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openlearning

Designing the future of education

OpenLearning Limited (ASX:OLL)
Annual Report 2020

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The global, online learning partner



OpenLearning Limited is an education technology company that provides a scalable lifelong learning platform and learning design services to education providers; and a global marketplace of world-class short courses, micro-credentials and online degrees for learners.

Built on proven learning sciences research and a social constructivist learning philosophy, OpenLearning goes beyond traditional instructivist approaches and static learning management systems to deliver authentic, active and connected learning experiences.

Founded in 2012 in Sydney, OpenLearning's vision is to improve access to quality education, promote lifelong learning, and future-proof the workforce by enabling education providers to design, deliver and sell transformative courses and degrees worldwide.

OpenLearning expanded to Southeast Asia in 2015 by establishing an office in Kuala Lumpur, Malaysia, and is now the leading platform for online higher education in Southeast Asia.

Today, OpenLearning employs over 55 people globally across its offices in Sydney and Kuala Lumpur, with remote team members spread across the world to service its global client-base.

OpenLearning is uniquely placed to be the partner of choice for education providers as they move online thanks to its innovative proprietary online learning platform, depth of expertise in education, established partnerships with leading universities and organisations, and a large and growing user-base of lifelong learners.

With more than 2.7 million learners worldwide, thousands of courses and partnerships with over 167 education providers, OpenLearning is at the forefront of a new wave of education delivery.

Performance Highlights

Strong growth in core business

OpenLearning delivered strong growth across its key metrics including software-as-a-service (SaaS) annualised recurring revenue (ARR), SaaS customers, gross sales, unique users and enrolments in FY20.

OpenLearning's ARR grew to \$1.35m in FY20, an increase of 42% and with a 10% increase in the final quarter of the year, which was driven by a substantial 169% Y-o-Y rise in SaaS clients to 167 education providers. Gross sales also increased significantly, rising by 48% Y-o-Y to \$2.87m, with cash receipts from customers rising by 42% Y-o-Y to \$3.18m.



4.41m

total enrolments
as at end FY20, an
increase of 74% Y-o-Y



42%

Increase Y-o-Y in
annualised recurring
revenue (ARR)¹ to
\$1.35m as at end FY20



48%

Increase Y-o-Y in
gross sales to
\$2.87m in FY20

(all financial amounts are in AUD unless otherwise stated)

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.

105

net new platform
SaaS clients added
in FY20



169%

Y-o-Y increase
in Platform SaaS
customers to 167
as at end FY20



42%

Y-o-Y increase in annual
cash receipts from
customers for FY20
to \$3.18m



56%

Y-o-Y increase in Platform
SaaS revenue to \$1.13m
making it the largest
revenue stream in FY20



18%

Y-o-Y increase in revenue to \$1.89m
(sales less revenue shared with education providers)

Business highlights

- Signed transformative 5-year agreement to deliver the UNSW Transition Program Online for international students to gain entry into UNSW with the first intake commencing in March 2021
- Signed 5-year agreement with UNSW and The University of Queensland to be the technology and operating partner of the Biomedical Education and Skills Training Network
- Signed significant agreements with Open Universities Australia, the country's largest higher education marketplace to support the development of micro-credentials by Australian universities
- Entered strategic partnership and platform agreement with the Australian Catholic University
- Entered strategic partnership and platform agreement with High Resolves to deliver their award-winning learning experiences in schools across Australia and the United States
- Developed and launched OpenCreds, Australia's first cross-sector micro-credential framework
- Implemented significant enhancements to the OpenLearning platforms to speed up customer onboarding, self-service course design, analytics, learner engagement and portfolios
- Continued investment in revenue share opportunities to accelerate growth in FY21

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Detailed Overview of OpenLearning

The OpenLearning platform has been built from the ground up on solid educational foundations since its inception.

The goal is to provide a social learning environment in which students feel empowered, deep learning experiences are fostered, students are intrinsically motivated, and passionate communities of practice flourish through well-designed constructive experiences. This has been realised with the latest social technology, and is designed for a global, connected society.

Additionally, OpenLearning is an innovator in the field, and extends existing educational theory to not only the platform mechanics, but by providing a launch pad for new academic research. We work with both educators and technologists in continual experiments with novel educational mechanics.

OpenLearning handles all aspects of delivering an online learning experience through its unique operating model that includes everything an education provider would need to launch an online education business:



1.87m
new enrolments
in courses in FY20



1. **Scalable online learning platform** hosted in Australia and accessible worldwide, which enables end-to-end online education delivery for university degrees, micro-credentials, vocational education and professional development to bridge skills gaps;



2. **Learning services division** comprised of learning designers (online learning specialists) who collaborate with subject matter experts to redesign courses and upskill staff at education providers to create high quality online courses; and



3. **Global marketplace** for education where universities and education providers are able to promote their online courses or degrees to millions of learners worldwide.

OpenLearning generates significant value for its partners across a range of use-cases and markets – solving some of the greatest challenges facing education providers:

- **Deliver their accredited and non-accredited courses online** via its scalable cloud learning platform to domestic and international students, either fully online or blended;
- **Diversify their revenue streams** through the delivery of university or higher education provider branded short courses and micro-credentials to bridge the skills gap for working professionals;
- **Diversify their sources of international students** by raising their brand awareness in Southeast Asia by leveraging OpenLearning’s database of 2.7m learners;
- **Build a sustainable pipeline of international students** by offering foundation and pathway programs online, offshore and in-country through partners; and
- **Increase engagement of international students** by offering large-scale language and enrichment courses to support students at both regional and urban higher education campuses.

Network Effect

The OpenLearning platform primarily operates on a B2B2C model, whereby education providers are utilising the platform to deliver courses to learners. Depending on the goals of the education provider and the type of courses they offer, the Company may be able to promote the education providers courses to other learners on the OpenLearning platform. This produces a network effect, which is enabled by a number of key design decisions, including:

1

Single global cloud platform whereby all education providers and learners use the same instance of the platform;

2

Maintaining a strong relationship with the end-consumer by ensuring that OpenLearning's logo is visible on public courses;

3

Every user, regardless of whether they arrive at the OpenLearning platform through the marketplace or via an institution portal, has a global account and control over their data;

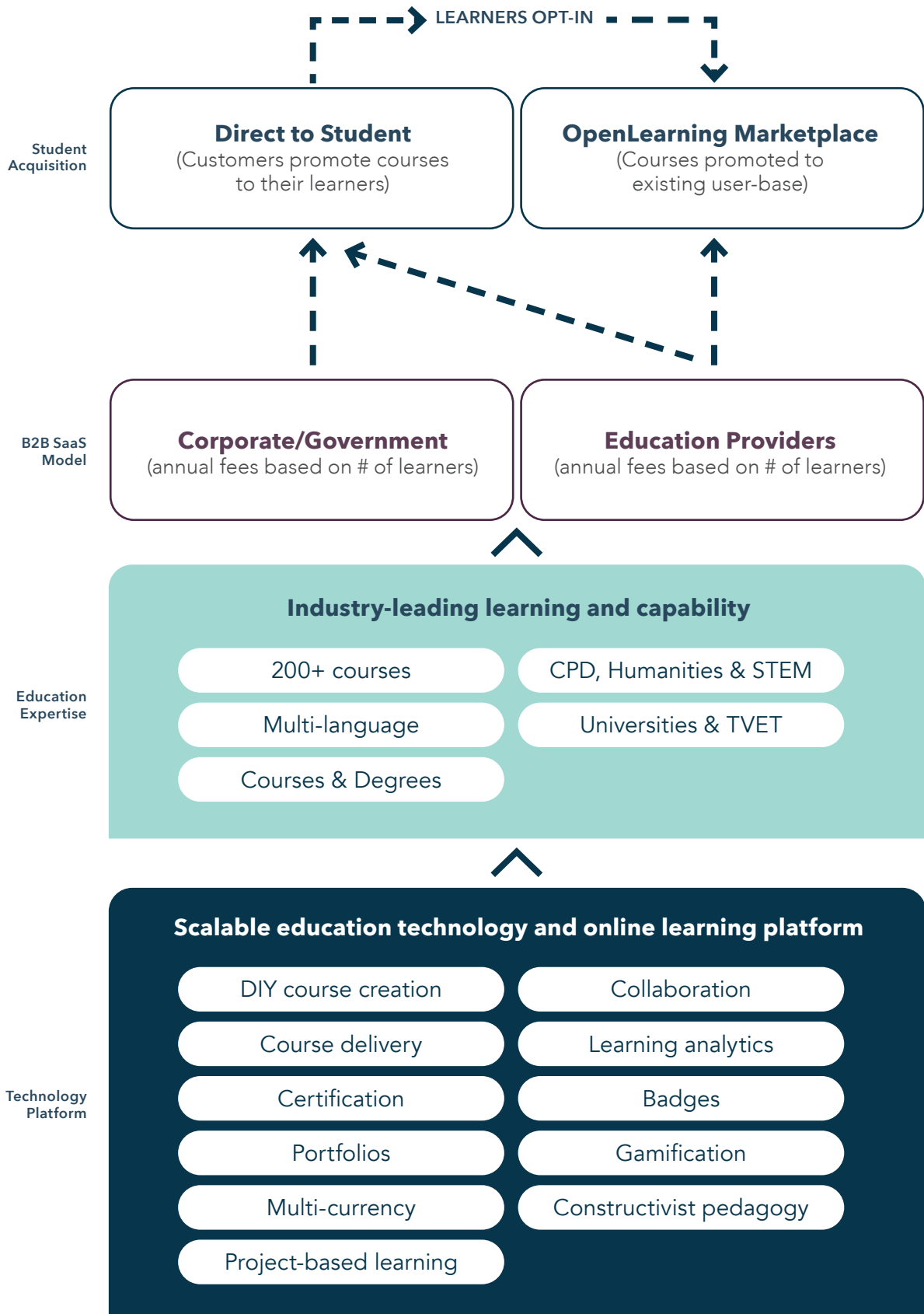
4

Learners are able to browse the marketplace and opt-in to receive information about new courses; and

5

Every user has a profile on the OpenLearning platform that automatically aggregates all of their evidence of learning into an online portfolio, as well as their badges, certificates and progress.





