Cluey Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Cluey Ltd
ABN:	65 644 675 909
Reporting period:	For the period ended 31 December 2023
Previous period:	For the period ended 31 December 2022

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	down	18.3%	to	16,985
Loss from ordinary activities after tax attributable to the owners of Cluey Ltd	down	20.1%	to	(6,876)
Loss for the period attributable to the owners of Cluey Ltd	down	20.1%	to	(6,876)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $6,876,000 (31 December 2022: $8,606,000).

Refer to the attached Interim Report for further commentary and key financial highlights.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.71	6.31

Calculated as follows:

	31 Dec 2023 $'000	31 Dec 2022 $'000
Net assets	11,082	19,016
Less: Intangibles	(7,757)	(10,578)
Less: Right-of-use assets	(217)	(507)
Add: Lease liabilities	240	536
Net tangible assets	3,348	8,467
Total shares issued, net of Treasury Shares (no.)	196,314,432	134,282,548

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of Cluey Ltd for the period ended 31 December 2023 is attached.

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12. Authorised for release by the Board of Directors

Signed ______________________________ Date: 29 February 2024

Robert Gavshon
Chairman
Sydney

Cluey Ltd

ABN 65 644 675 909

Interim Report - 31 December 2023

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' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2023.

Directors

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

Robert Gavshon	Chairman and Non-Executive Director
Mark Rohald	Deputy Chairman
Professor Ian Young	Independent Non-Executive Director
Michael Stibbard	Independent Non-Executive Director
Louise McElvogue	Independent Non-Executive Director

Principal activities

During the financial period 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 period.

Review 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/extra curricular online, holiday camps and after-school programs in Australia and the United Kingdom through its wholly owned subsidiary, Code Camp.

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.

In December 2023, the Group had 128 FTE(1) employees (a 37% reduction from 202 FTE employees in December 2022) and over 4,000 tutors and instructors during H1 FY24.

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

The loss for the Group after providing for income tax amounted to $6,876,000 (31 December 2022: $8,606,000).

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.

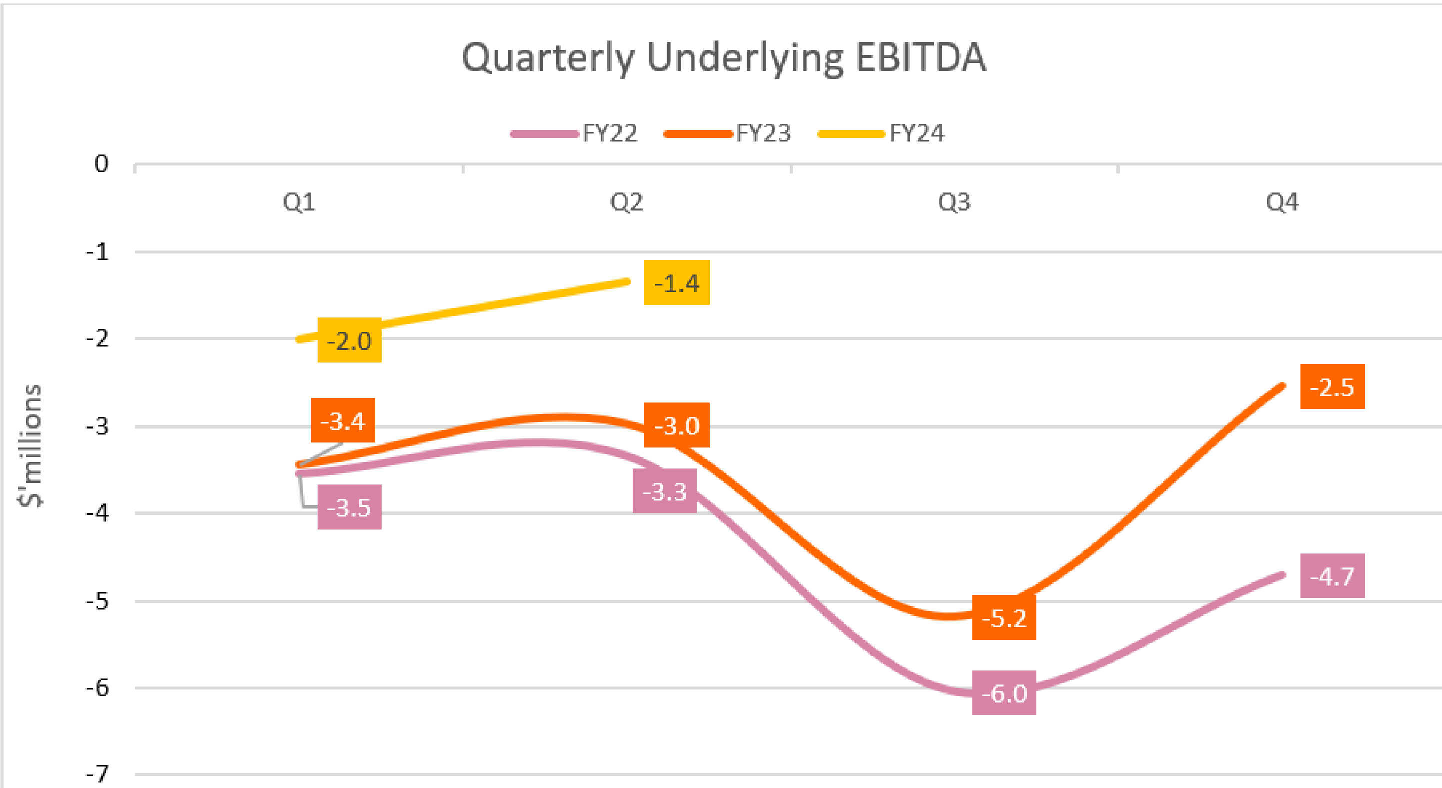
Underlying EBITDA is a key measurement used by the Group to assess and review business performance, and accordingly the following table provides a reconciliation between loss before income tax and Underlying EBITDA. Underlying EBITDA excludes other income, restructuring costs and non-cash share-based payments expense.

