

OpenLearning Limited and Controlled Entities

ABN 18 635 890 390

Half-Year Report and Appendix 4D
30 June 2020

Results for announcement to the market

Results for the half-year ended 30 June 2020 ('HY2020'):

- gross sales of \$1,510,320, an increase of 52.3% year-on-year ('y-o-y');
- revenue of \$1,007,318, an increase of 27.8% y-o-y; and
- loss after tax of \$(2,216,590), a decline in losses of 3.8% y-o-y.

	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019	INC/(DEC)
	\$	\$	%
Revenue from ordinary activities	1,007,318	788,102	27.8
Revenue comprises of the following:			
Platform SaaS fees	516,700	285,542	81.0
Marketplace sales	572,941	311,296	84.1
Services sales	420,679	394,782	6.6
Gross sales	1,510,320	991,620	52.3
Less: Sharing of revenue with course creators	(503,002)	(203,518)	>100.0
Revenue	1,007,318	788,102	27.8
Loss for the period	(2,216,590)	(2,303,869)	(3.8)
Loss for the period attributable to members	(2,216,590)	(2,303,869)	(3.8)
Net tangible assets/(liabilities) per share	\$0.03	\$(0.04)	

The Group continued its focus on growing Platform SaaS fees by expanding its sales, marketing and customer success teams. The advent of COVID-19 in HY2020 leading to imposition of stay-at-home measures resulted in education providers placing emphasis on delivery of their courses online and greater students' enrolment in online courses. These resulted in an increase in gross sales across all of the Group's revenue streams, particularly for Platform SaaS fees which increased 81.0% y-o-y and for Marketplace sales which increased 84.1% y-o-y. For Marketplace, the Group transitioned from predominately a revenue share arrangement to a subscription-based model in the corresponding HY2019 with the aim of increasing platform usage, hence reducing the gross margin for Marketplace comparing HY2020 against HY2019. This strategy resulted in strong revenue growth of 27.8% y-o-y in HY2020 for the Group.

Loss after tax for HY2020 reduced by 3.8% y-o-y to \$(2,216,590). The Group carried out a restructure in FY2019 that enabled it to invest in sales and marketing as outlined in the Group's prospectus at its IPO. The effect of the restructure resulted in overall loss reducing marginally in spite of larger corporate costs incurred in HY2020 following the Company's listing on the ASX in December 2019.

Dividends

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

Financial report

The financial report for the Group for the half-year ended 30 June 2020 is attached to this Appendix 4D statement.

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Lifelong Learning. Endless Possibilities.

OpenLearning Limited and Controlled Entities
Consolidated Half-Year Financial Report 2020

ABN 18 635 890 390

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Directors' report

Your directors submit the financial report of OpenLearning Limited ('OLL' or the 'Company') and its controlled entities (the 'Group') for the half-year ended 30 June 2020.

Directors

The names of directors who held office during or since the end of the half-year:

Kevin Barry	Non-Executive Chairman
Adam Brimo	Managing Director and Group CEO
Spiro Pappas	Executive Director
David Buckingham	Non-Executive Director
Professor Beverley Oliver	Non-Executive Director
Maya Hari	Non-Executive Director

Dividends

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

Review of operations and financial position

Results for the half-year ended 30 June 2020 ('HY2020'):

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Directors' report

Continued

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Loss after tax for HY2020 reduced by 3.8% y-o-y to \$(2,216,590). The Group carried out a restructure in FY2019 that enabled it to invest in sales and marketing as outlined in the Group's prospectus at its IPO. The effect of the restructure resulted in overall loss reducing marginally in spite of larger corporate costs incurred in HY2020 following the Company's listing on the ASX in December 2019.

Cash and cash equivalents were at \$5,922,838 as at 30 June 2020 being balance proceeds from the successful listing of the Company on the ASX in December 2019.

