



Annual Report

2023

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Cluey Ltd ABN: 65 644 675 909

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FY 2023 Key Achievements



\$39.4m
Revenue

Up 15% from \$34.3m
in FY22

599,474
Student Sessions
Delivered

Up 11% from 538,362 in FY22



58,019
Active Students

Up 31% from 44,414
in FY22



57.3%
Gross Profit Margin

Up 8% from 52.9% in FY22

\$22.5m
Gross Profit

Up 24% from \$18.1m in FY22

\$352
Variable CAC

Improvement of 18%
from \$429 in FY22



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\$9.5m Capital raise

Completed in March 2023
Proceeds to fund growth opportunities and working capital

Scaling



Launch of six new co/extracurricular learning programs

Underlying EBITDA and Cash Flow positive in FY23

Successful expansion in the UK



Sustainable improvements to cost base

Successful implementation of cost reduction initiatives in Q3 FY23

Return on Product & Technology investment



Investment in product and technology delivering results



Reduction in variable costs and enhancements to the student/tutor experience

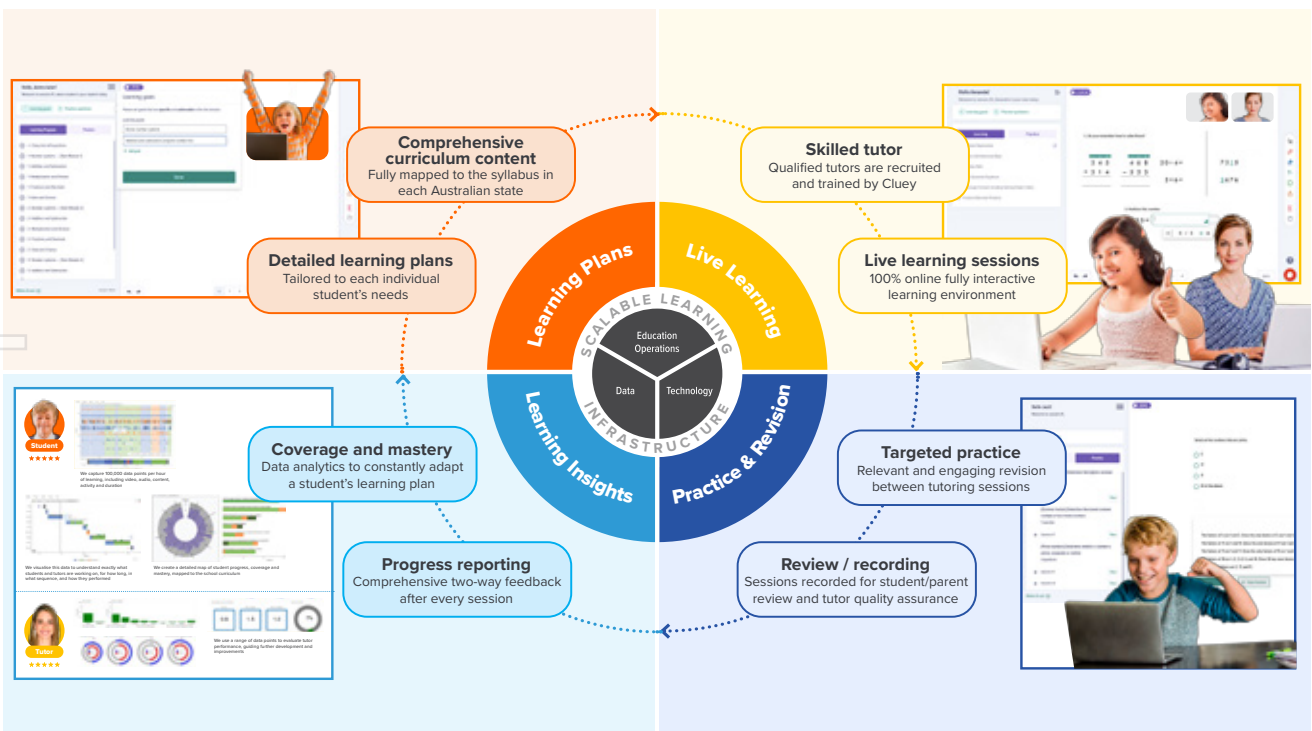
About Cluey

Cluey augments traditional schooling for K-12 students across Australia and New Zealand with a range of comprehensive learning services.

Cluey is a dominant provider in the large learning services market. Cluey Learning is at the forefront of delivering targeted curriculum aligned learning support for students in Australia and New Zealand using a combination of live face-to-face online tutoring, learning analytics and insights. Cluey's integrated online tutoring model supports the learning of school students in Years 2 – 12 across Mathematics, English, Chemistry, Physics and Biology. Delivered 1:1 and in small groups.



The Cluey Learning Model



In addition, Cluey delivers co/extracurricular online, holiday camps and after school programs in Australia and the UK through its wholly owned subsidiary, Code Camp.

What Code Camp does

Code Camp is a leading provider of holiday and after-school coding and digital skills programs for school children in Australia and the UK. Delivered in-person and online.

Teach kids to code:

- JavaScript
- HTML, CSS and jQuery
- Game design, digital storytelling, problem solving, website creation etc.

Teach kids to create with technology:

- DJ
- Content Creation
- Filmmaking
- Entrepreneurship
- Animation
- Droning

New programs expand a strong and unique offering

- Jurassic World Animation Camp**
Ages 5-7 years
- Little Coders**
Ages 5-7 years
- Curious Minds**
Ages 5-7 years
- Minecraft Engineers**
Ages 8-12 years
- Roblox Legends**
Ages 7-10 years
- Design Camp**
Ages 9-13 years

Broad market appeal driving higher student reactivation, retention and new customers

- Spark**
Ages 7-12 years
- Ignite**
Ages 7-12 years
- Blast 3D**
Ages 8-13 years
- Web Builders**
Ages 8-13 years
- DJ Camp**
Ages 8-13 years
- Animation Camp**
Ages 7-12 years
- Minions Animation**
Ages 5-7 years
- Drone Camp**
Ages 9-13 years
- YouTube Creators**
Ages 9-13 years



Our Purpose, Vision and Mission

Our Purpose



Empower students with the skills, knowledge and self-efficacy to thrive now and in the future.

Our Vision



Engagement and inspiration to create learners for life.

Our Mission



To develop an innovative and personalised educational ecosystem that equips students for success in an ever-changing world and builds a community of learners.



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Our Values



Learning is at the heart of the service we provide our students and their families as well as our commitment to ongoing training and professional development for our tutors/teachers and the rest of our staff.



Taking ownership is about accepting responsibility for the quality and effectiveness of our services, and it also refers to our approach to learning, which places an emphasis on self-efficacy and student ownership of their learning.



It is vitally important that we know our students/ tutors to provide the service and support that they need, and that we know one another to work effectively, cross-functionally and collaboratively.



We recognise the correlation between having fun and effective learning, and believe that work should be enjoyable and provide opportunities to be creative and inventive.



Our core focus is supporting student achievement, and our commitment to helping others achieve is also reflected in the collaborative and cross-functional nature of our structure.



Board of Directors

Cluey has an experienced Board of Directors with a diverse mix of skills and backgrounds in education, finance, technology, retail, entrepreneurship, and corporate transactions.



Robert Gavshon AM

Chairman & Non-Executive Director
Member of Remuneration Committee
and Audit & Risk Committee



Mark Rohald

Executive Deputy Chairman



Professor Ian Young AO

Non-Executive Director
Member of Remuneration Committee



Michael Stibbard

Non-Executive Director
Chair of Audit & Risk Committee



Louise McElvogue

Non-Executive Director
Chair of Remuneration Committee
and Member of Audit & Risk Committee



Executives

Cluey's management team have a strong track record of establishing and scaling education businesses (private and public) both in Australia and abroad.



Matteo Trinca
Joint Chief Executive Officer



Trevor McDougall
Joint Chief Executive Officer



Greg Fordred
Company Secretary &
Chief Financial Officer



Hayley Markham
General Manager Code Camp



Letter from the Chair

This 2023 Annual Report for Cluey Ltd (“Cluey”) is our second full-year financial report since listing on the Australian Securities Exchange in December 2020. Cluey continued to experience growth and achieve several significant milestones. This past year, however, has been demanding given market conditions generally, and specifically given inflationary and cost of living pressures.

This has led Cluey to reset its immediate strategic goals and, most importantly, focus on achieving profitability.

Cluey is Australia’s largest online school tutoring and education support company. It augments traditional schooling for K-12 students across Australia and New Zealand with a comprehensive range of learning services. In addition, through its wholly owned subsidiary, Code Camp, Cluey provides co/extracurricular learning in the coding and digital skills space in Australia and the United Kingdom, primarily through after-school and holiday programs.

Cluey is passionate about understanding its customers and designing its products and services to meet their needs.

As a result, Cluey invests in in-house consumer research and analytics. The company’s internal “Voice of the Customer” team leads the ongoing analysis of attitudes and priorities. Based on internal research, Australia has approximately four million school students and an addressable market of some 90%. It is disconcerting that, in recent years, academic performance among Australian school students has stagnated, and the productivity of schools has been declining. It is also noteworthy that since 2003, Australia’s PISA results in maths have declined further than any country other than Finland. The NAPLAN results, released in August this year, reveal that one in four students fell below expectations for minimum literacy and numeracy standards and that one in 10 require “additional support”. The Federal Minister of Education, Jason Clare, recently said that funding should be allocated to services such as catch-up tutoring.

Cluey’s performance in FY23 is marked by a number of key achievements YOY including –revenue growth of 15% from \$34.3m to \$39.4m, student sessions up 11%, gross profit margin improvement from 53% to 57%, and customer acquisition costs reduction by 18%.

The Board and Management are acutely aware of the imperative to reduce cash burn and drive to profitability as soon as possible. To this end, we have implemented significant cost cuts and reduced marketing spend at the expense of top-line growth. In March of this year, we completed a capital raise of \$9.5m.

We made significant product and technology enhancements to the learning environment to deliver operating efficiencies and improve the user experience.

These initiatives have already yielded positive results, and on current indications, Cluey should be profitable in Q4 FY24.

Needless to say, this focus creates strains within the organisation. I am proud to share with stakeholders that our executive team of Matteo Trinca, Trevor McDougall, Greg Fordred and Hayley Markham have performed and supported the company so positively. Each one



has taken on additional responsibilities willingly and unconditionally. In FY23, we successfully transitioned to our new Joint CEO structure, and this is functioning exceptionally well. Mark Rohald, our Executive Deputy Chairman, has also been a pillar of strength to the team and leaned in wherever needed. We are fortunate to have executives of this calibre. I thank them and the entire staff for their commitment and hard work.

Despite the challenging and uncertain times, I am confident that the company has the foundation to be a dominant player in the Ed-Tech sector.



Cluey has many specific opportunities ahead of it. To mention a few - Cluey has an enviable infrastructure, including its platforms, systems, technology, and data, to enable it to scale the core and rollout in different jurisdictions. Code Camp is poised to expand its footprint in Australia and the United Kingdom. A broader portfolio of learning programs will complement this expansion to meet the high demand for coding and digital skills education. Cluey is advanced in developing its AI capability, further enhancing its tutoring services, and optimising the student, parent, and teacher/tutor experience.

In general, the learning support market remains highly fragmented, creating the underlying opportunity for Cluey to accelerate its growth and capture market share and share of wallet.

Once again, my fellow directors have provided me with valuable support and played an important role in refining Cluey's strategy. Each director has given input with their special expertise. I express my gratitude to them.

Finally, I thank all stakeholders for their continued support and trust.

Chairman

Robert Gavshon AM



Joint CEOs Report

FY23 has been an eventful year for the company.

Pathway to profitability

In FY23, we implemented our 'pathway to profitability' plan and are pleased with the results to date. We achieved a significant improvement in a number of key metrics. Revenue increased by 15%, and customer acquisition costs (CAC) per new student reduced by 18% year-on-year. CAC payback decreased from 10 months in FY22 to 5 in FY23.

At the same time, investments in our product and technology have enabled a greater shift toward self-service and automation, leading to a reduction in FTEs from 237 in July 2022 to 155 in June 2023, and an improved margin from 53% in FY22 to 57% in FY23. Underlying EBITDA improved by 20% year-on-year, a trend that's accelerating, as evidenced by a 46% increase in Underlying EBITDA in Q4 FY23 compared to Q4 FY22.

We have a clear plan to achieve profitability, and our strategy for getting there is working. As we get closer to profitability, new opportunities will open up, and we will have the financial resources to accelerate our growth further.

Adapting to change

This year marked the post-COVID return to regular schooling. While demand for learning support remains strong, it has shifted in response to macroeconomic factors. Families now grapple with rising inflation and interest rates, thereby tightening household budgets. This economic shift has dual implications. On the one hand, we've noticed decreased demand for our tutoring services during holiday periods. On the other, there's been a surge in demand for cost-effective tutoring solutions and uptake of our co/extracurricular after-school programs - spurred by the increasing number of dual-income households.

As a business, we have innovated and adapted to the macro environment and delivered greater flexibility that better meets the needs of our customers. Our teams have collaborated to solve these challenges and leveraged these opportunities to provide innovative and creative solutions

and adopt new technologies, enabling us to launch new and enhanced products and services. To meet some of the challenges parents face, Cluey launched a range of new competitive pricing plans to meet individual flexibility and affordability requirements better, and Code Camp developed a significantly expanded range of after-school programs.

Our execution throughout FY23 has resulted in a marked year-on-year improvement in operating performance, culminating in a stronger position at the close of Q4 FY23. Our focus remains on accomplishing our objective to be the trusted destination for out-of-school learning.

Extending our product's advantage

Cluey is now much more than a tutoring business. We are an education services business. Students and parents seek different learning services at varying points in their learning journey. Today we offer online tutoring, independent practice, online and face-to-face holiday camps and after-school programs. In the future, we have exciting plans to extend our education offering, integrated under a unified brand architecture. This expansion includes an integrated cross-channel learning experience that leverages all our data, platforms, technology, content and sales and marketing reach. This portfolio approach to education services enables us to attract an increased number of new customers and extract a greater share of the education wallet.

Our ongoing investment in product and technology is yielding substantial gains in efficiencies and improved customer and tutor experience. In FY23, we launched an improved Parent and Student Portal and Tutor Hub that drive increased levels of self-service and automation and have enabled us to reduce our customer and tutor support costs significantly. Our deployment of product and technology improvements aims to provide an enhanced customer experience and improve customer retention.

Fast growth in the co/extracurricular domain

A key element of the Cluey strategy has been to build out Cluey as a broader education services company. A wide range of services provides us with a portfolio of



complementary products and services and multiple growth levers. This is why we extended our operations into the co/extracurricular segment, and we believe this segment will generate significant growth for our business going forward.

In FY23, we accelerated our investment in Code Camp, and we are now seeing the benefits of this. Our results in holiday camp and after-school services are extremely positive. We continued to scale the Code Camp business in Australia by expanding our program offerings and completed the integration of Code Camp with the Cluey Sales and Marketing function. We are now benefitting from cross/up-sell opportunities, with Cluey now providing up to 15% of all Code Camp's new students. Code Camp in the UK is now our fastest growing division. Our focus on after-school programs demonstrates strong demand and product-market fit, and we are committed to continuing our investment in this area to drive further growth.

Further embracing data and AI

The use of data has always been at the core of what we do. We view our extensive collection and use of data as a core competitive advantage. Over the last five years, we have collected, stored, and organised the data from every learning and practice session and learning advisor and customer support interaction. FY23 marked a substantial shift in how we think about using our data and analytics going forward. We're now embracing Large Language Models such as GPT-4 to power and extract the value from our data. And we're doing this in ways we could not have imagined two or three years ago. We are at the very early

stages of this innovation and implementation. Over time, we expect increasing use of these technologies to improve the learning experience, increase retention, deliver new products and services, and reduce costs.

Outlook for 2024

As we continue to transition our business to profitability, the macro environment will likely remain challenging. Fortunately, we have a portfolio of education services – some of these services may be negatively impacted, whilst others will likely benefit. Overall, we expect continued growth, but likely at a lower rate. Most importantly, our focus will remain on achieving profitability, which will inevitably require rigorous ongoing cost management and allocation of investment to those areas where we generate the greatest return.

M&A remains a key strategic pillar for Cluey to become the dominant provider of out-of-school learning services. The education services market is diverse and fragmented, and we continue to explore opportunities that will accelerate the expansion of our product offerings and distribution channels.

Finally, we'd like to express our gratitude to the Cluey team. Dealing with the challenges of the macro environment and the need to evolve and improve constantly is not easy. But, as a team, we wake up every day knowing that our passion and commitment to education make a substantial contribution to the lives of our students.

