

INVESTOR PRESENTATION

OPENLEARNING LIMITED (ASX:OLL)
28 OCTOBER 2020

 openlearning

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I. A leader in online education

OPENLEARNING'S ALL-IN-ONE SOLUTION ENABLES EDUCATION PROVIDERS TO MOVE ONLINE

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MARKETPLACE

Global high-traffic website for learners to discover new courses and degrees and providers to market their courses



OPENCREDITS

Transportable micro-credentials issued through the platform could lead to credit in a degree



GLOBAL LEARNING PLATFORM

Scalable cloud platform for education providers to create, sell and deliver high quality courses and degrees



PORTFOLIOS

Automatically generated portfolio to showcase learner's skills and credentials to potential employers

OPENLEARNING IS FOCUSED ON BEING THE LEADER IN AUSTRALIA AND SOUTHEAST ASIA

COURSERA (US)

- Since 2011
- 40M users
- 201 institutions

coursera



edX[®]

EDX (US)

- Since 2011
- 20M users
- 108 education providers



FUTURELEARN (UK)

- Since 2013
- 10M users
- 83 education providers

OPENLEARNING (AU)

- Since 2012
- 2.6M users
- 143 education providers



Internal use only

TRANSFORMATIVE PARTNERSHIP WITH UNSW GLOBAL TO DELIVER ONLINE PATHWAY PROGRAM

THE UNSW TRANSITION PROGRAM (ONLINE)

- Five-year license agreement with the University of New South Wales Global (UNSW Global) to deliver the program to international students
- UNSW Global, wholly-owned by UNSW, is a leading university pathway programs provider, having educated >30k students
- On completion of the four-month program, qualifying students will gain entry into UNSW Sydney, a world top 50 university
- OpenLearning is responsible for the design and delivery of the program, from student applications through to delivery, student support and assessment while UNSW Global is responsible curriculum, content, marketing, quality assurance

SIGNIFICANT MARKET OPPORTUNITY

- 442k international students at Australian universities in 2019, with double-digit YoY growth at the Group of 8 Universities
- Demand for international education remains strong despite the uncertainty¹
- Survey of agents shows that Australia's handling of COVID-19 has made it a more attractive study destination²
- 88% of people believe online learning will be a part of the university experience moving forward after COVID-19³
- The UNSW Transition Program (online) is well positioned to provide a reasonably priced online pathway into a top university's on-campus degrees

TOP 10 UNIVERSITIES BY INTERNATIONAL STUDENTS NUMBERS ⁴	TOTAL INTERNATIONAL STUDENTS
Monash University	25,690
The University of Sydney	25,541
University of New South Wales	24,852
University of Melbourne	24,074
The University of Queensland	20,213
RMIT University	18,908
Deakin University	16,616
University of Technology Sydney	15,500
University of Wollongong	12,500
Macquarie University	12,222

1. <https://www.idp-connect.com/en-us/newspage/international-higher-education/international-students-crossroads-COVID19-applicant-survey/>

2. <https://insights.navitas.com/covid-19-is-changing-the-fortunes-of-international-education-destinations-part-1/>

3. Pearson global learner survey, August 2020

4. Figures from universities' annual reports 2019

CREATING AND LEADING THE NEW AUSTRALIAN MICRO-CREDENTIAL MARKET WITH OPENCREDS

OPENCREDS BY OPENLEARNING

- Enables education providers and industry to create stackable courses that lead towards credit
- Designed to become the industry standard and provide a pathway for international students
- OpenCreds are exclusive to OpenLearning, expected to accelerate adoption of the platform
- Launched OpenCreds Investment Fund in July 2020 and signed 8 higher education providers to build 26 OpenCreds
- Launched OpenCreds for Malaysia in October 2020

OPEN UNIVERSITIES AUSTRALIA (OUA)

- Largest higher education marketplace in Australia, 21 university partners and 440,000 alumni
- Selected OpenLearning as their micro-credential platform
- Jointly supporting the development of 30 OpenCreds on revenue share basis with a new grant program

ENABLING CREDIT TRANSFER BETWEEN INDUSTRY AND THE HIGHER EDUCATION SECTOR



Potential pathway opportunities for OpenCreds based on indicative hours of learning, evidence of learning, and entry requirements of the qualification.