Impact of COVID-19

The disruption caused by COVID-19 is foreseen to lead to fundamental and long-lasting changes in the way education is delivered, in particular for the higher education sector where this will accelerate the shift to online education. The Group is well positioned to assist education providers to expand their online offerings through its purpose-built platform, experienced learning services team and proven ability in delivering micro-credentials and short courses.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 15 for the half-year ended 30 June 2020.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Adam Brimo
Managing Director and Group CEO

Dated: 27 August 2020

Consolidated statement of profit or loss

For the half-year ended 30 June 2020

	NOTE	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
		\$	\$
Revenue	2	1,007,318	788,102
Other income		53,932	14,016
Items of expense			
Web-hosting and other direct costs		(211,553)	(219,759)
Employee benefits expense		(2,058,423)	(2,318,907)
Depreciation and amortisation		(137,102)	(15,649)
Promotional and advertising		(162,997)	(44,979)
Professional services		(398,624)	(125,059)
General and administrative costs		(323,192)	(373,942)
		(2,230,641)	(2,296,177)
Finance income		25,036	3,204
Finance expenses		(10,985)	(10,896)
Loss before tax		(2,216,590)	(2,303,869)
Income tax benefit		-	-
Loss for the period	2	(2,216,590)	(2,303,869)
Loss for the period attributable to:			
Owners of the Company		(2,216,590)	(2,303,869)
Losses per share attributable to owners of the Company			
Basic losses per share (cents)	3	(1.59)	(1.65)
Diluted losses per share (cents)	3	(1.54)	(1.65)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated statement of comprehensive income

For the half-year ended 30 June 2020

	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
	\$	\$
Loss for the period	(2,216,590)	(2,303,869)
Other comprehensive income/(loss):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	(8,427)	(2,126)
Total comprehensive loss for the period	(2,225,017)	(2,305,995)
Attributable to:		
Owners of the Company	(2,225,017)	(2,305,995)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated statement of financial position

As at 30 June 2020

	NOTE	AS AT 30 JUNE 2020	AS AT 31 DECEMBER 2019
		\$	\$
ASSETS			
Current assets			
Trade and other receivables		335,700	551,580
Prepayments		119,715	226,576
Cash and cash equivalents		5,922,838	7,740,768
		6,378,253	8,518,924
Non-current assets			
Furniture, fittings and equipment		62,839	62,392
Intangible assets		409,420	453,341
Right-of-use assets		374,977	349,405
		847,236	865,138
Total assets		7,225,489	9,384,062
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables		658,687	793,582
Provisions		173,055	143,650
Lease liability		181,617	132,191
Borrowing		–	17,727
Deferred revenue		511,075	572,737
		1,524,434	1,659,887
Net current assets		4,853,819	6,859,037
Non-current liability			
Lease liability		230,448	250,884
Other payables		88,927	199,927
		319,375	450,811
Total liabilities		1,843,809	2,110,698
Net assets		5,381,680	7,273,364
Equity attributable to the owners of the Company			
Share capital	4	23,645,966	23,233,194
Accumulated losses		(21,630,030)	(19,413,440)
Reserves		3,365,744	3,453,610
Total equity		5,381,680	7,273,364

This statement should be read in conjunction with the notes to the financial statements.

Consolidated statement of changes in equity

For the half-year ended 30 June 2020

	SHARE CAPITAL (NOTE 4)	OTHER RESERVES (NOTE 5)	ACCUM- ULATED LOSSES	TOTAL
	\$	\$	\$	\$
Opening balance at 1 January 2020	23,233,194	3,453,610	(19,413,440)	7,273,364
Loss for the period	–	–	(2,216,590)	(2,216,590)
<i>Other comprehensive income/(loss)</i>				
Foreign currency translation, representing total other comprehensive income/(loss) for the period	–	(8,427)	–	(8,427)
Total comprehensive loss for the period	–	(8,427)	(2,216,590)	(2,225,017)
Issuance of ordinary shares:				
– pursuant to exercise of share options	412,772	(79,439)	–	333,333
Closing balance at 30 June 2020	23,645,966	3,365,744	(21,630,030)	5,381,680
Opening balance at 1 January 2019	12,937,238	15,841	(11,693,489)	1,259,590
Loss for the period	–	–	(2,303,869)	(2,303,869)
<i>Other comprehensive income/(loss)</i>				
Foreign currency translation, representing total other comprehensive income/(loss) for the period	–	(2,126)	–	(2,126)
Total comprehensive loss for the period	–	(2,126)	(2,303,869)	(2,305,995)
Closing balance at 30 June 2019	12,937,238	13,715	(13,997,358)	(1,046,405)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated statement of cash flows