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Joint Chief Executive Officer

Matteo Trinca



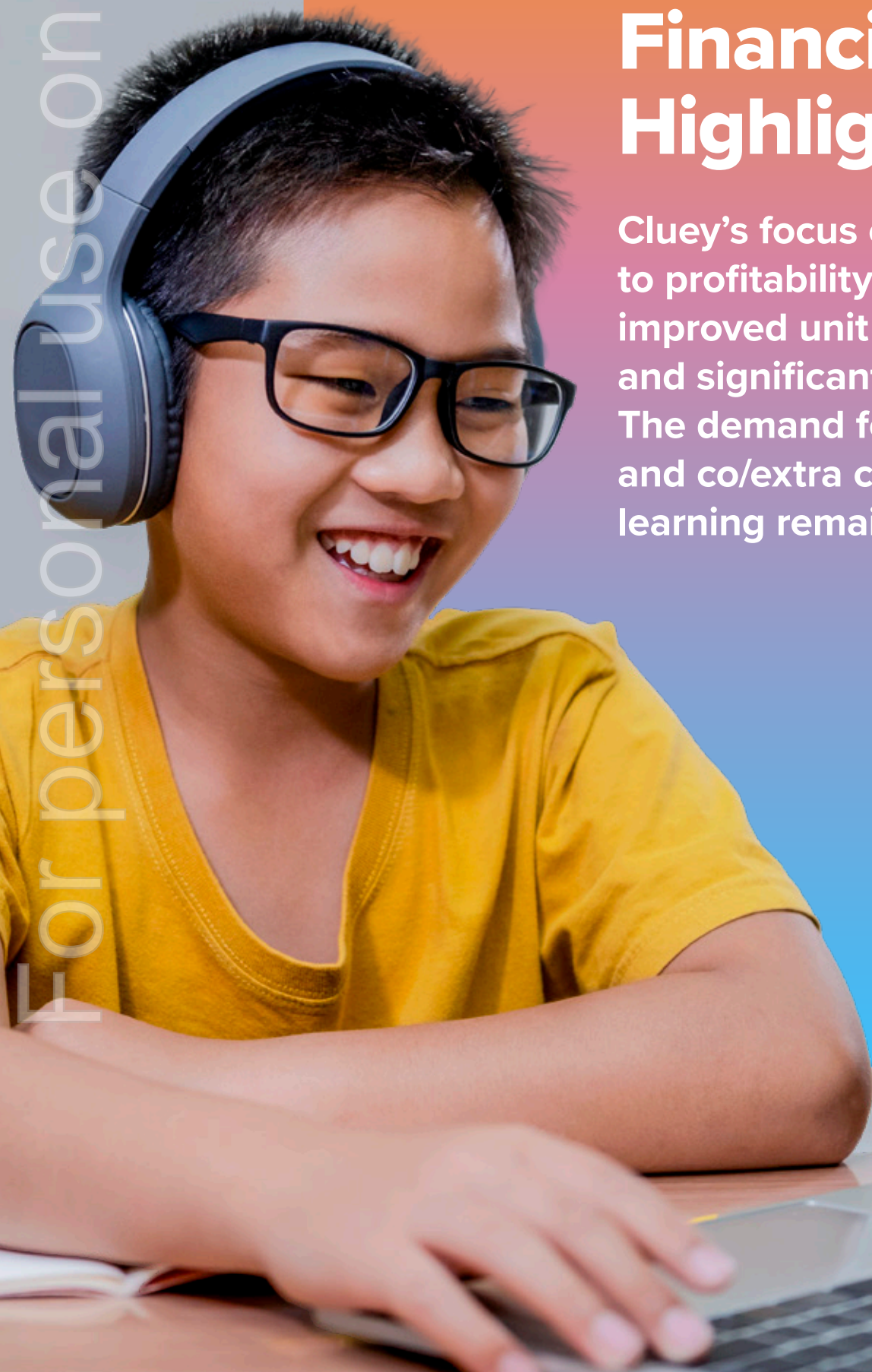
Joint Chief Executive Officer

Trevor McDougall

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FY2023 Financial Highlights

Cluey's focus on driving to profitability delivers improved unit economics and significant cost savings. The demand for tutoring and co/extra curricular learning remains strong.





FY2023 Snapshot



\$352

Variable CAC¹ in FY23, down 18% from \$429 in PCP



2.9x LTV:CAC

Improvement of 4% in lifetime value (LTV) to CAC¹ per new student ratio



>2,900

Active Cluey Learning tutors and Code Camp teachers in Q4 FY23



>599,000

Student sessions² in FY23, up 11% from 538,000 (vs. PCP)



11%

Increase in number of sessions in FY23 (vs. PCP)



15%

Increase in revenue in FY23 (vs. PCP)



24%

Increase in gross profit in FY23 (vs. PCP)



20%

Improvement in underlying EBITDA³ FY23 (vs. PCP)

Notes:

1. Variable customer acquisition costs (CAC) 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 for Cluey and new students enrolled in the period for Code Camp. This includes camps or programs which will take place in future periods.
2. Student Sessions includes Cluey Learning tutoring session and attendance days at Code Camp after-school and school holiday programs.
3. Underlying EBITDA is earnings before interest, tax, depreciation and amortisation, adjusted for COVID-19 government incentives and Research and Development tax credit, other income, Code Camp acquisition costs in FY22, restructuring costs in FY23, and share-based payments expense.



Improvement in Cluey Financial Performance

Focus on driving to profitability delivered **8%** improvement in gross profit margin and **20%** improvement in underlying EBITDA

Summary Consolidated Financial Results FY2023

\$'Millions	FY23	FY22	Percentage Change
Revenue	39.4	34.3	+15%
Cost of sales	(16.8)	(16.1)	+4%
Gross profit	22.5	18.1	+24%
Gross profit margin (%)	57%	53%	+8%
Marketing expenses	(12.3)	(12.0)	+3%
Employee benefit expenses ¹	(18.7)	(18.5)	+1%
Administration and occupancy expenses	(5.6)	(5.3)	+8%
Total operating expenses	(36.6)	(35.8)	+3%
Underlying EBITDA	(14.2)	(17.7)	+20%

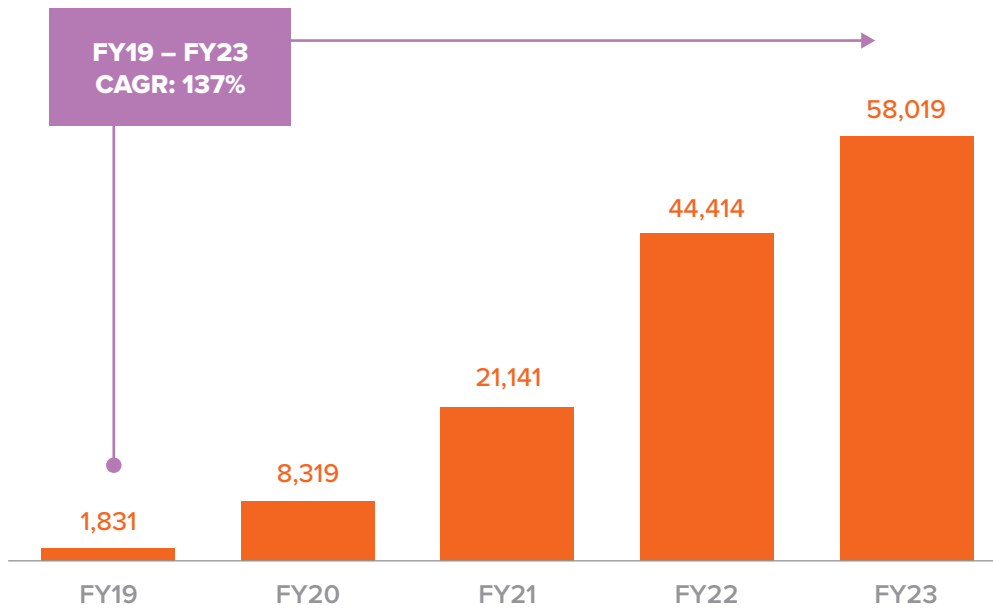
Notes:

1. Excluding share-based payment expense of \$1.0m in FY23 and \$1.8m in FY22 and one-off restructuring payments of \$1.0m in FY23

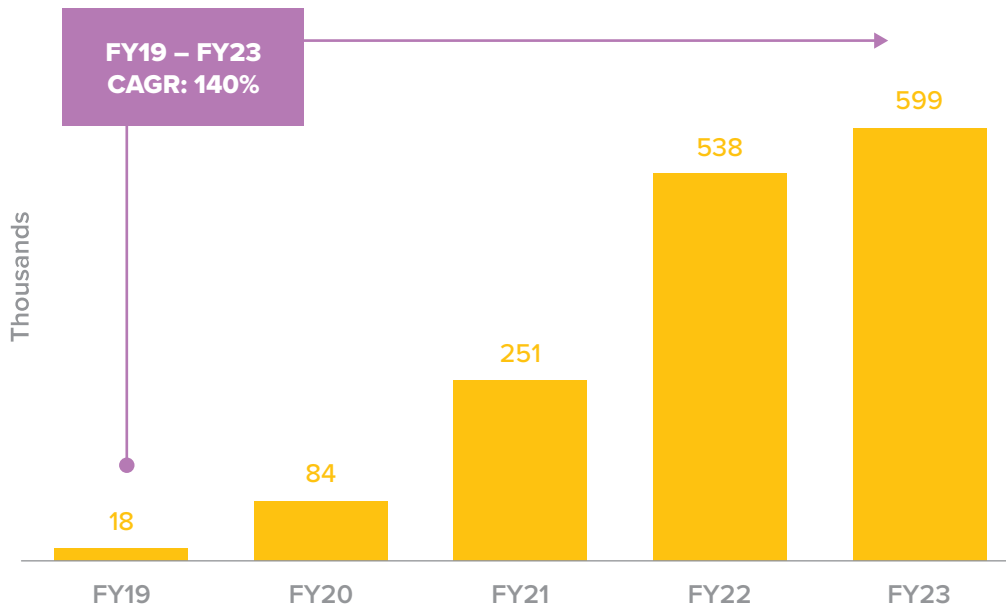


Cluey has delivered ~1.5 million sessions

Active students¹



Student sessions



Notes:

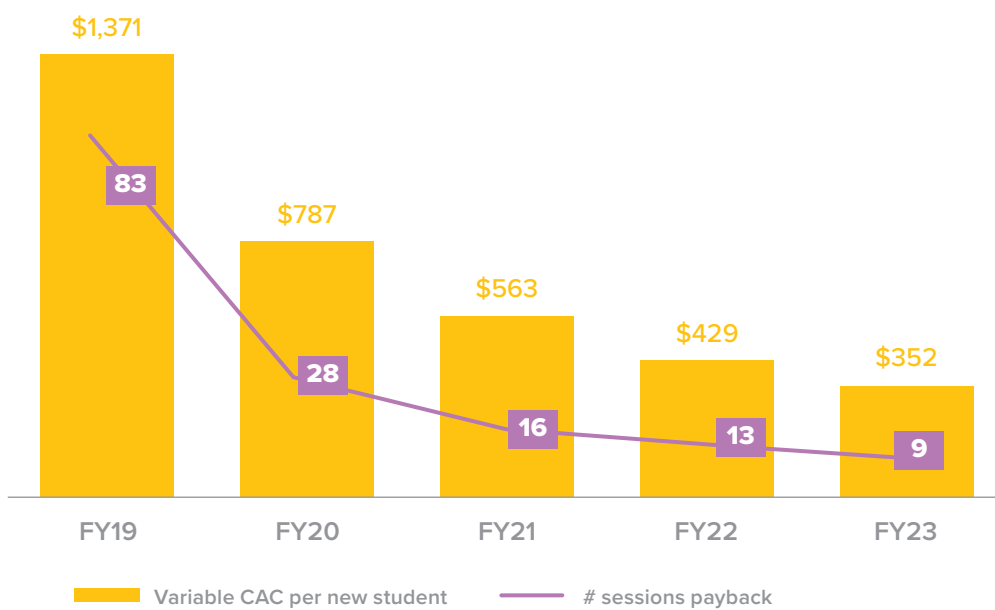
1. Active students for Cluey Learning represent the number of students who completed at least one session in the period. Active students for Code Camp represent the number of students enrolled during the period for an in-person holiday camp or after school program. This includes camps or programs which will take place in future periods.



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Improvement in Cluey CAC

CAC per new student & payback in number of sessions to recover CAC



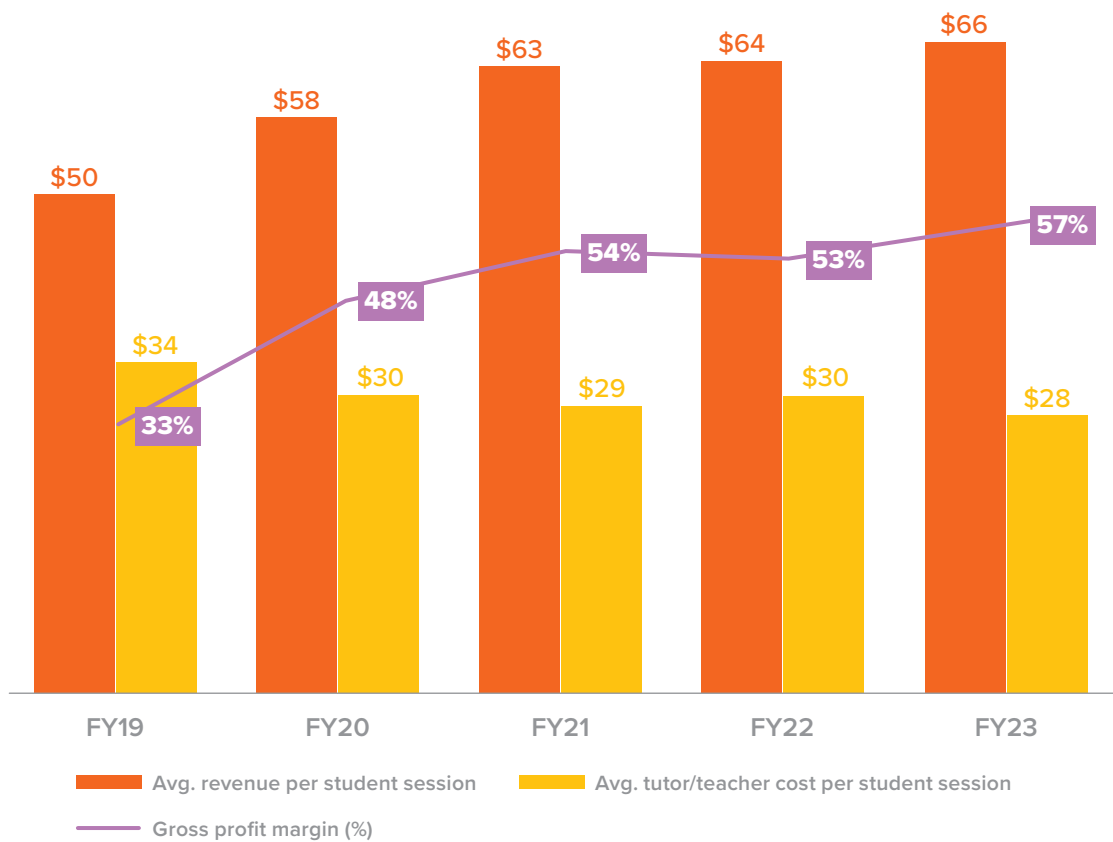
Key Metrics & Highlights:

- ✓ FY23 Variable CAC per new student reduced to \$352, an improvement of 18% on PCP
- ✓ In FY23, CAC and tutor/teacher cost recovery reduced to 9 student sessions



Improvement in Cluey Gross Profit Margin

Per session metrics and margin (%)



Margin Maximisation Continuing:

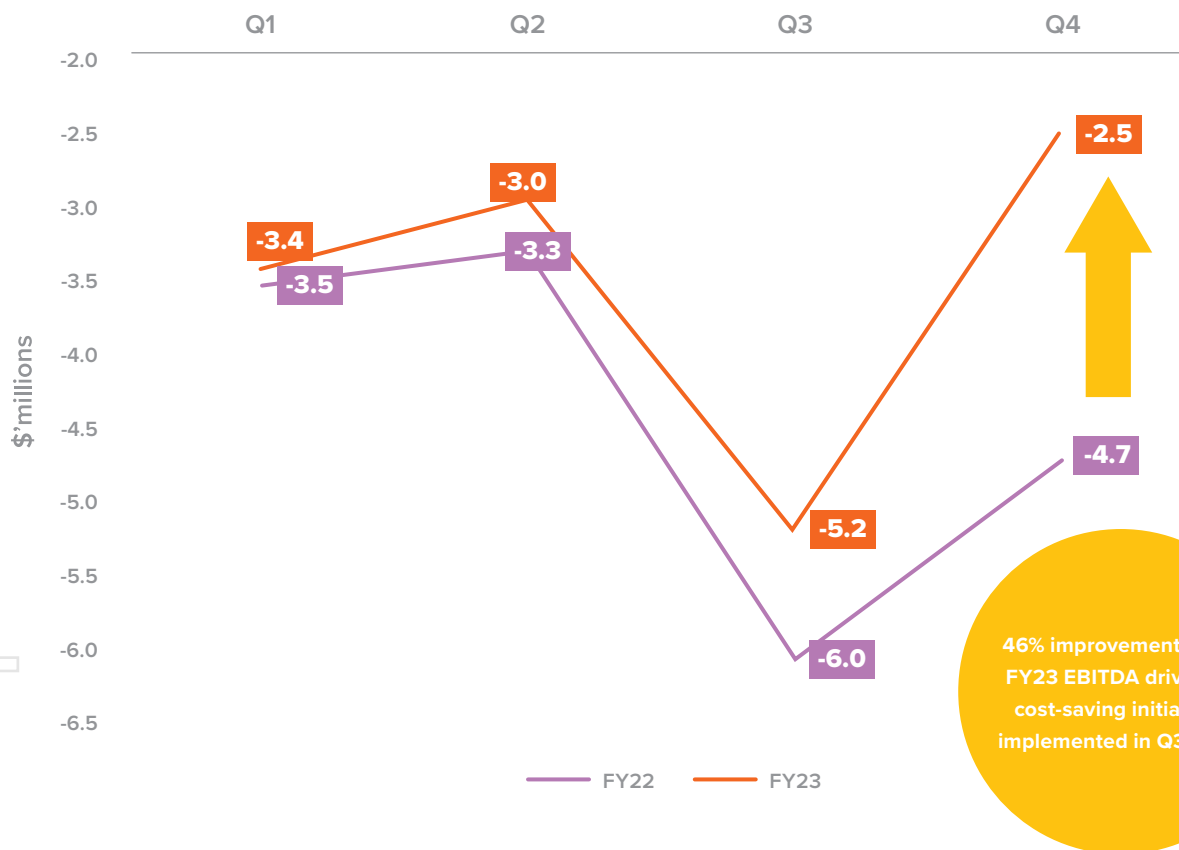
- ✓ In FY23, gross profit margin increased 8% due to an increase in avg. revenue per session and decrease in avg. tutor/teacher cost per session
- ✓ In FY23, avg. revenue per student session increased by 3%, primarily due to price increase, offset by an increasing proportion of Code Camp sessions (from 10% in FY22 to 21% in FY23) at ~3% lower revenue per session
- ✓ In FY23, avg. tutor/teacher costs decreased by 6% due to improved optimisation of tutor matching (Cluey Learning) and more efficient teacher utilisation (Code Camp)



