exceed the cost base of the Shares. Shareholders will incur a capital loss where the reduced cost base of the Shares exceeds the capital proceeds.

Provided Shareholders, other than corporate Shareholders, have held their Shares for 12 months prior to the disposal, the CGT discount concession may be available in relation to any capital gain arising as a result of the disposal.

9.8.2 Dividends

Dividends, if any, received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate.

Generally, to the extent that the dividends are franked, an amount equal to the franking credit attaching to the dividends will be included in the assessable income of the Shareholder and the Shareholder should be entitled to a tax offset equal to the amount of the franking credit on the dividend.

Certain Shareholders may be entitled to a refund of excess franking credits where their tax offset in respect of the franked dividends exceeds their tax liability.

9.8.3 Goods and Services Tax

Shareholders should not be liable to Goods and Services Tax ('GST') in Australia in respect of the acquisition of Shares under the Offer. Shareholders may not be entitled to input tax credits for GST incurred on costs associated with the acquisition of Shares under the Offer.

9.8.4 Stamp Duty

Shareholders will not be liable to stamp duty in Australia in respect of the acquisition of Shares under the Offer.

9.9 Interests of Experts

Except as disclosed in this Prospectus:

- no expert, or firm in which any expert is a partner, has any interest that existed when a copy of the Prospectus was lodged with the ASIC for registration, nor had any such interest within 2 years before lodgement of the Prospectus for registration, in the promotion of the Company or has received or is entitled to receive any sum for services rendered by the expert or the firm in connection with the promotion or formation of the Company, or in any property proposed to be acquired by the Company in connection with the promotion or formation; and
- no amounts have been paid or agreed to be paid to any expert, or any firm in which any expert is a partner, for services rendered in connection with the promotion or formation of the Company.

In accordance with the terms of its engagement, BDO Corporate Finance (East Coast) Pty Ltd ('BDO') has prepared its Independent Limited Assurance Report which forms part of this Prospectus. In total, BDO, as Independent Accountant for the Company, will be paid \$200,000 (plus GST) for services provided in connection with this Offer and may receive further payments in accordance with its normal time based charges.

In aggregate, Deloitte Touche Tohmatsu ('Deloitte') (as auditor for the Company) will be paid \$45,000 (plus GST) for services provided in connection with this Offer and may receive further payments in accordance with its normal time based charges.

In accordance with the terms of their engagement, Grant Samuel as financial adviser will be paid \$500,000 (plus GST) for services provided in connection with this Offer.⁴⁵

In accordance with the terms of its engagement, K&L Gates LLP ('K&L Gates') as Australian Legal Advisers for the Company will be paid \$300,000 (plus GST) exclusive of disbursements for services provided in connection with this Offer and may receive further payments in accordance with its normal time based charges.

In accordance with the terms of their engagement, the Joint Lead Managers as Underwriters, will be paid aggregate fees of up to \$1.65 million and \$0.08 million (plus GST) (depending upon the amount raised pursuant to the Offer) for management fees and commission in connection with this Offer.

45 Please note that Grant Samuel also has a relevant interest in 0.9 million Shares. The effective price paid by Grant Samuel was \$0.7069 per Share.

9 Additional Information

9.10 Consents of Experts

9.10.1 BDO Corporate Finance (East Coast) Pty Ltd – Independent Accountant

BDO has given and not withdrawn its written consent to being named as Independent Accountant for the Company in the Prospectus in the form and context in which it is named and the issue of the Prospectus with its Independent Limited Assurance Report dated 22 October 2020 in the form and context in which it is included and to all references to that report in the Prospectus in the form and context in which those references are included.

BDO has only participated in the preparation of the Prospectus to the extent of preparing its Independent Limited Assurance Report. BDO was not involved in the preparation of any other part of the Prospectus and did not authorise or cause the issue of any other part of the Prospectus.

Except as provided above BDO does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for any statement in or omissions from this Prospectus.

9.10.2 Deloitte Touche Tohmatsu – Auditor

Deloitte has given and not withdrawn its written consent to being named as Auditor for the Company in the Prospectus in the form and context in which it is named.

Deloitte was not involved in the preparation of any part of the Prospectus and did not authorise or cause the issue of any other part of the Prospectus.

Deloitte does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for any statement in or omissions from this Prospectus.