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Partnerships



Agreement with Open Universities Australia, the country's largest higher education marketplace, to support the development and distribution of OpenCreds by Australian universities.

The screenshot displays the Open Universities Australia website interface. At the top, there is a navigation bar with the logo, menu items like 'Study online', 'How OUA works', 'Your studies', 'Advice', a phone number '13 6736', and 'SIGN IN' buttons. A search bar is located below the navigation. The main content area features a hero section for 'Online short courses' with a background image of a person working on a laptop. Below this, there is a paragraph explaining the benefits of enrolling through Open Universities Australia. Three icons represent key features: 'Start to finish in weeks or a few months', 'Study with leading universities', and 'Expand your career options'. The 'Single subjects' section follows, with a description and a list of study areas: Arts & humanities, Business, Education, Health, Information technology, Law & Justice, Science & engineering, and All single subjects. A testimonial from Edward, a student of Business at RMIT University, is included. The 'Short courses' section highlights the benefits of quick upskilling and lists features like 'Courses from 1 hour to 10 weeks' and 'University credit available on selected courses'. A testimonial from Ness, a student of Employment Relations at Griffith University, is also present. At the bottom, there is a testimonial from Kimberley, a student of Psychology at Macquarie University, who states: 'Doing a single subject allows me to see if that's where I want to go, it's less pressure without the commitment of a whole degree.'

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Strategic partnership and platform agreement with the Australian Catholic University to support the delivery of high quality lifelong learning.

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High Resolves
Creating Citizens & Leaders

Strategic partnership with High Resolves to enable them to deliver their award-winning learning experiences in schools. Within a few months, High Resolves redesigned their remotely delivered experiences on OpenLearning and has achieved even higher net promoter scores than their in-person experiences.

Transformative agreement with UNSW Global to deliver the UNSW Transition Program Online, an innovative four-month program for international students to gain entry into UNSW, a world top 50 university.

Based on an established on-campus program, the UNSW Transition Program Online has been reimaged to leverage OpenLearning's platform and social constructivist approach, combining activity-based learning, personalised coaching, portfolio-based assessment and interviews instead of exams to set a new benchmark in online education.



semper ad meliora

School of Medical Sciences, UNSW, Sydney, NSW, Australia

Summary of digital pathology discusses digital sur-
athology digitisation
ce of digital histopa-
ostic tool, particularly
and cost efficiency of
education and quality
validation of systems, is
s with a discussion of
ig data' and where this
al pathology future.

l microscopy; digital pathology;

ed 4 October 2018

For small histopathology specimens some capability² or specific scanning parameters.⁸ Universal consensus on ideal distance between planes and the number of focal planes is yet to be established. Snead *et al.* in their study of 3017 small biopsies (10,138 whole slide images) found that scanning at 60x was necessary to accurately detect *Helicobacter pylori*.⁸ They also suggested scanning at 60x. However, even at 60x, there was a significant difficulty for membranous nephropathy.

Based on their study of 144 gastric biopsies, they suggest z-stacking for all gastric WSIs. This suggests *Helicobacter pylori* numbers, with the suggested as ideal.² All other parameters were adequately diagnosed with one focal plane demonstrating *Helicobacter pylori*, as provided in Fig. 1.

DIGITISING CYTOPATHOLOGY

Digitising cytopathology specimens of course represents a significant challenge. Problems we all worry about are cytopathology specimens especially fine needle aspirates (FNAs) containing 3-dimensional structures being dispersed across multiple slides.



UNSW
SYDNEY



THE UNIVERSITY
OF QUEENSLAND
AUSTRALIA



Agreement with UNSW and The University of Queensland to be the technology and operating partner of the Biomedical Education and Skills Training Network, a not-for-profit network of academics and biomedical schools developing and sharing next-generation courseware and technology.

Managing Director's Report

Dear fellow shareholders,

The challenges faced by society in FY20 have accelerated adoption and acceptance of online education while revealing the deficiencies in existing systems and approaches.

More than ever, OpenLearning's technology and approach for delivering active learning and improving outcomes is solving some of the critical problems faced by higher education providers.

In FY20, OpenLearning's team adapted to rapid changes in the education sector and economy, enabling the business to deliver growth across all key metrics and sign a number of transformative agreements.

As of the end of FY20, OpenLearning has had over 4.4 million enrolments from 2.7 million registered learners across thousands of courses provided by 167 education providers, making it one of the world's largest online education platforms.

OpenLearning had cash and cash equivalents at end of \$8.6m at 31 December 2020, ensuring that we are able to fully execute our growth strategy in FY21 and take advantage of the opportunities that present themselves as the world looks towards online education in the years to come.

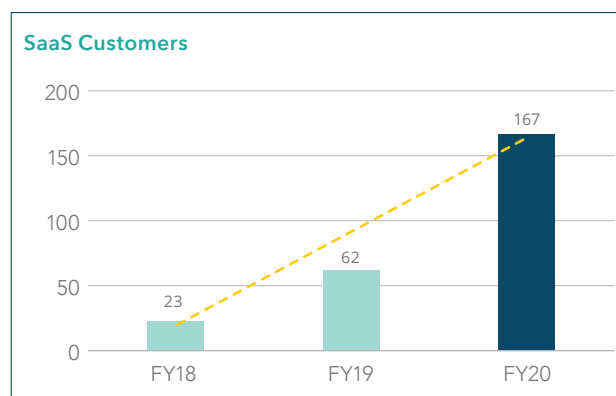
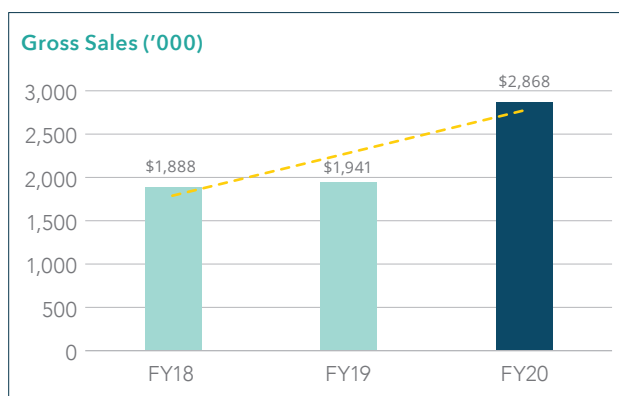
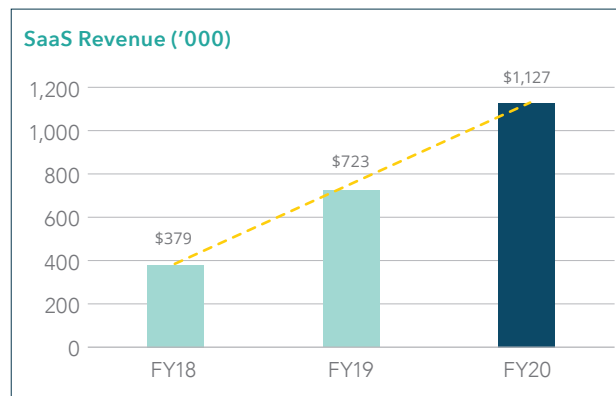
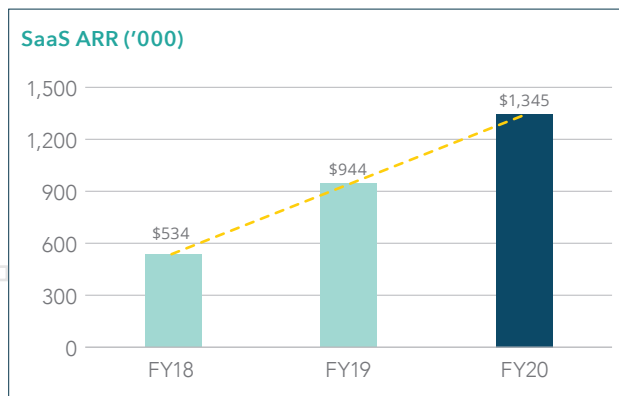
Strong growth in core business

OpenLearning delivered strong growth across its key metrics including SaaS annualised recurring revenue (ARR), SaaS customers, gross sales, unique users and enrolments in FY20.

OpenLearning's ARR grew to \$1.35m in FY20, an increase of 42% and with a 10% increase in the final quarter of the year, which was driven by a substantial 169% Y-o-Y rise in SaaS clients to 167 education providers. Gross sales also increased significantly, rising by 48% Y-o-Y to \$2.87m, with cash receipts from customers rising by 42% Y-o-Y to \$3.18m. This acceleration in growth was a result of the shift to a software-as-a-service model and strategic university partnerships.

Following the Company's transition to a SaaS business in the previous fiscal year, SaaS revenue grew strongly during FY20, increasing by 56% Y-o-Y to \$1.13m, making it the Company largest revenue stream. Sales of online courses through OpenLearning's platform grew 91% Y-o-Y to \$1.12m, \$0.98m of which was paid to education providers, an increase of 190% Y-o-Y.