Underlying EBITDA

Cluey’s focus on driving to profitability delivered **20% improvement in full year underlying EBITDA** and **46% improvement in Q4 FY23 underlying EBITDA**

Quarterly underlying EBITDA – FY23 v FY22



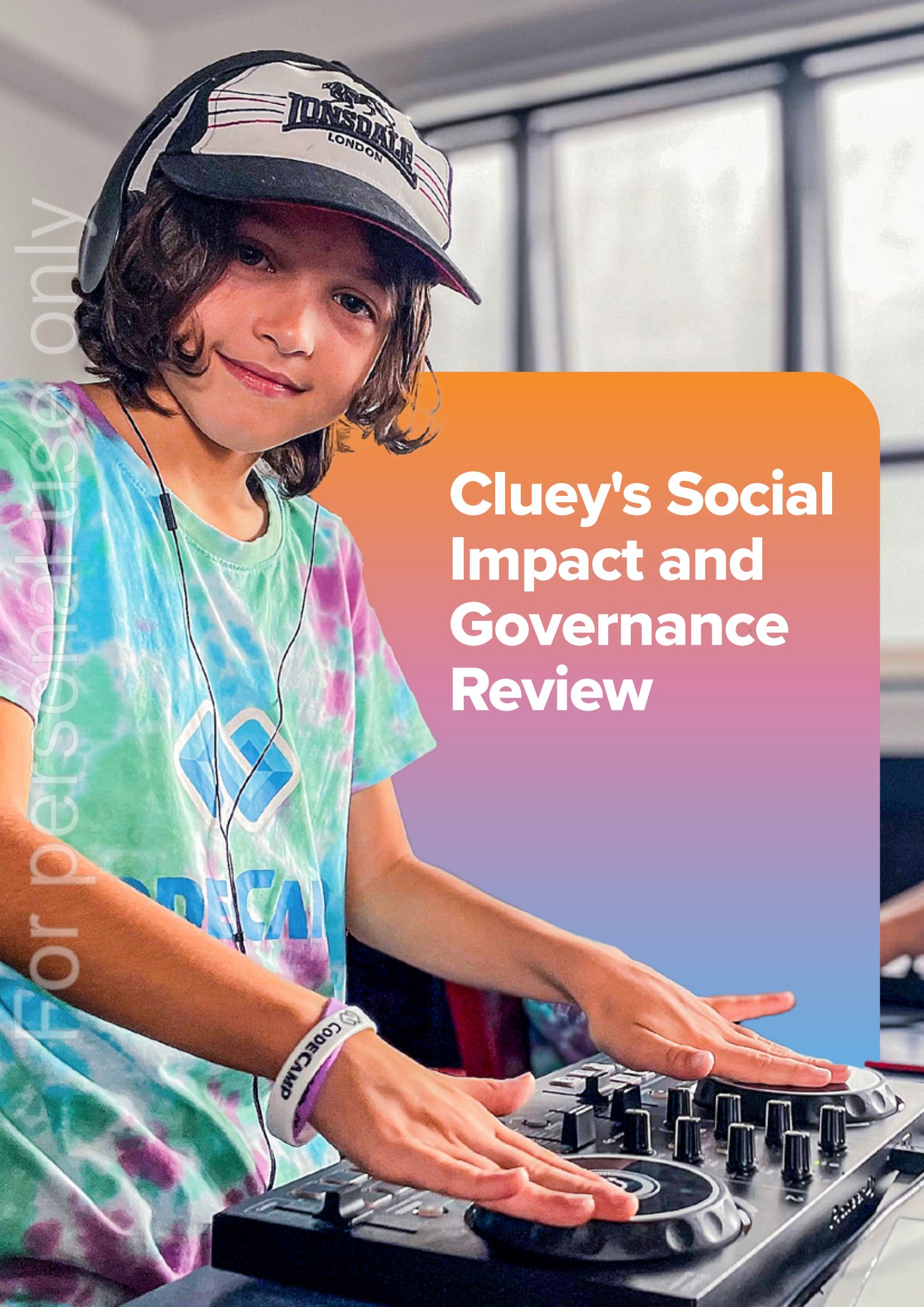
Margin Maximisation Continuing:

- ✓ In FY23, Cluey shifted focus from rapid growth to achieving profitability
- ✓ Each quarter in FY23 delivered an improvement in EBITDA on PCP, with the largest benefit in Q4 FY23, following implementation of Q3 FY23 cost saving initiatives
- ✓ The full impact of the cost saving initiatives implemented in Q3 FY23 will flow in FY24

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Cluey's Social Impact and Governance Review





Social Impact

Our customers

At Cluey we live our purpose every day. As part of our Social Impact, we partner with like-minded Australian educational bodies, charities and community organisations to put students from all walks of life at the centre of their unique learning journey – because every child in Australia deserves to thrive in their education.



Community Engagement

599,474 Sessions held in FY23

Over 400 Code Camp venues in Australia & UK in FY23

33 Partners including schools, charitable organisations and government agencies

1,071 Students engaged via schools, charitable organisations and government agencies with **over 9,000** sessions completed

795 Hours of tutoring provided to **78** disadvantaged students via pilot programs with The Smith Family & Barnardos Australia

Customer satisfaction

In FY23, **over 222,000 Cluey Learning sessions** were rated by students

89% of students who provided feedback on their Cluey Learning session have rated their session experience positively (and 7% rated neutral)

84% of parents¹ agree their child's grades have improved since using Cluey Learning

89% of parents¹ agree their child is more confident since using Cluey Learning

4.9 Star Rating for Code Camp on Product Review, based on 1,018 reviews

Notes:

1. Source: Survey of 582 active customers completed in December 2022



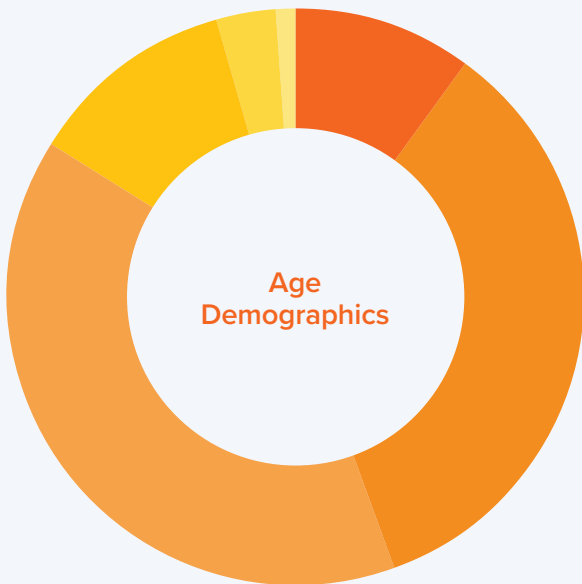
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Our people

Diversity, equity & inclusion

66% Tutors & teachers are female

52% Workforce are female



Employee engagement

96% We are genuinely supported if we choose to make use of flexible working arrangements

94% My manager genuinely cares about my wellbeing

93% We have enough autonomy to perform our jobs effectively



Social impact case studies



APY Trade Training Centre – Code Camp

In May 2023, Code Camp visited the APY Trade Training Centre, Umuwa on APY (Anangu Pitjantjatjara Yankunytjatjara) Lands in South Australia. Over the course of five days, 20 Indigenous students from Indulkana and Pukatja engaged in activities including coding, developing games on Code Camp World, use of drones and DJ equipment.



I would like to acknowledge the awesome trainers, Mary and Mitch who came last week to the APY Trade Training Centre to facilitate the Code Camp program for our Anangu students. Their professionalism, knowledge and experience with students was to be commended and our students were engaged throughout the whole week.

APY Trade Training Centre Principal

It was a privilege to be able to provide Code Camp in a very remote location. By providing coding education to Indigenous kids at the APY Trade Training Centre, we are bridging the digital divide and empowering these young minds with skills that will shape their futures. Everyone deserves the opportunity to learn, create, and succeed in the digital world.

Code Camp Teacher, Mary





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The Smith Family

The Smith Family provide support and mentoring programs in 90 Australian communities to directly help children in need to achieve their goals through education.

In 2023 Cluey and The Smith Family have launched a pilot program to determine the efficacy of small group tutoring for their students. Through this program Cluey and The Smith Family have provided educational support for 56 students nationally, with 600 group sessions completed. 68% of students who provided feedback reported that the sessions were encouraging, fun and that they learned a lot.

Barnardos Australia

Barnardos Australia connect children, young people and families to the community to ensure they never feel isolated or alone. They give children, young people and families the tools to cope with life's challenges and improve their wellbeing. They motivate children, young people and their families to embrace learning and education so they can reach their brightest future.

Cluey are proud to have provided close to 200 discounted sessions to students in a vulnerable environment in 2023.

The Harding Miller Education Foundation (HMEF)

HMEF is an Australian charity that supports high potential but socio-economically disadvantaged girls across Australia. Cluey have been a part of their initiatives since 2018 with discounted tutoring for all HMEF students.

UNSW Gateway Program

Cluey has partnered with UNSW's Gateway Program for four years. Cluey provide 2,000+ hours of discounted 1-to-1 tutoring to up to 400 students from under-represented backgrounds in Years 11 and 12 to support them for HSC exams and university admission.

Staff giving and participation

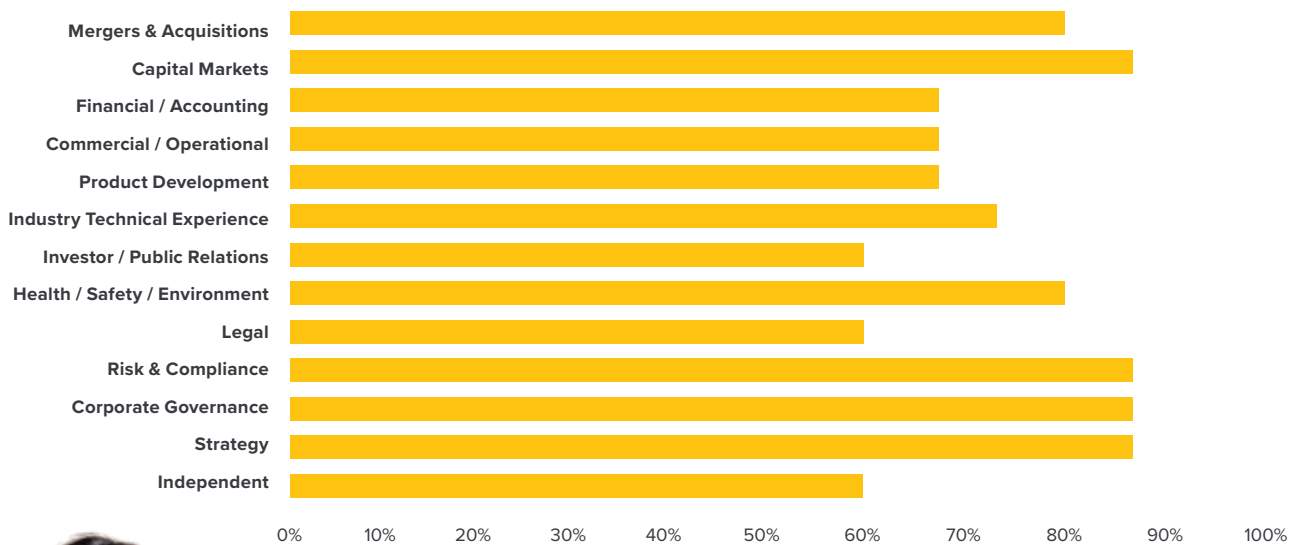
During FY23, over sixty Cluey staff and tutors participated in The Smith Family Dream Run, and Starlight Foundation Super Swim, raising over \$20,000 for these charities.



Governance

Corporate Governance is the responsibility of Cluey's Board of Directors. Cluey has an experienced Board of Directors with a diverse mix of skills and backgrounds. Information on Directors is provided in the Directors' Report. Cluey endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition); and discloses compliance or non-compliance with each of the principles and recommendations in the Corporate Governance Statement. The Corporate Governance Statement is available on the Company's website.

Board skills matrix



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Directors' Report and Remuneration Report





Directors' report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Cluey Ltd (referred to hereafter as the 'Company', 'parent entity' or 'Cluey') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of Cluey Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robert Gavshon	Chairman and Non-Executive Director
Mark Rohald	Executive Deputy Chairman (appointed 15 September 2022) Former Chief Executive Officer (ceased 15 September 2022)
Professor Ian Young	Independent Non-Executive Director
Michael Stibbard	Independent Non-Executive Director
Louise McElvogue	Independent Non-Executive Director

Principal activities

During the financial year the principal continuing activity of the Group was educational technology providing the development of online tutoring and learning support and co/extra curricular learning.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to \$19,210,000 (30 June 2022: \$20,897,000).

Overview of operations

The Group is an innovative, ASX-listed Edtech company that combines education and technology to deliver quality education outcomes and an enhanced experience for students. Cluey provides curriculum aligned academic support for students in Australia and New Zealand. In addition, Cluey delivers co-curricular online, holiday camps and after-school programs in Australia and the United Kingdom through its wholly owned subsidiary, Code Camp.

At 30 June 2023 the Group had 155 FTE⁽¹⁾ employees and over 2,900 active qualified Cluey Learning tutors and Code Camp teachers.

(1) Full time equivalent ('FTE') employee includes onshore and offshore, permanent full-time, part-time and casual employees

The Group's mission is to develop an innovative and **personalised** educational **ecosystem** that equips students for success in an ever-changing world and **builds a community of learners**.

Underlying EBITDA

The Directors consider earnings before interest, tax, depreciation and amortisation, non-cash and significant expenses ('Underlying EBITDA') to reflect the core earnings of the Group. Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant expenses.

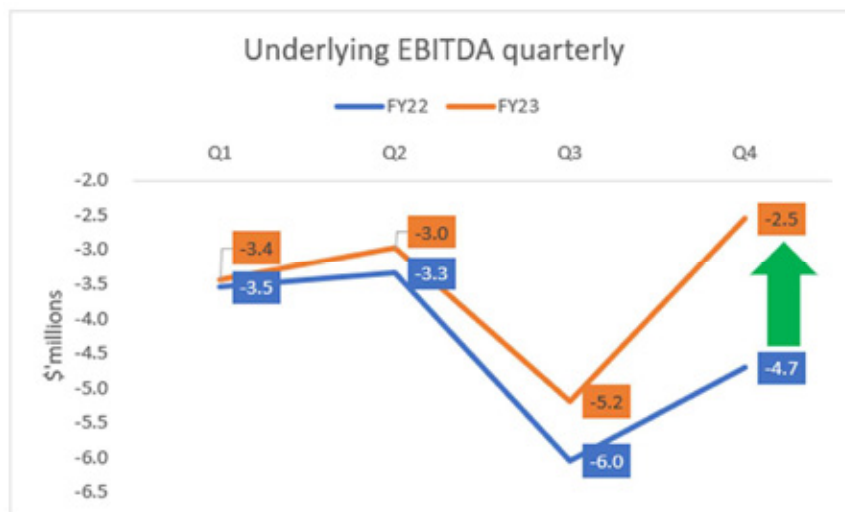
Underlying EBITDA is a key measurement used by the Group to assess and review business performance, and accordingly the following table provides a reconciliation between loss before income tax and Underlying EBITDA. Underlying EBITDA excludes COVID-19 government incentives, Research and Development tax credit, other income, Code Camp acquisition costs in FY22, restructuring costs in FY23, and non-cash share-based payments expense.

*Reconciliation of Statutory loss to Underlying EBITDA*

	Group	
	2023 \$'000	2022 \$'000
Statutory loss before income tax	(19,210)	(20,897)
Amortisation of acquired intangibles	1,166	875
Depreciation and amortisation - other	2,163	860
Net finance costs	(286)	(39)
EBITDA	(16,167)	(19,201)
<i>Add back:</i>		
Other income	(6)	(101)
Research and development tax credit/(refund)	-	(381)
Acquisition costs	-	221
Share-based payment expense	1,044	1,812
Restructuring costs	960	-
Underlying EBITDA	(14,169)	(17,650)

Underlying EBITDA has improved by 20% from FY22 due primarily to the impact of increased revenue and improved gross margin, and cost-saving initiatives.

In FY23 Cluey shifted focus from "growth" to achieving profitability. In each quarter of FY23, the Group delivered an improvement in Underlying EBITDA compared to the prior corresponding period ('PCP'). In Q4 FY23, Underlying EBITDA improved by 46% on PCP following a range of cost-saving initiatives implemented in Q3 FY23.



The full impact of the cost-saving initiatives implemented in Q3 FY23 will flow in FY24.



Operational highlights

- 20% improvement in Group⁽²⁾ FY23 Underlying EBITDA loss of \$14.2 million compared to \$17.7 million in PCP. The implementation of a range of cost saving and margin improvement initiatives during FY23 delivered 46% improvement in Group Q4 FY23 Underlying EBITDA loss of \$2.5 million (compared to Q4 FY22 of \$4.7 million).
- In FY23 the Company announced a range of cost-saving initiatives in Cluey Learning. In Q4 FY23, these cost-saving initiatives delivered a ~\$2.0 million reduction in Cluey Learning's operating costs (excluding one-off restructuring costs amounting to \$0.3 million) compared to PCP. The full impact of the cost-saving initiatives implemented in FY23 will flow in FY24.
- 8% improvement in Group Gross Profit margin in FY23 to 57.3% (from 52.9% in PCP). Cluey Learning's Gross Profit margin improved 8% to 57.2% (from 52.9% in PCP) and Code Camp's Gross Profit margin improved 9% to 57.4% (from 52.8% in PCP). The Group Gross Profit margin improved throughout FY23 and reached 58.2% in Q4 FY23 (13% improvement on Q4 FY22).
- 50% reduction in the number of months required to payback Customer Acquisition Cost ('CAC'), after funding tutor and teacher costs, to 5 months in FY23 from 10 months in FY22. This was a direct result of increased allocation of investment in customer acquisition to Code Camp, as the payback period to recover CAC of ~1.5 months is significantly quicker than ~8 months for Cluey Learning. Group Lifetime Value ('LTV') to 'CAC' ratio increased to 2.9 times, noting that Group LTV and Lifetime Revenue ('LTR') reduced due to the increasing proportion of Code Camp session revenue (increased from 10% in FY22 to 21% in FY23).
- Code Camp achieved positive Underlying EBITDA for the full-year FY23 (Underlying EBITDA \$0.1 million) representing an improvement of \$0.9 million FY Underlying EBITDA compared to PCP (before head office allocation). Code Camp generated positive cashflow in FY23 of \$0.4 million.
- \$9.5 million working capital raise completed in March 2023.