OUR BLUE-CHIP CLIENTS IN MULTI-BILLION DOLLAR MARKETS

\$67.9B TOTAL EDUCATION EXPENDITURE IN AUSTRALIA AND MALAYSIA*

\$46.9B UNIVERSITY AND OTHER HIGHER EDUCATION

\$10.0B TECHNICAL AND VOCATIONAL EDUCATION

\$6.0B CORPORATE TRAINING AND PROFESSIONAL DEVELOPMENT

\$5.0B INDUSTRY ASSOCIATIONS



* Management estimates compiled from publicly available information, full references available on request.

^ Logos are for clients of OpenLearning anytime between January and August 2020

II. Background

SKILLS SHORTAGES AND TECHNOLOGICAL CHANGE ARE DRIVING DEMAND FOR EDUCATION GLOBALLY

70%

Semi-skilled jobs in Malaysia are at a high risk of automation

KHAZANAH
RESEARCH
INSTITUTE

74%

Australian workers are ready to completely retrain to remain employable


pwc

50%

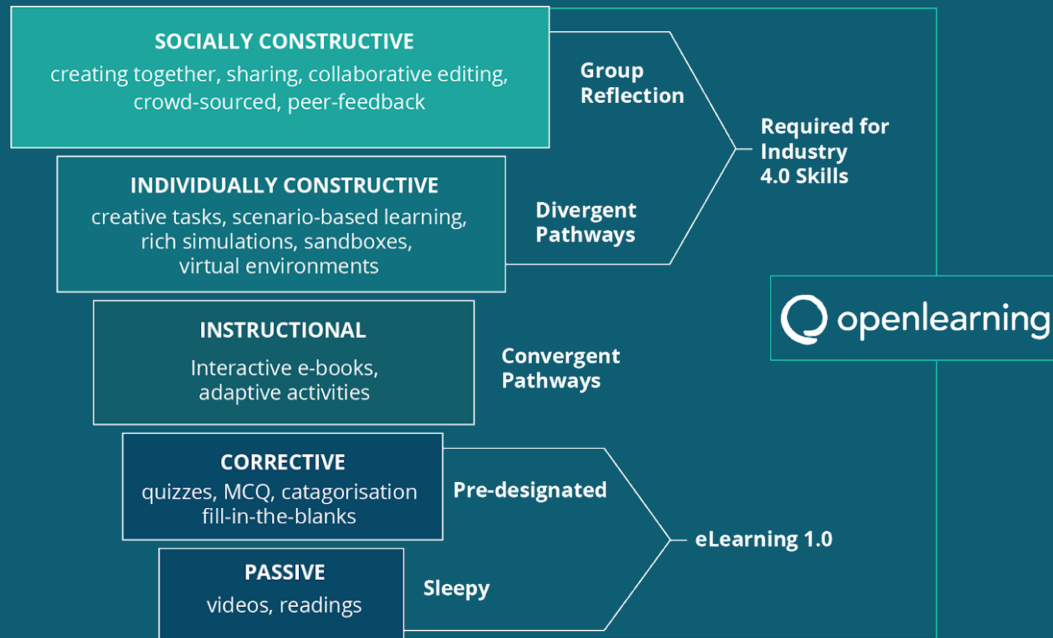
World economy affected if current automation technology is adopted

McKinsey
& Company

1. <https://www.theedgemarkets.com/article/robots-advance-your-job-risk>
2. https://www.pwc.com/hu/en/pressroom/2017/a_jovo_munkavallaloi.html
3. <https://www.mckinsey.com/featured-insights/employment-and-growth/technology-jobs-and-the-future-of-work>

CUTTING-EDGE PLATFORM DESIGNED FOR THE FUTURE OF EDUCATION

- Research-backed approach
- Outcome-based education
- High student engagement
- Soft skills and practical skills
- Innovative assessment system
- Automatically generated portfolios



EXPERIENCED BOARD OF DIRECTORS



KEVIN BARRY
NON-EXECUTIVE CHAIRMAN

Kevin has over 24 years' experience in law, property finance and funds management. Kevin has worked at leading firms KPMG, Blake Dawson, Norton Rose and Zurich Capital Markets. Kevin is currently MD of Thakral Capital Australia and the Chairman of ICS Global (ASX:ICS).