For the half-year ended 30 June 2020

	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
	\$	\$
Operating activities		
Receipts from customers	1,664,783	1,070,127
Payments to suppliers and employees	(3,707,575)	(2,513,892)
Proceeds from other income	53,932	14,016
Net cash flows used in operating activities	(1,988,860)	(1,429,749)
Investing activities		
Purchase of furniture, fittings and equipment	(8,265)	(9,778)
Purchase of/Improvement to intangible assets	(131,876)	(103,368)
Net cash flows used in investing activities	(140,141)	(113,146)
Financing activities		
Proceeds from exercise of share options	333,333	–
Proceeds from issuance of convertible notes	–	700,000
Repayment of borrowing	(17,727)	–
Net cash flows generated from financing activities	315,606	700,000
Net decrease in cash and cash equivalents	(1,813,395)	(842,895)
Effect of exchange rate changes on cash and cash equivalents	(4,535)	193
Cash and cash equivalents at beginning of the period	7,740,768	1,076,732
Cash and cash equivalents at end of the period	5,922,838	234,030

This statement should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

Half-year ended 30 June 2020

1. Summary of significant accounting policies

1.1 Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 30 June 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of OpenLearning Limited and its controlled entities (the 'Group'). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2019, together with any public announcements made during the following half-year.

Where required by AASBs, comparative figures have been adjusted to conform with changes in presentation for the current period.

These interim financial statements were authorised for issue on 27 August 2020.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realization and the settlement of liabilities in the ordinary course of business.

The Group incurred a net loss for the half-year of \$2,216,590 (HY2019: \$2,303,869) and net operating cash outflows of \$1,988,860 (HY2019: \$1,429,749). As at 30 June 2020, the Group had accumulated losses of \$21,630,030 (31 December 2019: \$19,413,440).

The Group has prepared a budget for the financial year ending 31 December 2020. The cashflow estimation derived from the Group's budget and the existing rate of cash outflows from operations indicate the ability of the Group to continue as a going concern for a period of at least 12 months from the date the financial report was authorized for issue. Management have a number of on-going initiatives which they foresee will improve the Group's cashflow generation beyond this period of 12 months, some of which have been announced relating to development of micro-credentials and short courses. The key assumptions of this assessment are based on the funds remaining from the listing of the Company on the ASX in December 2019, on-going sales collection, potential revenue from new ventures pertaining to development of micro-credentials and short courses and conscientious monitoring of working capital needs.

The financial statements have been therefore prepared on a going concern basis for the above reasons. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

1.3 Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new and amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

2. Income and Expenses

	30 JUNE 2020	30 JUNE 2019
	\$	\$
Loss before income tax from continuing operations includes the following revenue and expense items:		
Revenue		
Platform SaaS fees	516,700	285,542
Marketplace sales	69,939	107,778
Services sales	420,679	394,782
	1,007,318	788,102
Other Income		
Cash flow boost incentive from the government	50,000	–
Expenses		
Depreciation and amortisation		
– depreciation of furniture, fittings and equipment	7,783	15,649
– depreciation on right-of-use assets	89,091	–
– amortisation of intangible assets	40,228	–
Professional services		
– contractors	151,378	52,193

3. Losses per share

Both the basic and diluted losses per share have been calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

The reconciliation of the weighted average number of ordinary shares for the purposes of calculating the diluted losses per share is as follows:

	30 JUNE 2020	30 JUNE 2019
Weighted average number of ordinary shares for basic losses per share computation	139,794,846	139,666,641
Effects of dilution from:		
– share options issued to convertible note holders	3,822,271	–
– share options issued to advisors	366,065	–
Weighted average number of ordinary shares for diluted losses per share computation	143,983,182	139,666,641

Notes to the financial statements

Continued

4. Share capital

	30 JUNE 2020	31 DECEMBER 2019
	\$	\$
141,333,307 (31 Dec 2019: 139,666,641) fully paid ordinary shares	23,645,966	23,233,194