(2) The Group comprises Cluey Ltd, Cluey Learning Pty Ltd and its subsidiaries - collectively 'Cluey Learning'; as well as Codecamp Holdings Pty Ltd and its subsidiaries - collectively 'Code Camp'. Code Camp was acquired on 1 October 2021 and its results are consolidated from that date. Cluey Learning is the core online learning support business and Code Camp is the holiday camps and after-school business.

KPIs for the year ended 30 June 2023 vs year ended 30 June 2022

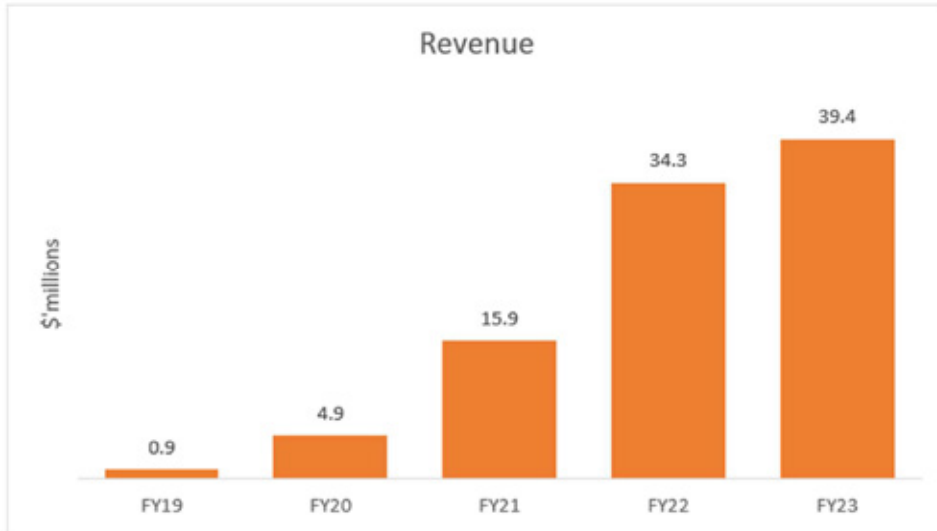
- 599,474 Student Sessions delivered in FY23 (11% increase on PCP)
- \$39.4 million in Revenue achieved in FY23 (15% increase on PCP)
- \$22.5 million Gross Profit achieved in FY23 (24% increase on PCP) with a Gross Profit Margin of 57%
- \$352 Variable CAC⁽³⁾ (CAC) per student achieved in FY23 (18% improvement on PCP)

(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 with a session in the same period for Cluey and new students enrolled in the period for Code Camp. This includes camps or programs which will take place in future periods. Variable acquisition expenditure is calculated based on Media marketing expenses of \$11.7 million (including brand spend), plus learning advisor (sales) employment costs and commission of \$3.5 million (included in employee benefits expense).



Revenue from services rendered

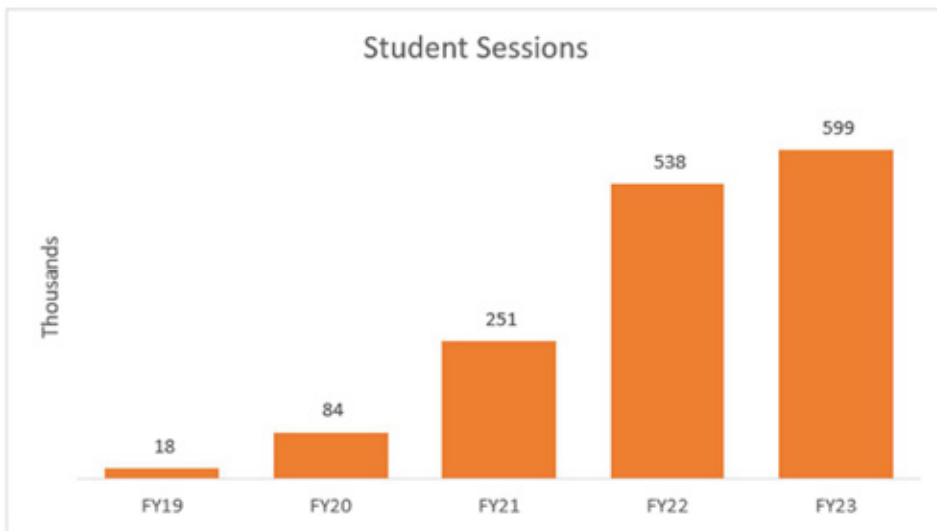
Revenue growth of 15% from \$34.3 million in FY22 to \$39.4 million in FY23.



Revenue growth was driven by:

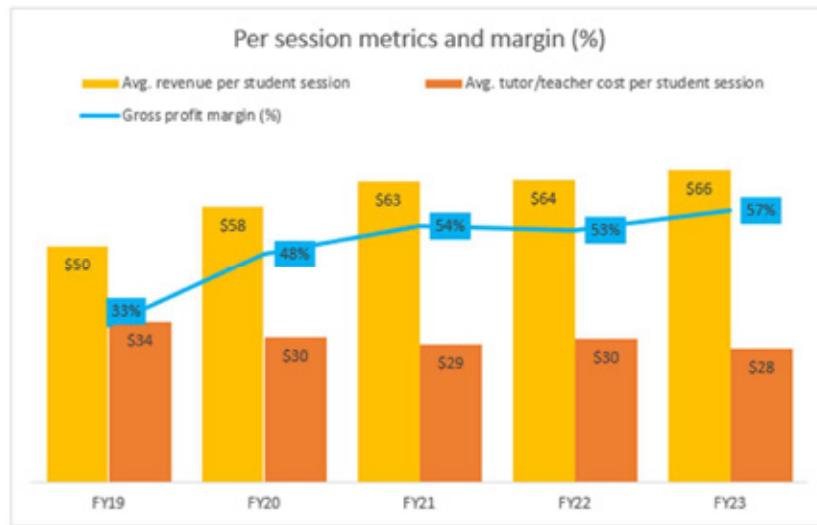
- New students⁽⁴⁾ in FY23 of 43,308, an increase of 24% on FY22
- Student sessions in FY23 of 599,474, an increase of 11% on FY22
- Average revenue per student session in FY23 of \$65.65, an increase of 3% on FY22

(4) 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.



Cost of sales

Cost of sales includes payments to tutors for their services in the provision of learning support, and teachers and site rental costs for Code Camp holiday camp and after-school courses. Cost of sales increased by 4% to \$16.8 million in FY23 compared to FY22.



In FY23, gross profit was \$22.5 million, an increase of 24% on FY22. In FY23, Gross profit margin increased 8% from 53% in FY22 to 57% in FY23 due to an increase in average revenue per session and a decrease in average tutor/teacher cost per session. Average revenue per student session increased by 3%, primarily due to price increases, offset by an increasing proportion of Code Camp sessions (from 10% in FY22 to 21% in FY23) at ~3% lower revenue per session. Average tutor/teacher costs decreased by 6% resulting from targeted initiatives to optimise tutor allocation, reduce costs and implement efficiencies.

Operating expenses

In FY23, the Group continued to achieve improved operating leverage from continued growth in annual revenue and a strong cost control focus.

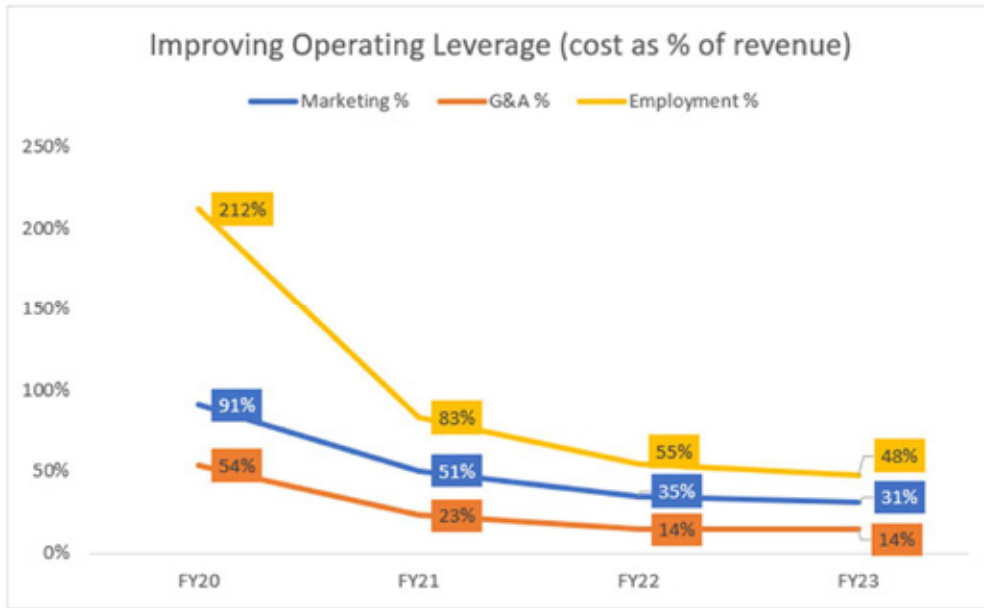
Direct marketing expenses of \$12.3 million were consistent with FY22 (\$12.0 million). In FY23, direct marketing expenses represented 31% of revenue, down from 35% in FY22.

General and administration ('G&A') expenses excluding depreciation and amortisation expense, and Code Camp acquisition costs in FY22, increased by 4% on FY22 but remained flat year on year at 14% of revenue.

In FY23, employee benefits expenses⁽⁵⁾ increased by 1% to \$18.7 million from \$18.5 million in FY22. FTE employees decreased by 72 (32%) from 227 in June 2022 to 155 in June 2023. This reduction was facilitated by a cost reduction plan, coupled with product and technology led enhancements to the learning environment, self-service automation and operating efficiencies. In FY23, employee benefits expense represented 48% of revenue, down from 55% in FY22. The full impact of the cost-saving initiatives implemented in Q3 FY23 will flow in FY24.

(5) Employee benefits expenses excludes share-based payment expense of \$1.0m in FY23 and \$1.8m in FY22, and one-off restructuring payments of \$1.0m in FY23

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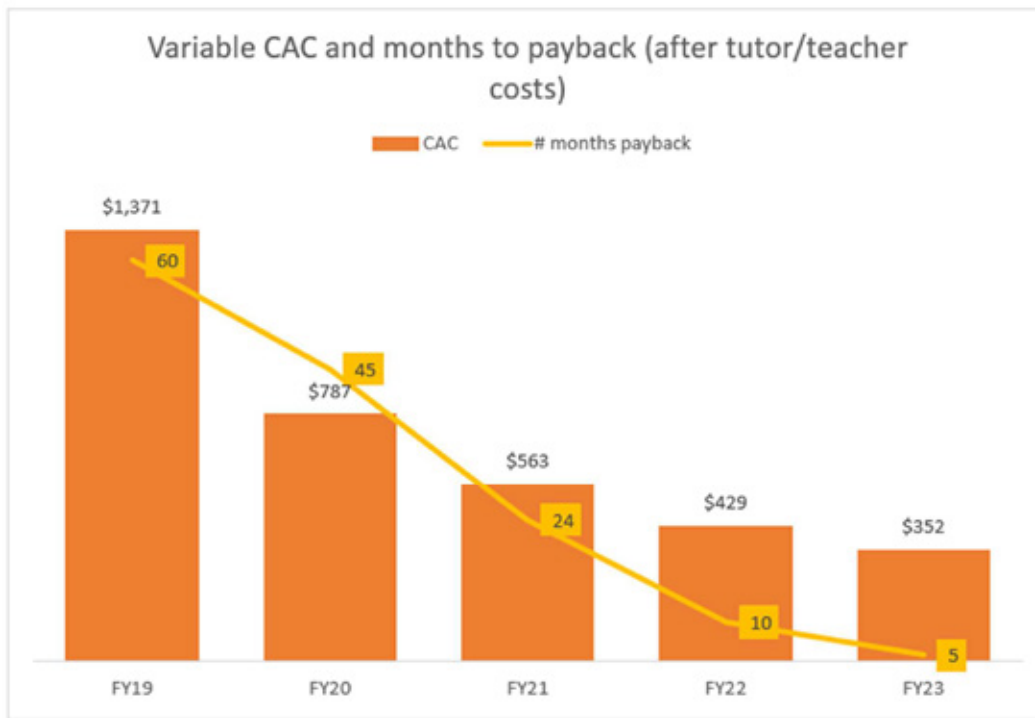


Variable customer acquisition expenditure (CAC)

Total CAC, which includes direct marketing expenses, brand spend and Learning Advisor (sales) employment costs and commissions, increased by 2% from \$14.9 million in FY22 to \$15.2 million in FY23, whilst at the same time, new students increased by 24% on PCP.

CAC per new student decreased by 18% from \$429 in FY22 to \$352 in FY23. This was primarily due to ongoing optimisation of online and media channels, process and performance improvements in the sales team and the increasing composition of Code Camp enrolments, which has a comparably lower CAC than Cluey Learning. Due to the focus on achieving Group profitability, the investment in Code Camp customer acquisition was prioritised ahead of investment in customer acquisition in Cluey Learning, due to the shorter payback period (Code Camp ~1.5 months v Cluey Learning ~8 months). The number of months payback to fund CAC, after tutor and teacher costs, in FY23 reduced by 50% to 5 months from 10 months compared to PCP.

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Business strategies, likely developments and expected results of operations

Cluey is focused on opportunities to expand its offerings, including new courses, a wider range of learning services, multiple service configurations, and extension into other education segments and international markets. Cluey is committed to making a positive difference to school children's educational outcomes and attitudes to learning.

During FY24, the Group will continue to build a portfolio of learning services, building on its reputation as a trusted destination for school-age students and their parents by:

- extending Cluey's product, technology and platform advantages
- scaling co/extracurricular offering
- leveraging data-driven decision-making and learning analytics supported by generative AI
- maintaining financial discipline
- international expansion

The Company expects the cash balance of \$14.7 million (as at June 2023) to fund working capital requirements as Cluey drives towards achieving operating cashflow breakeven. If there are any M&A or additional growth opportunities, the Company will likely require additional funding.

The ability to achieve the Company's business strategies will depend on the effective management and mitigation of business risks including those detailed below.

Business risk	Detail	Mitigation
Competition	Risk of competitors introducing new or improved products and services which Cluey cannot match or exceed in a timely or cost-effective manner. Whilst Cluey has witnessed an increase in competition in online learning services (which further validates the shift to online learning) this has primarily emanated from smaller operators that lack the scale and sophistication to effectively compete with Cluey.	Continued investment and development of new technology and product offerings. Ongoing review of product strategy aimed at improving learner experience and driving higher retention rates. Focus on customer feedback and detailed market understanding to anticipate and react to customer's needs.

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Digital Marketing Channels	Risk that changes in the way that Google, Facebook and other digital marketing channels operate and charge will lead to costs increasing, which reduces the return on investment.	Reduce reliance on digital marketing channels. Focus on retention of existing students through product and service enhancements.
COVID-19 and other pandemics	Risk that the impacts of the COVID-19 or other pandemic, including extended lockdowns, may detrimentally effect services delivered in schools (primarily Code Camp holiday camps and after-school programs).	Cluey's online service is not adversely impacted by School closures. Code Camp has developed an online service delivery platform program as an alternative to in-person programs. Cluey's workforce have adapted to remote/hybrid working.
Cybersecurity and Technology	Risk of failure or disruption to technology platforms and systems used to deliver Cluey's products and services.	Business continuity and IT disaster recovery plans are maintained, and all incidents are logged and reviewed. Reputable and reliable cloud-based service providers provide some inherent mitigation of risk through their own controls. Continued investment in new technology and systems, monitoring platforms and specialist expertise to identify and manage potential risks. In FY23 the Group implemented a range of Cyber Security tools to mitigate the risk of Cyber threats.
Profitability	Risk that Cluey may not succeed in increasing revenues sufficiently to offset expenses, including investments in marketing and technology.	Detailed forecasts and budgets are prepared, with continued focus on achieving positive operating cash flow and profitability. Forecasts are assessed and adjusted regularly. FY24 Business Plan emphasises investment in product and technology to improve and expand the product offering and to provide efficiency improvements in the core business to further improve unit economics. The benefits from cost saving initiatives implemented in H2 FY23 and continued financial discipline will flow in FY24 and drive the Group towards operating cash break-even.

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Business environment	Risk of changes in the economic environment which could impact Cluey's business.	<p>Slowdown in the Australian, New Zealand and United Kingdom economies as a result of tightening monetary policy coupled with higher inflation and interest rates, may have a negative impact on the Cluey business. However Cluey has a portfolio of learning services that are impacted differently from varying conditions. For example, pressures on family budgets could be offset by additional spending on after-school programs as more families now require dual income earners. Education (including tutoring and test preparation) are typically countercyclical and historically have continued to perform well during periods of economic downturn.</p> <p>Cluey does not currently have any external borrowings and, as such, is not exposed to changes in interest rates.</p>
Artificial Intelligence	Risk of potential ethical dilemmas, data privacy breaches, biased decision-making, overreliance on AI systems, job displacement, regulatory challenges, and the need for substantial investments in AI infrastructure	Cluey is taking a leadership role in the use of responsible AI to reduce costs, increase efficiency, better anticipate customer expectations, and deliver more timely and personalised customer experiences. Recent advances in AI may enable significant enhancements to customer experience and process simplification, but require appropriate management of potential risks.
Education environment	Risk of changes in the education environment including introduction of regulations which could impact Cluey's business.	Cluey is not subject to any specific regulations and maintains close scrutiny of any proposed changes to legislation/regulation in the education sector.