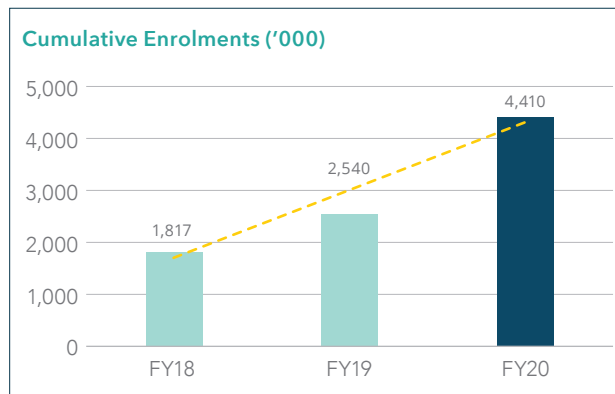
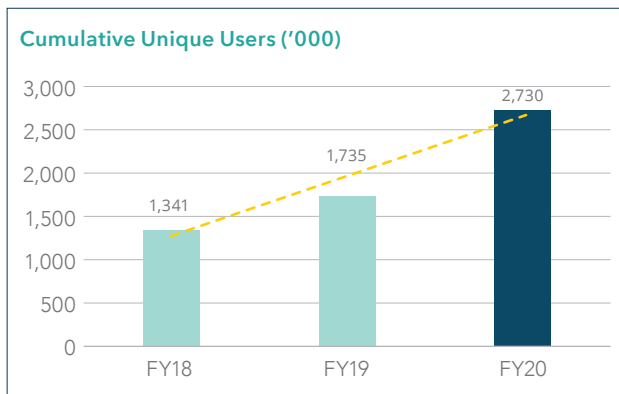
This demonstrates that the Company's customers are generating new revenue from its platform in addition to delivering courses for their existing learners. After deducting revenue shared with education providers, the Company's revenue grew by 18% to \$1.89m.



Images 1 – 6: SaaS ARR (includes the OpenLearning platform and BEST Network), SaaS Revenue (Accrual basis), Group Gross Sales, SaaS Customers (paying >\$500/year), Cumulative Unique Users, and Cumulative Enrolments by financial year.

Managing Director's Report (Continued)

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Major partnerships to drive future growth

The past year saw an acceleration in the adoption of online learning and greater acceptance of online degrees, short courses and micro-credentials by both domestic and international students. OpenLearning has successfully positioned itself to capitalise on these tailwinds and signed a number of significant agreements with top tier organisations that are expected to drive future revenue growth.

In Q4, OpenLearning signed a five-year license agreement with the University of New South Wales Global (UNSW Global) to design and deliver a new online Transition Program for international students. The Company expects to receive net revenue of between \$6,000 and \$9,000 for each student in the program after fees paid to UNSW Global and based on the estimated enrolment fee per student. The program's first intake will commence in March 2021.

The Company signed a five-year agreement with the UNSW and The University of Queensland (UQ), which saw it become the technology and operating partner of the Biomedical Education Skills and Training (BEST) Network. The BEST Network is a member-based collaboration of five Australian universities and five international universities in addition to UNSW Sydney and UQ, who pay an annual membership fee, a portion of which will go to the Company, to participate in the network.

In Q3, OpenLearning signed agreements with Open Universities Australia (OUA). The agreements established three key initiatives that are designed to provide universities with a low-risk entry into the micro-credential market by leveraging OUA's established marketplace and OpenLearning's platform and services. To accelerate adoption, OpenLearning and OUA also launched a jointly funded grant program to develop up to 30 OpenCreds courses on a revenue share basis.

In Q2, the Company expanded its partnership with Australian Catholic University (ACU) by signing a 3-year Platform SaaS agreement. The agreement built upon an existing partnership formed in late 2019 when ACU became a cornerstone investor in the Company's IPO with a \$1 million investment.

In Q2, the Company signed a platform and services agreement with Heriot-Watt University Malaysia, the Malaysian campus of Heriot-Watt University, one of the UK's leading universities with five campuses and over 29,000 students, to redesign the first semester of its Foundation Studies program. The program was designed and delivered on-time and on-budget, and was well received by students.

In Q1, OpenLearning signed a usage-based SaaS agreement with global not-for-profit High Resolves, representing the Company's first significant expansion into the K12 sector. During the year, High Resolves redesigned their most popular programs to be delivered via the OpenLearning platform and delivered them to thousands of students worldwide, receiving overwhelmingly positive feedback from students.

Development of OpenCreds and enhancements to OpenLearning's platforms

In FY20, the Company launched OpenCreds, Australia's first cross-sector micro-credentialing framework and subsequently launched a version for Malaysia later in the year. OpenCreds enables education providers to adapt to the fast-changing nature of work by providing a common structure through which they can deliver micro-credentials across higher education, vocational education, and industry.

In July, the Company launched the OpenCreds Investment Fund to fund the development of OpenCreds on a revenue-share basis, the initiative has signed up eight higher education providers to build 26 OpenCreds.

The Company believes that OpenCreds has the potential to become an industry standard for the delivery of micro-credentials in Australia and will result in more education providers subscribing to its platform.

Throughout FY20, OpenLearning also implemented significant enhancements to the OpenLearning platform to speed up customer onboarding, self-service course design, learning analytics, learner engagement and portfolios.

Corporate

OpenLearning ended FY20 with a strong cash position of \$8.60m, bolstered by successfully completing a \$5.94m institutional placement in Q4. The Company is currently using the proceeds of the funding to deliver on partnerships and near-term growth initiatives.

Specifically, proceeds from the placement are being directed towards:

- The setup and delivery of the UNSW Global Transition Program Online, which is expected to provide a significant new revenue stream to the Company
- The design and development of OpenCreds and qualifications on a revenue share basis
- Strategic acquisition opportunities
- Continued developments and enhancement of the OpenLearning platform
- Working capital requirements

The Company made substantial progress towards the end of FY20 on these initiatives.

Critical importance of higher education to the Australian economy

Few industries are as critically important to Australia's economy and our society as education. While technology is already transforming vast sections of our country, education providers have been slow to adapt – opting for incremental improvements as opposed to ground-breaking transformation.

This dynamic is beginning to change. Students and working professionals require new skills to adapt to new ways of working, they're demanding short courses rather than multi-year degrees. It is becoming increasingly clear that higher education is moving and must move from a once-in-a-lifetime product to lifelong learning experience.

The opportunity ahead of the Company is significant – in Australia, Malaysia, Southeast Asia and around the world as millions of people look to further their education online. Globally, there are only a handful of companies that are well placed to benefit from this once in a generation change and OpenLearning is leading the way. While significant change always takes time, the pace is definitely accelerating.

Strong team and foundations

I would like to thank my fellow directors, chairman Kevin Barry, Professor Beverley Oliver, Spiro Pappas, David Buckingham and Maya Hari for their guidance and support over the past year.

I'm proud to work alongside our diverse team across Australia, Malaysia, Indonesia and beyond, as well as our highly regarded leadership team, including founder and CTO David Collien, Managing Director for Australia Cherie Diaz, Managing Director for Malaysia Sarveen Kandiah, CFO Huat Koh and Strategy Director Christina He.

We've started 2021 well-funded and are on track to execute multiple strategic growth initiatives and key partnerships. In the near-term, we are preparing for the first intake of the UNSW Transition Program Online, investing in sales and marketing, implementing enhancements to our platform, and expanding the number of OpenCreds with our partners.

In FY21, we hope to see our investments in recent partnerships lead to new revenue streams and the onboarding of more top tier organisations onto the OpenLearning platform. We look forward to the year ahead and we thank all our shareholders for their support in FY20.

Kind regards



Adam Brimo
Managing Director and Group CEO

Chairman's Report

Dear fellow shareholders,

I am delighted to present OpenLearning Limited's Annual Report for the financial year ended 31 December 2020.

The Company develops and operates an online education platform (Platform) on a software-as-a-service (SaaS) business model whose primary customers are education providers based in Australia and the South-East Asia, U.S. and the U.K.

The Company successfully listed on the ASX in December 2019 raising \$8 million to fund growth opportunities, reward and incentivise senior management to drive the underlying growth of the business and to further develop the OpenLearning Platform.

FY20 Year Results

In FY20, the Group continued its focus on growing SaaS fees and securing partnership agreements with top tier education providers by expanding its sales, partnerships and marketing teams, and investing in customer success, product development and OpenCredits, a cross-sector micro-credential framework.

The advent of COVID-19 in early 2020, 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. The Group was well positioned to support education providers as they began to move online and was able to secure a number of new clients and long-term partnerships that have the potential to generate substantial new revenue.

The Group's efforts, in combination with a renewed interest in online education, resulted in an increase in gross sales across the Group's Platform SaaS fees which increased 56% y-o-y and for Marketplace sales which increased 91.3% y-o-y. For Marketplace, the Group transitioned from predominately a free platform and revenue share model to a subscription platform. However, this resulted in a reduction in gross margin for Marketplace comparing FY20 against FY19.

The group achieved revenue growth of 17.8% to \$1,888,636 in FY20. Loss after tax for FY20 reduced by 27.1% y-o-y to \$(5,624,265).

Despite the Group's losses, cash and cash equivalents remained healthy at \$8,595,069 as at 31 December 2020 arising from a capital raising completed in November 2020.

Net cash flows used in operating activities were \$(4,988,848) in FY20 as the Group invested in establishing a number of strategic partnerships and programs in exchange for a share of future revenues from those initiatives.

Strategy

The Company's strategy in FY20 was to grow high margin platform SaaS revenue by expanding its sales and marketing resources to acquire more clients from the higher education sector and increase usage of the platform by its existing clients. In FY20, platform SaaS revenue grew to become the Group's largest source of revenue.

At the same time, the Company was able to secure a number of long-term strategic partnerships that leverage the Company's education platform and expertise on a revenue share basis.

The Company is investing in its online sales channel and website to acquire and onboard Platform SaaS clients online and through inside sales, which will enable it to service clients beyond its existing markets.

People

Our team in the Company is truly committed to bring our business strategy to fruition. On behalf of the Board, I would like to thank each and every one of our dedicated team members for their hard work and adaptability throughout the year in the face of the challenges brought about by COVID-19 around the world.