ADAM BRIMO
EXECUTIVE DIRECTOR

Adam left Macquarie Group to found OpenLearning with fellow UNSW software engineer David Collien and renowned Prof Richard Buckland in 2012. Adam was recognised in Forbes 2017 30 under 30 in Asia Consumer Technology and has been added to the Pearcey Foundation Tech Entrepreneur Hall of Fame.



DAVID BUCKINGHAM
NON-EXECUTIVE DIRECTOR

David has had an impressive career which includes senior roles at PWC, VirginMedia and iiNet. Most recently David was Group CEO and Managing Director of education company, Navitas (ASX:NVT), where he oversaw its \$2.3B sale to private equity firm BGH Capital.



SPIRO PAPPAS
EXECUTIVE DIRECTOR

Former executive general manager of Global Institutional Banking at NAB & CEO of NAB Asia. Spent over 13 years in London and NY, including 11 years with ABN AMRO where he managed a number of global businesses. Spiro is currently the Chairman of Atlas Iron and Splitit Ltd (ASX:SPT). Spiro was recently appointed as a Senior Advisor to OpenLearning.



MAYA HARI
NON-EXECUTIVE DIRECTOR

A business leader with a proven track record across two decades of technology & digital lifestyle experience amassed at companies such as Google, Conde Nast, Samsung, Microsoft and Cisco. Maya is currently Twitter's VP and MD for Asia Pacific and serves as the president of TiE in Singapore.



BEVERLEY OLIVER
NON-EXECUTIVE DIRECTOR

Beverley brings significant education experience, leading innovations in digital education with her most recent role as Deputy Vice-Chancellor Education and Alfred Deakin Professor at Deakin University. Beverley has been recognised with numerous awards and is a Principal Fellow of UK's Higher Education Academy.

INDUSTRY-LEADING MANAGEMENT TEAM



ADAM BRIMO

MANAGING DIRECTOR & GROUP CEO

- B. Engineering (Software)/ B. Arts (Politics) from UNSW Sydney, honours at National ICT Australia
- Past: Engineer/Analyst at Macquarie Bank, Senior Engineer at Westpac Institutional Bank, Forbes 30 under 30 Asia 2017 (Consumer Technology)



CHERIE DIAZ

MANAGING DIRECTOR, AUSTRALIA

- B. Teaching/B. Arts from ACU, M. Arts (History) from Macq Uni, M. Arts (Education) from UTS
- Past: Head of Education Delivery at AICD, Director Customer Success at Scentia, Head of College at Study Group



DAVID COLLIE

CHIEF TECHNOLOGY OFFICER

- B. Science (Computer Science, first class honours) and education PhD researcher at UNSW Sydney
- Past: AI researcher at National ICT Australia, Teaching assistant at UNSW Sydney, Developer at the Adaptive eLearning Research Group



SARVEEN KANDIAH

MANAGING DIRECTOR, MALAYSIA

- B. Science (Finance) from Indiana University's Kelley School of Business
- Past: Manager at CIMB Group, VP Investments at Malayan Traders Capital