Climate related risks

As part of its risk management framework the Group continues to monitor its exposure to risk, including climate related risk and related regulatory reporting requirements. Cluey is currently assessing its environmental and social sustainability footprint and intends to undertake a more in-depth review of its exposure to environmental and social risks in the current financial year.

Likely developments and expected results of operations

Cluey expects to continue to deliver growth in students, sessions and revenue in FY24. Going forward, continued investments in product and technology solutions and international expansion is expected to deliver improvements to and expansion of existing products, geographical expansion, and further self-service and automation. These are expected to drive efficiencies/cost savings, deliver improved unit economics and assist the Company in getting closer to profitability and positive operating cash flow.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Information on Directors**

Name: **Robert Gavshon, AM**
Title: Chairman and Non-Executive Director
Appointed: 28 September 2020
Qualifications: Bachelor of Commerce, Bachelor of Law
Experience and expertise: 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.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chairman
 Member of Audit and Risk Committee and Remuneration Committee
Interests in shares: 13,268,286 fully paid ordinary shares (45,880 directly held, 13,222,406 indirectly held)
Interests in options: None
Interests in rights: None

Name: **Mark Rohald**
Title: Executive Deputy Chairman
Appointed: 28 September 2020
Qualifications: Bachelor of Commerce and Bachelor of Commerce with Honours (Economics)
Experience and expertise: 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 – 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.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 19,778,967 fully paid ordinary shares (49,960 directly held, 19,729,007 indirectly held)
Interests in options: 300,000 options over ordinary shares
Interests in rights: 200,000 performance rights



Name: **Professor Ian Young, AO**
Title: Independent Non-Executive Director
Appointed: 28 September 2020
Qualifications: Bachelor of Engineering (Honours) in Civil Engineering, Master of Engineering Science in Coastal Engineering and PhD in Coastal Engineering Science.
Experience and expertise: 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.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of Remuneration Committee
Interests in shares: None
Interests in options: None
Interests in rights: None

Name: **Michael Stibbard**
Title: Independent Non-Executive Director
Appointed: 9 December 2020
Qualifications: Bachelor of Commerce
Experience and expertise: 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.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chair of Audit and Risk Committee
Interests in shares: None
Interests in options: None
Interests in rights: None



Name: **Louise McElvogue**
Title: Independent Non-Executive Director
Appointed: 9 December 2020
Qualifications: Bachelor of Communications, Masters Creative & Life Writing, Fellow and Graduate of the Australian Institute of Company Directors (FAICD)
Experience and expertise: Louise is an experienced director, CEO, and Industry Professor with experience across healthcare, media, technology, government, and education. She has more than 25 years' experience in the media and technology sectors, and has held senior roles in digital, marketing and strategy in Europe, Australia, and the USA.

Louise has been the CEO of the Royal Australasian College of Physicians since December 2022. Louise is also president of the Australian Institute of Company Directors NSW Council. She previously served as a director of Healthdirect Australia (Federal/State Government), Sydney Living Museums (NSW Government) and on the Federal Government's Convergence Review Committee as a digital expert reviewing media and technology regulation.

In the education sector, Louise was an Industry Professor at UTS Business School and served as the Chair of the UTS Faculty of Arts and Social Sciences Advisory Board.

Other current directorships: None
Former directorships (last 3 years): 1st Group (ASX: 1ST), WhiteHawk (ASX: WHK), HALO Technologies (ASX: HAL)
Special responsibilities: Member of Audit and Risk Committee and Chair of Remuneration Committee
Interests in shares: 12,500 fully paid ordinary shares (directly held)
Interests in options: None
Interests in rights: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Interests in shares, options and rights of each Director in the share capital of the Company are as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001 at the date of this report. Relevant interests under the Corporations Act (2001) differ from the disclosure required under Australian Accounting Standards as presented in the Remuneration Report.

Company secretary

Name: **Greg Fordred**
Title: Co-founding Executive, CFO and Company Secretary
Qualifications: Bachelor of Business, Chartered Accountant (CAANZ), Chartered Secretary (AGIA ACG), Graduate Diploma Company Secretarial Practice (GradDipCSP), Graduate Diploma Corporate Governance ASX Listed Entities (GradDip CGALE), AAICD.
Experience and expertise: Greg is a co-founding Executive and CFO and Company Secretary of Cluey. Greg has over 24 years' experience in executive and senior finance positions with companies in the Financial Services and Education sectors. In the last 18 years, Greg held CFO and Company Secretary positions at Open Colleges, Think Education Group and Kaplan Australia.



Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	<i>Full Board Attended</i>	<i>Full Board Held</i>	<i>Remuneration Committee Attended</i>	<i>Remuneration Committee Held</i>	<i>Audit and Risk Committee Attended</i>	<i>Audit and Risk Committee Held</i>
Robert Gavshon	8	8	3	3	5	5
Mark Rohald	8	8	-	-	-	-
Professor Ian Young	8	8	3	3	-	-
Michael Stibbard	8	8	-	-	5	5
Louise McElvogue	8	8	3	3	5	5

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

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Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations. The remuneration report has been prepared for the year to 30 June 2023.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered noting that Cluey is in the pre-profitability phase and has a corporate objective to achieve positive operational cashflow. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel whilst achieving the strategic and corporate objectives.

The Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board believes it should enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder value, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should enhance executives' interests by:

- balancing pre-profitability risk and the need to preserve cash
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments will be reviewed annually by the Remuneration Committee. The Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of their own remuneration. Non-executive Directors do not receive share options or other incentives.



ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was made prior to listing and detailed in the Prospectus dated 23 October 2020. The shareholder (pre-listing) approved a maximum annual aggregate remuneration of \$500,000 for non-executive Directors.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include growth, monetisation, engagement and business sustainability.

The long-term incentives ('LTI') include long service leave and share-based payments. Options and Performance Rights are awarded to executives as part of the Omnibus Incentive Scheme. Options granted vest over a period of three years based on service conditions. Performance rights granted vest on the achievement of long-term incentive measures. These include achieving positive operational cashflow. The Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the period ended 30 June 2023. While the Company remains in a net operating cash outflow position, the Remuneration Committee has agreed that Executive remuneration should be weighted more toward remuneration which includes non-cash LTI.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group through the STI program. A portion of cash bonus and incentive payments are dependent on defined revenue and gross profit measures being met. The Remuneration Committee also has the discretion to settle bonus and incentive payments through the issue of equity instruments (such as shares or options) and / or the repayment of existing loans associated with Treasury shares. Refer to the section 'Additional information' below for details of the Group earnings.

Use of remuneration consultants

The Group has not engaged any remuneration consultants during the year.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 22 November 2022 AGM, 97.59% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

The key management personnel ('KMP') of the Group during the period consisted of the following Directors of Cluey Ltd:

- Robert Gavshon - Chairman
- Mark Rohald - Executive Deputy Chairman from 15 September 2022, previously Chief Executive Officer ('CEO')
- Professor Ian Young
- Michael Stibbard
- Louise McElvogue

And the following persons:

- Matteo Trinca - Joint CEO from 15 September 2022, previously Chief Customer Officer
- Trevor McDougall - Joint CEO from 15 September 2022, previously Chief Operating Officer
- Greg Fordred - Company Secretary and Chief Financial Officer
- Michael Allara - Chief Product Officer until 30 September 2022
- Dr Selina Samuels - Chief Learning Officer until 15 September 2022

**Amounts of remuneration**

Details of the remuneration of KMP of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments	Total
	Cash salary and fees	Bonus settled via shares	Non-monetary	Super-annuation	Long service leave	Termination benefits	Equity-settled	
2023	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Robert Gavshon	82,500	-	-	-	-	-	-	82,500
Professor Ian Young	55,000	-	-	-	-	-	-	55,000
Michael Stibbard	55,000	-	-	-	-	-	-	55,000
Louise McElvogue	55,000	-	-	-	-	-	-	55,000
<i>Executive Directors:</i>								
Mark Rohald	273,636	-	(5,417)	28,732	4,946	-	110,483	412,380
<i>Other KMP:</i>								
Matteo Trinca	345,455	-	(14,146)	36,273	3,975	-	145,424	516,981
Trevor McDougall	300,080	-	(10,598)	31,500	8,036	-	120,639	449,657
Greg Fordred	300,080	-	(7,593)	31,500	5,897	-	128,639	458,523
Michael Allara*	131,066	-	(59,010)	12,430	(7,105)	144,605	18,695	240,681
Dr Selina Samuels**	68,182	-	(11,458)	7,159	212	-	35	64,130
	<u>1,665,999</u>	<u>-</u>	<u>(108,222)</u>	<u>147,594</u>	<u>15,961</u>	<u>144,605</u>	<u>523,915</u>	<u>2,389,852</u>

* Remuneration included until ceased as KMP on 30 September 2022.

** Remuneration included until ceased as KMP on 15 September 2022 noting that Dr Selina Samuels remained as an employee after the date of ceasing as KMP.

The Non-Executive Directors agreed to each reduce their remuneration by one-third from 1 April 2023 as part of the Company's focus on achieving profitability.

Non-monetary short-term benefits relate to movement in annual leave provisions, and long service leave amounts relate to movements in long service leave provisions.

Share-based payments (also labeled equity-settled remuneration) relate to accounting charges for options and performance rights issued to KMP. The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.



2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Bonus settled via shares \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<i>Non-Executive Directors:</i>							
Robert Gavshon	90,000	-	-	-	-	-	90,000
Professor Ian Young	60,000	-	-	-	-	-	60,000
Michael Stibbard	60,000	-	-	-	-	-	60,000
Louise McElvogue	60,000	-	-	-	-	-	60,000
<i>Executive Directors:</i>							
Mark Rohald	363,636	-	8,392	36,364	9,273	161,572	579,237
<i>Other KMP:</i>							
Matteo Trinca	345,455	39,790	12,082	34,545	5,055	153,571	590,498
Trevor McDougall	272,727	39,790	7,894	27,273	2,728	137,570	487,982
Greg Fordred	300,000	39,790	22,726	30,000	6,533	145,570	544,619
Michael Allara	272,727	39,790	17,492	27,273	2,728	137,570	497,580
Dr Selina Samuels	271,739	39,790	10,083	27,174	2,645	129,569	481,000
	2,096,284	198,950	78,669	182,629	28,962	865,422	3,450,916

FY2022 bonus payments (STI) to executives and key management personnel were approved by the Remuneration Committee on 22 August 2022. Mark Rohald expressed his wishes not to be allocated any bonus. As a result, the FY2022 bonus pool available for allocation to other Executives was increased accordingly. The bonus payments were made via share issue rather than cash payment in September 2022.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name*	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
Robert Gavshon	100%	100%	-	-	-	-
Professor Ian Young	100%	100%	-	-	-	-
Michael Stibbard	100%	100%	-	-	-	-
Louise McElvogue	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Mark Rohald	73%	72%	-	-	27%	28%
<i>Other KMP:</i>						
Matteo Trinca	72%	67%	-	7%	28%	26%
Trevor McDougall	73%	64%	-	8%	27%	28%
Greg Fordred	72%	66%	-	7%	28%	27%
Michael Allara	92%	64%	-	8%	8%	28%
Dr Selina Samuels**	100%	65%	-	8%	-	27%

* The % in the table are calculated based on remuneration paid or payable in the period, and accounting charges for options and performance rights. There was no FY2023 bonus payments approved as the group corporate performance measures were not achieved.

** 325,000 unvested options and 100,000 unvested performance rights granted to Dr Selina Samuels lapsed in June 2023, therefore no share-based payment expense was recognised in the period for the lapsed options and performance rights



Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Group performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined by the Remuneration Committee immediately before the audited financial results for the relevant year have been released.

There was no FY2023 bonus payments approved as the group corporate performance measures were not achieved.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mark Rohald
 Title: Executive Deputy Chairman from 15 September 2022, previously Chief Executive Officer
 Agreement commenced: 1 July 2017
 Details: Base salary for the period 1 July 2022 to 30 September 2022 of \$363,636 per annum plus superannuation, base salary reduced on a pro-rata basis to \$243,636 per annum plus superannuation from 1 October 2022 to 30 June 2023 following a reduction in working days. Base salary reviewed annually by the Remuneration Committee. 6-month termination notice by either party, cash bonus up to 30% as per Remuneration Committee approval and KPI achievement, non-solicitation and non- compete clauses.

Name: Matteo Trinca
 Title: Joint Chief Executive Officer from 15 September 2022, previously Chief Customer Officer
 Agreement commenced: 2 July 2018
 Details: Base salary for the year ended 30 June 2023 of \$345,454 plus superannuation, to be reviewed annually by the Remuneration Committee. 3-month termination notice by either party, cash bonus up to 30% as per Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

Name: Trevor McDougall
 Title: Joint Chief Executive Officer from 15 September 2022, previously Chief Operating Officer
 Agreement commenced: 1 August 2017
 Details: Base salary for the year ended 30 June 2023 of \$300,000 per annum plus superannuation, to be reviewed annually by the Remuneration Committee. 3-month termination notice by either party, cash bonus up to 30% as per Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

Name: Greg Fordred
 Title: Chief Financial Officer and Company Secretary
 Agreement commenced: 1 July 2017
 Details: Base salary for the year ended 30 June 2023 of \$300,000 per annum plus superannuation, to be reviewed annually by the Remuneration Committee. 3-month termination notice by either party, cash bonus up to 30% as per Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

Bonuses payable to KMP under the FY2022 STI were settled via share issue on 21 September 2022. The values were included in the KMP remuneration disclosures for FY2022 ("bonus settled via shares"). A summary of shares issued to KMP in FY2023 in relation to the FY2022 STI are disclosed below:

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Name	Number of shares issued	Issue date	Monetary value of bonus recognised in FY2022
Matteo Trinca	43,794	21 September 2022	\$39,790
Trevor McDougall	43,794	21 September 2022	\$39,790
Greg Fordred	43,794	21 September 2022	\$39,790
Michael Allara	39,633	21 September 2022	\$39,790
Dr Selina Samuels*	39,633	21 September 2022	\$39,790

* Dr Selina Samuels was issued shares after the date she ceased as KMP, as the shares related to the FY2022 STI bonus.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mark Rohald	300,000	3 November 2021	100,000: 1 July 2022 100,000: 1 July 2023 100,000: 1 July 2024	3 May 2026	\$1.10	\$0.5951
Matteo Trinca	300,000	3 May 2021	100,000: 1 July 2022 100,000: 1 July 2023 100,000: 1 July 2024	3 May 2026	\$1.10	\$0.5951
	220,000	21 July 2022	73,333: 1 July 2023 73,333: 1 July 2024 73,334: 1 July 2025	21 July 2027	\$0.50	\$0.3252
Trevor McDougall	300,000	3 May 2021	100,000: 1 July 2022 100,000: 1 July 2023 100,000: 1 July 2024	3 May 2026	\$1.10	\$0.5951
	175,000	21 July 2022	58,333: 1 July 2023 58,333: 1 July 2024 58,334: 1 July 2025	21 July 2027	\$0.50	\$0.3252
Greg Fordred	300,000	3 May 2021	100,000: 1 July 2022 100,000: 1 July 2023 100,000: 1 July 2024	3 May 2026	\$1.10	\$0.5951
	175,000	21 July 2022	58,333: 1 July 2023 58,333: 1 July 2024 58,334: 1 July 2025	21 July 2027	\$0.50	\$0.3252
Michael Allara*	300,000	3 May 2021	100,000: 1 July 2022 100,000: 1 July 2023 100,000: 1 July 2024	3 May 2026	\$1.10	\$0.5951
	145,000	21 July 2022	48,333: 1 July 2023 48,333: 1 July 2024 48,334: 1 July 2025	21 July 2027	\$0.50	\$0.3252
Dr Selina Samuels**	300,000	3 May 2021	100,000: 1 July 2022 100,000: 1 July 2023 100,000: 1 July 2024	3 May 2026	\$1.10	\$0.5951
	125,000	21 July 2022	41,666: 1 July 2024 41,666: 1 July 2023 41,667: 1 July 2025	21 July 2027	\$0.50	\$0.3252

* 345,000 unvested options granted to Michael Allara remained on foot at 30 June 2023

** 325,000 unvested options granted to Dr Selina Samuels lapsed in June 2023

Options granted carry no dividend or voting rights.



All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the base salary of each executive compared to comparable market rates. In order to achieve the Company's objective of preserving cash, LTIs including options and performance rights have been issued to eligible employees including all KMP. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Values of options over ordinary shares granted, exercised and lapsed for Directors and other KMP as part of compensation during the year ended 30 June 2023 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Mark Rohald	-	-	-	11%
Matteo Trinca	71,544	-	-	17%
Trevor McDougall	56,910	-	-	18%
Greg Fordred	56,910	-	-	18%
Michael Allara*	47,154	-	-	8%
Dr Selina Samuels**	40,650	-	(159,670)	-

* 345,000 unvested options granted to Michael Allara remained on foot at 30 June 2023

** 325,000 unvested options granted to Dr Selina Samuels lapsed in June 2023

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per right at grant date
Mark Rohald	200,000	3 November 2021	100,000: Achievement of KPI 1 100,000: Achievement of KPI 2	3 May 2026	\$0.00	\$1.1500
Matteo Trinca	175,000	3 May 2021	87,500: Achievement of KPI 1 87,500: Achievement of KPI 2	3 May 2026	\$0.00	\$1.1500
Trevor McDougall	125,000	3 May 2021	62,500: Achievement of KPI 1 62,500: Achievement of KPI 2	3 May 2026	\$0.00	\$1.1500
Greg Fordred	150,000	3 May 2021	75,000: Achievement of KPI 1 75,000: Achievement of KPI 2	3 May 2026	\$0.00	\$1.1500

125,000 performance rights issued to Michael Allara in FY2021, and 100,000 performance rights issued to Dr Selina Samuels in FY2021 were cancelled during the period.