9.10.3 Grant Samuel – Financial Adviser

Grant Samuel has given and not withdrawn its written consent to be named in this Prospectus as Financial Adviser to the Company in the form and context in which it is so named. Grant Samuel does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

9.10.4 K&L Gates – Legal Adviser

K&L Gates has given and not withdrawn its written consent to be named in this Prospectus as Australian Legal Advisers to the Company in the form and context in which it is so named. K&L Gates does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

9.10.5 Automic Pty Ltd – Share Registry

Automic Pty Ltd has given and not withdrawn its written consent to be named in this Prospectus as the Share Registry to the Company in the form and context in which it is so named. Automic Pty Ltd does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

9.10.6 Canaccord – Joint Lead Manager

Canaccord has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Joint Lead Manager to the offer of securities under this Prospectus, in the form and context in which it is named.

Canaccord did not authorise or cause the issue of this Prospectus. Canaccord makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Canaccord. To the maximum extent permitted by law, Canaccord expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

9.10.7 Bell Potter – Joint Lead Manager

Bell Potter has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Joint Lead Manager to the offer of securities under this Prospectus, in the form and context in which it is named.

Bell Potter was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Bell Potter makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Bell Potter. To the maximum extent permitted by law, Bell Potter expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

9.11 Foreign Selling Restrictions

No action has been taken to register or qualify the Shares, or any component of the Offer, or otherwise to permit a public offering of Shares, in any jurisdiction other than Australia. The distribution of this Prospectus outside of Australia may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of any such law and that all necessary approvals and consents have been obtained by the Applicant.

The Company may also accept Applications from Institutional Investors in jurisdictions outside of Australia subject to that investor being eligible to apply for Shares in the Offer under the security laws of their home jurisdiction.

The following foreign selling restrictions apply:

9.11.1 Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the ‘SFO’). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six (6) months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

9 Additional Information

9.11.2 Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other documents or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the 'SFA'), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis you are (i) an existing holder of the Company's Shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other persons in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9.11.3 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the 'FMC Act'). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is "large" within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

9.11.4 United States

This document may not be distributed or released in the United States.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal.

The Shares to be offered and sold in the Offer have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, any Shares to be offered and sold in the Offer may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable U.S. state securities law.

9.12 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus subject to compliance with certain provisions. If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please call the Cluey Offer Information Line and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both. The Company reserves the right not to accept an electronic Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

9.13 Group Structure

As noted elsewhere in this Prospectus, the Company will acquire Quartet Education (that is, the entity which owns 100% of Cluey's issued share capital in Cluey⁴⁶) on or immediately prior to Completion of the Offer. Accordingly, on Completion of the Offer, Cluey will become a Wholly Owned Subsidiary of the Company.

A diagram of the expected corporate structure of the Group on completion of the Offer is set out below.



9.14 Free Float

The Company confirms that on Admission and based on its assessment of its expected Share register, that the Company will have a "free float" (as that term is defined in the ASX Listing Rules) of at least 20%.

46 Cluey is the entity that owns and operates the Group's online tutoring business.

9 Additional Information

9.15 Offer Price

The Company confirms that all Shares that it will offer under the Offer (and for which it will seek Quotation) have an issue price of more than the minimum issue price (that is, of \$0.20) required by Condition 12 of ASX Listing Rule 1.1⁴⁷.

9.16 Joint Lead Manager Entitlements

The Company confirms that all fees and other benefits payable to the Joint Lead Managers in connection with the Offer (whether arising under the Underwriting Agreement or otherwise) or the establishment or formation of the Company have been disclosed in full in this Prospectus.

9.17 Potential Conflict of interest

The Company notes that Grant Samuel (the Company's financial adviser) has a relevant interest in a total of 0.9 million Shares. The Company does not believe that this relatively modest (that is, relative to the Company's overall issued share capital) shareholding undermines Grant Samuel's independence or the integrity of the financial advice that it has rendered to the Company whether in relation to the Offer or otherwise.

9.18 Bookbuild

Prior to the commencement of Quotation, and if required, the Company will give ASX the information required by Annexure A of ASX Guidance Note 1 (titled "Applying for Admission – ASX Listings") in relation to any bookbuild or similar price or demand discovery process that it conducts in connection with the Offer.

9.19 Costs of the Offer

If the Offer proceeds, the total estimated costs of the Offer, including legal fees incurred, registration fees, fees for other advisers, prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately \$3.4 million.

If the Offer proceeds, the Joint Lead Managers as Underwriters, will be paid aggregate fees of up to \$1.65 million and \$0.08 million (plus GST) (depending upon the amount raised pursuant to the Offer) for management fees and commission in connection with this Offer.

9.20 Legal Proceedings

There is no litigation of a material nature or threatened which may significantly affect the Company or its activities.

9.21 Governing Law

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

⁴⁷ As noted elsewhere in this Prospectus, the Offer Price is \$1.20 per new Share. On Admission, the Company's only class of equity securities will be fully paid ordinary shares. Furthermore, the Company does not anticipate granting (either under the Employee Incentive Plan or otherwise) options exercisable into Shares with an exercise price of less than \$0.20 per option for the foreseeable future.