HUAT KOH

CHIEF FINANCIAL OFFICER

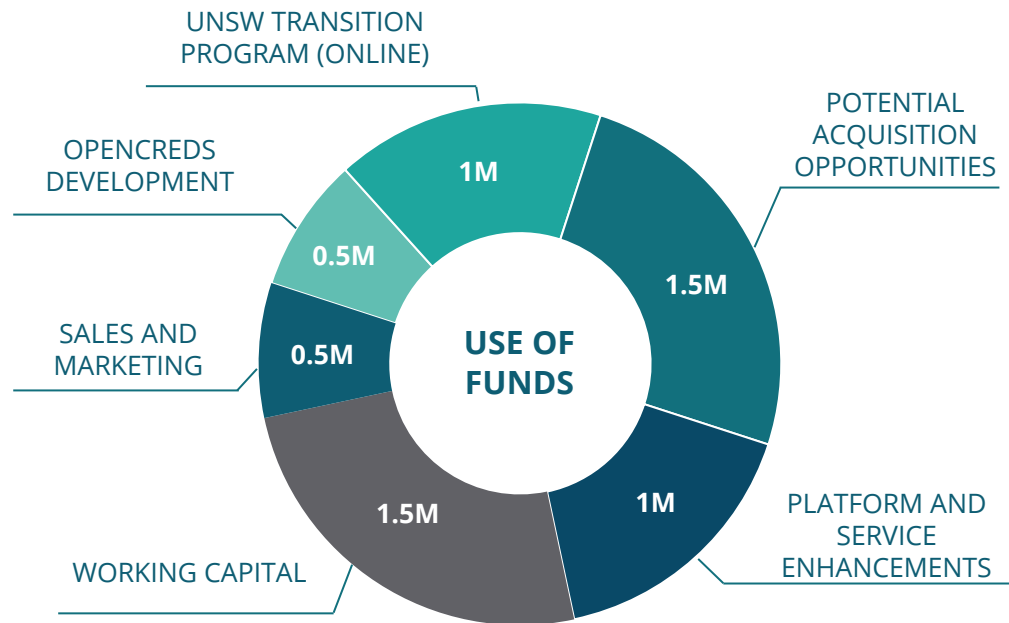
- B. Commerce (Accounting) from UNSW Sydney
- Past: Head of Finance at Parkson Retail Asia Ltd (SGX listed) and Head of Finance at Mulpha International