Reconciliation of Statutory loss to Underlying EBITDA

	6 months to 31 Dec 2023 ('H1 FY24') $'000	6 months to 31 Dec 2022 ('H1 FY23') $'000
Statutory loss before income tax	(6,876)	(8,606)
Amortisation of acquired intangibles	583	583
Depreciation and amortisation - other	2,529	747
Net finance costs	(162)	(116)
EBITDA	(3,926)	(7,392)
Add back:		
Other income	(5)	(6)
Restructuring costs	313	297
Share-based payments	257	669
Underlying EBITDA	**(3,361)**	**(6,432)**

Underlying EBITDA improved by 48% from H1 FY23 despite an 18% decline in revenue. 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 each quarter of FY23, the Group delivered an improvement in Underlying EBITDA compared to the prior corresponding period ('PCP'). In Q1 and Q2 of FY24, Underlying EBITDA improved by 42% and 55% respectively on PCP.



Operational highlights

- 48% improvement in Group H1 FY24 results, with Underlying EBITDA loss of $3.4 million reduced from $6.4 million in PCP. This improvement reflects the Group's ongoing initiatives to reduce cash burn, decrease costs and drive to profitability.
- In FY23 the Company announced a range of cost-saving initiatives in Cluey Learning. 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.
- 3% improvement in Group Gross Profit margin in H1 FY24 to 58.3%, compared to PCP. Cluey Learning's Gross Profit margin improved 4% to 59.5%, primarily due to a reduction in the average tutor cost per session. Code Camp's Gross Profit margin declined 2% 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).
- Implemented online assessment capability in the Cluey Hub, allowing prospective students to complete an online assessment to determine student proficiency and providing alternate self-enrolment journeys expected to deliver further customer acquisition improvements.
- Deployed Cluey's first GPT application that prepares tutors for upcoming sessions based on Learning Advisor call transcripts and updates these insights with feedback from tutoring sessions.

KPI's for the six months ended 31 December 2023 vs six months ended 31 December 2022

- $17.0 million in Revenue achieved in H1 FY24 (18% decline on PCP)
- $9.9 million Gross Profit achieved in H1 FY24 (16% decline on PCP) with a Gross Profit Margin of 58.3% (3% improvement on PCP)
- $292 Variable CAC[(2)] (CAC) per student achieved in H1 FY24 (16% improvement on PCP)
- 276,094 Student Sessions delivered in H1 FY24 (13% decline on PCP)
- 16,724 New Students[(3)] in H1 FY24 (17% decline on PCP)

(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 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 $3.4 million (including brand spend), plus learning advisor (sales) employment costs and commission of $1.5 million (included in employee benefits expense).

