



ASX Announcement

28 February 2023

H1 FY23 financial results: Driving to profitability

Cluey Ltd (ASX: CLU) ("Cluey" or the "Company") today announced its results for the half year ending 31 December 2022. The results of Cluey Learning (the core online learning support business) and Code Camp (the holiday camps and after-school business) are included in this report (Cluey and its subsidiaries make up the "Group").

Key highlights:

- Continued growth across all key Group¹ metrics compared to the prior corresponding period (H1 FY22) ('PCP'²)
 - Revenue +32%
 - Gross Profit +39%
 - New Students +47%
 - Student Sessions +33%
 - Record low variable CAC³ per New Student -18% (improvement)
- Ongoing transformational investment in Product & Technology. Benefits from this investment start flowing in the second half of FY23 and support the path to profitability (expected in Q4 FY24 and the full-year FY25)
- A range of initiatives are being implemented to achieve profitability. These initiatives are focussed on reducing operating expenses and CAC as a priority. As previously announced to ASX in January 2023, annualised cost savings of \$3.3 million were implemented in H1 FY23. \$1.4 million of these savings will be realised in H2 FY23. In addition, a further \$4.8 million of annualised cost savings initiatives have been identified, which will result in a total annual ongoing reduction in costs of \$8.1 million, commencing FY24
- The Company forecasts continued growth in revenue in FY24 and an improvement in FY24 operating cashflow of ~\$8 million compared to FY23
- The Company is continuing to experience strong demand in the market for its services
- Cash balance at 31 December 2022 of \$14 million

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

² Prior corresponding period being the 6 months ended 31 December 2021. PCP includes three months of results of the Code Camp business which was acquired on 1 October 2021.

³ 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. New students for Cluey Learning are those students who had a session in the period, whilst New Students for Code Camp are those students who enrolled in the period. Variable acquisition expenditure is calculated based on total marketing media expenses and brand investment, plus learning advisor (sales) employment costs and commission (included in employee benefits expense).

H1 FY23 Results overview - Cluey Group (Consolidated)

| Revenue | Gross Profit |
|-------------------------------|------------------------|
| \$20.8m +32% on PCP | \$11.8m +39% on PCP |
| Student Sessions ⁴ | New Students |
| 316k +33% on PCP | 20,251 +47% on PCP |
| Variable CAC per New Student | |
| \$348 -18% on PCP | |

Matteo Trinca, Cluey Joint CEO and Chief Customer Officer, said “the Company benefits from the take-up of online tutoring and learning support and, together with Code Camp, is now well positioned to become the dominant provider of outside-of-school learning services in Australia. As we progress the integration of Code Camp with Cluey, the benefits are flowing in the form of significant increases in students, school venues and revenues. The expansion of Cluey in New Zealand and Code Camp in the UK is demonstrating excellent traction and provides a strong foothold for further expansion in these international markets. We remain vigilant in terms of our cost structures and are investing in those areas of the business that will drive long term improvements in our key metrics”.

Highlights by business**Cluey Learning**

The first half of the financial year includes the end of the academic year during which senior secondary students sit their final examinations around October and many students in other years pause their tutoring for the summer holidays. Cluey’s investment in new student acquisition reduces in this period and the focus turns to preparing for reboarding Cluey students and acquiring new students in January and February with the commencement of the new academic year.

Management is committed to achieving a sustainable rate of growth with profitable unit economics, noting that the students with the highest lifetime value are recruited in the third quarter of the financial year (the beginning of the academic year).

Gross profit margin increased in H1 FY23 to 57.0% from 53.6% in the PCP despite a 7% increase in tutor costs to \$7.4 million. The implementation of a price increase from 1 July 2022 and the increase in the proportion of NZ tutors (at a lower cost) were key drivers of this improvement.

The strong performance in the New Zealand business contributed \$0.8 million in revenue to the Cluey Learning total revenue of \$17.2 million in H1 FY23. In Q2 FY23, NZ student sessions accounted for 6.2% of total Cluey Learning sessions, an increase from 5.8% on the prior quarter. The proportion of New Zealand students continues to increase.

Code Camp

Revenue from Australian school holiday and after-school programs was \$3.4 million, compared to \$0.8 million recognised in the PCP from the date of acquisition (1 October 2021). Attendance days at after-school programs increased from 312 to 21,400 and

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

attendance days at school holiday programs increased from 3,445 to 20,909, noting that the PCP was significantly impacted by COVID-19 school closures.