Performance rights granted carry no dividend or voting rights.

All performance rights were granted over unissued fully paid ordinary shares in the company. The number of performance rights granted was determined having regard to the satisfaction of performance measures as described above in the section 'Group performance and link to remuneration'. Performance rights vest based on the achievement of KPIs outlined in the terms of the grant whereby the executive becomes beneficially entitled to the performance right on the date the KPI is determined to have been achieved. Performance rights are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such performance rights, and no exercise price payable on their potential exercise.



There were no performance rights over ordinary shares granted to or vested by Directors and other KMP as part of compensation during the year ended 30 June 2023.

Additional information

The earnings of the Group for the four years to 30 June 2023 are summarised below:

	FY2023 \$'000	FY2022 \$'000	FY2021* \$'000	Proforma** FY2021 \$'000	Proforma** FY2020 \$'000
Sales revenue	39,358	34,264	10,073	15,870	4,869
Gross profit	22,535	18,126	5,531	8,614	2,330
Underlying EBITDA***	(14,169)	(17,650)	(10,708)	(16,197)	(15,005)

* From group reorganisation on 3 December 2020 to 30 June 2021

** Proforma financial information is presented for the consolidated Group including the Cluey Learning trading subsidiaries for the period before the group reorganisation and listing for comparison purposes. Code Camp historical financial information is not included in the Pro forma comparative financial information as it was only acquired on 1 October 2021.

*** Underlying EBITDA is a non-IFRS measure used by management and excludes interest, tax, depreciation, amortisation, IPO costs, restructuring and acquisition related costs, Research and Development tax credit, COVID-19 related other income and share based payments. Underlying EBITDA for FY23 and FY22 has been reconciled to statutory loss after tax in note 4 to the financial statements.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Robert Gavshon - Chair	9,508,769	-	3,759,517	-	13,268,286
Professor Ian Young	-	-	-	-	-
Michael Stibbard	-	-	-	-	-
Louise McElvogue	12,500	-	-	-	12,500
Mark Rohald	14,938,763	-	5,949,939	-	20,888,702
Matteo Trinca	700,529	43,794	-	-	744,323
Trevor McDougall	2,471,826	43,794	-	-	2,515,620
Greg Fordred	4,584,542	43,794	201,304	-	4,829,640
Michael Allara*	2,059,301	39,633	-	(2,098,934)	-
Dr Selina Samuels*	191,380	39,633	61,238	(292,251)	-
	34,467,610	210,648	9,971,998	(2,391,185)	42,259,071

* Disposals / other include transfers out when individual ceased as KMP

*Option holding*

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/forfeited/other</i>	<i>Balance at the end of the year</i>
<i>Options over ordinary shares</i>					
Robert Gavshon - Chair	-	-	-	-	-
Professor Ian Young	-	-	-	-	-
Michael Stibbard	-	-	-	-	-
Louise McElvogue	-	-	-	-	-
Mark Rohald	300,000	-	-	-	300,000
Matteo Trinca	300,000	220,000	-	-	520,000
Trevor McDougall	300,000	175,000	-	-	475,000
Greg Fordred	300,000	175,000	-	-	475,000
Michael Allara*	300,000	145,000	-	(445,000)	-
Dr Selina Samuels*	300,000	125,000	-	(425,000)	-
	<u>1,800,000</u>	<u>840,000</u>	<u>-</u>	<u>(870,000)</u>	<u>1,770,000</u>

* Options held at the date individual ceased as KMP are disclosed in "expired/forfeited/other"

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Vested</i>	<i>Expired/forfeited/other</i>	<i>Balance at the end of the year</i>
<i>Performance rights over ordinary shares</i>					
Robert Gavshon - Chair	-	-	-	-	-
Professor Ian Young	-	-	-	-	-
Michael Stibbard	-	-	-	-	-
Louise McElvogue	-	-	-	-	-
Mark Rohald	200,000	-	-	-	200,000
Matteo Trinca	175,000	-	-	-	175,000
Trevor McDougall	125,000	-	-	-	125,000
Greg Fordred	150,000	-	-	-	150,000
Michael Allara*	125,000	-	-	(125,000)	-
Dr Selina Samuels*	100,000	-	-	(100,000)	-
	<u>875,000</u>	<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>650,000</u>

* Performance Rights held at the date individual ceased as KMP are disclosed in "expired/forfeited/other"

Other transactions with key management personnel and their related parties

During the financial period, there were no other transactions with key management personnel and their related parties.

This concludes the remuneration report, which has been audited.



Shares under option

Unissued ordinary shares of Cluey Ltd under option at the date of this report are as follows:

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Number under option</i>
3 May 2021	3 May 2026	\$1.10	2,397,000
31 August 2021	31 August 2026	\$1.02	120,000
3 November 2021	3 May 2026	\$1.10	300,000
21 July 2022	21 July 2027	\$0.50	1,740,000
21 January 2023	21 January 2028	\$0.41	220,000
			<u>4,777,000</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Cluey Ltd issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares under performance rights

Unissued ordinary shares of Cluey Ltd under performance rights at the date of this report are as follows:

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Number under rights</i>
3 May 2021	3 May 2026	\$0.00	450,000
3 November 2021	3 May 2026	\$0.00	200,000
			<u>650,000</u>

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

There were no ordinary shares of Cluey Ltd issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.



Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

Michael Stibbard is a former audit partner of Deloitte Touche Tohmatsu. He retired from the firm in September 2017.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Mark Rohald
Director

28 August 2023
Sydney

Robert Gavshon
Chairman



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The Board of Directors
Cluey Limited
Level 2/117 Clarence Street
Sydney NSW 2000

28th August 2023

Dear Board Members

Auditor's Independence Declaration to Cluey Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Cluey Limited.

As lead audit partner for the audit of the financial report of Cluey Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants

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Financial Statements





Consolidated statement of profit or loss or other comprehensive income

For the year ended 30 June 2023

	Note	Group	
		2023 \$'000	2022 \$'000
Revenue			
Revenue from services rendered	5	39,358	34,264
Cost of sales	7	(16,823)	(16,138)
Gross profit		<u>22,535</u>	<u>18,126</u>
Other income	6	7	483
Interest income		309	64
Expenses			
Marketing		(12,338)	(12,014)
Occupancy		(105)	(140)
Administration	7	(8,870)	(7,082)
Employee benefits expense	7	(20,725)	(20,309)
Finance costs		(23)	(25)
Loss before income tax expense		<u>(19,210)</u>	<u>(20,897)</u>
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Cluey Ltd		<u>(19,210)</u>	<u>(20,897)</u>
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(15)	(3)
Other comprehensive loss for the year, net of tax		<u>(15)</u>	<u>(3)</u>
Total comprehensive loss for the year attributable to the owners of Cluey Ltd		<u><u>(19,225)</u></u>	<u><u>(20,900)</u></u>
		Cents	Cents
Basic loss per share	32	(12.54)	(16.05)
Diluted loss per share	32	(12.54)	(16.05)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes



Consolidated statement of financial position

As at 30 June 2023

	Note	Group 2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	9	14,700	13,956
Cash in term deposits	10	-	10,000
Trade and other receivables		338	231
Other assets	11	810	1,298
Total current assets		<u>15,848</u>	<u>25,485</u>
Non-current assets			
Property, plant and equipment		130	252
Right-of-use assets	12	362	652
Intangible assets	13	9,803	10,023
Total non-current assets		<u>10,295</u>	<u>10,927</u>
Total assets		<u>26,143</u>	<u>36,412</u>
Liabilities			
Current liabilities			
Trade and other payables	14	4,357	5,212
Contract liabilities	15	2,581	2,535
Lease liabilities	16	310	282
Employee benefits	17	681	909
Total current liabilities		<u>7,929</u>	<u>8,938</u>
Non-current liabilities			
Lease liabilities	16	81	391
Deferred tax	8	220	220
Employee benefits	17	204	172
Total non-current liabilities		<u>505</u>	<u>783</u>
Total liabilities		<u>8,434</u>	<u>9,721</u>
Net assets		<u>17,709</u>	<u>26,691</u>
Equity			
Issued capital	18	169,009	159,370
Reserves	19	(99,285)	(99,874)
Accumulated losses		<u>(52,015)</u>	<u>(32,805)</u>
Total equity		<u>17,709</u>	<u>26,691</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes



Consolidated statement of changes in equity

For the year ended 30 June 2023

Group	Issued capital \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Group re-organisation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	139,175	-	214	(101,897)	(11,908)	25,584
Loss after income tax expense for the year	-	-	-	-	(20,897)	(20,897)
Other comprehensive loss for the year, net of tax	-	(3)	-	-	-	(3)
Total comprehensive loss for the year	-	(3)	-	-	(20,897)	(20,900)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 18)	20,195	-	-	-	-	20,195
Share-based payments (note 33)	-	-	1,812	-	-	1,812
Balance at 30 June 2022	<u>159,370</u>	<u>(3)</u>	<u>2,026</u>	<u>(101,897)</u>	<u>(32,805)</u>	<u>26,691</u>
Group	Issued capital \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Group re-organisation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	159,370	(3)	2,026	(101,897)	(32,805)	26,691
Loss after income tax expense for the year	-	-	-	-	(19,210)	(19,210)
Other comprehensive loss for the year, net of tax	-	(15)	-	-	-	(15)
Total comprehensive loss for the year	-	(15)	-	-	(19,210)	(19,225)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 18)	9,199	-	-	-	-	9,199
Release of Code Camp vendor shares (note 18)	440	-	(440)	-	-	-
Share-based payments (note 33)	-	-	1,044	-	-	1,044
Balance at 30 June 2023	<u>169,009</u>	<u>(18)</u>	<u>2,630</u>	<u>(101,897)</u>	<u>(52,015)</u>	<u>17,709</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes



Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	Group 2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		43,193	38,242
Payments to suppliers and employees (inclusive of GST)		(58,702)	(53,987)
		(15,509)	(15,745)
Government grants (COVID-19)		-	63
Research and development incentive		-	381
Interest received		309	75
Income taxes paid		-	(14)
Net cash used in operating activities	31	(15,200)	(15,240)
Cash flows from investing activities			
Consideration paid for business acquisition, net of cash acquired	29	-	59
Payments for property, plant and equipment		(12)	(219)
Payments for intangibles	13	(2,685)	(2,106)
Payments for security deposits		-	(52)
Payments for long-term deposit *	10	-	(10,000)
Proceeds from release of long-term deposit	10	10,000	-
Net cash from/(used in) investing activities		7,303	(12,318)
Cash flows from financing activities			
Proceeds from issue of shares	18	9,500	14,350
Share issue transaction costs	18	(567)	(641)
Repayment of lease liabilities		(306)	(221)
Net cash from financing activities		8,627	13,488
Net (decrease)/increase in cash and cash equivalents		730	(14,070)
Cash and cash equivalents at the beginning of the financial year		13,956	28,026
Effects of exchange rate changes on cash and cash equivalents		14	-
Cash and cash equivalents at the end of the financial year	9	14,700	13,956

* \$10,000,000 was not classified as cash and cash equivalents at 30 June 2022 as the term deposit maturity was above three months, refer to note 10.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 1. General information

The financial statements cover Cluey Ltd as a consolidated entity consisting of Cluey Ltd ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (collectively referred to as the 'Group'). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Cluey Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 2, Level 2
117 Clarence Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

Cluey Ltd was incorporated on 28 September 2020 and acquired the Quartet Education Holdings and Cluey Learning subsidiaries on 3 December 2020 ('transaction date'). The trading results of the subsidiaries before 3 December 2020 were excluded because the Company's accounting policy for Group Reorganisation.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 August 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

AASB 2020-3 Amendments to AASB 137 Onerous Contracts – Cost of Fulfilling a Contract

This standard amends AASB 137 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group applied these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applied the amendments, being 1 July 2022. The amendments did not have a material impact on the Group.

Going concern

The Group has prepared the financial statements for the year ended 30 June 2023 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2023, the Group incurred a loss of \$19.2 million (30 June 2022: \$20.9 million) and had a net outflow of cash from operating activities of \$15.2 million (30 June 2022: \$15.2 million).



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

The Directors have considered the Group's financial position and current forecasts and are of the view that the continued application of the going concern basis of accounting is appropriate after considering the following factors:

- The Group had cash balances of \$14.7 million and positive net working capital of \$7.9 million as at 30 June 2023;
- The Group is in a net asset position of \$17.7 million on 30 June 2023;
- The Group has no external borrowings;
- Management has implemented a range of cost reduction initiatives which are expected to deliver ongoing costs savings for the Group as well as implementing initiatives to improve the student/tutor experience which are expected to improve student retention and increase the number of sessions delivered; and
- The cash flow forecast for the Group prepared by management shows that the Group continues to project positive cash balances throughout the period of the forecast up to December 2024.

The impact on the business of the broader macro-economic environment characterised by lower growth, higher interest rates and higher inflation is unclear and may impact the Group's ability to achieve its revenue growth estimates included in the above cash flow forecasts. Management are of the view that further cost saving initiatives could be implemented, if required, to counter reduced revenue levels.

The directors have concluded that it is appropriate to prepare the financial statements on the going concern basis, as they believe the Group will continue to be able to pay its debts as and when they fall due from existing cash balances and cash flows from operations for at least 12 months from the date of signing these financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2023 and the results of the Group for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

The acquisition of common control subsidiaries is accounted for using the common control method, which are scoped out of AASB 3 'Business Combinations' and therefore a suitable accounting policy needs to be adopted in accordance with the hierarchy in AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'. This hierarchy requires the adoption of a policy that provides users of the financial statements with relevant and reliable information about the financial position and performance of the reporting entity. The policy adopted for common control business combinations is the pooling of interest method. This method requires the combination to be recorded at carrying value at the date of acquisition, no goodwill to be recognised and the excess of the fair value of the purchase consideration over the carrying value of the assets and liabilities to be recorded as a group reorganisation reserve.

The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Cluey Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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 and other learning support services is recognised at a point in time, being the date the service (i.e., the session) is provided. Payments from customers are received prior to services being delivered. Fees received in advance are recognised as contract liabilities.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

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.

Research and development claim income

The Group has adopted the income approach to accounting for research and development tax offsets pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance' whereby the incentive is recognised in profit or loss as other income on a systematic basis over the periods in which the Group recognises the eligible expenses.

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.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable.

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.

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.

Cluey Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

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:

Leasehold improvements	3 years
Office equipment	3 to 5 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Brand name

Brand name acquired in a business combination is not amortised on the basis that it has an indefinite life. Management considers that the useful life of brand name is indefinite because there is no foreseeable limit to the cash flows this asset can generate. This is reassessed every year. Instead, it is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years. Software acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Capitalisation of Platform and Content development costs

Platform intangible assets arise from costs associated with the development of Cluey's learning platform, and Customer and Tutor Hub platforms. Content intangible assets arise from the development of written content for lessons. An internally generated intangible asset arising from development of Platform and Content is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. This includes internal labour costs. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation period for development costs incurred on the Group's content development is 5 years, and for the Group's platform development is 3 years.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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

Trade and other payables 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.

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.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination options. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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, options or performance rights 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 the Black-Scholes option pricing model that takes into account the exercise price, the term of the option or performance right, 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 or performance right, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment.

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.

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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Cluey Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

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.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2. Significant accounting policies (continued)

Comparatives

Certain comparatives in the consolidated statement of profit or loss and other comprehensive income have been reclassified to align with current year disclosure. There was no change to reported loss for the comparative period of any reclassification.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

The standard makes amendments to paragraphs 69 to 76 of AASB 101 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

Amendments of AASB 7, 101 and 108 provide definition and clarifications on accounting estimates and clarify the concept of materiality in the context of disclosure of accounting policies. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the Group.

AASB 2021-5 Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This amendment revises AASB 112 to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the Group.

Other standard amendments and interpretations

Several other standard amendments and interpretations were applicable for the first time from 1 July 2022 or were issued but not yet applicable as of the reporting date but were not relevant to the Group and does not impact the Group's consolidated financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer disclosure in note 13 for key assumptions used in the discounted cash flow model for the Code Camp CGU.

Note 4. Operating segments

Identification of reportable operating segments

Following the acquisition of Code Camp in FY2022, the Group is organised into two reportable operating segments being the Cluey Learning segment, and the Code Camp segment. Both segments provide learning support to school aged students mainly in Australia. The Cluey Learning segment primarily operates in an online learning environment, while Code Camp operates in face-to-face and online environments.

This assessment is based on the internal reports that are reviewed and used by the Executive Management team (including the joint-CEO's), who are identified as the Chief Operating Decision Makers ('CODM'), in assessing performance and in determining the allocation of resources.

Segment results

The CODM reviews Underlying EBITDA (earnings before interest, tax, depreciation and amortisation, adjusted for certain items). The segment results have been reconciled to the Group's loss before tax as presented in its financial statements in the tables below.