(3) New Students for Cluey Learning are those students who had a session in the period, whilst New Students for Code Camp are those who enrolled in the period.

Revenue from services rendered

Consolidated revenue declined 18% from $20.8 million to $17.0 million in H1 FY24, primarily due to the ongoing initiatives to reduce cash burn, decrease cost and drive to profitability. Cluey Learning revenue declined by 27% to $12.7 million primarily due to reduced spending on customer acquisition (35% decline in Cluey Learning Variable CAC from $6.6 million to $4.3 million). Code Camp revenue increased 22% to $4.3 million due primarily to a 91% increase in after-school revenue in Australia to $1.3 million and a 135% increase in total Code Camp UK revenue to $0.5 million.

Cost of sales

Cost of sales includes payments to tutors for their services in the provision of learning support, and payments to instructors, site rental costs and other materials for Code Camp holiday camp and after-school courses. Cost of sales decreased by 21% to $7.1 million in H1 FY24 compared to PCP.

Gross Profit for the period was $9.9 million, a 16% decline on PCP. In H1 FY24, Gross Profit margin improved by 3% to 58.3% from 56.8% due to a decrease in average tutor/instructor cost per session. Average revenue per student session declined 7% to $61.52 from $65.89 in the PCP due to a compositional shift from Cluey Learning student sessions to Code Camp after-school sessions. Code Camp after-school sessions in Australia and the UK represented ~26% of total student sessions in H1 FY24, compared to ~5% in H1 FY23. Average tutor/instructor costs per session decreased by 8% resulting from continued optimisation of tutor allocation and initiatives to reduce costs and improve efficiencies.

Operating expenses

Improved operating leverage achieved in FY23 has continued in H1 FY24 due to continued focus on cost control.

Direct marketing expenses of $3.7 million were 35% lower than H1 FY23, and represented 22% of revenue, down from 27% in H1 FY23.

General and administration ('Admin & Other') expenses of $2.4 million (excluding depreciation and amortisation expense), decreased by 7% on H1 FY23 but increased marginally as a % of revenue from 13% revenue in H1 HY23 to 15% revenue in H1 FY24.

In H1 FY24, employee benefits expenses (excluding share-based payment expense of $0.3 million and restructuring payments of $0.3 million) decreased by 29% to $7.2 million from $9.9 million in H1 FY23. FTE employees decreased by 27 (17%) from 155 in June 2023 to 128 in December 2023, and decreased by 74 (37%) from 202 FTE employees in December 2022. This reduction was primarily facilitated by product and technology enhancements to the learning environment, self-service automation and operating process improvements and efficiencies. In H1 FY24, employee benefits expense represented 42% of revenue, down from 48% in H1 FY23.

Variable customer acquisition expenditure (CAC)
Total CAC, which includes direct marketing expenses, brand spend and Learning Advisor (sales) employment costs and commissions, decreased by 31% from $7.0 million in H1 FY23 to $4.9 million in H1 FY24, whilst new students decreased by 17% on PCP.

CAC per new student improved, decreasing by 16% from $348 in H1 FY23 to $292 in H1 FY24. 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).

Business risk
The ability to achieve the Company's business strategies will depend on the effective management and mitigation of business risks including those detailed below. These risks were previously disclosed in the 2023 Annual Report and have been updated as necessary to the date of this report.

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.
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.

Business risk	Detail	Mitigation
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 that continue to be monitored.
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 and FY25-26 planning includes 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 FY23 and H1 FY24 and continued financial discipline will continue to flow in FY24 and beyond and drive the Group towards operating cash break-even.
Business environment	Risk of changes in the economic environment which could impact Cluey's business.	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. Cluey does not currently have any external borrowings and, as such, is not exposed to changes in interest rates.

Business risk	Detail	Mitigation
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.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Group during the financial period.

Matters subsequent to the end of the financial period
No matter or circumstance has arisen since 31 December 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.

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.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Mark Rohald Director	Robert Gavshon Chairman

29 February 2024
Sydney

Deloitte.