Looking Ahead

As the world looks forward to a new normal as COVID-19 is brought under control, the Company is well positioned to capitalise on the continued shift towards online education as well as a return to on-campus education through its university partnerships, including the UNSW Transition Program Online, which provides direct entry for international students into UNSW, a global top 50 ranked university.

Through the work that has been performed in FY20, the Board believes the Company is well positioned to grow and build up its position as one of the leading lifelong learning platforms and education technology companies in the market.



Kevin Barry
Chairman

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Financial Report

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Directors' Report

Your directors present their report on the Consolidated Entity (referred to herein as the Group) consisting of OpenLearning Limited and its controlled entities for the financial year ended 31 December 2020.

Directors

The following persons were directors of OpenLearning Limited during or since the end of the financial year up to the date of this report:

Kevin Barry	Non-Executive Chairman
Adam Brimo	Managing Director and Group CEO
Spiro Pappas	Executive Director (re-designated from non-executive director on 30 June 2020)
David Buckingham	Non-Executive Director
Professor Beverley Oliver	Non-Executive Director
Maya Hari	Non-Executive Director

Particulars of each director's experience and qualifications are set out later in this report.

Principal Activities

The principal activities of the Group during the financial year were:

- providing a cloud-hosted social learning platform for delivering short courses, blended learning and online degrees;
- providing learning design services; and
- promotion and sale of educational courses through a global marketplace.

Review of operations and financial position

Results for financial year 2020 ("FY2020"):

- gross sales of \$2,868,498, an increase of 47.8% year-on-year ("y-o-y");
- revenue of \$1,888,636, an increase of 17.8% y-o-y; and
- loss after tax of \$(5,624,265), a decline in losses of 27.1% y-o-y.

	2020	2019	INC/(DEC)
	\$	\$	%
Revenue from ordinary activities	1,888,636	1,602,613	17.8
Revenue comprises of the following:			
Platform SaaS fees	1,127,453	722,525	56.0
Marketplace sales	1,121,159	585,928	91.3
Services sales	619,886	632,309	(2.0)
Gross sales	2,868,498	1,940,762	47.8
Less: Sharing of revenue with course creators	(979,862)	(338,149)	>100.0
Revenue	1,888,636	1,602,613	17.8

The Group continued its focus on growing Platform SaaS fees and securing partnership agreements with top tier education providers in FY2020 by expanding its sales, partnerships and marketing teams, and investing in customer success, product development and OpenCreds, a cross-sector micro-credential framework. The advent of COVID-19 in early 2020, 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.

The Group's efforts, in combination with a renewed interest in online education, resulted in an increase in gross sales across the Group's Platform SaaS fees which increased 56.0% y-o-y and for Marketplace sales which increased 91.3% y-o-y. For Marketplace, the Group transitioned from predominately a free platform and revenue share model to a subscription-based model in the previous FY2019 with the aim of increasing recurring revenue from its platform. However this resulted in a reduction in gross margin for Marketplace comparing FY2020 against FY2019. This strategy resulted in revenue growth of 17.8% y-o-y in FY2020 for the Group.

Loss after tax for FY2020 reduced by 27.1% y-o-y to \$(5,624,265). Loss for the previous FY2019 was higher due mainly to incurrence of pre-IPO and IPO related expenses amounting to \$3.1 million leading to the listing of the Company on the ASX in December 2019.

Directors' Report (Continued)

Despite the Group's losses, cash and cash equivalents remained healthy at \$8,595,069 as at 31 December 2020 arising from a capital raising completed in November 2020.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

- (i) The holding company, OpenLearning Limited, issued 21,212,495 ordinary shares at \$0.28 each to shareholders pursuant to a capital raising exercise completed in November 2020.
- (ii) The holding company issued 3,145,831 ordinary shares at \$0.20 each pursuant to exercise of share options.

Events after the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affected or could significantly affect the operations of the Group in future financial years.

Future development, prospects and business strategies

The effects of COVID-19 in the past year resulted in increased adoption of online learning delivery by education providers, especially in the higher education sector and greater acceptance of online degrees, short courses and micro-credentials by students. The Group is well positioned to capitalise on these tailwinds and have secured a number of strategic partnerships that have the potential to generate significant revenue when commercial operations commence in FY2021. Among these strategic partnerships are:

- an agreement with UNSW Global for the delivery of the UNSW Transition Program Online;
- the launch of the OpenCreds Investment Fund and agreements with Open Universities Australia for the development of micro-credentials and short courses on revenue-share basis; and
- an agreement with The University of Queensland and UNSW for the Biomedical Education Skills and Training Network.

The Group continues to implement significant enhancements to its platforms to speed up customer onboarding, self-service course design, learning analytics, learner engagement and portfolios. This will strengthen the appeal of the platforms and drive revenue growth.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under the laws of the countries where the Group operates in.

Dividends

No dividends were paid or declared during or since the end of the financial year and there were no declared dividends unpaid at the date of this report.

Indemnification and insurance of directors and officers

During the year, the Group has paid a premium in respect of an insurance contract insuring all directors and officers of the Group against liabilities incurred in the capacity as a director or officer of the Group.

Indemnification and insurance of auditor

During the year, the Group has not indemnified or agreed to indemnify the auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. No other fees were paid or payable to the auditors for non-audit services performed during the year ended 31 December 2020.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2020 has been received and can be found on page 33 of the financial report.

Options

At the date of this report, the unissued ordinary shares of OpenLearning Limited under option are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE PER SHARE	NUMBER UNDER OPTION
9 December 2019	9 December 2021	\$0.20	27,687,476
9 December 2019	9 December 2022	\$0.20	2,793,333
9 December 2019	9 December 2022	\$0.30	5,000,000

Option holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

Other than the above, there have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

Performance rights

As at the date of this report there were 2,325,000 performance rights convertible to shares on 1:1 basis on issue (2019: 2,750,000).

Information Relating to Directors and Company Secretary

KEVIN BARRY	NON-EXECUTIVE CHAIRMAN
Qualifications	B.Comm, LLB
Experience	<p>Kevin Barry is a director of TCAP Australia and Thakral Capital Holdings. His responsibilities include execution of investment opportunities, oversight and management of development projects, origination of senior construction and investment finance. Kevin is also the TCAP group representative director for the GemLife retirement business.</p> <p>Kevin has over 24 years' experience in law, property finance and funds management. Initially he started as a structured finance lawyer in Sydney with KPMG & Blake Dawson, and then London with Norton Rose. In 2001, he moved to investment banking at Zurich Capital Markets Asia where he was Senior Vice President responsible for the structuring and execution of their principal finance business. He subsequently managed CHOPIN structured finance business whose primary activities included originating fixed income products across various asset classes. Prior to joining the TCAP group, Kevin was involved in setting up the credit strategies funds management business at Pengana Capital. Since 2010, Kevin has been on the Board as Chairman of the ASX listed ICS Global Limited (ASX: ICS).</p>
Interest in Shares and Options	<p>1,839,788 fully paid ordinary shares</p> <p>Options to acquire a further 1,534,225 ordinary shares</p>
Special Responsibilities	Member of Audit Committee and Remuneration Committee
Directorships held in other listed entities during the three years prior to the current year	Current director of ICS Global Limited (since 23 July 2010)

Directors' Report (Continued)

ADAM BRIMO	MANAGING DIRECTOR AND GROUP CEO
Qualifications	B.Eng (Software), B.Arts (Politics)
Experience	<p>Adam Brimo is listed in the 2017 Forbes 30 Under 30 Asia for Consumer Technology, The Pearcey Foundation 2018 NSW Tech Entrepreneur Hall of Fame and is a recipient of the 2011 UNSW Alumni Graduated Award.</p> <p>Adam previously worked at Macquarie Bank as a Software Engineer in the Fixed Income, Currencies and Commodities Group and at Westpac Institutional Bank as a Senior Software Engineer.</p> <p>In 2010-2011, Adam led the successful Vodafail consumer activist campaign, which resulted in nationwide media coverage, an ACMA inquiry and a \$1bn network upgrade for Vodafone's Australian business. Adam was named the Consumer Activist of the Year in 2011 by Choice Magazine for his transformative impact on the telecommunications sector in Australia.</p> <p>In 2012, Adam joined UNSW Professor Richard Buckland and David Collien to found OpenLearning.com, a social learning platform. Since that time, over 2.7 million students have joined courses, including the first massive open online courses (MOOCs) from Australia and Malaysia.</p>
Interest in Shares and Options	<p>6,532,475 fully paid ordinary shares</p> <p>Options to acquire a further 126,358 ordinary shares</p> <p>Performance rights to allow conversion to 1,000,000 ordinary shares</p>
Special Responsibilities	Group CEO
Directorships held in other listed entities during the three years prior to the current year	None

SPIRO PAPPAS	EXECUTIVE DIRECTOR
Qualifications	B.Comm (Merit), AICD
Experience	<p>Spiro Pappas is a business leader with over 30 years of experience predominantly in the financial services industry.</p> <p>Since leaving NAB in July 2018, Spiro has served on a number of boards. In addition to his role at Open Learning, Spiro is currently the Chairman of Atlas Iron, TCM Digital (Global Ecommerce Aggregator) and OpenInvest (Wealthtech) and ASX Listed Splitit (Payment Fintech – Spiro stepped down as Chair of Splitit in February 2021). Spiro is also a non-executive director of DataMesh Group (Payment Fintech).</p> <p>At NAB, Spiro performed several leadership roles including Executive General Manager of Global Institutional Banking, CEO of Asia and Executive General Manager of International and Innovation.</p> <p>Prior to NAB, Spiro worked in Sydney, London and New York with Deutsche Bank and then over 11 years in London with ABN AMRO/RBS where he managed a number of global businesses including Debt Capital Markets, Client Coverage for Financial Institutions and Corporate Finance and Advisory.</p> <p>Spiro has also served on the Advisory Board of both the Australia China Business Council and the Australia Japan Business Cooperation Council and was a Board Member of the European Australian Business Council.</p> <p>Spiro was also a member of a taskforce advising the Federal Government on how to enable the SME sector for the digital age.</p>
Interest in Shares and Options	<p>3,679,091 fully paid ordinary shares</p> <p>Options to acquire a further 1,547,508 ordinary shares</p>
Special Responsibilities	Member of Audit Committee
Directorships held in other listed entities during the three years prior to the current year	Current director of Splitit Payments Ltd (since 20 January 2019)

