



ASX Announcement

29 February 2024

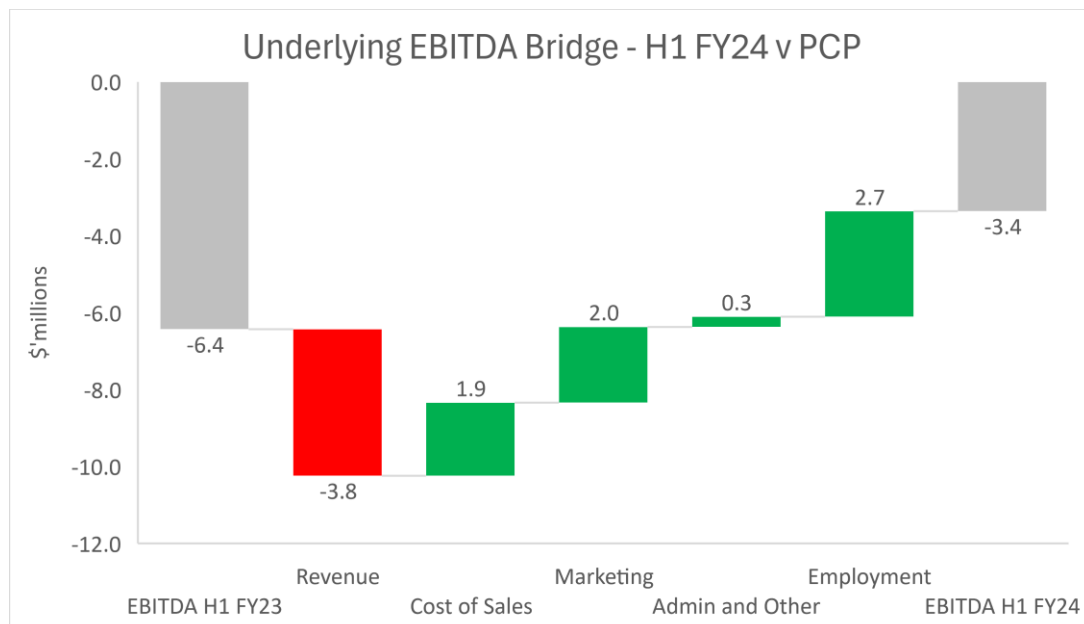
Cluey Ltd Reports Progress Towards Profitability with Improved H1 FY24 Results

Cluey Ltd (ASX: CLU) ("Cluey" or the "Company") today announced its results for the half year ended 31 December 2023 ("H1 FY24"), with substantial improvements in Underlying EBITDA and unit economics, highlighting the successful strategic shift towards profitability.

Matteo Trinca, Joint CEO, said: "It is pleasing to see the benefits from the initiatives implemented in FY23 and FY24 to reduce cash burn, decrease costs and drive the business to profitability. These benefits are continuing to flow in H2 FY24. Our hard work has laid the foundation for the Company to move to the next phase of planning and implementing our longer-term profitable growth strategy."

H1 FY24 Group¹ Key highlights:

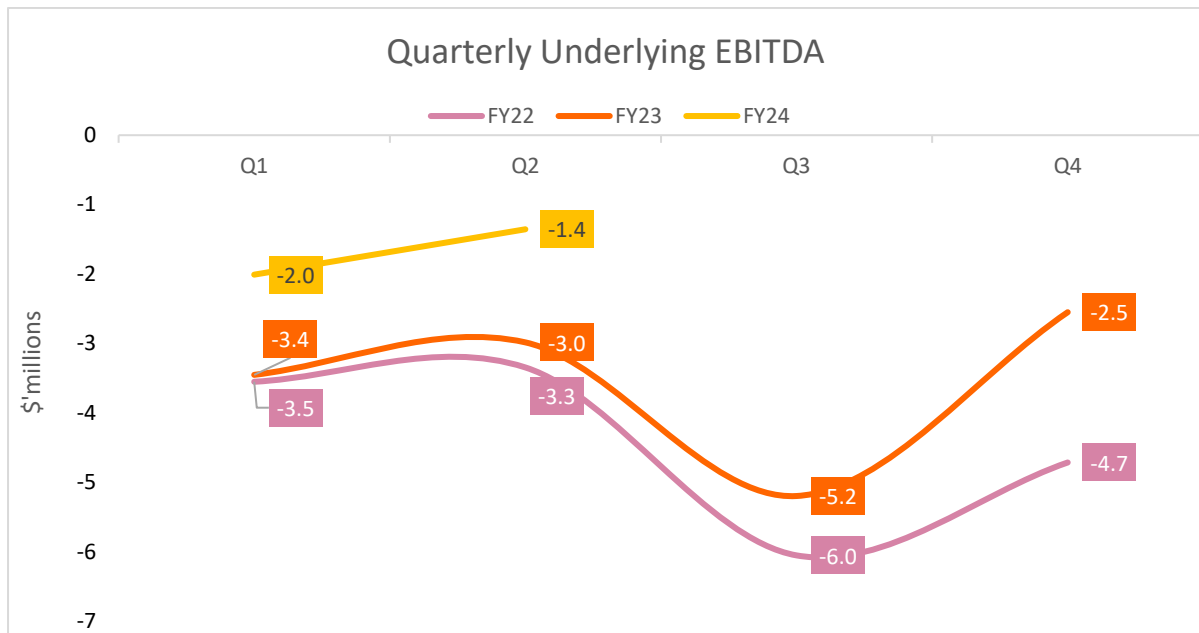
- **Underlying EBITDA:**
 - 48% improvement in Group H1 FY24 Underlying EBITDA² loss of \$3.4 million reduced from \$6.4 million in the prior corresponding period ('PCP').
 - This improvement in Underlying EBITDA is primarily due to cost-saving initiatives implemented in FY23 as Cluey shifted focus from growth to achieving profitability. In H1 FY24, these cost-saving initiatives delivered a \$5.7 million reduction in Cluey Learning's operating costs (excluding one-off restructuring costs amounting to \$0.3 million) compared to PCP.



¹ The Group comprises Cluey Ltd, Cluey Learning Pty Ltd and subsidiaries ('Cluey Learning') and Codecamp Holdings Pty Ltd and subsidiaries ('Code Camp')

² Underlying EBITDA is earnings before interest, tax, depreciation and amortisation, adjusted for restructuring costs and share-based payments expense

- Continued quarter-on-quarter improvement in Underlying EBITDA as the Company moves closer to profitability. In Q1 and Q2 of FY24, Underlying EBITDA improved by 42% and 55% on PCP, respectively.



- Gross Profit Margin:**
 - 3% improvement in Group Gross Profit margin in H1 FY24 to 58.3%, from 56.8% in the PCP.
 - 4% improvement in Cluey Learning's Gross Profit margin to 59.5%, from 57.0% in the PCP, primarily due to a reduction in Cost of Sales resulting from lower average tutor cost per session.
 - Code Camp's Gross Profit margin declined 2% from 55.8% (in the PCP) to 54.7%, primarily due to the scaling of new after-school venues (not yet operating at optimal student numbers) and a compositional shift in enrolments towards the newer camp products (with higher delivery costs).
- CAC and LTV:**
 - Group Variable Customer Acquisition Cost ('CAC') per New Student improved by 16% on PCP to \$292.
 - Group Lifetime Value ('LTV') (lifetime revenue after tutor and instructor costs) increased by 4% from FY23 to \$1,055 per student.
 - Group LTV to CAC ratio increased by 25% to 3.6 times from 2.9 for FY23.