9.22 Directors Responsibility Statement

The Directors of the Company state that for the purposes of section 731 of the Corporations Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by section 716(2) of the Corporations Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each Director consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.


This Prospectus is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisers of the kind with whom Applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any legislation or laws of any State or Territory of Australia or the Commonwealth of Australia.

9.23 Authorisation

This Prospectus is issued by the authority of the Board of the Company.

Dated: 23 October 2020



Robert Gavshon AM
Chairman
Cluey Ltd

Appendix A | Significant Accounting Policies

For personal use only



Appendix A Significant Accounting Policies

Key Accounting policies

The following is a summary of the significant accounting policies used in the preparation of the Financial Information set out in this Prospectus.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Rendering of services

Revenue for tuition services is recognised at a point in time, being the date the service is provided. Payments from customers are received prior to services being delivered. Fees received in advance are recognised as contract liabilities.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Research and development income

The Group has adopted the income approach to accounting for research and development tax incentive, whereby the incentive is recognised in profit or loss on a systematic basis over the periods in which the Group recognises the eligible expenses.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Appendix A Significant Accounting Policies

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Office equipment	3 to 10 years
Computer equipment	3 to 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases (to 30 June 2019)

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Platform

Significant costs associated with the development of the platform are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Content

Content costs are capitalised on worked hours in development of writing content for lessons and are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Appendix A Significant Accounting Policies

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities at fair value through profit or loss ('FVTPL')

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowing costs

Borrowing costs can include interest expense, finance charged in respect of finance leases, amortisation of discounts or premiums, ancillary costs relating to borrowings, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expenses in the period in which they are incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

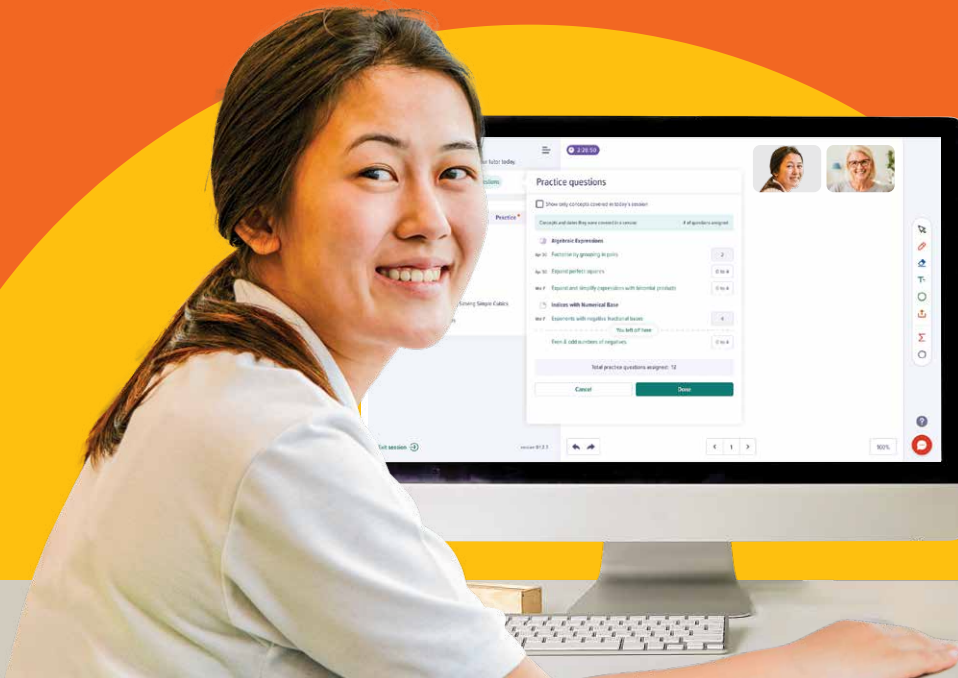
Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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Appendix B | Glossary



Appendix B Glossary

Unless otherwise defined in this Prospectus, capitalised words/terms used in this Prospectus have the meanings given to them below:

\$ or A\$	Australian dollars
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ACARA	Australian Curriculum, Assessment and Reporting Authority
ACER	Australian Council for Education Research
AI	Artificial Intelligence
Applicant	A person who submits an Application
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
Application	An application to subscribe for Shares offered under this Prospectus
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the securities exchange that it operates, as the context requires
ASX Listing Rules	The listing rules administered by the ASX
ASX Settlement Operating Rules	Rules established under the Corporations Act for settlement of transactions of securities of a company for which Clearing House Electronic Sub-Register System approval has been given
ATAR	Australian Tertiary Admission Rank
Award	An Option, a Performance Right, a Loan Share, a Deferred Share Award or an Exempt Share Award (as those terms are defined in the rules of the Employee Incentive Plan)
BDO	BDO Corporate Finance (East Coast) Pty Ltd
Bell Potter	Bell Potter Securities Limited (ACN 006 390 772)
Board or Board of Directors	Board of Directors of the Company
Broker	Any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a broker to the Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident clients of Brokers who have received an invitation to participate from their Broker
CAC	Customer (student) acquisition costs which include direct media spend and Learning Advisor costs, such as fixed salaries and variable performance-based commissions
Canaccord	Canaccord Genuity (Australia) Limited (ACN 075 071 466)
CGT	Capital gains tax
CHESS	ASX's Clearing House Electronic Sub-register System
Closing Date	The date on which the Offer is expected to close
Cluey	Cluey Learning Pty Limited (ACN 620 549 019) or, as the context requires, the online learning business owned and operated by it
Company	Cluey Ltd (ACN 644 675 909)
Completion	The completion of the issue of the Shares the subject of the Offer
Constitution	The constitution of the Company
Convertible Loan Notes	The convertible loan notes issued by Quartet Education between May and August 2020 all of which will be converted into Shares in the Company on or immediately prior to Completion of the Offer

Appendix B Glossary

Corporations Act	The <i>Corporations Act 2001</i> (Cth)
COVID-19	The virus formally known as severe acute respiratory syndrome coronavirus
Deloitte	Deloitte Touche Tohmatsu
Director	A member of the Board, and in relation to references to disclaimers or consents
EAB	Education Advisory Board
EdTech	Education Technology
EEF	Education Endowment Foundation
Eligible Employee	In the case of the Employee Incentive Plan, any current or prospective employee, contractor or Director of the Group selected by the Board to participate in the Employee Incentive Plan (see Section 6.5 for further details); and in the case of the Employee Gift Offer, any current permanent employee of the Group (see Section 7.5.1 for further details)
Employee Gift Offer	The offer under this Prospectus to certain Eligible Employees who receive an invitation letter from the Company detailing the terms of their offer of new Shares, as described in Section 7.5
Employee Gift Offer Shares	Shares issued under the Employee Gift Offer
Employee Incentive Plan	The Cluey Omnibus Incentive Plan established and implemented by the Group
Escrowed Shareholders	Shareholders whose Shares are subject to either or both a mandatory escrow agreement or a voluntary escrow agreement
Estimated LTV	Estimated Customer Lifetime value as defined in Section 3.5.4
Executive Employment Agreement	Executive employment agreements that key employees have entered into with Cluey
Existing Shareholders	Shareholders in Quartet Education as at the date of this Prospectus whose shares or other securities in Quartet Education will be swapped for Shares on or immediately prior to Completion of the Offer
Existing Shares	Fully paid ordinary Shares in the share capital of the Company other than those Shares issued under the Offer
Expiry Date	The date on which this Prospectus expires, being 23 November 2021
Exposure Period	The seven day period after the Prospectus Date, which may be extended by ASIC by a further period of 7 days, during which no Applications may be processed by the Company
Financial Information	Has the meaning given to it in Section 4.1
Forecast Financial Information	Has the meaning given to it in Section 4.1
Forecast Period	Represents the period covered by the financial year ending 30 June 2021
FY2018	Financial year ending 30 June 2018
FY2019	Financial year ending 30 June 2019
FY2020	Financial year ending 30 June 2020
FY2021F	Financial year ending 30 June 2021
GDP	Gross Domestic Product
Grant Samuel	Grant Samuel Capital Advisory Pty Limited or Grant Samuel Investments Pty Ltd
Group	The Company and its subsidiaries
GST	Goods and Service Tax
Historical Financial Information	Has the meaning given to it in Section 4.1