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29 February 2024

Board of Directors
Cluey Limited
Suite 2, Level 2
117 Clarence Street
Sydney NSW 2000

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 review of the half-year financial report of Cluey Limited for the half-year ended 31 December 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 review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants

	Note	Group 31 Dec 2023 $'000	Group 31 Dec 2022 $'000
Revenue			
Revenue from services rendered	4	16,985	20,796
Cost of sales	5	(7,083)	(8,984)
Gross profit		9,902	11,812
Other income		5	6
Interest income		169	129
Expenses			
Marketing		(3,693)	(5,665)
Occupancy		(98)	(93)
Administration	5	(5,484)	(3,888)
Employee benefits expense	5	(7,670)	(10,894)
Finance costs		(7)	(13)
Loss before income tax expense		(6,876)	(8,606)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Cluey Ltd		(6,876)	(8,606)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(8)	(4)
Other comprehensive loss for the period, net of tax		(8)	(4)
Total comprehensive loss for the period attributable to the owners of Cluey Ltd		(6,884)	(8,610)
		Cents	Cents
Basic earnings per share	11	(3.49)	(6.23)
Diluted earnings per share	11	(3.49)	(6.23)

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

	Note	Group 31 Dec 2023 $'000	Group 30 Jun 2023 $'000
Assets			
Current assets			
Cash and cash equivalents		7,952	14,700
Trade and other receivables		273	338
Other assets		1,099	810
Total current assets		9,324	15,848
Non-current assets			
Property, plant and equipment		74	130
Right-of-use assets		217	362
Intangibles	6	7,757	9,803
Total non-current assets		8,048	10,295
Total assets		17,372	26,143
Liabilities			
Current liabilities			
Trade and other payables	7	2,948	4,357
Contract liabilities		2,108	2,581
Lease liabilities		240	310
Employee benefits		553	681
Total current liabilities		5,849	7,929
Non-current liabilities			
Lease liabilities		-	81
Deferred tax		220	220
Employee benefits		221	204
Total non-current liabilities		441	505
Total liabilities		6,290	8,434
Net assets		11,082	17,709
Equity			
Issued capital	8	169,449	169,009
Reserves		(99,476)	(99,285)
Accumulated losses		(58,891)	(52,015)
Total equity		11,082	17,709

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

Cluey Ltd
Consolidated statement of changes in equity
For the period ended 31 December 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 2022	159,370	(3)	2,026	(101,897)	(32,805)	26,691
Loss after income tax expense for the period	-	-	-	-	(8,606)	(8,606)
Other comprehensive loss for the period, net of tax	-	(4)	-	-	-	(4)
Total comprehensive loss for the period	-	(4)	-	-	(8,606)	(8,610)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	266	-	-	-	-	266
Share-based payments (note 12)	-	-	669	-	-	669
Release of Code Camp vendor shares (note 8)	440	-	(440)	-	-	-
Balance at 31 December 2022	160,076	(7)	2,255	(101,897)	(41,411)	19,016

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 2023	169,009	(18)	2,630	(101,897)	(52,015)	17,709
Loss after income tax expense for the period	-	-	-	-	(6,876)	(6,876)
Other comprehensive loss for the period, net of tax	-	(8)	-	-	-	(8)
Total comprehensive loss for the period	-	(8)	-	-	(6,876)	(6,884)
Transactions with owners in their capacity as owners:						
Share-based payments (note 12)	-	-	257	-	-	257
Release of Code Camp vendor shares (note 8)	440	-	(440)	-	-	-
Balance at 31 December 2023	169,449	(26)	2,447	(101,897)	(58,891)	11,082

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

	Note	Group 31 Dec 2023 $'000	Group 31 Dec 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		18,369	22,829
Payments to suppliers and employees (inclusive of GST)		(24,167)	(31,122)
		(5,798)	(8,293)
Interest received		152	129
Net cash used in operating activities		(5,646)	(8,164)
Cash flows from investing activities			
Payments for property, plant and equipment		(3)	(3)
Payments for intangibles		(927)	(1,675)
Proceeds from release of long-term deposits		-	10,000
Net cash (used in)/generated from investing activities		(930)	8,322
Cash flows from financing activities			
Repayment of lease liabilities		(163)	(151)
Net cash used in financing activities		(163)	(151)
Net (decrease)/increase in cash and cash equivalents		(6,739)	7
Cash and cash equivalents at the beginning of the financial period		14,700	13,956
Effects of exchange rate changes on cash and cash equivalents		(9)	11
Cash and cash equivalents at the end of the financial period		7,952	13,974

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

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 period (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.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 February 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. There has been a change in accounting estimate which is detailed below.

