ASX Announcement

28 October 2021

Cluey September 2021 Quarterly Activities Report and Appendix 4C

Cluey Ltd (ASX: CLU) ("Cluey" or the "Company") is pleased to release its Appendix 4C Quarterly Cashflow Report and Quarterly Activities Report for the quarter ending 30 September 2021.

Highlights & key business activities

- 134% increase in revenue[1] compared to the prior corresponding period ("Q1 FY2021") ('PCP'), to $7.9 million and equals 50% of total FY21 revenue.
- 132% increase in student sessions compared to the PCP, to 122,322.
- 45% increase in cash receipts from customers compared to Q4 FY21, to $9.0 million for the quarter.
- 101% increase in New Students (with a session) compared to the PCP, to 7,411.
- 18% reduction in Variable CAC[2] per new student compared to the PCP, to $468.
- Agreement executed to acquire Code Camp, broadening Cluey's product mix.
- Successfully completed a $12 million Placement in connection with the acquisition of Code Camp.

Growth and improvement in all key metrics – Q1 FY22

Revenue[1]	**New Students**
$7.9m **+134% on PCP**	**7,411** **+101% on PCP**
Student sessions	**Variable CAC per New Student**
122k **+132% on PCP**	**$468** **-18% on PCP**

The business continued to perform strongly during the quarter achieving record performance in:

- New students (with a session) of 7,411, an increase of 101% on the PCP.
- 122,322 student sessions, an increase of 132% on the PCP.
- Revenue in Q1FY2022 was $7.9 million, an increase of 134% on the PCP.
- Variable CAC per new student of $468, a decrease of 18% on the PCP.

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

Acquisition of Code Camp and capital raise

During the quarter, the Company agreed to acquire coding and digital skills provider Code Camp Holdings Pty Ltd ("Code Camp") and also undertook an equity capital raising of $14 million, comprising a $12 million placement ("Placement") and $2 million Share Purchase Plan ("SPP"). The SPP completed on 1 October 2021. Proceeds from the Placement and SPP will be used to support the acquisition and growth of Code Camp and assist in funding additional growth opportunities.

The Code Camp acquisition completed on 1 October 2021 and was funded partly in cash ($1.3 million) and the balance by the issue of 5,987,489 shares[3] at a price of $1.119 per share. The cash payment of $1.3 million was made after the quarter end.

The acquisition of Code Camp broadens Cluey's product mix, providing the opportunity to increase active customers and lifetime value, and lower customer acquisition costs. Additionally, it will broaden Cluey's B2C online programs, extend Cluey's B2B and B2B2C offerings, as well as enable Cluey to offer face-to-face school holiday camps and after-school programs.

As the demand for coding and digital skills continues to grow, Code Camp will build on Cluey's existing curriculum aligned tutoring and test-preparation business, by providing Cluey with a range of co and extracurricular offerings and counter-cyclical revenue streams in the school holiday periods, when the consumption of tutoring services is typically lower.

Cluey plans to grow Code Camp's reach to a much larger number of schools, integrate customer marketing and sales with Cluey, enhance and expand Code Camp's online offering and develop new coding and digital skills programs.

On a pro-forma basis, Cluey and Code Camp would have generated combined revenues of $20.4 million in FY21. This excludes an additional $2.4 million in Code Camp revenues which were estimated to have been lost due to COVID-19 disruptions.

Quarterly Cashflow Report

The Appendix 4C Quarterly Cashflow Report was released to the ASX today.

Operating and Investing activities

Cluey continued to provide personalised online tutoring and educational support to Australian school students in the quarter.

Significant cash receipts and payments (inclusive of GST where applicable) disclosed in the Appendix 4C include:

- Cash receipts from customers of $9.0 million in the quarter, representing growth of 45% on cash receipts of $6.2 million in Q4 FY2021, and growth of 138% on cash receipts of $3.8 million in the PCP.
- Cash payments for advertising and marketing (including the payment of accruals and prepayments) in the quarter of $2.8 million. Cash payments for advertising and marketing decreased 17% from $3.4 million in Q4 FY2021 due to the timing of prepayments.
- Cash payments to staff and tutors disclosed in cash flow from operating activities in the quarter of $7.2 million. An additional $0.4 million of cash payments to staff in relation to the development of content and technology platform intangible assets is disclosed in cash flow from investing activities.

[3] Part of the shares were issued on completion on 1 October 2021 and the balance subject to Shareholder approval at the forthcoming Annual General Meeting, in accordance with ASX Listing Rules

- Cash payments of $0.2 million related to due diligence and legal transaction costs associated with the acquisition of Code Camp, which completed on 1 October 2021 as detailed above.

Financing activities

- Cash proceeds from the Placement of 10,434,783 ordinary shares in September 2021 of $11.5 million, net of transaction costs.
- An additional $2 million of cash proceeds from the SPP have been received after the quarter end.
- Refer to 'Acquisition of Code Camp and capital raise' above for further details.

Adjusted[4] net cash outflows before financing activities for Q1FY22 of $2.7 million is an improvement of $1.0 million on the prior quarter (Q4FY21) and an improvement of $0.3 million on the PCP (Q1FY21).

Use of funds – IPO capital raise $30m

The Company prepared the Prospectus in relation to the Offer of 25.1 million shares at an issue price of $1.20 per share to raise $30 million.