Key Group metrics – H1 FY24

Revenue	Gross Profit
\$17.0m -18% on PCP	\$9.9m -16% on PCP
Gross Profit Margin (%)	New Students ³
58.3% +3% on PCP	16,724 -17% on PCP
Student Sessions ⁴	Variable CAC ⁵ per New Student
276k -13% on PCP	\$292 -16% (improvement) on PCP

Product and Technology Update

In H1 FY24, Cluey successfully implemented several significant product and technology initiatives. These initiatives include the successful deployment of Cluey's first GPT application that ensures tutors are continuously informed of individual learner requirements based on Learning Advisor call transcripts. Tutors automatically receive real-time updates, insights, and student/parent feedback from tutoring sessions. Further GPT applications are currently in development.

In addition, online assessment functionality was deployed in the Cluey Hub, enabling prospective students to complete an online assessment to determine student proficiency. Based on the outcome of these assessments, various self-enrolment journeys are provided. The use of free assessments is expected to deliver further optimisation of customer acquisition and cost improvements. This initiative is the first step in providing current and prospective students with complimentary value-added learning resources and allows Cluey to actively recommend personalised learning journeys for students at relevant points in their learning journey.

Following the significant investment in product and technology over the last 18 months and the successful numerous deployments of new products and services, customer and tutor hubs, and other technology improvements and efficiencies, the Company has reviewed existing technology and intends to reduce future investment in product and technology by approximately 50%. This reduction is expected to generate an annualised cash benefit of ~\$2.1 million. Future investment in product and technology will continue to focus on extending Cluey's products and services, technology and platform advantages, and furthering the optimisation of processes.

Education Advisory Board and Executive Changes

The Cluey teaching and learning model has been refined and optimised over more than 1.7 million learning sessions, and the core curriculum and content development is complete. As such, the Company has determined that it no longer requires a dedicated Education Advisory Board to support these initiatives. Going forward, specialist external education resources will be contracted, as needed.

The transition to a smaller and more streamlined Executive team led by the Joint CEO's Trevor McDougall and Matteo Trinca is complete. As part of this transition, Mark Rohald will

³ 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.

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

⁵ 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).

reduce his operational responsibilities. Mark will continue to lead corporate development, investor relations and education strategy. Mark's annual remuneration reduced from \$243,636 (plus superannuation) to \$150,000 (plus superannuation) from 1 January 2024 and his title shifted from Executive Deputy Chairman to Deputy Chairman.

Trading Update and H2 FY24 Outlook

Cluey's current focus is on achieving profitability and positive operating cashflows. Once profitability is achieved, Cluey will re-prioritise incremental and profitable growth via a range of new initiatives, including expansion of products, services and service configurations, and extensions into other education segments and international markets.

Additional targeted cost savings and efficiencies implemented in Q3 FY24 will deliver incremental annualised cash savings of ~\$3.6 million:

- ~\$2.1 million from a reduction in investment in product and technology following the completion and successful deployment of significant product and technology initiatives over the last 18 months
- ~\$1.1 million from other technology improvements and efficiencies
- ~\$0.4 million from additional headcount reduction in the Cluey head office.

One-off restructuring costs of ~\$0.5 million will be incurred.

Subject to constraining growth opportunities, the Company expects the cash balance of \$8.0 million (as at December 2023) to be sufficient to fund working capital requirements as Cluey drives towards achieving profitability and operating cashflow breakeven.

Given the ongoing cost-of-living pressures driven by macroeconomic factors, Cluey's performance may be adversely affected by changes in consumer behaviour. Cluey's broad portfolio of education services, designed to meet a range of family needs and affordable payment plans, should provide some insulation from this.

An investor presentation with further details in relation to the H1 FY24 Results will be lodged with ASX ahead of the H1 FY24 Results Webinar.

Cluey H1 FY24 results webinar:

Cluey is pleased to announce that Greg Fordred (CFO) and Matteo Trinca (Joint CEO) will be hosting an investor webinar on the H1 FY24 results at 11:00 am (AEDT) on Tuesday **5 March 2024**. They will be joined by Mark Rohald (Deputy Chairman). Investors can register for the session using the following link:

https://us02web.zoom.us/webinar/register/WN_yzcOwnA5RCaGdtx_IBPorQ

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

investor.relations@clueylearning.com

ENDS

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

For enquiries, please contact:

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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 the 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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