Change in accounting estimate
During the period, the Group reviewed the estimate of useful lives of assets. As a result of technical innovations, the Group has revised the useful life of Platform intangible assets from 3 years to 2 years, effective 1 July 2023. Increased amortisation expense has been recognised in the period to reflect this change in accounting estimate.

Going concern
The Group has prepared the financial statements for the half-year ended 31 December 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 half-year ended 31 December 2023, the Group incurred a net loss of $6.9 million (31 December 2022: net loss of $8.6 million) and had a net outflow of cash from operating activities of $5.6 million (31 December 2022: net outflow of $8.2 million).

The Directors have considered the Group’s current financial position and approved forecasts through to June 2025 which indicate that the Group will continue to maintain a positive cash balance throughout the forecast period, and therefore that the continued application of the going concern basis of accounting is appropriate. Factors considered by the directors in forming this view include the following:

- As at 31 December 2023 the Group had cash balances of $8.0 million, a positive net working capital position of $3.5 million and a net asset position of $11.1 million;
- The Group has no external borrowings;
- Management has implemented initiatives to improve the student/tutor experience which are expected to improve student retention and increase the number of sessions delivered over time; and
- Management has implemented a range of cost reduction initiatives, and have planned further initiatives, that are expected to deliver ongoing costs savings for the Group.

Note 2. Material accounting policy information (continued)

Despite the above initiatives, 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 consumer discretionary expenditure and therefore the Group's ability to achieve its revenue estimates included in the cash flow forecasts.

In the event that the Group does not substantially trade in line with its cash flow forecast and its revenue targets or is unable to obtain the benefits of its cost saving initiatives, a material uncertainty would exist that may cast significant doubt on the Group's ability to continue as a going concern. Consequently, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in these financial statements.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments
The Group is organised into two 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.

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 following tables.

Unallocated and Corporate costs include public company costs incurred by Cluey Ltd including Directors fees, professional services, insurance and ASX listing costs. Comparatives have been restated to align with current year presentation.

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

Note 3. Operating segments (continued)

Operating segment information

Group - 31 Dec 2023	Cluey Learning $'000	Code Camp $'000	Unallocated/ Corporate $'000	Total $'000
Revenue				
Tutoring and educational support	12,650	4,335	-	16,985
Total revenue	12,650	4,335	-	16,985
Underlying EBITDA*	(2,701)	(325)	(335)	(3,361)
Depreciation and amortisation**	(2,494)	(618)	-	(3,112)
Interest income	160	9	-	169
Finance costs	(7)	-	-	(7)
Share-based payment expense	-	-	(257)	(257)
Other income and expenses	-	-	(308)	(308)
Loss before income tax expense	(5,042)	(934)	(900)	(6,876)
Income tax expense				-
Loss after income tax expense				(6,876)
Assets				
Segment assets***	10,493	6,879	-	17,372
Total assets				17,372
Liabilities				
Segment liabilities	3,293	2,753	244	6,290
Total liabilities				6,290

* Underlying EBITDA is a non-IFRS measure used by management and excludes interest, tax, depreciation, amortisation, restructuring related costs 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

Note 3. Operating segments (continued)

Group - 31 Dec 2022	Cluey Learning $'000	Code Camp $'000	Unallocated/ Corporate $'000	Total $'000
Revenue				
Tutoring and educational support	17,231	3,565	-	20,796
Total revenue	17,231	3,565	-	20,796
Underlying EBITDA*	(5,830)	(213)	(389)	(6,432)
Depreciation and amortisation**	(717)	(613)	-	(1,330)
Interest income	126	3	-	129
Finance costs	(13)	-	-	(13)
Share-based payment expense	-	-	(669)	(669)
Other income and expenses	-	-	(291)	(291)
Loss before income tax expense	(6,434)	(823)	(1,349)	(8,606)
Income tax expense				-
Loss after income tax expense				(8,606)