III. Investment Opportunity

A\$6M CAPITAL RAISE TO FUND IMMEDIATE GROWTH OPPORTUNITIES

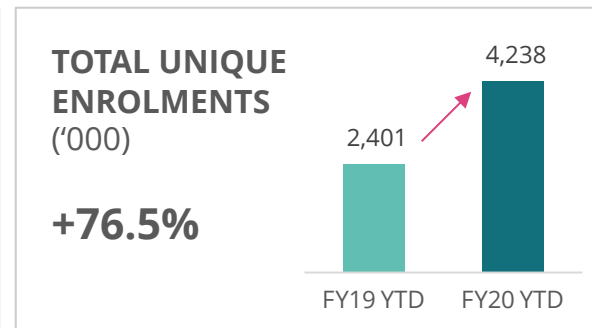
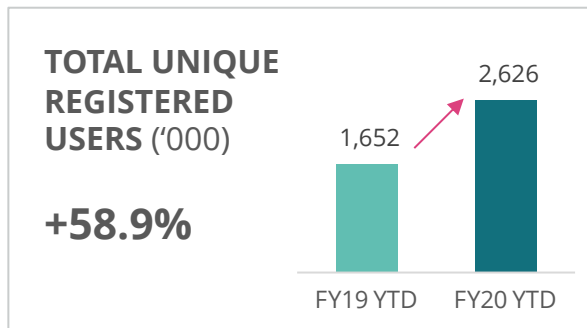
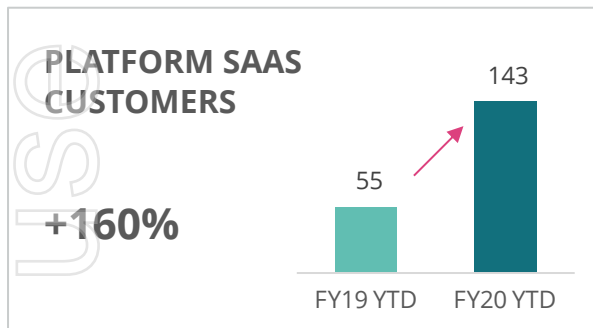
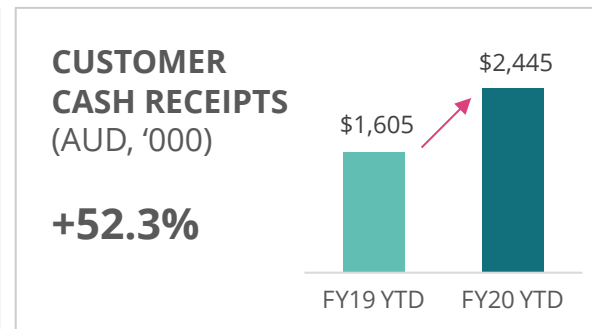
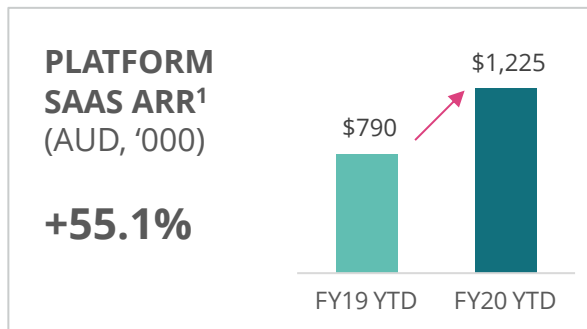
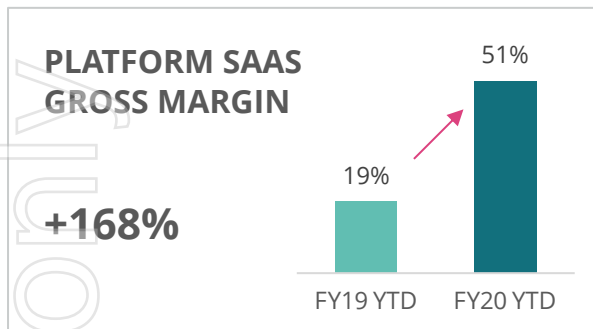
OPPORTUNITIES TO ACCELERATE GROWTH

- Fundamental disruption to the higher education sector due to COVID-19 has presented new growth opportunities
- Funding allocated towards existing initiatives and new opportunities currently being explored
- Cash position of A\$4.7m as at 30th Sep 2020
- New funding will give the company a pro-forma cash balance of about A\$10m
- Company is well positioned to benefit from both the long term trend towards online learning and a return to campus of domestic and international students
- Company expects recovery from COVID-19 will drive domestic demand for up-skilling and reskilling
- Continued investment in OpenCreds to expand course library and market awareness



STRONG GROWTH

ACROSS ALL KEY METRICS (YEAR TO 30 SEPTEMBER)



1. Annualised recurring SaaS revenue, calculated by utilising the generally accepted industry standard, which involves multiplying the monthly accrued SaaS revenue in the month at the end of the quarter by 12 (months). The ARR calculation does not take into account the future expiry of the term of any contract under which SaaS revenue is generated or any customer lost during the relevant month.