In Section 1.8 of the Prospectus, the Company provided a statement detailing the proposed use of these funds. The table below shows the use of funds from the date of admission to the ASX.

Use of funds	Proposed per Prospectus $m	Actual expenditure 8/12/20 to 30/9/21 $m	Commentary
Sales & Marketing	10.9	10.8	In line with expectations
Product, Customer Care, Education & Technology	5.8	4.0	In line with expectations
Expenses associated with the IPO	3.4	3.3	In line with expectations – noting that IPO costs include those incurred prior to 8/12/20
Working Capital	9.9	0.0	Currently funded from existing working capital reserves prior to the IPO
Total	**30.0**	**18.1**	

Quarter-end Cash Balance

Total cash on hand as at 30 September 2021 was $36.0 million.

[4] Adjusted for costs incurred in corporate development (including the acquisition of Code Camp, B2B NSW Department of Education Intensive Learning Support Program for Schools initiative, New Zealand launch and costs associated with the establishment of the new office)

Payments to Directors and Related Parties

During the quarter, the following payments to Directors and Related Parties were made:

- $179,000 included in cashflows from operating activities. These payments were to Executive Directors for gross salary, fees and expense reimbursements, and to Non-Executive Directors for fees.

Cluey 2021 Annual General Meeting

Cluey is pleased to announce that it will be holding its 2021 Annual General Meeting (AGM) at 10am (AEDT) today. Due to the continually evolving circumstances involving COVID-19 and associated health and safety concerns, the AGM will be held as a virtual meeting. An update on Q1FY22 financial performance will be provided at the AGM.

The notice of meeting was issued on 28 September 2021.

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

Cluey key facts:

- Cluey provides academic support for students in years 2-12 in Mathematics and English and years 11-12 in Chemistry, as well as test preparation for NAPLAN and Literacy and Numeracy Test for Initial Teacher Education.
- Through regular live online tutoring sessions, Cluey's learning model is underpinned by personalised and tailored programs, content mapped to the national and state curricula, targeted tutor feedback and comprehensive reporting to students and parents.
- Cluey's platform captures > 100,000 data points in every learning session to deliver valuable data-driven insights in teaching and learning using proprietary analytics.
- Cluey is headquartered in Sydney, Australia and has relocated to new offices at Suite 2, Level 2, 117 Clarence Street, Sydney. At the end of September 2021, Cluey had 125 full-time equivalent staff and 1,625 qualified tutors.

Cluey has been recognised in the prestigious HolonIQ inaugural list of most innovative Edtech companies in Australia. Cluey was also the winner of the 2021 Technology Scale-up Edtech of the Year Award.

Appendix 4C

Quarterly cashflow report for entities subject to Listing Rule 4.7B

Name of entity

Cluey Ltd

ABN	Quarter ended ("current quarter")
65 644 675 909	30 September 2021

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	9,027	9,027
1.2	Payments for:	0	0
	(a) research and development	0	0
	(b) product manufacturing and operating costs	0	0
	(c) advertising and marketing	(2,792)	(2,792)
	(d) leased assets	(73)	(73)
	(e) staff costs[1]	(7,171)	(7,171)
	(f) administration and corporate costs	(1,780)	(1,780)
1.3	Dividends received	0	0
1.4	Interest received	22	22
1.5	Interest and other costs of finance paid (refer item 3.9)	0	0
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	0
1.8	Other (provide details if material) - Acquisition related costs	(163)	(163)
1.9	**Net cash from / (used) operating activities**	**(2,930)**	**(2,930)**

[1] *Staff costs (item 1.2(e)) include payments to tutors for their service in the provision of online tutoring, and excludes staff costs capitalised and shown in investing cash flows*

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	(69)	(69)
	(d) investments	0	0
	(e) intellectual property[2]	(429)	(429)
	(f) other non-current assets	(158)	(158)
2.2	Proceeds from disposal of:	0	0
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received	0	0
2.5	Other (provide details if material)	0	0
2.6	**Net cash from / (used in) investing activities**	**(656)**	**(656)**

[2] *Payments to acquire intellectual property (item 2.1(e)) includes staff costs capitalised as intangible assets*

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)[3]	12,186	12,186
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(629)	(629)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material) - interest and compensation payments relating to convertible debt securities	0	0
3.10	**Net cash from / (used in) financing activities**	**11,557**	**11,557**

[3] *Proceeds from issues of equity securities (item 3.1) also includes settlement of employee loans and release of associated Treasury shares*

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	28,025	28,025
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,930)	(2,930)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(656)	(656)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,557	11,557
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	**Cash and cash equivalents at end of period**	**35,996**	**35,996**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	26,996	1,525
5.2	Call deposits	9,000	26,500
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**35,996**	**28,025**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (refer to quarterly activity report for further details)	179
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
6.3	Aggregate amount of payments to related parties and their associates included in item 3	0

7.	Financing facilities	Total facility at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	**Total financing facilities**	**0**	**0**
7.5	**Unused financing facilities available at quarter end**		**0**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

None

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,930)
8.2	Cash and cash equivalents at quarter end (item 4.6)	35,996
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	35,996
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**12**

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021

Authorised by: the Board of Cluey Ltd