4.1 Movements in ordinary shares

	30 JUNE 2020		31 DECEMBER 2019	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares:				
At 1 January	139,666,641	25,477,155	25,000,000	5,189,487
Issuance of shares during the period:				
– pursuant to OLGAI Share Exchange Agreement	–	–	16,527,200	96,863
– pursuant to OLGSG Share Exchange Agreement	–	–	23,472,801	8,550,009
– pursuant to conversion of convertible notes	–	–	30,833,307	3,700,000
– issuance to advisors and a director	–	–	3,833,333	766,667
– pursuant to initial public offering of shares	–	–	40,000,000	8,000,000
– fair value adjustment on shares issued	–	–	–	(825,871)
– pursuant to exercise of share options	1,666,666	333,333	–	–
– adjustment to valuation of options	–	79,439	–	–
At end of the period	141,333,307	25,889,927	139,666,641	25,477,155
Issued and fully paid "A" shares:				
At 1 January	–	–	7,500,000	7,500,000
Shares issued on conversion of convertible preference shares	–	–	4,895,597	3
Transfer pursuant to OLGSG Share Exchange Agreement	–	–	(12,395,597)	(7,500,003)
At end of the period	–	–	–	–
Issued and fully paid "B" shares:				
At 1 January	–	–	1,050,000	1,050,000
Shares issued on conversion of convertible preference shares	–	–	685,384	6
Transfer pursuant to OLGSG Share Exchange Agreement	–	–	(1,735,384)	(1,050,006)
At end of the period	–	–	–	–
Equity issuance costs	–	(2,243,961)	–	(2,243,961)
Balance at end of the period	141,333,307	23,645,966	139,666,641	23,233,194

Corporate reorganisation

The Group undertook the transactions described below in the previous financial half-year ended 31 December 2019 as part of a corporate reorganisation to facilitate the listing of the Company on the ASX.

The Company acquired the entire issued and paid-up share capital of OLG Australia Investors Pte Ltd ("OLGAI") from all its shareholders ("OLGAI Shareholders") via the entry and execution of a share exchange agreement made between the OLGAI Shareholders and the Company ("OLGAI Share Exchange Agreement").

OLGAI together with a group of minority shareholders ("OLGSG Minority Shareholders") owns the entire issued and paid-up share capital of OpenLearning Global Pte Ltd ("OLGSG"). OLGSG in turn owns the entire issued and paid-up share capital in Open Learning Global Pty Ltd ("OLGAU") and OpenLearning Global (M) Sdn Bhd ("OLGMY"). OLGAU and OLGMY are the operating subsidiaries of the Group providing a cloud-based social learning platform, learning design services and sale of education courses through a global marketplace.

The Company, together with the execution of the OLGAI Share Exchange Agreement, also acquired the entire issued and paid-up share capital of OLGSG via the entry and execution of a share exchange agreement made between the OLGSG Minority Shareholders and the Company ("OLGSG Share Exchange Agreement").

Pursuant to the OLGAI Share Exchange Agreement and the OLGSG Share Exchange Agreement (collectively, the "Group Share Exchange Agreements"), both the OLGAI Shareholders and the OLGSG Minority Shareholders sold and transferred all their respective shares in OLGAI and OLGSG to the Company in exchange for the Company allotting to each of the OLGAI Shareholders and OLGSG Minority Shareholders new shares in the Company representing all the issued and paid-up shares of the Company.

Following the completion of the Group Share Exchange Agreements, the Company further issued shares and/or unquoted options (i) pursuant to conversion of convertible notes, (ii) to advisors and a director for services rendered and (iii) for the initial public offering of shares on the ASX.

4.2 Movements in unquoted options over ordinary shares

EXERCISE PERIOD	EXERCISE PRICE PER SHARE	NUMBER ON ISSUE AT 31 DEC 2019	EXERCISED/ EXPIRED/ CANCELLED	NUMBER ON ISSUE AT 30 JUNE 2020
On or before 9 December 2021*	\$0.20	30,833,307	(1,666,666)	29,166,641
On or before 9 December 2022*	\$0.20	2,793,333	–	2,793,333
On or before 9 December 2022*	\$0.30	5,000,000	–	5,000,000
Total unquoted options		38,626,640	(1,666,666)	36,959,974

* Exercise of the options is subject to escrow periods.

4.3 Performance rights

2,750,000 performance rights were granted on 9 December 2019 to two directors of the Company. These performance rights are exercisable to 2,750,000 ordinary shares in the Company without consideration provided revenue milestones are met, are exercisable within 5 years following grant date and are subject to an escrow period.

5. Reserves

	30 JUNE 2020	31 DECEMBER 2019
	\$	\$
Foreign currency translation reserve	3,292	11,719
Common control reserve	1,650,477	1,650,477
Share option reserve	1,711,975	1,791,414
	3,365,744	3,453,610

Notes to the financial statements

Continued

6. Operating segments

6.1 Segment revenue

The Group has disaggregated revenue into various categories in the following table. The revenue is disaggregated by geographical market, product/service lines and timing of revenue recognition.