The UK pilot is performing well, with \$0.2 million of revenue recognised in the period, an increase of \$0.1 million from H2 FY22. The number of after-school venues increased to 31 at December 2022. Attendance days at after-school programs increased from 126 to 9,091.

Outlook and pathway to profitability

The Company remains on-track to achieve its first quarter of operating cash positive results in Q4 FY24.

As a result of the cost savings being implemented, the average monthly number of Cluey Learning student sessions required to break-even has reduced from ~85,000 (as previously estimated in the FY22 financial results presentation to ASX), to ~65,000.

In addition, investment in Product and Technology is anticipated to drive improved operating leverage and increased throughput by delivering:

- Service changes and improvements focusing on optimising customer and tutor experience, leading to increased revenue per student and life-time revenue
- Increasing self-service configuration for customers and tutors, key to scaling growth and cost reduction
- A single view of customer across business units to optimise sales and lower CAC

The benefits from this additional product and technology investment will start yielding a return in the second half of the current financial year and support the forecast pathway to profitability in Q4 FY24 and the full-year FY25.

Cluey Learning

Within the Cluey Learning business:

- A range of operational improvements have been implemented to increase gross profit margin
- Further reductions in operating overheads and extracting efficiencies through ongoing Product & Technology improvements are expected
- Since inception, the Company has prioritised the collection and use of data and learning analytics as a key driver of competitive advantage. The Company has harvested learning data from more than 1 million learning sessions and is now well positioned to integrate a range of AI tools to drive further optimisation of its services
- The impact on the business of the post-COVID-19 broader macro economic environment, characterised by lower growth and higher inflation is still unclear. Historically, education services tend to be relatively more resilient during such periods. The Company has observed an increase in students pausing their tutoring during school holidays and for longer. There are now more tutoring providers offering their services online in response to the growing demand for online learning support. Cluey's comprehensive integrated service distinguishes it from these providers.
- Whilst Cluey has not experienced significant cost increases due to inflation, media inflation increased by ~5% in the period
- Given the positive results to-date, Cluey intends to scale investment to pursue the New Zealand market growth opportunity. In Q2 FY23, NZ student sessions accounted for 6.2% of total Cluey Learning sessions, an increase from 5.8% on the prior quarter

Code Camp

Within the Code Camp business:

- The summer holiday period (including December and January), is typically the largest camp season. The recent summer holiday camps achieved an all-time record:
 - Holiday camp revenues of \$1.8 million, an increase of \$0.7 million on the prior summer holiday camp period. \$0.3 million of this revenue is recorded in Q2 FY23 with the balance of \$1.5 million to be recognised in Q3 FY23
 - 15,149 holiday camp attendance days for the December/January period, an increase of 63% on the prior summer holiday camp period
- Code Camp has been piloting its after-school programs in the UK. This division is now delivering after-school programs at 57 schools (Jan-23), an increase of 84% on the prior quarter. Following this highly successful pilot, Cluey intends to accelerate growth and expansion of Code Camp UK

Group

The Group is considering a range of product and service extensions as part of its strategy to be the dominant provider of outside-of-school learning services.

Cluey H1 FY23 results webinar:

Cluey is pleased to announce that Mark Rohald (Executive Deputy Chairman), Matteo Trinca & Trevor McDougall (Joint CEOs) and Greg Fordred (CFO) will be hosting a webinar for the half year period ending 31 December 2022 at 12.00 pm (AEST) on Thursday 2 March 2023.

Investors can register for the session using the following link:

https://us02web.zoom.us/webinar/register/WN_p2Ud5sbdStG1OHoyK6KJ_Q

Prior to the webinar, investors are invited to submit questions to:

investor.relations@clueylearning.com

ENDS

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

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Forward Looking Statements

This document contains forward looking statements. These statements reflect the current views, expectations and assumptions of the board of directors of Cluey and are based on information currently available, involve risks and uncertainties and do not guarantee future results, performance or events. Any forward looking statements have been prepared on the basis of a number of assumptions which may prove to be incorrect or involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Cluey, which may

cause actual results, performance or achievements to differ materially from those expressed or implied in the statements

ABOUT CLUEY

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

Cluey key facts:

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