



ASX Announcement

Monday, 22 February 2021

CLUEY ANNOUNCES FY2021 HALF YEAR RESULTS

Key Performance Indicators (KPIs) for the six months ended 31 December 2020¹ ("HY2021")

101,268 Student Sessions delivered in HY2021 (290% increase on PCP)

10,311 Active students with a session in HY2021 (225% increase on PCP)

\$6,444,252 in revenues achieved in HY2021 (385% increase on PCP)

53% Gross Profit Margin achieved in HY2021 (32% improvement on PCP%)

\$570 Variable CAC² per student achieved in HY2021 (45% improvement on PCP)

Background

In December 2020, the Cluey Ltd (ASX: CLU) ("Cluey" or "the Company") completed a successful IPO and major capital raise. \$30 million was raised from the issue of 25.1 million new shares. The cash raised is being used to fund Cluey's growth strategy, including investment in sales and marketing, product development and operations.

As part of the IPO restructure, Cluey Ltd was incorporated on 28 September 2020 and acquired Quartet Education Holdings Pty Ltd and its operating subsidiary, Cluey Learning Pty Ltd on 3 December 2020 (forming "the Group"). Accordingly, the Appendix 4D and First Interim Report released today covers the period from 3 December 2020 to 31 December 2020 for the Group.

Statutory financial results for the period from 3 December 2020 to 31 December 2020

The consolidated statement of profit or loss includes the results of the Group from the date the Company acquired the operating subsidiaries, being 3 December 2020, to 31 December 2020. The key financial metrics for that period include:

- Revenue from services rendered of \$647,572
- Gross profit (revenue less tutor costs) of \$328,476, and gross profit margin of 51%
- Net loss from operating activities, before IPO related costs of \$1,316,689

¹ KPIs are presented for the six-month period as if the Company had acquired Quartet Education Holdings Pty Ltd and its operating subsidiary, Cluey Learning Pty Ltd on 1 July 2020. Refer to 'Background' and 'Pro forma financial information' for further explanation.

² Variable CAC (customer acquisition costs) per student is a non-IFRS measure used for management purposes which represents variable acquisition expenditure for a period divided by new students with a session in the same period. Variable acquisition expenditure is calculated based on total marketing expenses, plus learning advisor (sales) employment costs and commission (included in employee benefits expense).

- IPO costs of \$1,185,683, excluding equity raise costs of \$1,821,967 which are deducted from equity

Total cash held as of 31 December 2020 was \$35,727,733.

Pro forma financial information from 1 July 2020 to 31 December 2020

The Pro forma financial results presented below are also provided as if the acquisition of Quartet Education Holdings Pty Ltd and its subsidiaries had occurred on 1 July 2020. Reference is given in the Prospectus dated 23 October 2020 ("the Prospectus") which includes historical financial data of the operating subsidiaries, as well as forecast FY2021 results for the Group from 1 July 2020 to 30 June 2021.

Pro forma consolidated statement of profit or loss

	6 months to 31/12/20 ("HY2021") \$	6 months to 31/12/19 ("HY2020") \$
Revenue from services rendered	6,444,252	1,327,538
Cost of sales	(3,033,176)	(793,674)
Gross profit	3,411,076	533,864
<i>Gross profit margin %</i>	53%	40%
Operating expenses		
Marketing expenses	(2,647,070)	(2,046,453)
Occupancy expenses	(67,328)	(170,099)
Administration expenses	(1,183,076)	(1,109,926)
Employee benefits expenses	(6,177,298)	(5,072,610)
Total operating expenses	(10,074,772)	(8,399,088)
Other income	0	4,200
Interest revenue calculated using the effective interest method	76,750	116,849
Total other income	76,750	121,049
Pro forma Operating loss before Non-recurring items	(6,586,946)	(7,744,175)
Non-recurring items		
Covid-19 Cash Boost income	50,000	0
Initial Public Offer Costs	(1,185,683)	0
Share based payment expenses	(1,003,208)	0
Interest expense on convertible loan notes ("CLNs")	(6,027,520)	0
Net fair value loss on financial instruments	(14,325,074)	0
Total non-recurring items	(22,491,485)	0
Loss before income tax expense	(29,078,431)	(7,744,175)
Income tax expenses	0	0
Loss after income tax for the period	(29,078,431)	(7,744,175)

Revenue from services rendered

Revenue has grown significantly by 385% from \$1.3 million in HY2020 to \$6.4 million in HY2021. Revenue growth has been driven by:

- An increase of 159% in New students³ to 6,223
- An increase of 225% in Active students with a session to 10,311
- An increase of 290% in Student sessions to 101,268

Revenue of \$6.4 million in HY2021 exceeded HY2021 forecast⁴ by \$0.2 million (3%), primarily the result of exceeding the forecast session target by more than 3,700 (4%) sessions. Student sessions and total revenue for the half year are 42% of the full year forecast, whilst only 39% of the FY21 forecast variable student acquisition cost has been incurred.