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DAVID BUCKINGHAM	NON-EXECUTIVE DIRECTOR
Qualifications	Engineering Science B.Tech (Hons), ACA ICAEW, GAICD
Experience	<p>David Buckingham is the non-executive Chairman of ASX-listed Pentanet Limited (ASX: 5GG) and a non-executive director of ASX-listed Nuheara Limited (ASX: NUH). David was previously the Group CEO and Managing Director of Navitas (ASX: NVT) from 2018-2019 and the CFO from 2016-2018.</p> <p>David has a diverse educational background and impressive career which he began in the United Kingdom with PricewaterhouseCoopers. He later moved into the telecommunications industry to which he devoted much of his career. He has worked for Telewest Global as the Group Treasurer and Director of Financial Planning, Virginmedia, as Finance Director Business Division and iiNet where he held the roles of Chief Financial Officer and Chief Executive Officer between 2008 and 2015.</p>
Interest in Shares and Options	<p>416,666 fully paid ordinary shares</p> <p>Options to acquire a further 1,416,666 ordinary shares</p> <p>Performance rights to allow conversion to 375,000 ordinary shares</p>
Special Responsibilities	Member of Audit Committee
Directorships held in other listed entities during the three years prior to the current year	<p>Current director of Pentanet Limited (since 9 September 2020)</p> <p>Current director of Nuheara Limited (since 1 November 2019)</p> <p>Navitas Limited (Appointed 1 July 2018; Resigned 5 July 2019)</p>

PROFESSOR BEVERLEY OLIVER	NON-EXECUTIVE DIRECTOR
Qualifications	BA (Hons), M.Phil PhD W.Aust, GradDipEd Murdoch, GAICD PFHEA
Experience	<p>Emeritus Professor Beverley Oliver is an education change leader, a Principal Fellow of the Higher Education Academy, and an Australian National Teaching Fellow. She works as a higher education consultant and researcher in areas such as digital education, micro-credentials, curriculum transformation, quality assurance and graduate employability. She is the founder and editor of the Journal of Teaching and Learning for Graduate Employability.</p> <p>Beverley was Deputy Vice-Chancellor Education at Deakin University (2013-2018), Deputy Chair of Universities Australia's Deputy Vice-Chancellors (Academic) (2018) and Deputy Chair of the Board of EduGrowth, a not-for-profit entity and Australia's acceleration network for high-growth, scalable, borderless education (2016-18).</p> <p>Beverley's leadership has been recognised through two national Citations for Outstanding Contributions to Student Learning and several nationally funded grants and two fellowships. In 2017, she was awarded Deakin University's highest honour, the title of Alfred Deakin Professor, for her outstanding and sustained contribution to conceptualising the strategic enhancement of courses in the digital economy and furthering Deakin University's research and scholarship in the field of higher education.</p>
Interest in Shares and Options	Options to acquire 1,000,000 ordinary shares
Special Responsibilities	Member of Remuneration Committee
Directorships held in other listed entities during the three years prior to the current year	None

Directors' Report (Continued)

MAYA HARI	NON-EXECUTIVE DIRECTOR
Qualifications	MBA, MS Engineering
Experience	<p>Maya Hari is the VP & Managing Director, Asia Pacific at Twitter. Asia Pacific has been the growth engine for Twitter in recent years. Maya's focus has been to fuel Twitter strategy and rapid growth in key markets such as China, India, Australia and Indonesia. Maya brings diverse business experience having led functions in Sales, Marketing & Product Management. She serves as a director of the following entities in Singapore: TIE Singapore (a Non-Profit focused on fuelling the entrepreneurial ecosystem), Aviva Singlife Holdings Pte Ltd, Aviva Ltd and Singapore Life Pte Ltd.</p> <p>Prior to Twitter, Maya spent 16+ years in the digital media, mobile and eCommerce in the US and in Asia Pacific region for brands such as Google, Samsung, Microsoft & Cisco. She was also responsible for the digital transformation & re-engineering of media powerhouse Conde Nast in Asia – launching and bringing internet and mobile offerings for top tier publication titles such as Vogue, GQ and Condé Nast Traveller.</p>
Interest in Shares and Options	Options to acquire 1,000,000 ordinary shares
Special Responsibilities	Member of Remuneration Committee
Directorships held in other listed entities during the three years prior to the current year	None

JUSTYN STEDWELL	COMPANY SECRETARY
Qualifications	Bachelor of Business and Commerce (Management and Economics) – Monash University, Graduate Diploma of Accounting – Deakin University, Graduate Diploma of Applied Corporate Governance – Governance Institute of Australia, Graduate Certificate of Applied Finance – Kaplan Professional
Experience	Company Secretary with over 13 years' experience as a Company Secretary of ASX listed companies in various industries including IT and telecommunications, mining and exploration, biotechnology and agriculture.

Meetings of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year was as follows:

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Kevin Barry	9	9	2	2	1	1
Adam Brimo	9	9	–	–	–	–
Spiro Pappas	9	9	2	2	–	–
David Buckingham	9	9	2	2	–	–
Professor Beverley Oliver	9	9	–	–	1	1
Maya Hari	9	9	–	–	1	1

Remuneration Report

The Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel have been prepared under the following main headings:

- (i) Remuneration policy
- (ii) Details of remuneration
- (iii) Service agreements
- (iv) Share-based remuneration
- (v) Other information

(i) Remuneration Policy

The remuneration policy of the Group has been designed:

- to align rewards to business outcomes that deliver value to shareholders
- to create a high performance culture by setting challenging objectives and rewarding individuals based on performance targets met
- to ensure remuneration is competitive in line with market to motivate and retain executive talent

The Board has established a Remuneration Committee which is responsible for determining and reviewing remuneration arrangements for the Directors and the executive team.

The remuneration structure adopted by the Group consists of the following components:

- fixed remuneration being annual salary; and
- short term incentives, being employee share schemes and bonuses for selected executives.

The payment of bonuses, share options, performance rights and other incentive payments are reviewed by the Remuneration Committee annually and a recommendation is put to the Board for approval. All bonuses, options, performance rights and incentives are linked to pre-determined performance criteria.

Directors' Report (Continued)

(ii) Details of remuneration

The remuneration for key management personnel (KMP) of the Group during the year was as follows:

		SHORT-TERM BENEFITS			
		SALARY AND FEES	PROFIT SHARE AND BONUSES	NON-MONE-TARY	LEAVE AND OTHER
		\$	\$	\$	\$
Executive Directors					
Adam Brimo	2020	214,583	51,000	–	21,526
	2019	166,461	50,000	–	28,600
Spiro Pappas	2020 ¹	149,848	–	–	8,930
	2019	2,692	–	–	–
Non-Executive Directors					
Kevin Barry	2020	63,927	–	–	–
	2019	3,442	–	–	–
David Buckingham	2020	45,662	–	–	–
	2019	2,459	–	–	–
Professor Beverley Oliver	2020	45,662	–	–	–
	2019	2,459	–	–	–
Maya Hari	2020	52,938	–	–	–
	2019	19,658	–	–	–
Other KMP					
Cherie Diaz	2020	226,058	70,000	–	30,440
	2019	224,231	–	–	15,911
Sarveen Kandiah	2020	105,790	20,000	–	7,421
	2019	74,019	–	–	4,902
David Collien	2020	162,116	35,000	–	19,627
	2019	142,703	–	–	11,589
Huat Koh	2020	168,077	15,000	–	20,220
	2019	133,884	–	–	11,598
Christina He	2020 ²	41,761	4,000	–	3,803
	2019	–	–	–	–
Total KMP	2020	1,276,422	195,000	–	111,967
	2019	772,008	50,000	–	72,600

1. Spiro Pappas was re-designated from Non-Executive to an Executive Director on 30 June 2020.

2. Christina He – joined October 2020.

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	POST-EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		EQUITY-SETTLED SHARE-BASED PAYMENTS		CASH-SETTLED SHARE-BASED PAYMENTS	TERMINATION BENEFITS	TOTAL
	PENSION AND SUPERANNUATION	OTHER	INCENTIVE PLANS	LSL	SHARES/ UNITS	OPTIONS/ RIGHTS			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	20,385	-	-	-	-	-	-	-	307,494
	23,281	-	-	-	-	-	-	-	268,342
	12,652	-	-	-	-	-	-	-	171,430
	-	-	-	-	191,667	31,632	-	-	225,991
	6,073	-	-	-	-	-	-	-	70,000
	327	-	-	-	-	31,632	-	-	35,401
	4,338	-	-	-	-	-	-	-	50,000
	234	-	-	-	-	31,632	-	-	34,325
	4,338	-	-	-	-	-	-	-	50,000
	234	-	-	-	-	31,632	-	-	34,325
	-	-	-	-	-	-	-	-	52,938
	-	-	-	-	-	31,632	-	-	51,290
	21,455	-	-	-	-	27,714	-	-	375,667
	22,813	-	-	-	-	-	-	-	262,955
	12,858	-	-	-	-	27,714	-	-	173,783
	10,221	-	-	-	-	-	-	-	89,142
	15,401	-	-	-	-	27,714	-	-	259,858
	14,658	-	-	-	-	-	-	-	168,950
	15,967	-	-	-	-	27,714	-	-	246,978
	13,821	-	-	-	-	-	-	-	159,303
	3,967	-	-	-	-	20,786	-	-	74,317
	-	-	-	-	-	-	-	-	-
	117,434	-	-	-	-	131,642	-	-	1,832,465
	85,589	-	-	-	191,667	158,160	-	-	1,330,024

Directors' Report (Continued)

(iii) Service agreements

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration for the financial year are set out below:

(a) Adam Brimo (Managing Director and Group CEO)

Adam's base salary has been \$200,000 per annum (plus superannuation) but was reviewed to \$235,000 per annum (plus superannuation) from 1 August 2020. In addition to the base salary, Adam has been granted a cash bonus of \$51,000 based on meeting performance criteria. He is entitled to an incentive of 1,000,000 performance rights based on meeting an annual recurring revenue target for FY2021.