Unallocated and Corporate costs include public company costs incurred by Cluey Ltd including Directors fees, professional services, insurance and ASX listing costs.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 4. Operating segments (continued)

Operating segment information

Group - 2023	Cluey Learning \$'000	Code Camp \$'000	Unallocated/ Corporate \$'000	Total \$'000
Revenue				
Tutoring and educational support	31,188	8,170	-	39,358
Total revenue	<u>31,188</u>	<u>8,170</u>	<u>-</u>	<u>39,358</u>
Underlying EBITDA*	(13,297)	97	(969)	(14,169)
Depreciation and amortisation**	(2,101)	(1,228)	-	(3,329)
Interest income	25	10	274	309
Finance costs	(23)	-	-	(23)
Share-based payment expense	-	-	(1,044)	(1,044)
Other income and expenses	-	-	(954)	(954)
Loss before income tax expense	<u>(15,396)</u>	<u>(1,121)</u>	<u>(2,693)</u>	<u>(19,210)</u>
Income tax expense				-
Loss after income tax expense				<u>(19,210)</u>
Assets				
Segment assets***	17,861	8,282	-	26,143
Total assets				<u>26,143</u>
Liabilities				
Segment liabilities	4,905	3,272	257	8,434
Total liabilities				<u>8,434</u>

* Underlying EBITDA is a non-IFRS measure used by management and excludes interest, tax, depreciation, amortisation, restructuring costs, Research and Development tax credit, COVID-19 related other income and share based payments

** Code Camp segment depreciation and amortisation includes amortisation of acquired intangibles

*** Code Camp segment assets include acquired goodwill and intangibles arising on the business combination



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 4. Operating segments (continued)

Group - 2022	Cluey Learning \$'000	Code Camp \$'000	Unallocated/ Corporate \$'000	Total \$'000
Revenue				
Tutoring and educational support	30,877	3,387	-	34,264
Total revenue	<u>30,877</u>	<u>3,387</u>	<u>-</u>	<u>34,264</u>
Underlying EBITDA*	(15,540)	(930)	(1,180)	(17,650)
Depreciation and amortisation**	(834)	(901)	-	(1,735)
Interest income	7	-	57	64
Finance costs	(25)	-	-	(25)
Share-based payment expense	-	-	(1,812)	(1,812)
Other income and expenses	-	-	261	261
Loss before income tax expense	<u>(16,392)</u>	<u>(1,831)</u>	<u>(2,674)</u>	<u>(20,897)</u>
Income tax expense				-
Loss after income tax expense				<u>(20,897)</u>
Assets				
Segment assets***	27,640	8,772	-	36,412
Total assets				<u>36,412</u>
Liabilities				
Segment liabilities	6,649	2,765	307	9,721
Total liabilities				<u>9,721</u>

* Underlying EBITDA is a non-IFRS measure used by management and excludes interest, tax, depreciation, amortisation, Code Camp acquisition costs, Research and Development tax credit, COVID-19 related other income and share based payments

** Code Camp segment depreciation and amortisation includes amortisation of acquired intangibles

*** Code Camp segment assets include acquired goodwill and intangibles arising on the business combination

Group - 2022 figures above have been restated to follow current year allocation consistency. Unallocated and Corporate costs including public company costs incurred by Cluey Ltd have been shown separately for consistency with 2023 presentation, and Research and Development tax claim income has been removed from Underlying EBITDA and included in "other income and expenses".

Geographical information

The Cluey Learning and Code Camp segments primarily operate in Australia. Revenue by geographic region is included in note 5.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 5. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Group	
	2023 \$'000	2022 \$'000
<i>Major product lines</i>		
Cluey Learning tutoring and education support	31,188	30,877
Code Camp co/extra curricular education support	8,170	3,387
	<u>39,358</u>	<u>34,264</u>
<i>Geographical regions</i>		
Australia	37,303	33,753
United Kingdom	542	103
New Zealand	1,513	408
	<u>39,358</u>	<u>34,264</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	<u>39,358</u>	<u>34,264</u>

Note 6. Other income

	Group	
	2023 \$'000	2022 \$'000
Government grants (COVID-19)	-	51
Research and development claim income	-	381
Other	7	51
	<u>7</u>	<u>483</u>

Government grants (COVID-19)

During the previous financial year, the Code Camp subsidiary group received payments from the New South Wales State Government amounting to \$50,943 as part of its '2021 COVID-19 JobSaver payment' scheme ('JobSaver') in response to the COVID-19 pandemic. JobSaver provided cash flow support to impacted businesses in Greater Sydney and regional New South Wales to help maintain their NSW employee headcount by covering business costs incurred due to the impacts of the public health order in NSW. The scheme ended on 30 November 2021.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 7. Expenses

	Group	
	2023 \$'000	2022 \$'000
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Tutoring and other costs	16,823	16,138
<i>Depreciation and amortisation (included in administration expenses)</i>		
Property, plant and equipment	134	92
Right-of-use assets (note 12)	290	217
Intangible assets (note 13)	2,905	1,426
Total depreciation and amortisation	3,329	1,735
<i>Employee benefits expense</i>		
Wages and salaries and other employee benefits	18,061	16,925
Defined contribution superannuation expense	1,620	1,572
Share-based payment expense	1,044	1,812
Total employee benefits expense	20,725	20,309
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	23	25
<i>Leases</i>		
Short-term lease payments	87	134



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 8. Income tax (continued)

	Group	
	2023 \$'000	2022 \$'000
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised through business combination:		
Intangible assets	220	220
Deferred tax liability	<u>220</u>	<u>220</u>
Movements:		
Opening balance	220	-
Additions through business combinations (note 29)	-	220
Closing balance	<u>220</u>	<u>220</u>

Note 9. Cash and cash equivalents

	Group	
	2023 \$'000	2022 \$'000
<i>Current assets</i>		
Cash at bank	6,582	8,956
Cash on short-term deposit (3 months maturity or shorter)	8,118	5,000
	<u>14,700</u>	<u>13,956</u>

Cash in term deposits greater than 3 months maturity are disclosed as 'Cash in term deposits' in note 10.

Note 10. Cash in term deposits

	Group	
	2023 \$'000	2022 \$'000
<i>Current assets</i>		
Cash in term deposits (maturity greater than 3 months)	-	10,000

The \$10,000,000 in term deposit at 30 June 2022 matured in December 2022.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 11. Other assets

	Group	
	2023 \$'000	2022 \$'000
<i>Current assets</i>		
Prepayments	652	1,046
Security deposits	158	158
Other current assets	-	94
	<u>810</u>	<u>1,298</u>

Note 12. Right-of-use assets

	Group	
	2023 \$'000	2022 \$'000
<i>Non-current assets</i>		
Buildings - right-of-use	869	869
Less: Accumulated depreciation	(507)	(217)
	<u>362</u>	<u>652</u>

The Group leases buildings under an agreement of three years with an option to extend. The lease has various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Buildings - right-of-use \$'000
Balance at 1 July 2021	-
Additions	869
Depreciation expense	(217)
Balance at 30 June 2022	652
Depreciation expense	(290)
Balance at 30 June 2023	<u>362</u>

For other AASB 16 and lease related disclosures refer to the following:

- note 7 for interest on lease liabilities and other lease payments;
- note 16 for lease liabilities at 30 June 2023;
- note 21 for maturity analysis of lease liabilities; and
- the consolidated statement of cash flows for repayment of lease liabilities.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 13. Intangible assets

	Group	
	2023 \$'000	2022 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	3,768	3,768
Brand name - at cost	732	732
Software - at cost	3,690	3,645
Less: Accumulated amortisation	(2,140)	(891)
	1,550	2,754
Platform - at cost	3,500	1,781
Less: Accumulated amortisation	(950)	(402)
	2,550	1,379
Content - at cost	1,687	1,755
Less: Accumulated amortisation	(484)	(365)
	1,203	1,390
	9,803	10,023

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Goodwill* \$'000	Brand name* \$'000	Software \$'000	Platform \$'000	Content \$'000	Total \$'000
Balance at 1 July 2021	-	-	-	484	859	1,343
Additions	-	-	145	1,222	739	2,106
Additions through business combinations (note 29)	3,768	732	3,500	-	-	8,000
Amortisation expense	-	-	(891)	(327)	(208)	(1,426)
Balance at 30 June 2022	3,768	732	2,754	1,379	1,390	10,023
Additions	-	-	44	2,278	363	2,685
Amortisation expense	-	-	(1,248)	(1,107)	(550)	(2,905)
Balance at 30 June 2023	3,768	732	1,550	2,550	1,203	9,803

* Goodwill and brand name have an indefinite useful life.

Impairment testing

Goodwill and indefinite life intangible assets (brand name) acquired through business combinations have been allocated to the following cash-generating unit ('CGU'):

	Group	
	2023 \$'000	2022 \$'000
Code Camp Goodwill	3,768	3,768
Brand name	732	732
Total Code Camp CGU	4,500	4,500



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 13. Intangible assets (continued)

Of the \$4,499,790 indefinite life intangible assets allocated to the Code Camp CGU, \$3,767,790 relate to goodwill. The recoverable amount of the consolidated entity's goodwill and brand name intangible assets has been determined by a value in-use calculation using a discounted cash flow model, based on a four-year projection period approved by management and extrapolated for a further year equal to forecast year four, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the Code Camp CGU:

- 22% pre-tax discount rate;
- Growth in revenue, cost of sales and expenses based on forecasted new, continuing and returning students and sessions. Session growth is forecast at 85% in FY24 and 31% in FY25, with key assumptions including the number of locations, enrolments and pricing; and
- 3% terminal growth rate

The discount rate of 22% pre-tax reflects management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for Code Camp, the risk free rate and the volatility of the share price relative to market movements.

The Code Camp business was purchased on 1 October 2021. Code Camp was impacted in FY2022 by the COVID-19 pandemic, in particular lockdowns which prevent in person camps and courses from occurring. Since acquisition, the Code Camp business has seen strong new student and session numbers, and an increase in camp and course venues to support the future growth. In addition, continued and budgeted investment in brand and marketing is expected to deliver growth.

There were no other key assumptions for the Code Camp CGU. Based on the above, the recoverable amount of the Code Camp CGU exceeds the carrying value, and no impairment loss has been recognised.

Sensitivity

The Directors have made judgements and estimates in respect of impairment testing of goodwill and brand name intangible assets. Should these judgements and estimates not occur the resulting goodwill and brand name carrying amount may decrease. The sensitivities are as follows:

- The pre-tax discount rate would be required to increase by 13% for Code Camp CGU before goodwill or brand name would need to be impaired, with all other assumptions remaining constant.
- The forecast is sensitive to changes in revenue and cost of sales which are inter-related. If session forecasts are not achieved by 11% the recoverable amount would be equal to the carrying value, assuming no change in forecast operating expenses.

Note 14. Trade and other payables

	Group	
	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Trade payables	2,399	2,208
Goods and services tax payable	428	364
Accrued expenses	681	1,230
Other payables (including employment related liabilities)	849	1,410
	<u>4,357</u>	<u>5,212</u>

Refer to note 21 for further information on financial instruments.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 15. Contract liabilities

	Group	
	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Contract liabilities	<u>2,581</u>	<u>2,535</u>
<i>Reconciliation</i>		
Reconciliation of the carrying values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	2,535	706
Payments received in advance	39,404	34,943
Additions through business combinations (note 29)	-	1,150
Transfer to revenue	<u>(39,358)</u>	<u>(34,264)</u>
Closing balance	<u>2,581</u>	<u>2,535</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$2,581,000 as at 30 June 2023 (\$2,535,000 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	Group	
	2023 \$'000	2022 \$'000
Within 3 months	<u>2,581</u>	<u>2,535</u>

Note 16. Lease liabilities

	Group	
	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Lease liability	<u>310</u>	<u>282</u>
<i>Non-current liabilities</i>		
Lease liability	<u>81</u>	<u>391</u>

Refer to note 21 for further information on financial instruments.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 17. Employee benefits

	Group	
	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Annual leave	681	909
<i>Non-current liabilities</i>		
Long service leave	204	172

Note 18. Issued capital

	2023 Shares	2022 Shares	Group	
			2023 \$'000	2022 \$'000
Ordinary shares - fully paid	201,613,568	137,726,355	170,863	161,664
Treasury shares under Employee Share Option Plan and Restricted Shares	(3,997,684)	(4,355,146)	(1,854)	(2,294)
	<u>197,615,884</u>	<u>133,371,209</u>	<u>169,009</u>	<u>159,370</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	119,562,358		140,727
Issue of shares under \$12m placement	7 September 2021	10,434,783	\$1.15	12,000
Issue of shares under share purchase plan	1 October 2021	1,741,726	\$1.15	2,003
Issue of shares to vendors of Code Camp (tranche 1)	1 October 2021	2,986,612	\$1.23	3,674
Issue of shares to vendors of Code Camp (tranche 2)	1 November 2021	3,000,876	\$1.23	3,691
Payment for previously issued employee loan shares		-	\$0.00	210
Less: share issue transaction costs				(641)
Balance	30 June 2022	137,726,355		161,664
Issue of shares under Cluey Omnibus Incentive Scheme (non-cash)	21 September 2022	553,878	\$0.48	266
Issue of shares under institutional placement	10 March 2023	54,697,902	\$0.15	8,205
Issue of shares under retail placement	28 March 2023	8,635,433	\$0.15	1,295
Less: share issue transaction costs				(567)
Balance	30 June 2023	<u>201,613,568</u>		<u>170,863</u>



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18. Issued capital (continued)

Movements in Treasury shares under Employee Share Option Plan and Restricted Shares

Details	Date	Shares	\$'000
Balance	1 July 2021	(4,008,170)	(1,553)
Vesting of Treasury shares	24 August 2021	29,146	11
Vesting of Treasury shares	2 February 2022	306,013	115
Vesting of Treasury shares	31 March 2022	32,789	12
Reallocation of Code Camp vendor shares to share-based payments *		<u>(714,924)</u>	<u>(879)</u>
Balance	30 June 2022	(4,355,146)	(2,294)
Release of Code Camp vendor shares from share-based payments *	1 October 2022	<u>357,462</u>	<u>440</u>
Balance	30 June 2023	<u><u>(3,997,684)</u></u>	<u><u>(1,854)</u></u>

* 714,924 shares issued to the vendors of Code Camp do not form part of the total purchase price and instead have been treated as share base payment in accordance with AASB 2 'Share-based Payment' as these shares are held in escrow and are subject to vesting conditions linked to service, and will be expensed over the vesting period. In FY2023, 357,462 shares were released from escrow and therefore are no longer classified as Treasury Shares.

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Treasury shares

Treasury shares are shares held in Employee Share Trust pending settlement of related employee loans and reduce the number of shares on issue for disclosure purposes. Restricted shares are shares issued to the vendors of Code Camp which do not form part of the total purchase price and instead have been treated as share-based payment in accordance with AASB 2 'Share-based Payment' as these shares are held in escrow and are subject to vesting conditions linked to service and will be expensed over the vesting period.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 19. Reserves

	Group	
	2023 \$'000	2022 \$'000
Foreign currency translation reserve	(18)	(3)
Share-based payments reserve	2,630	2,026
Group reorganisation reserve	(101,897)	(101,897)
	<u>(99,285)</u>	<u>(99,874)</u>

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Group reorganisation reserve

The reserve is used to account for historical capital reorganisations of the Group whereby the assets and liabilities of the acquired party are recorded at their previous book values and no goodwill is recognised. Any difference between the cost of the transaction, being ordinary shares issued at fair value, and the carrying amount of the assets and liabilities are recorded directly in this reserve.

Note 20. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 21. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks. These are described below. Any risk management required is carried out by the senior finance executives under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a regular basis.

Market risk

Interest rate risk

The Group is exposed to interest rate risk on interest earned on cash in term deposits, which is not considered to be material. The Group does not have any borrowings.

Credit risk

The Group invests its cash with highly reputable financial institutions and has, therefore, no significant risk in this regard. As over 99% of payments from customers are required before services are rendered, the Group has no other significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 21. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Group - 2023	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,399	-	-	-	2,399
Other payables	-	849	-	-	-	849
<i>Interest-bearing - variable</i>						
Lease liability	4.27%	321	81	-	-	402
Total non-derivatives		3,569	81	-	-	3,650
Group - 2022						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,208	-	-	-	2,208
Other payables	-	1,410	-	-	-	1,410
<i>Interest-bearing - variable</i>						
Lease liability	4.27%	306	321	81	-	708
Total non-derivatives		3,924	321	81	-	4,326

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 22. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 23. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Group	
	2023	2022
	\$	\$
Short-term employee benefits	1,557,777	2,373,903
Post-employment benefits	147,594	182,629
Long-term benefits	15,961	28,962
Termination benefits	144,605	-
Share-based payments	523,915	865,422
	<u>2,389,852</u>	<u>3,450,916</u>

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company, and unrelated firms:

	Group	
	2023	2022
	\$	\$
<i>Audit services - Deloitte Touche Tohmatsu</i>		
Audit or review of the financial statements	<u>188,936</u>	<u>169,450</u>
<i>Other services - Deloitte Touche Tohmatsu</i>		
Due diligence	35,000	30,600
Taxation services	<u>47,450</u>	<u>41,395</u>
	<u>82,450</u>	<u>71,995</u>
	<u>271,386</u>	<u>241,445</u>
<i>Audit services - unrelated firms*</i>		
Audit or review of the financial statements	<u>42,215</u>	<u>-</u>
<i>Other services - unrelated firms</i>		
Taxation services	<u>2,965</u>	<u>-</u>
	<u>45,180</u>	<u>-</u>

* Fees disclosed in 2023 for unrelated firms include those paid and payable for the FY2022 and FY2023 audits of Codecamp Ltd, a UK subsidiary.

Note 25. Contingent liabilities

The Group has given a bank guarantee as at 30 June 2023 of \$157,608 (30 June 2022: \$157,608) to their landlord.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 26. Commitments

	Group	
	2023 \$'000	2022 \$'000
<i>Lease commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable: Within one year	6	6

Note 27. Related party transactions

Parent entity

Cluey Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year other than payments to Director's for their services as Directors'.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 \$'000	2022 \$'000
Loss after income tax	(695)	(742)
Total comprehensive loss	(695)	(742)



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 28. Parent entity information (continued)

Statement of financial position

	Parent	
	2023 \$'000	2022 \$'000
Total current assets	49,989	40,774
Total assets	66,355	57,140
Total current liabilities	256	259
Total liabilities	256	259
Net assets	66,099	56,881
Equity		
Issued capital	169,009	159,370
Share-based payments reserve	1,806	1,532
Group reorganisation reserve	(101,897)	(101,897)
Accumulated losses	(2,819)	(2,124)
Total equity	66,099	56,881

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 or 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 or 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 or 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 29. Business combinations

2023

There were no business combinations during the year ended 30 June 2023.