Historical Period	Represents the period covered by the financial years ending 30 June 2018, 30 June 2019 and 30 June 2020
HMEF	Harding Miller Education Foundation
Independent Education Advisory Board	Education Advisory Board made up of eminent independent educational leaders
Institutional Investor	A prospective investor who is able to receive an offer of new Shares under the Offer without any lodgement, disclosure document or other formality in the jurisdiction in which they reside
Institutional Offer	The invitation to bid for Shares made to Institutional Investors to acquire new Shares under this Prospectus, as described in Section 7.9
Institutional Shareholders	The institutional shareholders referenced in Section 9.3, being Acorn Group, Allectus Capital Limited, Milford Private Equity II LP and Thorney group of companies
Joint Lead Managers	The Joint Lead Managers to the Offer, being Bell Potter and Canaccord
K-12	Kindergarten to year 12
K&L Gates	K&L Gates LLP
Listing or Listed	The expected admission of the Company to the Official List
NAPLAN	National Assessment Program – Literacy and Numeracy
New Shareholders	Shareholders who were not Existing Shareholders
OECD	Organisation for Economic Cooperation and Development
Offer	The offering of Shares under this Prospectus
Offer Price	\$1.20 per Share
Official List	The Official List of entities that ASX has admitted to and not removed from listing
Other Existing Shareholders	Existing shareholders excluding the Institutional Shareholders and the founders being Robert Gavshon, Mark Rohald, Sam Linz and Greg Fordred
Participant	Parties that can participate in the Company's Employee Incentive Plan, including any employee, consultant or director (including any prospective employee, consultant or director)
Prospectus Date	The date on which a copy of this Prospectus is being lodged with ASIC, being 23 October 2020
Priority Offer	The offer under this Prospectus to selected investors nominated by the Company who receive a Priority Offer Letter to apply for Shares as described in Section 7.4
Priority Offer Letter	A letter of offer detailing the terms of the Priority Offer and sent to each prospective investor nominated by the Company
Pro Forma Financial Information	Has the meaning given to it in Section 4.1
Pro Forma Forecast Cash Flows	Has the meaning given to it in Section 4.1
Pro Forma Forecast Financial Information	Has the meaning given to it in Section 4.1
Pro Forma Forecast Results	Has the meaning given to it in Section 4.1
Pro Forma Historical Cash Flows	Has the meaning given to it in Section 4.1
Pro Forma Historical Financial Information	Has the meaning given to it in Section 4.1
Pro Forma Historical Results	Has the meaning given to it in Section 4.1

Appendix B Glossary

Pro Forma Historical Statement of Financial Position	Has the meaning given to it in Section 4.1
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Q1	Three months ending 30 September
Q2	Three months ending 31 December
Q3	Three months ending 31 March
Q4	Three months ending 30 June
Quartet Education	Quartet Education Holdings Pty Ltd (ACN 620 427 983), the entity that owns 100% of the issued share capital in Cluey
Quotation	Official quotation of the Shares on ASX
R&D Incentive	Claims made by Cluey under the research and development tax incentive provided by the Australian Government
Recommendations	the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations"
Salesforce	the Customer Relationship Management platform used by the Group
Shares	New fully paid ordinary shares in the Company
Share Registry	Automic Pty Ltd
Shareholder	Registered holder of Shares.
Statutory Financial Information	Has the meaning given to it in Section 4.1
Statutory Forecast Cash Flows	Has the meaning given to it in Section 4.1
Statutory Forecast Financial Information	Has the meaning given to it in Section 4.1
Statutory Forecast Results	Has the meaning given to it in Section 4.1
Statutory Historical Cash Flows	Has the meaning given to it in Section 4.1
Statutory Historical Financial Information	Has the meaning given to it in Section 4.1
Statutory Historical Results	Has the meaning given to it in Section 4.1
Statutory Historical Statement of Financial Position	Has the meaning given to it in Section 4.1
UNSW	University of New South Wales
US Securities Act	The US Securities Act of 1933, as amended
Wholly Owned Subsidiary	A subsidiary owned directly or indirectly
Working with Children	All our employees and tutors are required to hold a current working with children check (WWCC) or equivalent from the state in which they reside

Corporate Directory

Issuer's Registered Office

Cluey Ltd

Level 8, 51 Pitt Street
Sydney NSW 2000

Australian Legal Adviser

K&L Gates LLP

Level 31, 1 O'Connell Street
Sydney NSW 2000

Joint Lead Managers

Bell Potter Securities Limited

Level 38, Aurora Place, 88 Phillip Street
Sydney NSW 2000

Canaccord Genuity (Australia) Limited

Level 62, MLC Centre, 19 Martin Place
Sydney NSW 2000

Investigating Accountant

BDO Corporate Finance (East Coast) Pty Ltd

Level 11, 1 Margaret Street
Sydney NSW 2000

Financial Adviser

Grant Samuel Capital Advisory Pty Limited

Level 19, Governor Macquarie Tower, 1 Farrer Place
Sydney NSW 2000

Auditor

Deloitte Touche Tohmatsu

Grosvenor Place, 225 George Street
Sydney NSW 2000

Share Registry

Automic Pty Ltd

Level 5, 126 Phillip Street
Sydney NSW 2000

Company Website

<https://clueylearning.com.au>

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