(b) Spiro Pappas (Executive Director)

Spiro is paid a base salary of \$150,000 (including superannuation) for his part-time role in a subsidiary company. In addition to the base salary, Spiro was paid director's fees of \$50,000 (including superannuation).

(c) Cherie Diaz (Managing Director, Australia)

Cherie's base salary has been \$220,000 per annum (plus superannuation) but was reviewed to \$235,000 per annum (plus superannuation) from 1 August 2020. In addition to the base salary, Cherie has been granted a cash bonus of \$70,000 based on meeting performance criteria. She is entitled to an incentive of 200,000 performance rights based on the Company's volume weighted average share price target being met during the period of the rights.

(d) Sarveen Kandiah (Managing Director, Malaysia)

Sarveen's base salary has been MYR300,000 per annum but was reviewed to MYR330,000 per annum from 1 August 2020. In addition to the base salary, Sarveen has been granted a cash bonus of \$20,000 based on meeting performance criteria. He is entitled to an incentive of 200,000 performance rights based on the Company's volume weighted average share price target being met during the period of the rights.

(e) David Collien

David's base salary has been \$150,000 per annum (plus superannuation) but was reviewed to \$180,000 per annum (plus superannuation) from 1 August 2020. David has been granted a cash bonus of \$35,000 based on meeting performance criteria. He is entitled to an incentive of 200,000 performance rights based on the Company's volume weighted average share price target being met during the period of the rights.

(f) Huat Koh

Huat's base salary has been \$160,000 per annum (plus superannuation) but was reviewed to \$180,000 per annum (plus superannuation) from 1 August 2020. Huat has been granted a cash bonus of \$15,000 based on meeting performance criteria. He is entitled to an incentive of 200,000 performance rights based on the Company's volume weighted average share price target being met during the period of the rights.

(g) Christina He

Christina is paid a base salary of \$175,000 per annum (plus superannuation) and has been granted a cash bonus of \$4,000 based on meeting performance criteria. She is entitled to an incentive of 150,000 performance rights based on the Company's volume weighted average share price target being met during the period of the rights.

All the above service agreements otherwise contain customary terms for an agreement of such nature, including in relation to intellectual property being the property of the Group, restraint of trade and confidentiality. The service agreements stipulate a range of two to three-month resignation periods.

(iv) Share-based remuneration

Options

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements.

5,000,000 options were granted to the Directors as disclosed in the table below in FY2019, with the following key conditions:

- amount payable upon exercise of each option is \$0.30
- option will expire three (3) years following their date of issue
- an option not exercised before the expiry date will automatically lapse on the expiry date.

Performance rights

The following performance rights were granted to Directors and other key management personnel:

- (a) 2,750,000 performance rights were issued to 2 directors, Adam Brimo and David Buckingham, in FY2019. These performance rights shall vest (following which the holder of the performance rights may elect to convert the performance rights into ordinary shares of the Company) upon satisfaction of the following milestones:
- 50% of the performance rights held by each holder will vest in the event that the annual recurring revenue of the Group is equal to or greater than \$4,000,000 as at 31 December 2020; and
 - 50% of the performance rights held by each holder will vest in the event that the annual recurring revenue of the Group is equal to or greater than \$8,000,000 as at 31 December 2021,

and the relevant annual recurring revenue being confirmed by the signed attestation of a registered company auditor or is properly included in the Company's audited financial statements.

1,375,000 of these performance rights lapsed as at the end of the financial year.

- (b) 950,000 performance rights were issued during the financial year to the key management personnel comprising of Cherie Diaz, David Collien, Sarveen Kandiah, Huat Koh and Christina He, as disclosed in the table below.

These performance rights shall vest over 3 years with 1/3 vesting annually on the condition that the Company's volume weighted average share price over any 30 consecutive trading days is equal to or higher than 55 cents.

Directors' Report (Continued)

Options and rights granted as remuneration

	BALANCE AT BEGINNING OF YEAR	GRANT DETAILS			EXERCISED		LAPSED	BALANCE AT END OF YEAR
		ISSUE DATE	NO.	VALUE	NO.	VALUE	NO.	
				\$		\$		NO.
				(NOTE 1)				
Directors								
<i>Options</i>								
Kevin Barry	1,000,000	9/12/2019	1,000,000	31,632	–	–	–	1,000,000
Spiro Pappas	1,000,000	9/12/2019	1,000,000	31,632	–	–	–	1,000,000
David Buckingham	1,000,000	9/12/2109	1,000,000	31,632	–	–	–	1,000,000
Professor Beverley Oliver	1,000,000	9/12/2019	1,000,000	31,632	–	–	–	1,000,000
Maya Hari	1,000,000	9/12/2019	1,000,000	31,632	–	–	–	1,000,000
	5,000,000		5,000,000	158,160	–	–	–	5,000,000
<i>Performance rights</i>								
Adam Brimo	2,000,000	9/12/2019	2,000,000	–	–	–	(1,000,000)	1,000,000
David Buckingham	750,000	9/12/2019	750,000	–	–	–	(375,000)	375,000
	2,750,000		2,750,000	–	–	–	(1,375,000)	1,375,000
Other KMP								
<i>Performance rights</i>								
Cherie Diaz	–	1/10/2020	200,000	27,714	–	–	–	200,000
Sarveen Kandiah	–	1/10/2020	200,000	27,714	–	–	–	200,000
David Collien	–	1/10/2020	200,000	27,714	–	–	–	200,000
Huat Koh	–	1/10/2020	200,000	27,714	–	–	–	200,000
Christina He	–	1/10/2020	150,000	20,786	–	–	–	150,000
	–		950,000	131,642	–	–	–	950,000

	BALANCE AT END OF YEAR	VESTED		UNVESTED	
		EXERCISABLE	UNEXERCISABLE	TOTAL AT END OF YEAR	TOTAL AT END OF YEAR
		NO.	NO.	NO.	NO.
			(NOTE 2)		
Directors					
<i>Options</i>					
Kevin Barry	1,000,000	–	1,000,000	1,000,000	–
Spiro Pappas	1,000,000	–	1,000,000	1,000,000	–
David Buckingham	1,000,000	–	1,000,000	1,000,000	–
Professor Beverley Oliver	1,000,000	–	1,000,000	1,000,000	–
Maya Hari	1,000,000	–	1,000,000	1,000,000	–
	5,000,000	–	5,000,000	5,000,000	–
<i>Performance rights</i>					
Adam Brimo	1,000,000	–	–	–	1,000,000
David Buckingham	375,000	–	–	–	375,000
	1,375,000	–	–	–	1,375,000
Other KMP					
<i>Performance rights</i>					
Cherie Diaz	200,000	–	–	–	200,000
Sarveen Kandiah	200,000	–	–	–	200,000
David Collien	200,000	–	–	–	200,000
Huat Koh	200,000	–	–	–	200,000
Christina He	150,000	–	–	–	150,000
	950,000	–	–	–	950,000

Note 1 The fair value of options granted to Directors and performance rights granted to Other KMP as remuneration as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

The performance rights issued to Directors are subject to non-market vesting conditions, accordingly no value has been recognised as the Company have not assessed that the condition is likely to be met at this point and will be reassessed at future reporting dates.

Note 2 The exercise period for the vested options is subject to escrow period imposed by the ASX.

Directors' Report (Continued)

Description of Options/Rights Issued as Remuneration

Details of the options and performance rights granted as remuneration to those KMP listed in the previous table are as follows:

GRANT DATE	ISSUER	ENTITLEMENT ON EXERCISE	DATES EXERCISABLE	EXERCISE PRICE \$	VALUE PER OPTION AT GRANT DATE \$	AMOUNT PAID/PAYABLE BY RECIPIENT \$
9 December 2019	Company	5,000,000 ordinary shares	Within 3 years following grant date	0.30	0.032 ¹	1,500,000
9 December 2019	Company	1,375,000 ordinary shares	Following satisfaction of revenue milestones and within 5 years following grant date	–	– ²	–
1 October 2020	Company	950,000 ordinary shares	Within 3 years on the condition that the Company's volume weighted average share price over any 30 consecutive trading days is higher than 55 cents	–	0.139 ¹	–

- Option and performance right values at grant date were determined using the Black-Scholes method.
- No value has been recognised for the performance rights granted on 9/12/2019. An assessment of the performance criteria was carried out and the criteria were not met.