2022

Codecamp Holdings Pty Ltd ('Code Camp')

On 1 October 2021, the Company acquired 100% of the ordinary shares of Codecamp Holdings Pty Ltd for the total consideration transferred of \$7,785,254. Code Camp is a coding and digital skills provider and was acquired to extend the Group's services to include B2B and B2B2C offerings, as well as enable the Group to offer face-to-face school holiday camps and after-school programs. The goodwill of \$3,767,790 represents the employees, know how and future synergies and cross-sell opportunities with Cluey Learning operations. The acquired business contributed revenue from customers of \$3,386,960 and loss after tax of \$904,301 to the Group (excluding amortisation of acquired intangibles and other acquisition related expenses) for the period from 1 October 2021 to 30 June 2022. If the acquisition had occurred on 1 July 2021, the full year contributions would have been revenue from customers of \$4,200,291 and loss after tax of \$928,875. The values identified in relation to the acquisition are final as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	1,359
Trade receivables and other assets	148
Computer equipment	56
Brand name	732
Software	3,500
Trade and other payables	(211)
Contract liabilities	(1,150)
Provision for income tax	(14)
Deferred tax liability	(220)
Employee benefits	(182)
Net assets acquired	4,018
Goodwill	3,768
Acquisition-date fair value of the total consideration transferred	<u>7,786</u>
Representing:	
Cash paid or payable to vendor	1,300
Cluey Ltd shares issued to vendor (valued using the completion date share price of \$1.23)	7,365
Less: restricted shares subject to share-based payment arrangements	(879)
	<u>7,786</u>
Acquisition costs expensed to profit or loss	<u>221</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	7,785
Less: cash and cash equivalents	(1,359)
Less: shares issued by Company as part of consideration (net of restricted shares adjustment above)	(6,485)
Net cash received	<u>(59)</u>



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Quartet Education Holdings Pty Ltd	Australia	100%	100%
Cluey Learning Pty Ltd	Australia	100%	100%
Cluey Services Pty Ltd	Australia	100%	100%
Quartet Education Holdings Option Share Trust	Australia	100%	100%
Codecamp Holdings Pty Ltd	Australia	100%	100%
Codecamp Pty Ltd	Australia	100%	100%
Codecamp IP Pty Ltd	Australia	100%	100%
Codecamp Ltd	United Kingdom	100%	100%
Cluey Learning (NZ) Pty Limited	New Zealand	100%	100%

Note 31. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Group	
	2023 \$'000	2022 \$'000
Loss after income tax expense for the year	(19,210)	(20,897)
Adjustments for:		
Depreciation and amortisation	3,329	1,735
Net loss on disposal of property, plant and equipment	-	34
Share-based payments	1,044	1,812
Non-cash bonus payment	266	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(107)	(122)
Decrease/(increase) in prepayments	488	(209)
Increase/(decrease) in trade and other payables	(860)	1,557
Increase in contract liabilities	46	621
Increase/(decrease) in employee benefits	(196)	229
Net cash used in operating activities	<u>(15,200)</u>	<u>(15,240)</u>

Non-cash investing and financing activities

	Group	
	2023 \$'000	2022 \$'000
Additions to the right-of-use assets	-	869
Shares issued under employee share plan	266	-
Shares issued in relation to business combinations (net of share-based payment adjustment described in note 29)	-	6,485
	<u>266</u>	<u>7,354</u>



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 31. Cash flow information (continued)

Changes in liabilities arising from financing activities

Group	Lease liabilities \$'000
Balance at 1 July 2021	-
Net cash used in financing activities	(221)
Acquisition of leases	869
Other changes	25
Balance at 30 June 2022	673
Net cash used in financing activities	(306)
Other changes	24
Balance at 30 June 2023	391

Note 32. Earnings per share

	Group	
	2023 \$'000	2022 \$'000
Loss after income tax attributable to the owners of Cluey Ltd	(19,210)	(20,897)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share (net of Treasury shares)	153,249,465	130,233,427
Weighted average number of ordinary shares used in calculating diluted earnings per share (net of Treasury shares)	153,249,465	130,233,427
	Cents	Cents
Basic loss per share	(12.54)	(16.05)
Diluted loss per share	(12.54)	(16.05)

The impact of the options and the performance rights have been excluded from the calculation of the weighted average number of shares in the calculation of the loss per shares as they are anti-dilutive.

Note 33. Share-based payments

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.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 33. Share-based payments (continued)

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

Set out below are details of options granted under the plan:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
03/05/2021	03/05/2026	\$1.10	3,032,000	-	-	(635,000)	2,397,000
31/08/2021	31/08/2026	\$1.02	120,000	-	-	-	120,000
03/11/2021	03/05/2026	\$1.10	300,000	-	-	-	300,000
21/07/2022	21/07/2027	\$0.50	-	2,055,000	-	(315,000)	1,740,000
25/01/2023	25/01/2028	\$0.41	-	220,000	-	-	220,000
			<u>3,452,000</u>	<u>2,275,000</u>	-	<u>(950,000)</u>	<u>4,777,000</u>
Weighted average exercise price			\$1.10	\$0.49	\$0.00	\$0.80	\$0.86

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
03/05/2021	03/05/2026	\$1.10	3,567,000	-	-	(535,000)	3,032,000
31/08/2021	31/08/2026	\$1.02	-	170,000	-	(50,000)	120,000
03/11/2021	03/05/2026	\$1.10	-	300,000	-	-	300,000
			<u>3,567,000</u>	<u>470,000</u>	-	<u>(585,000)</u>	<u>3,452,000</u>
Weighted average exercise price			\$1.10	\$1.07	\$0.00	\$1.09	\$1.10

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2023 Number
03/05/2021	03/05/2026	919,000
31/08/2021	31/08/2026	40,000
03/11/2021	03/05/2026	100,000
		<u>1,059,000</u>

The weighted average share price during the financial year was \$0.35 (30 June 2022: \$1.05).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.41 years (30 June 2022: 3.92 years).



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 33. Share-based payments (continued)

Set out below are details of performance rights granted under the plan:

2023							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
03/05/2021	03/05/2026	\$0.00	675,000	-	-	(225,000)	450,000
03/11/2021	03/05/2026	\$0.00	200,000	-	-	-	200,000
			875,000	-	-	(225,000)	650,000

2022							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
03/05/2021	03/05/2026	\$0.00	775,000	-	-	(100,000)	675,000
03/11/2021	03/05/2026	\$0.00	-	200,000	-	-	200,000
			775,000	200,000	-	(100,000)	875,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 2.84 years (30 June 2022: 3.84 years).

For the options granted during the current financial year, the Black-Scholes valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
21/07/2022	21/07/2027	\$0.57	\$0.50	60.00%	-	3.16%	\$0.3252
25/01/2023	25/01/2028	\$0.35	\$0.41	60.00%	-	3.34%	\$0.1455

Restricted shares to Codecamp Holdings Pty Ltd vendors

714,924 shares issued to the vendors of Code Camp are restricted via escrow and subject to vesting conditions related to service post acquisition. As a result, the value of these shares do not form part of the total purchase price and instead have been treated as share based payments in accordance with AASB 2 'Share based payments'. The expense will be recognised over the service period, with \$329,759 recognised in FY2023. 357,462 shares were released from escrow on 1 October 2022 as the vesting conditions were met. The remaining 357,462 restricted shares are treated as Treasury Shares at 30 June 2023 and reduce the number of shares on issue for disclosure purposes.

Employee Share Option Plan - historic

Prior to the Group reorganisation on 3 December 2020, an Employee Share Option Plan ('ESOP') had been established by Quartet Education Holdings Pty Ltd ('QEH Group'), whereby the QEH Group may, at the discretion of the Board, grant options to acquire ordinary shares in the Quartet Education Holdings Pty Ltd to certain key personnel of the QEH Group. The options were issued for nil consideration and granted in accordance with performance guidelines established by the Board.

Participation in the ESOP was by invitation by the Board. Options have a 10 year expiry from date of grant and are issued with an exercise price of the most recent capital raise. Vesting of options is 25% per annum over the initial 4 year period after grant date.



Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 33. Share-based payments (continued)

At 30 June 2020, a total of 1,495,797 options were outstanding under this plan. Immediately prior to the Group reorganisation, a total of 1,516,003 options were outstanding. As part of the Group reorganisation, and prior to the IPO, the options were converted to Cluey Ltd shares with a share split of 2.7021, resulting in 4,096,411 Cluey Ltd shares being issued. These shares are included in the issued capital of Cluey Ltd, however are held by an Employee Share Trust and subject to vesting conditions as outlined above being achieved. Quartet Education Holdings provided loans to option holders equal to the option exercise (strike) price applicable for each grant. Once vesting conditions are met, employees are required to repay all loan balances before share ownership is transferred. As the shares are held in Trust, in the Group accounts they are treated as Treasury Shares and reduce the number of shares on issue for disclosure purposes. The combination of the limited recourse loans and the shares are accounted for as an in-substance option and as such the loans to the employees are not accounted for separately as an asset.

The total shares classified as Treasury Shares at 30 June 2023 under this ESOP is 3,640,222, and the loan amount associated with these shares is \$1,414,271.

Note 34. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



Directors' declaration

30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Mark Rohald
Director

28 August 2023
Sydney

Robert Gavshon
Chairman

Independent Auditor’s Report to the Members of Cluey Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cluey Limited (the “Company”) and its subsidiaries (the “Group”) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors’ declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group’s financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Carrying value of goodwill</p> <p>As disclosed in note 13, the Group has recognised goodwill from the acquisition of Code Camp, with a total carrying value of \$3.8m.</p> <p>AASB 136 <i>Impairment of Assets</i> requires goodwill and indefinite life intangible assets be tested for impairment annually irrespective of whether there are any indicators of impairment. This assessment requires judgment including consideration of both internal and external sources of information.</p> <p>In considering whether goodwill was impaired, management estimated the recoverable amount of the Cash Generating Unit (CGU) using a Value in Use (VIU) approach which incorporates significant judgement related to the estimation of future cash</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • obtained an understanding of the process that management undertook to perform their impairment assessment; • assessed the design and implementation of relevant controls within management’s impairment assessment process, including the preparation, review and board approval of cash flow forecasts supporting this process; • evaluated the level at which goodwill is monitored, including the identification of CGUs; • In conjunction with our valuation specialists, we: <ul style="list-style-type: none"> ○ evaluated the VIU model prepared by management and validated the reasonableness of the assumptions used in the model to determine short-term growth rates, long-

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>flows, short-term growth rates, long-term growth rates, and the discount rate.</p> <p>Changes to these assumptions can impact the recoverable amount determined for the CGU.</p> <p>Disclosures relating to impairment testing, including key assumptions used and sensitivity of the assessment to certain judgmental inputs, are included in Note 13 of the consolidated financial statements.</p>	<p>term growth rates and the discount rate with reference to historical performance;</p> <ul style="list-style-type: none"> ○ assessed historical forecasting accuracy and the integrity and mathematical accuracy of the impairment model prepared by management; ○ assessed management’s consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for goodwill to be impaired; and <ul style="list-style-type: none"> ● assessed the appropriateness of the disclosures included in Note 13 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors’ Report, which we obtained prior to the date of this auditor’s report, and also includes the following information which will be included in the Group’s annual report (but does not include the financial report and our auditor’s report thereon): Company Description, Chairman’s message, CEO’s overview, Corporate Governance Report, other Company information, additional ASX disclosures and Shareholder Information which is expected to be made available to us after that date. Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company Description, Chairman’s message, CEO’s overview, Corporate Governance Report, other Company information, additional ASX disclosures and Shareholder Information which is expected to be made available to us after that date, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

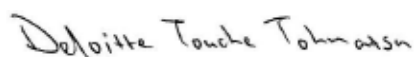
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 51 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Cluey Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Carlo Pasqualini
Partner
Chartered Accountants

Sydney, 28th August 2023



Corporate Governance Statement

Cluey Limited endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition). For the financial year 30 June 2023, Cluey Limited's Corporate Governance Statement together with the ASX Appendix 4G as applicable to the Corporate Governance Statement is available at <https://clueylearning.com.au/en/investor/corporate-governance.php> and a copy of the statement has been lodged with the ASX.





ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings (as at 31 August 2023)

Substantial shareholders

The names of substantial shareholders (including their associates) who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Shareholder	Number of ordinary shares held ¹
Thorney Investment Group (including Thorney Technologies Ltd and TIGA Trading Pty Ltd)	32,001,984
Perennial Value Management Limited	20,365,017
Mark Rohald (including Mistdean Pty Ltd as trustee for the Mistdean Trust)	14,613,680
Milford Asset Management Limited	13,749,377
Sam Linz (including Dufus Pty Ltd as trustee for the Linz Superannuation Fund)	11,878,991
Robert Gavshon (including Sarwill Pty Ltd as trustee for the Gavshon Family Superannuation Fund)	9,453,769
Acorn Capital Limited	8,184,925

1. Number of ordinary shares held are as per the most recent notice of substantial holding received by the Company, up to 31 August 2023. The number of shares disclosed in the table above therefore may not be equal to the shareholding on 31 August 2023.

Voluntary escrow arrangements

On 31 August 2023, 3,466,984 ordinary shares are subject to voluntary escrow arrangements. Of these shares subject to voluntary escrow arrangements, the voluntary escrow will expire for 1,632,527 shares on or around 1 October 2023, and for 18,326 shares on or around 3 December 2023. The voluntary escrow for the balance of 1,816,131 shares will expire on the settlement of treasury arrangements.

Voting Rights

Ordinary shares

On 31 August 2023, there were 956 holders of ordinary shares of the Company. The voting rights attaching to the ordinary shares allow that on a show of hands every member present at a meeting in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Incentive options and performance rights

There are no voting rights attached to incentive options or performance rights.



Twenty largest shareholders

The names of the twenty largest shareholders of the quoted shares are:

#	Holder Name	Holding	% Issued Share Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,021,325	18.36%
2	UBS NOMINEES PTY LTD	29,091,943	14.43%
3	SARWILL PTY LTD <THE GAVSHON FAMILY S/F A/C>	13,109,560	6.50%
4	DUFUS P/L <THE LINZ SUPER FUND A/C>	11,878,991	5.89%
5	MISTDEAN PTY LIMITED <MISTDEAN A/C>	11,861,012	5.88%
6	BNP PARIBAS NOMS PTY LTD <DRP>	11,564,204	5.74%
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,572,209	4.25%
8	CITICORP NOMINEES PTY LIMITED	6,357,311	3.15%
9	BENJANO ONE PTY LIMITED <BENJANO ONE A/C>	5,930,307	2.94%
10	QUARTET VENTURES (SPV) PTY LTD <QEH OPTION SHARE A/C>	4,932,702	2.45%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,766,273	2.36%
12	DEEMCO PTY LIMITED	3,287,398	1.63%
13	SPINITE PTY LTD	3,091,036	1.53%
14	LEVI SMART INVESTMENTS PTY LIMITED <LEVI SMART A/C>	2,541,061	1.26%
15	SHREG P/L <GRESHELL FAMILY A/C>	2,147,450	1.07%
16	SETONE PTY LTD <AGNES KRAUS ARL T A/C>	1,999,589	0.99%
17	ANDANSA PTY LIMITED <ANDANSA SUPER FUND A/C>	1,892,112	0.94%
18	AGINCOURT INVESTMENTS PTY LTD <BOHM FAMILY NO3 A/C>	1,822,035	0.90%
19	GSF NO 1 PTY LTD <GRESHELL SUPERFUND A/C>	1,646,161	0.82%
20	ACORN CAPITAL PRIVATE OPPORTUNITIES FUND LP	1,430,557	0.71%
Total		164,943,236	81.81%
Total issued capital – quoted shares		201,613,568	100.00%



Holding and distribution of shareholders

The holding and distribution of quoted shares is:

Holding Ranges	Holders	Total Units	% Quoted shares
above 0 up to and including 1,000	191	113,848	0.06%
above 1,000 up to and including 5,000	292	801,303	0.40%
above 5,000 up to and including 10,000	133	1,002,468	0.50%
above 10,000 up to and including 100,000	248	7,818,167	3.88%
above 100,000	92	191,877,782	95.16%
Totals	956	201,613,568	100.00%

The number shareholders holding a less than marketable parcel of quoted shares is 446.

The holding and distribution of unquoted options is:

Holding Ranges	Holders	Total Units	% Unquoted options
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	3	9,999	0.21%
above 5,000 up to and including 10,000	5	45,000	0.94%
above 10,000 up to and including 100,000	32	1,332,001	27.88%
above 100,000	13	3,390,000	70.97%
Totals	53	4,777,000	100.00%

The holding and distribution of unquoted performance rights is:

Holding Ranges	Holders	Total Units	% Unquoted performance rights
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	4	650,000	100.00%
Totals	4	650,000	100.00%

On-market buy-back

There is no current on-market buy-back.



Corporate Directory

Directors

Robert Gavshon - Chairman
Mark Rohald - Executive Deputy Chairman
Professor Ian Young
Michael Stibbard
Louise McElvogue

Company secretary

Greg Fordred

Registered office

Suite 2, Level 2
117 Clarence Street
Sydney NSW 2000
Tel: 1300 182 000 (within Australia)
Email: investor.relations@clueylearning.com

Website

<https://clueylearning.com.au>

Stock exchange listing

Cluey Ltd shares are listed on the Australian Securities Exchange (ASX code: CLU)

Share register

Automatic Pty Ltd
Level 5
126 Phillip Street
Sydney NSW 2000
Tel: 1300 288 664 (within Australia) +61 2 8072 1400 (outside Australia)
Email: hello@automatic.com.au

Auditor

Deloitte Touche Tohmatsu
Quay Quarter Tower
Level 46, 50 Bridge Street
Sydney NSW 2000

Legal advisor

K&L Gates LLP
Level 31
1 O'Connell Street
Sydney NSW 2000



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