



## ASX Announcement

28 August 2023

### Focus on profitability over rapid growth delivers significant cost savings and improved unit economics

Cluey Ltd (ASX: CLU) ("Cluey" or the "Company") today announced its results for the full financial year ended 30 June 2023 ("FY23").

Matteo Trinca, Joint CEO said: *"It is pleasing to see the benefits from the initiatives implemented in FY23 to reduce cash burn, decrease costs and drive the business to profitability starting to flow in Q4 FY23. This hard work has laid the foundation for the Company to achieve its objectives in an uncertain economic environment."*

#### FY23 Group<sup>1</sup> Key highlights:

- 20% improvement in Group FY23 Underlying EBITDA<sup>2</sup> 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 pay back 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).

<sup>1</sup> The Group comprises Cluey Ltd, Cluey Learning Pty Ltd and subsidiaries ('Cluey Learning') and Codecamp Holdings Pty Ltd and subsidiaries ('Code Camp') from 1 October 2021, the date of acquisition.

<sup>2</sup> 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.

- Code Camp achieved positive Underlying EBITDA for the full-year FY23 (\$0.1 million), representing an improvement of \$0.9 million FY 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.

### Key Group metrics – FY23

<b>Revenue</b>	<b>Gross Profit</b>
<b>\$39.4m</b> <b>+15% on PCP</b>	<b>\$22.5m</b> <b>+24% on PCP</b>
<b>Gross Profit Margin (%)</b>	<b>New Students<sup>3</sup></b>
<b>57.3%</b> <b>+8% on PCP</b>	<b>43,308</b> <b>+24% on PCP</b>
<b>Student Sessions<sup>4</sup></b>	<b>Variable CAC<sup>5</sup> per New Student</b>
<b>599k</b> <b>+11% on PCP</b>	<b>\$352</b> <b>-18% (improvement) on PCP</b>

### Trading Update and FY24 Outlook

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 Company 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

A range of new product and technology improvements are being released in Q1 FY24 and are expected to deliver increased revenue per student, further cost reductions and offer more options in terms of pricing, subscription and service offerings.

Given the cost of living pressures driven by macro-economic factors, Cluey may be affected by potential changes in consumer behaviour. Cluey's broad portfolio of education services that meet a range of family needs should insulate us against major impacts.

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

<sup>3</sup> New Students for Cluey Learning are those students who had a session in the period, whilst New Students for Code Camp are those students who enrolled in the period.

<sup>4</sup> Includes Cluey Learning tutoring sessions and attendance days at Code Camp after-school and school holiday programs.

<sup>5</sup> Variable CAC (customer acquisition costs) per New Student is a non-IFRS measure used for management purposes which represents variable acquisition expenditure for a period divided by New Students. The metric in the table above is consolidated and includes both Cluey Learning and Code Camp. Variable acquisition expenditure is calculated based on total marketing media expenses and brand investment, plus learning advisor (sales) employment costs and commission (included in employee benefits expense).

are any M&A or additional growth opportunities, the Company will likely require additional funding.

**An investor presentation with further details in relation to the FY23 Results has been lodged with ASX today.**

**Cluey FY23 results webinar:**

Cluey is pleased to announce that Greg Fordred (CFO) and Matteo Trinca (Joint CEO) will be hosting an investor webinar on the FY23 results at 11:00 am (AEDST) on Tuesday **29 August 2023**. They will be joined by Mark Rohald (Executive Deputy Chairman) and Trevor McDougall (Joint CEO).

Investors can register for the session using the following link:

[https://us02web.zoom.us/webinar/register/WN\\_ji0uJ2YoRXixBBfPEbYrg](https://us02web.zoom.us/webinar/register/WN_ji0uJ2YoRXixBBfPEbYrg)

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

[investor.relations@clueylearning.com](mailto:investor.relations@clueylearning.com)

ENDS

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

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**ABOUT CLUEY**

- Cluey is an innovative, ASX-listed Edtech company that combines education and technology to deliver quality education outcomes and an enhanced experience for students. Cluey provides curriculum aligned academic support for students in Australia and New Zealand. In addition, Cluey delivers co-curricular online, holiday camps and after-school programs in Australia and the United Kingdom through its wholly owned subsidiary, Code Camp. Cluey has a highly experienced management team and Board with a track record of building successful education businesses. Cluey is headquartered in Sydney.
- Cluey has been recognised in the prestigious HolonIQ inaugural list of most innovative Edtech companies in Australia. Cluey was also the winner of the 2022 Australian Growth Company Awards - Technology Growth Company of the Year; 2021 Technology Scale-up Edtech of the Year Award, and recognised as the 5th fastest growing technology company in Australia in the Deloitte Technology Fast 50 2021 Awards.

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