Group - 30 Jun 2023				
Assets				
Segment assets***	17,861	8,282	-	26,143
Total assets				26,143
Liabilities				
Segment liabilities	4,905	3,272	257	8,434
Total liabilities				8,434

* Underlying EBITDA is a non-IFRS measure used by management and excludes interest, tax, depreciation, amortisation, restructuring related costs 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

Note 4. Revenue

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

	Group	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Major product lines		
Cluey Learning tutoring and education support	12,650	17,231
Code Camp co/extra curricular education support	4,335	3,565
	16,985	20,796
Geographical regions		
Australia	15,771	19,835
United Kingdom	468	199
New Zealand	746	762
	16,985	20,796
Timing of revenue recognition		
Services transferred at a point in time	16,985	20,796

Note 5. Expenses

	Group	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Loss before income tax includes the following specific expenses:		
Cost of sales		
Tutoring and other costs	7,083	8,984
Depreciation and amortisation (included in administration expenses)		
Property, plant and equipment	59	65
Right-of-use assets	145	145
Intangible assets (note 6)	2,908	1,120
Total depreciation and amortisation	3,112	1,330
Employee benefits expense		
Wages and salaries and other employee benefits	6,728	9,363
Defined contribution superannuation expense	685	862
Share-based payment expense	257	669
Total employee benefits expense	7,670	10,894
Finance costs		
Interest and finance charges paid/payable on lease liabilities	7	13
Leases		
Short-term lease payments	44	43

Note 6. Intangibles

	Group 31 Dec 2023 $'000	Group 30 Jun 2023 $'000
Non-current assets		
Goodwill - at cost	3,768	3,768
Brand name - at cost	732	732
Software - at cost	3,690	3,690
Less: Accumulated amortisation	(2,768)	(2,140)
	922	1,550
Platform - at cost	4,296	3,500
Less: Accumulated amortisation	(2,872)	(950)
	1,424	2,550
Content - at cost	1,464	1,687
Less: Accumulated amortisation	(553)	(484)
	911	1,203
	7,757	9,803

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

Group	Goodwill* $'000	Brand name* $'000	Software $'000	Platform $'000	Content $'000	Total $'000
Balance at 1 July 2023	3,768	732	1,550	2,550	1,203	9,803
Additions	-	-	-	796	66	862
Amortisation expense	-	-	(628)	(1,922)	(358)	(2,908)
Balance at 31 December 2023	3,768	732	922	1,424	911	7,757

* Goodwill and brand name have indefinite useful lives.

Impairment testing

Capitalised Platform development costs
The Group has undertaken impairment testing in relation to its capitalised platform development costs as a result of identifying indicators of impairment during the half-year. The recoverable amount of the Group's capitalised platform development costs has been determined by a value-in-use calculation using a discounted cash flow model, based on a five-year projection period together with a terminal value.

The Directors have reviewed the carrying amount of the capitalised platform development costs and have concluded that its carrying amount is recoverable at balance date.

The Group is focusing on managing costs and rebuilding the Cluey Learning business over the medium term. The recoverability assessment of capitalised development costs is based on revenue returning to FY23 levels of circa $32 million and the post-restructure cost structure (including marketing costs) being held broadly consistent in dollar terms, over the five-year projection period. If the Group does not meet its revenue targets and / or is unable to maintain its costs base (including having to incur higher customer acquisition costs) over the projection period, then the capitalised platform development costs may not be recoverable. Refer also Going Concern note 2 for additional detail.

Note 6. Intangibles (continued)

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

	Group	
	31 Dec 2023 $'000	30 Jun 2023 $'000
Code Camp Goodwill	3,768	3,768
Brand Name	732	732
Total Code Camp CGU	4,500	4,500

Of the $4,449,790 indefinite life intangible assets allocated to the Code Camp CGU, $3,767,790 relate to goodwill. The recoverable amount of the Group'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 five-year projection period approved by management, 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. The number of student sessions are forecast to grow by 71% in FY25 and 44% in FY26, 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. 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. Actual Code Camp revenue growth in H1 FY24 vs PCP was 22% as per note 4. In FY23 revenue grew over 80% compared to PCP (including 3 months pre-acquisition in the PCP). 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 forecast is sensitive to changes in revenue and cost of sales which are inter-related. If revenue forecasts are not achieved by 34% the recoverable amount would be equal to the carrying value, assuming no change in forecast operating expenses.