Cost of sales

Cost of sales includes payments to tutors for their services in the provision of online tutoring. Tutor costs increased by 282% to \$3.0 million in HY2021 compared to HY2020. Revenue growth has significantly exceeded the growth in tutor costs due to the success of small group sessions. Small group sessions, launched in January 2020, have increased to 11.2% of total student sessions in the six months to 31 December 2020.

Gross profit and gross profit margin

Gross profit increased 539% from \$0.5 million in HY2020 to \$3.4m in HY2021. Gross profit margin increased by 32% from 40% in HY2020 to 53% in HY2021, and is in line with forecast.

Operating expenses

- Direct marketing expenses (excluding employee benefits expense for the marketing department) increased 29% from \$2.0 million in HY2020 to \$2.6 million in HY2021.
- Administration expenses increased 7%, primarily due to IT costs and audit and compliance costs post listing.
- Employee benefits expense, excluding share-based payments, increased 22% from \$5.1 million in HY2020 to \$6.2 million in HY2021. FTE increased 20% from 77.3 in December 2019 to 92.8 in December 2020. 11.0 FTE were added to the sales team and 2.2 FTE to the customer support team in order to manage and support the increase in forecast student enrolments.

Variable acquisition expenditure

- Total variable acquisition expenditure, which includes direct marketing expenses, Learning Advisor (sales) employment costs and commissions, increased by 42% from \$2.5 million in HY2020 to \$3.5 million in HY2021. This increased investment in acquisition expenditure delivered an increase of 159% in new students, from 2,407 in HY2020 to 6,223 in HY2021.
- Variable CAC per new student decreased by 45%, from \$1,039 in HY2020 to \$570 for HY2021 due to ongoing optimisation of media and online channels, process and

³ New students that have completed at least one session, i.e., does not include new enrolled students yet to complete their first session in December.

⁴ Being the HY2021 component of the annual forecast provided in the Prospectus

performance improvements in the sales team and increased market awareness from brand activities.

Non-recurring items

- IPO costs of \$1.2 million were incurred in HY2021 which are non-recurring. In addition to the \$1.2 million of expensed costs, the Group also capitalised equity raising costs of \$1.8 million related to the issue of 25.1 million new shares.
- Share-based payment expense of \$1.0 million relates to the issue of shares on IPO.
- Prior to the IPO, the Company, through its wholly owned subsidiary Quartet Education Holdings Pty Ltd, converted \$20.5 million of CLNs to equity. On conversion, interest of \$6.0 million was due and paid to CLN holders in November 2020.
- \$14.3 million of fair value loss relates to the accounting remeasurement at the date of the conversion of CLNs on 30 November 2020. 10,751,977 CLNs issued at a price of \$1.9102, converted into 10,751,977 ordinary shares in Quartet Education Holdings Pty Ltd, prior to converting into 29,052,917 ordinary shares in Cluey Ltd following a share split of 2.7021 for each ordinary share held. At the IPO issue price of \$1.20 per share, the value of these shares was \$34.9 million. The net fair value loss was calculated as the difference between the value of these shares on IPO and the value of the underlying CLNs of \$20.5 million.

Full year forecast

At the end of HY2021, the Group has delivered 42% of the annual forecast revenues, whilst only incurring 39% of the annual variable acquisition expenditure. Historically, the second half of the financial year generates a greater proportion of revenues than the first half, due to seasonality and the timing of the summer school holidays. For comparative purposes, in HY2020, first half revenues were 31% of total revenues for FY2020.

The Group remains confident that it is on track to achieve the FY2021 Prospectus forecast revenue and variable acquisition expenditure per new student.

Investor Half-year results webinar

Investors are invited to join a webcast on Monday 22 February 2021 at 11 am (AEST) hosted by Cluey CEO, Mark Rohald, and CFO, Greg Fordred, who will provide an update on the Company's performance, followed by a Q&A session.

Register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_wHxHMYx2QtSjus6MihAr0A

After registering, you will receive a confirmation email containing information about joining the webinar. A copy of the presentation will be available on the ASX website:

<https://www2.asx.com.au/markets/company/CLU>

ENDS

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

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ABOUT CLUEY

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

Cluey has been recognised in the prestigious HolonIQ inaugural list of most innovative Edtech companies in Australia.