CAPITALISING ON FUNDAMENTAL CHANGES IN THE HIGHER EDUCATION SECTOR

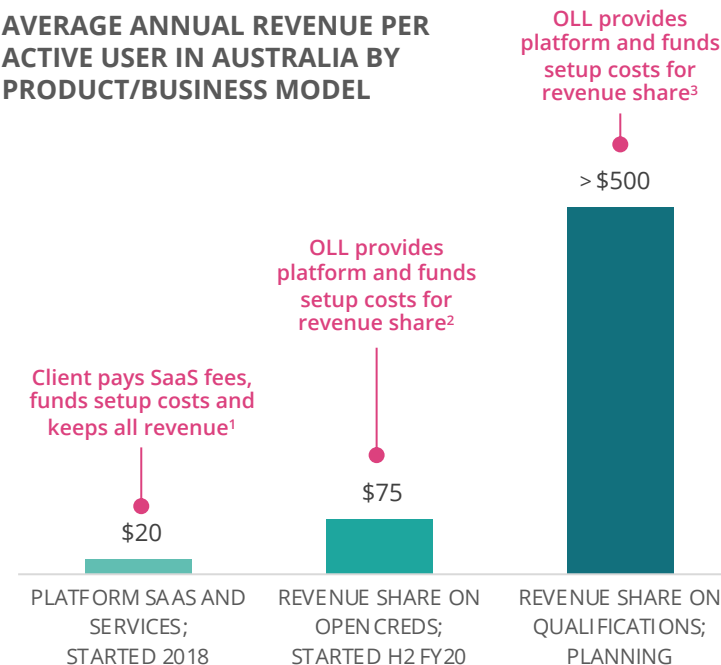
PLATFORM

- Scalable learning platform is the core product; enabling a new online-first model for higher education
- Flexibility amidst COVID-19 has enabled Openlearning to offer services that address immediate client needs
- Incremental revenue generated from learning design, online payments, marketplace and offshore course delivery

NEW REVENUE SHARE MODELS TO UNLOCK VALUE

- Launched open microcredential development grant with Open Universities Australia to create 30 Opencreds
- Launched Opencreds investment fund to create 35+ Opencreds with private education providers and industry
- Planning to directly fund setup costs for selected high value online qualifications on a revenue share basis
- Strong client relationships are unlocking opportunities for revenue share on qualifications

AVERAGE ANNUAL REVENUE PER ACTIVE USER IN AUSTRALIA BY PRODUCT/BUSINESS MODEL



1. Calculated based on the sum of monthly active users in Australia in H1 FY20 divided by Australian revenue in H1 FY20

2. Estimate based on the expected average revenue share and the average enrolment fees for Opencreds funded the two recently announced initiatives

3. Estimate based on the expected average revenue share between Openlearning and an education provider to design and deliver an online qualification

EXECUTING ON STRATEGY TO DELIVER GROWTH

ACQUISITION

- Increased sales & marketing team
- Board appointments: David Buckingham (ex-Navitas) and Beverley Oliver (ex-Deakin Uni)
- Small customers can self register, pay and onboard 100% online

EXPANSION

- Growing average revenue per user through usage-based and revenue-share agreements
- Integrating and bundling additional value-added products and services
- Optimised onboarding to grow usage

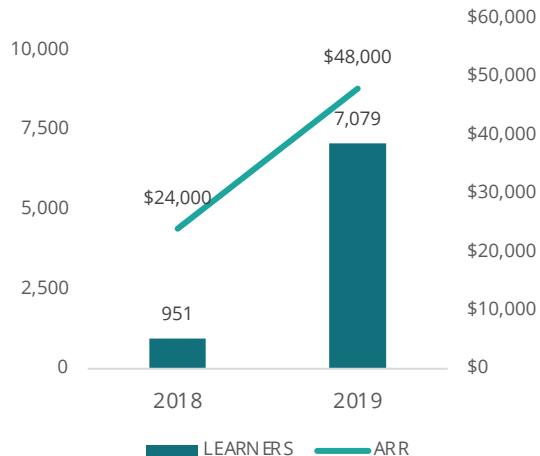
PARTNERSHIPS

- Data analytics and integration with third party tools to increase stickiness
- Support customers' learner acquisition strategies to increase their ROI

CASE STUDY

INCREASING USAGE AT A TOP TIER UNI

Australian university grew from 10 courses and 951 learners in 2018 to 25 courses and 7,079 learners in 2019. Resulting in a 100% increase in SaaS fees in 1 year.