(v) Other information

The number of ordinary shares in the Company during the year held by each of the Group's key management personnel, including their related parties, is set out below:

	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
Adam Brimo	6,532,475	–	–	–	6,532,475
Kevin Barry	1,839,788	–	–	–	1,839,788
Spiro Pappas	3,679,091	–	–	–	3,679,091
David Buckingham	416,666	–	–	–	416,666
Professor Beverley Oliver	–	–	–	–	–
Maya Hari	–	–	–	–	–
Cherie Diaz	504,209	–	–	–	504,209
Sarveen Kandiah	177,945	–	–	–	177,945
David Collien	3,556,743	–	–	–	3,556,743
Huat Koh	152,523	–	–	–	152,523
Christina He	–	–	–	–	–
Total	16,859,440	–	–	–	16,859,440

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

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



Kevin Barry
Chairman
Dated: 26 March 2021

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
Fx: (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 audit partner for the audit of the financial report of OpenLearning Limited for the year ended 31 December 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



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



DREW TOWNSEND
Partner

Dated: *26 March 2021*

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2020

	NOTE	2020	2019
		\$	\$
Revenue	3	1,888,636	1,602,613
Other income	4	108,605	18,638
Items of expense			
Web-hosting and other direct costs		(590,852)	(394,814)
Employee benefits expense		(4,703,663)	(4,602,273)
Depreciation and amortisation		(253,569)	(62,859)
Promotional and advertising		(370,417)	(121,114)
Professional services		(985,211)	(242,663)
General and administrative costs		(756,529)	(822,856)
Pre-IPO and IPO-related costs		–	(3,070,710)
		(5,663,000)	(7,696,038)
Finance income		56,279	7,131
Finance expenses		(17,544)	(31,044)
Loss before tax	5	(5,624,265)	(7,719,951)
Income tax	6	–	–
Loss for the year		(5,624,265)	(7,719,951)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(21,889)	(4,122)
Total comprehensive loss for the year		(5,646,154)	(7,724,073)
Loss for the year attributable to:			
Owners of the Company		(5,624,265)	(7,719,951)
Total comprehensive loss attributable to:			
Owners of the Company		(5,646,154)	(7,724,073)
Losses per share attributable to owners of the Company			
Basic losses per share (cents)	9	(3.90)	(5.53)
Diluted losses per share (cents)	9	(3.75)	(5.53)

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

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTE	2020	2019
		\$	\$
ASSETS			
Current assets			
Trade and other receivables	10	373,406	551,580
Prepayments		279,718	226,576
Cash and cash equivalents	11	8,595,069	7,740,768
		9,248,193	8,518,924
Non-current assets			
Furniture, fittings and equipment	12	54,834	62,392
Intangible assets	13	531,891	453,341
Right-of-use assets	14	283,561	349,405
		870,286	865,138
Total assets		10,118,479	9,384,062
LIABILITIES			
Current liabilities			
Trade and other payables	15	958,211	793,582
Provisions	16	224,333	143,650
Lease liabilities		192,831	132,191
Borrowing	17	–	17,727
Deferred revenue		643,021	572,737
		2,018,396	1,659,887
Net current assets		7,229,797	6,859,037
Non-current liabilities			
Lease liabilities		128,934	250,884
Other payables	15	–	199,927
		128,934	450,811
Total liabilities		2,147,330	2,110,698
Net assets		7,971,149	7,273,364
EQUITY			
Equity attributable to the owners of the Company			
Share capital	18	29,595,431	23,233,194
Accumulated losses		(25,037,705)	(19,413,440)
Reserves	19	3,413,423	3,453,610
Total equity		7,971,149	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 financial year ended 31 December 2020

	SHARE CAPITAL (NOTE 18)	RESERVES (NOTE 19)	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$	\$
Opening balance at 1 January 2020	23,233,194	3,453,610	(19,413,440)	7,273,364
Loss for the year	–	–	(5,624,265)	(5,624,265)
<i>Other comprehensive income</i>				
Foreign currency translation, representing total other comprehensive loss for the year	–	(21,889)	–	(21,889)
Total comprehensive loss for the year	–	(21,889)	(5,624,265)	(5,646,154)
Issuance of ordinary shares:				
new ordinary shares	5,939,499	–	–	5,939,499
exercise of share options	629,166	–	–	629,166
Equity issuance costs	(356,369)	–	–	(356,369)
Fair value adjustment on shares issued	149,941	(149,941)	–	–
Share-based payment	–	131,643	–	131,643
Closing balance at 31 December 2020	29,595,431	3,413,423	(25,037,705)	7,971,149

	SHARE CAPITAL (NOTE 18)	RESERVES (NOTE 19)	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$	\$
Opening balance at 1 January 2019	12,937,238	15,841	(11,693,489)	1,259,590
Loss for the year	–	–	(7,719,951)	(7,719,951)
<i>Other comprehensive income</i>				
Foreign currency translation, representing total other comprehensive loss for the year	–	(4,122)	–	(4,122)
Total comprehensive loss for the year	–	(4,122)	(7,719,951)	(7,724,073)
Conversion of convertible preference shares	9	–	–	9
Valuation of employee share plan	824,606	–	–	824,606
Exercise of employee share plan	96,863	–	–	96,863
Issuance of ordinary shares:				
pursuant to conversion of convertible notes	3,700,000	–	–	3,700,000
issuance to advisors and a director	766,667	–	–	766,667
pursuant to initial public offering of shares	8,000,000	–	–	8,000,000
Equity issuance costs	(1,441,712)	–	–	(1,441,712)
Fair value adjustment on shares issued	(1,650,477)	1,650,477	–	–
Valuation of options issued	–	1,791,414	–	1,791,414
Closing balance at 31 December 2019	23,233,194	3,453,610	(19,413,440)	7,273,364

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

	NOTE	2020	2019
		\$	\$
Operating activities			
Receipts from customers		3,183,122	2,242,609
Payments to suppliers and employees		(8,280,575)	(6,135,369)
Proceeds from other income		108,605	18,638
Net cash flows used in operating activities	23	(4,988,848)	(3,874,122)
Investing activities			
Purchase of furniture, fittings and equipment, net of disposal		(9,916)	(45,589)
Purchase of intangible assets		(147,990)	(101,691)
Net cash flows used in investing activities		(157,906)	(147,280)
Financing activities			
Proceeds from issuance of equity shares		5,939,499	8,000,000
Proceeds from exercise of share options		629,166	–
Proceeds from issuance of convertible notes		–	3,700,000
Proceeds from exercise of employee share options		–	96,863
Repayment of lease liabilities		(168,431)	–
Proceeds from/(repayment of) borrowing		(17,727)	17,727
Payments for pre-IPO and IPO costs		–	(618,334)
Share issue expenses		(356,369)	(511,401)
Net cash flows generated from financing activities		6,026,138	10,684,855
Net increase in cash and cash equivalents		879,384	6,663,453
Effect of exchange rate changes on cash and cash equivalents		(25,083)	583
Cash and cash equivalents at beginning of the year		7,740,768	1,076,732
Cash and cash equivalents at end of the year	11	8,595,069	7,740,768

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

Notes to the Financial Statements

31 December 2020

The consolidated financial statements and notes represent those of OpenLearning Limited and its Controlled Entities (the Group).

The separate financial statements of the Parent Entity, OpenLearning Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 26 March 2021 by the directors of the Company.

1. Summary of significant accounting policies

1.1 Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

1.2 Going concern

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

The Group incurred a net loss of \$5,624,265 (2019: \$7,719,951) and net operating cash outflows of \$4,988,848 (2019: \$3,874,122) for the financial year ended 31 December 2020. As at 31 December 2020, the Group had accumulated losses of \$25,037,705 (31 December 2019: \$19,413,440).

The Group has prepared a budget for the financial year ending 31 December 2021. 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 this financial report was authorised for issue. Management have a number of on-going initiatives which potentially will improve the Group's cashflow generation beyond this period of 12 months, some of which have been announced relating to the development of the UNSW Transition Program Online and the development of micro-credentials and short courses. The key assumptions of this assessment are based on the inflow of funds from the capital raising completed in November 2020, on-going sales collection, potential revenue from new ventures pertaining to the UNSW Transition Program Online and development of micro-credentials and short courses and conscientious monitoring of working capital needs.

The financial statements have therefore been prepared on a going concern basis for the above reasons.

1.3 Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (OpenLearning Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 21.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Where applicable, equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The consolidated financial statements of the Group have been prepared in accordance with the pooling of interest method as the Group is a continuation of the existing business of OpenLearning Global Pte Ltd and its subsidiaries. The assets and liabilities of the combining entities are reflected at their carrying amounts as reported in the consolidated financial statements. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as a common control reserve. The consolidated income statements and consolidated statements of comprehensive income reflect the results of the combining entities for the entire periods under review, irrespective of when the combination took place. Apart from the above, subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

1.4 Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the Parent Entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at exchange rates on the date of transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

1.5 Furniture, fittings and equipment

All items of furniture, fittings and equipment are initially recorded at cost. Subsequent to recognition, furniture, fittings and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computer	60 months
Office equipment	60 months
Leasehold improvement	60 months

The carrying values of furniture, fittings and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of furniture, fittings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Notes to the Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

1.6 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost and where applicable, less any accumulated amortisation and/or any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Domain names and trademarks

Domain names and trademarks are recognised at cost of acquisition. They are considered to have an infinite life and are carried at cost less any impairment losses.

(ii) Learning platform software

Learning platform software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of ten years. Any costs incurred to improve the software after acquisition is expensed to the profit or loss. It is assessed annually for impairment.

(iii) Course design

Course design is costs expended:

- to develop the study courses for the UNSW Transition Program Online, a direct entry program for students to enter UNSW; and
- to develop the OpenCreds' micro-credential courses with interested course creators, including cash grants given to the course creators to initiate the development of the courses.

The costs incurred are capitalised up to the stage when the study courses are ready for commercial use. They have a finite life and are carried at cost less accumulated amortisation and any impairment losses. The estimated useful life is based on the period of contracts.

1.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

1.8 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or the sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: Revenue from Contracts with Customers.

Classification and subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Notes to the Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

1.8 Financial instruments (continued)

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
 - all risk and rewards of ownership of the asset have been substantially transferred; and
 - the Group no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).
- On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

1.9 Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach; and
- the simplified approach;

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there has been no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers, and which do not contain a significant financing component; and
 - lease receivables.
- In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and with online payment providers, cash on hand and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

1.11 Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

1.12 Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave entitlements are recognised as provisions in the statement of financial position.