	HALF-YEARS ENDED 30 JUNE							
	PLATFORM SAAS		SERVICES		MARKETPLACE		TOTAL	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Geographical markets								
Australia	289,496	219,221	408,713	184,800	69,816	77,890	768,025	481,911
Malaysia	222,178	62,357	11,966	209,982	123	29,888	234,267	302,227
Singapore	5,026	3,964	–	–	–	–	5,026	3,964
	516,700	285,542	420,679	394,782	69,939	107,778	1,007,318	788,102
Timing of revenue recognition								
Products and services transferred to customers:								
At a point in time	–	–	–	–	69,939	107,778	69,939	107,778
Over time	516,700	285,542	420,679	394,782	–	–	937,379	680,324
	516,700	285,542	420,679	394,782	69,939	107,778	1,007,318	788,102

6.2 Segment performance and assets/liabilities

The Group has identified its operating segments based on the internal reports that are reviewed and used by management in assessing performance and determining the allocation of resources.

The Group's sales, marketing and professional services operations are managed on the basis of geographical location. The Group's shared services, which includes software engineering, product management and finance, are primarily located in Australia and expenses are primarily booked within the Australian entity, with the addition of a separate corporate overheads segment. Operating segments are therefore determined on the same basis and the Group has four reportable segments as follows:

- (a) Australia;
- (b) Malaysia;
- (c) Singapore; and
- (d) Corporate (based in Australia).

	AUSTRALIA	MALAYSIA	SINGAPORE	CORPORATE (AUSTRALIA)	TOTAL
	\$	\$	\$	\$	\$
Half-year ended 30 June 2020					
Revenue:					
External sales	768,025	234,267	5,026	–	1,007,318
Segment results:					
Segment loss	(1,257,085)	(433,380)	(20,418)	(505,707)	(2,216,590)
Segment assets	1,040,903	704,359	9,997	5,470,230	7,225,489
Segment liabilities	1,335,866	454,098	668	53,177	1,843,809
Half-year ended 30 June 2019					
Revenue:					
External sales	481,911	302,227	3,964	–	788,102
Segment results:					
Segment loss	(1,665,484)	(503,415)	(134,970)	–	(2,303,869)
Segment assets	354,343	837,884	6,669	–	1,198,896
Segment liabilities	1,110,346	388,291	746,826	–	2,245,463

7. Events after the reporting period

No events have arisen that would be likely to materially affect the operations of the Group, or the state of affairs of the Group not otherwise disclosed in the Group's financial report.

8. Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting period.

9. Seasonality of Operations

The Group's performance is generally not affected by seasonality of operations.

10. Fair value measurements

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

Directors' declaration

Half-year ended 30 June 2020

In accordance with a resolution of the directors of OpenLearning Limited, the directors of the Company declare that:

1. The financial statements and notes, as set out, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Standard AASB 134: *Interim Financial Reporting*; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors



Adam Brimo
Managing Director and Group CEO

Dated: 27 August 2020

Auditor's independence declaration

HALL CHADWICK  (NSW)

OPENLEARNING LIMITED
ABN 18 635 890 390
AND CONTROLLED ENTITIES

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF OPENLEARNING LIMITED**

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Ex: (612) 9263 2800

In accordance with Section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of OpenLearning Limited. As the lead partner for the review of the financial report of OpenLearning Limited for the half year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 27 August 2020

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Independent auditor's review report

HALL CHADWICK  (NSW)

OPENLEARNING LIMITED
AND CONTROLLED ENTITIES
ABN 18 635 890 390

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
OPENLEARNING LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
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Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of OpenLearning Limited and controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, 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 30 June 2020 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of OpenLearning Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report which indicates that the Group had incurred a net loss of \$2,216,590 and net operating cash outflow of \$1,988,860. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of OpenLearning Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 27 August 2020

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Corporate directory

Directors

Kevin Barry	Non-Executive Chairman
Adam Brimo	Managing Director and Group CEO
Spiro Pappas	Executive Director
David Buckingham	Non-Executive Director
Professor Beverley Oliver	Non-Executive Director
Maya Hari	Non-Executive Director

Company Secretary

Justyn Stedwell

Principal & Registered Office

Level 2, 235 Commonwealth Street
Surry Hills NSW 2010

Auditors

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Share Registrar

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

Stock Exchange Listing

Australian Securities Exchange
Code: OLL



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