LEARNERS DISCOVER COURSE & PAY ONLINE

EDUCATION PROVIDERS CAN SUBSCRIBE ONLINE

TAILORED ONBOARDING FOR UNIVERSITIES

HIGH QUALITY COURSE FROM TOP BRANDS

GLOBAL MARKETPLACE FOR ONLINE EDUCATION

SCALABLE CLOUD LEARNING PLATFORM

SCALABLE SALES AND ONBOARDING

NETWORK EFFECT

PROPRIETARY TECHNOLOGY

RAPID RECURRING REVENUE AND CUSTOMER GROWTH IN MULTIPLE MARKETS

\$1.225M

ANNUALISED RECURRING REVENUE AT 30 SEPT

143

PLATFORM SAAS CLIENTS INCL 9 AUS UNIVERSITIES

12

COUNTRIES WITH PLATFORM SAAS CLIENTS

\$8.6K

AVERAGE ARR PER SAAS CLIENT

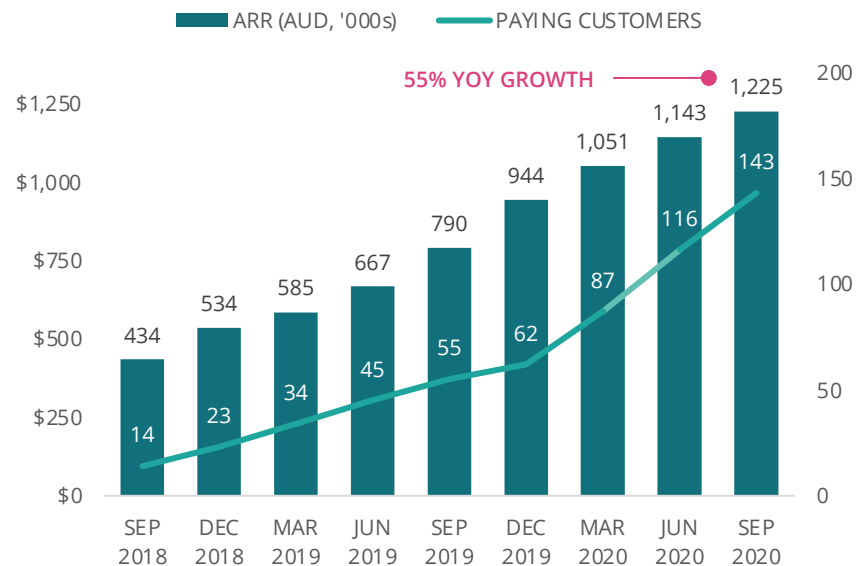
56.5%

ARR FROM CLIENTS IN AUSTRALIA

55%

YOY GROWTH IN ARR

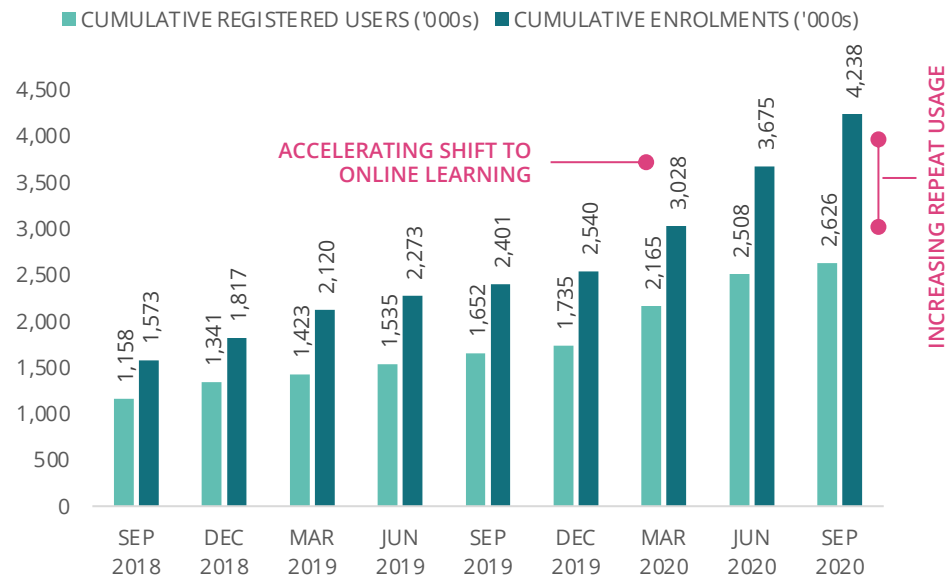
ANNUALISED RECURRING REVENUE (ARR) AND B2B CUSTOMER GROWTH



STRONG ORGANIC GROWTH AND REPEAT USAGE

2.6M UNIQUE REGISTERED LEARNERS	4.2M AGGREGATE ENROLMENTS IN COURSES
4K ACTIVE RUNNING COURSES	1.85M BADGES AND CERTIFICATES ISSUED TO LEARNERS
900K ACTIVE LEARNERS	165 COUNTRIES WITH ACTIVE LEARNERS

CUMULATIVE REGISTERED USERS AND ENROLMENTS

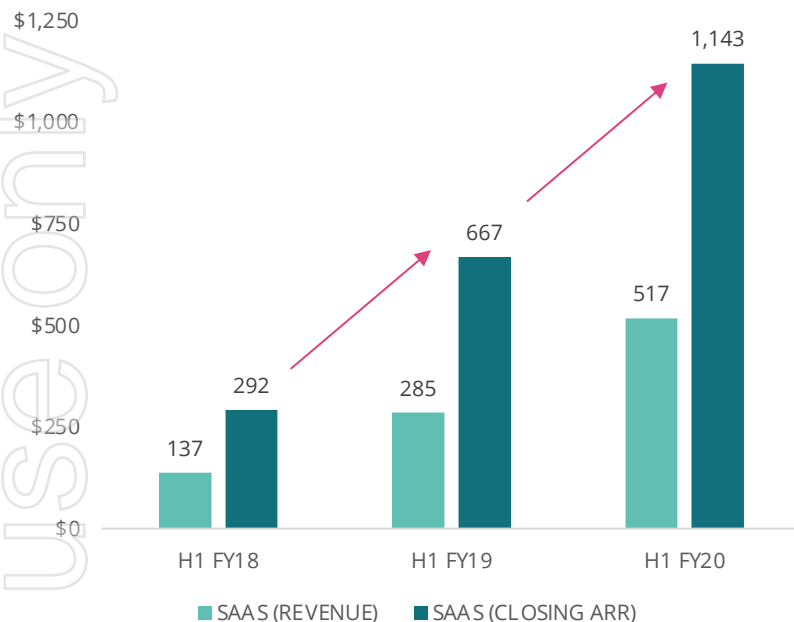


* Active course count is calculated from courses access > 10 times in the past 12 months