Note 7. Trade and other payables

	Group	
	31 Dec 2023 $'000	30 Jun 2023 $'000
Current liabilities		
Trade payables	1,067	2,399
Goods and services tax and value added tax payable	323	428
Accrued expenses	324	681
Other payables (including employment related liabilities)	1,234	849
	2,948	4,357

Note 8. Issued capital

	Group			
	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 $'000	30 Jun 2023 $'000
Ordinary shares - fully paid	201,613,568	201,613,568	169,915	170,863
Treasury shares under Employee Share Option Plan and Restricted Shares	(5,299,136)	(3,997,684)	(466)	(1,854)
	196,314,432	197,615,884	169,449	169,009

Details	Date	Shares	$'000
Balance	1 July 2023	(3,997,684)	(1,854)
Reorganisation of treasury shares	11 September 2023	(1,658,914)	948
Release of Code Camp vendor shares from share-based payments	1 October 2023	357,462	440
Balance	31 December 2023	(5,299,136)	(466)

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 that were issued to the vendors of Code Camp which did not form part of the total purchase price and instead were treated as share base payment in accordance with AASB 2 'Share-based Payment' as these shares were held in escrow and were subject to vesting conditions linked to service and were expensed over the vesting period.

Note 9. Dividends

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

Note 10. Contingent liabilities

The Group has given a bank guarantee as at 31 December 2023 of $157,608 (30 June 2023: $157,608) to their landlord.

Note 11. Earnings per share

	Group	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Loss after income tax attributable to the owners of Cluey Ltd	(6,876)	(8,606)

Note 11. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	196,784,842	138,033,397
Weighted average number of ordinary shares used in calculating diluted earnings per share	196,784,842	138,033,397

	Cents	Cents
Basic earnings per share	(3.49)	(6.23)
Diluted earnings per share	(3.49)	(6.23)

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 12. Share-based payments

Details of the option and performance rights plans can be found in the 30 June 2023 Annual report.

Set out below are summaries of options granted under the option plans:

31 Dec 2023

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
03/05/2021	03/05/2026	$1.100	2,397,000	-	-	(2,302,334)	94,666
31/08/2021	31/08/2026	$1.020	120,000	-	-	(120,000)	-
03/11/2021	03/05/2026	$1.100	300,000	-	-	(300,000)	-
21/07/2022	21/07/2027	$0.500	1,740,000	-	-	(1,699,999)	40,001
25/01/2023	25/01/2028	$0.410	220,000	-	-	(220,000)	-
30/11/2023	30/11/2028	$0.150	-	7,426,000	-	-	7,426,000
			4,777,000	7,426,000	-	(4,642,333)	7,560,667

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

31 Dec 2023

Grant date	Expiry date	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
03/05/2021	03/05/2026	450,000	-	-	(450,000)	-
03/11/2021	03/05/2026	200,000	-	-	(200,000)	-
30/11/2023	30/11/2028	-	4,550,000	-	-	4,550,000
		650,000	4,550,000	-	(650,000)	4,550,000

For the options granted during the current financial period, 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
30/11/2023	30/11/2028	$0.081	$0.150	83.00%	-	4.25%	$0.0354

Note 12. Share-based payments (continued)

For the performance rights granted during the current financial period, 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*
30/11/2023	30/11/2028	$0.081	$0.150	83.00%	-	4.25%	$0.0810

Note 13. Events after the reporting period

No matter or circumstance has arisen since 31 December 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial period 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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Mark Rohald Director	Robert Gavshon Chairman

29 February 2024
Sydney

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Independent Auditor's Review Report to the Members of Cluey Limited

Conclusion

We have reviewed the half-year financial report of Cluey Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, and the condensed consolidated of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year 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 and 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 annual 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 review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the half-year financial report which indicates that the Group incurred a loss of $6.9m and generated net operating cash outflows of $5.6m for the period ended 31 December 2023. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants

Sydney, 29 February 2024