 * Active learners includes all learners who have accessed a course in the 12 months prior to 30 sept 2020
 * Cumulative figures are calculated from inception

GROUP FINANCIAL SNAPSHOT (H1 FY20)

FOCUSED ON GROWING RECURRING REVENUE¹

(HALF YEAR, AUD, '000s)



HISTORICAL PROFIT AND LOSS STATEMENT¹

(HALF YEAR, AUD, '000s)

	H1 FY19	H1 FY20	CHANGE
GROSS SALES/REVENUE			
PLATFORM SAAS	285	517	81.4%
SERVICES/MARKETPLACE	706	993	40.6%
TOTAL GROSS SALES	991	1,510	52.3%
REVENUE SHARE WITH PROVIDERS	(203)	(503)	>100%
TOTAL REVENUE	788	1,007	27.8%
EXPENSES			
CLOUD HOSTING	(220)	(212)	(3.6)%
EMPLOYEES AND CONTRACTORS	(2,319)	(2,058)	(11.3)%
MARKETING/OTHER EXPENSES ²	(560)	(1,022)	82.5%
TAX, FINANCE INCOME, IPO	5	68	>100%
PROFIT/LOSS FOR PERIOD	(2,304)	(2,217)	(3.8)%

1. OpenLearning ended its freemium model in march 2019 and restructured its operations in July 2019 to focus on SaaS

2. Other expenses includes depreciation and amortisation, promotional and advertising, professional services, and general and administrative costs



openlearning

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