Defined contribution benefits

All employees of the Group receive defined contribution entitlements, for which the Group pays fixed contribution to the employee's superannuation fund of choice for the employees in Australia and to a state pension fund for the employees in Malaysia. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid contributions at the end of the reporting period. All obligations for unpaid contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of:

- the date when the Group can no longer withdraw the offer for termination benefits; and
- when the Group recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits.

In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Notes to the Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

1.13 Revenue

Revenue arises from Platform SaaS fees, Marketplace sales and Services sales.

To determine recognition of revenue, the Group: (i) identifies the contract with a customer, (ii) identifies the performance obligations in the contract, (iii) determines the transaction price, (iv) allocates the transaction price to the performance obligations and (v) recognises revenue when or as each performance obligation is satisfied.

Revenue is recognised either at a point in time or over time, when or as the Group satisfies performance obligations by transferring the promised goods or services to its customers.

(a) Platform SaaS fees

Revenue from platform SaaS subscription fees is recognised over the period during which customers are granted access to the platform.

(b) Marketplace sales

Revenue from marketplace sales is recognised when customers subscribe for the courses and the course is delivered. For courses sold on behalf of third parties, revenue is recognised based on revenue sharing arrangements.

(c) Services sales

Revenue from the provision of services is recognised over time reflecting the progress for the completion of a performance obligation for which the Group has an enforceable right to payment.

Platform SaaS fees and Services sold to customers in advance, which are yet to be utilised, are recognised initially in the balance sheet as deferred income and released to revenue in line with the above recognition criteria.

1.14 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

The applicable sales taxes are the Goods and Services Tax (GST) and the Sales and Service Tax (SST), depending on the tax jurisdiction where the Group operates. Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of sales tax included.

1.15 Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.16 Share capital and share issue expenses

Proceeds from issuance of equity shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

1.17 Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Notes to the Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

1.18 New and Amended Accounting Policies Adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Critical accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Recognition of Services revenue

The amounts of revenue recognised in the reporting period depends on the extent to which the performance obligations have been satisfied. Recognising Services revenue requires significant judgement in determining milestones, actual work performed and the estimated costs to complete the work.

(b) Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

(c) Capitalisation of learning platform software and course design

Distinguishing the phases of a new customised software or course design project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. Post-capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in assumptions when they occur.

(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model.

(b) Impairment of receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

3. Revenue

	GROUP	
	2020	2019
	\$	\$
Revenue from contracts with customers		
Platform SaaS fees	1,127,453	722,525
Marketplace sales	141,297	247,779
Services sales	619,886	632,309
	1,888,636	1,602,613

3.1 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.

	YEAR TO 31 DECEMBER 2020							
	PLATFORM SAAS		SERVICES		MARKETPLACE		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Geographical markets								
Australia	677,621	499,726	575,578	375,475	125,441	207,234	1,378,640	1,082,435
Malaysia	441,949	211,579	44,308	256,834	15,856	40,545	502,113	508,958
Singapore	7,883	11,220	–	–	–	–	7,883	11,220
	1,127,453	722,525	619,886	632,309	141,297	247,779	1,888,636	1,602,613
Timing of revenue recognition								
<i>Products and services transferred to customers:</i>								
At a point in time	–	–	–	–	141,297	247,779	141,297	247,779
Over time	1,127,453	722,525	619,886	632,309	–	–	1,747,339	1,354,834
	1,127,453	722,525	619,886	632,309	141,297	247,779	1,888,636	1,602,613

4. Other income

	GROUP	
	2020	2019
	\$	\$
Cash flow boost incentive/Government grant	100,000	13,632
Others	8,605	5,006
	108,605	18,638

Notes to the Financial Statements (Continued)

5. Loss for the year

Loss before income tax from continuing operations includes the following specific expenses:

	GROUP	
	2020	2019
	\$	\$
Employee benefits expense		
share-based payment	131,643	–
severance costs	–	183,019
Depreciation and amortisation		
depreciation on furniture, fittings and equipment	15,875	31,095
depreciation on right-of-use assets	176,199	31,764
amortisation of intangible assets	61,495	–
Professional services		
contractors	483,791	104,437
General and administrative costs		
write-off/loss on disposal of furniture, fittings and equipment	1,422	61,017
surrender of lease costs	–	67,518
foreign currency translation losses	14,909	13,538
impairment of trade receivables	66,096	15,354
travelling costs	29,586	101,131
Pre-IPO and IPO-related costs		
share-based payment	–	2,452,376

6. Income tax

6.1 Income tax expense

There are no income tax expenses for the current and previous financial years as the Group does not have taxable profits.

At the end of the reporting period, the Group has tax losses of approximately \$20,580,000 (2019: \$15,014,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

6.2 The prima facie tax on losses from ordinary activities before income tax is reconciled to the income tax as follows

	GROUP	
	2020	2019
	\$	\$
Loss before tax from continuing operations	(5,624,265)	(7,719,951)
Prima facie tax benefit on loss from ordinary activities before tax at the domestic tax rates where the Group operates	(1,507,822)	(2,041,189)
Add/(subtract):		
Tax effect of:		
non-allowable items	69,119	842,192
effect of tax losses not recognised	1,601,612	1,325,226
tax benefit of deductible equity raising costs	(100,068)	(117,456)
under-provision for income tax in prior year	–	30,689
movement in unrecognised temporary difference	(62,841)	(39,462)
Income tax attributable to entity	–	–

The above reconciliation is prepared by aggregating separate reconciliations for each tax jurisdiction where the Group operates. A summary of the domestic tax rates by country where the Group operates is as follows:

	2020	2019
	%	%
Australia	27.5	27.5
Singapore	17.0	17.0
Malaysia	24.0	24.0

7. Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 December 2020.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2020	2019
	\$	\$
Short-term employee benefits	1,583,389	894,608
Post-employment benefits	117,434	85,589
Share-based payments	131,642	349,827
Total KMP compensation	1,832,465	1,330,024

Short-term employee benefits

These amounts include fees paid to the non-executive Chairman and non-executive directors as well as all salary, paid leave benefits and any cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

8. Auditors' remuneration

	GROUP	
	2020	2019
	\$	\$
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	56,000	37,940
– preparation of investigating accountants report	–	20,000
	56,000	57,940

Notes to the Financial Statements (Continued)

9. Losses per share

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

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

	31 DECEMBER 2020	31 DECEMBER 2019
Weighted average number of ordinary shares for basic losses per share computation	144,065,986	139,666,641
Effects of dilution from:		
– share options issued to convertible note holders	5,537,495	–
– share options issued to advisors	558,667	–
Weighted average number of ordinary shares for diluted losses per share computation	150,162,148	139,666,641

10. Trade and other receivables

	NOTE	GROUP	
		2020	2019
		\$	\$
CURRENT			
Trade receivables		330,006	651,287
Provision for impairment	10a(i)	(30,223)	(187,094)
		299,783	464,193
Other receivables		73,623	87,387
Provision for impairment		–	–
		73,623	87,387
Total current trade and other receivables		373,406	551,580

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: *Financial Instruments*.

	GROUP			
	OPENING BALANCE	NET MEASURE- MENT OF LOSS ALLOWANCE	AMOUNTS WRITTEN OFF	CLOSING BALANCE
	1 JANUARY 2019			31 DECEMBER 2019
	\$	\$	\$	\$
a. Lifetime Expected Credit Loss: Credit Impaired				
(i) Current trade receivables	183,908	15,354	(12,168)	187,094

	GROUP			
	OPENING BALANCE	NET MEASURE- MENT OF LOSS ALLOWANCE	AMOUNTS WRITTEN OFF	CLOSING BALANCE
	1 JANUARY 2020			31 DECEMBER 2020
	\$	\$	\$	\$
(i) Current trade receivables	187,094	27,810	(184,681)	30,223

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2020 is determined as follows; the expected credit losses also incorporate forward-looking information.

The "amounts written off", if any, are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

2020	CURRENT	>30 DAYS PAST DUE	>60 DAYS PAST DUE	>90 DAYS PAST DUE	TOTAL
	\$	\$	\$	\$	\$
Expected loss rate	0%	0%	0%	83.1%	7.5%
Gross carrying amount	361,334	5,706	196	36,393	403,629
Loss allowing provision	–	–	–	30,223	30,223

2019	CURRENT	>30 DAYS PAST DUE	>60 DAYS PAST DUE	>90 DAYS PAST DUE	TOTAL
	\$	\$	\$	\$	\$
Expected loss rate	0%	0%	0%	83.7%	25.3%
Gross carrying amount	421,584	26,629	66,903	223,558	738,674
Loss allowing provision	–	–	–	187,094	187,094

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within this note. In FY2017, there was a significant contract signed with a private education institution in Malaysia that subsequently encountered financial difficulty. The Group made an impairment of \$178,481 for this receivable in FY2018 representing 50% of the total receivable from this debtor. This debtor has in FY2020 settled the balance of the 50% owing that has not been impaired. The Group has determined that the amount impaired for this debtor is uncollectible and has written off this amount in FY2020. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Collateral Pledged

A charge over trade receivables transacted through the Paypal platform has been provided for a borrowing in FY2019. This charge has been released upon repayment of the borrowing in FY2020. Refer to Note 17 for further details.

11. Cash and cash equivalents

	GROUP	
	2020	2019
	\$	\$
Cash at bank and on hand	1,457,750	1,641,000
Cash with online payment providers	37,319	1,618
Short-terms deposits placed with banks	7,100,000	6,098,150
	8,595,069	7,740,768

Included in short-term deposits of the Group as at 31 December 2019 is an amount of \$98,150 that is pledged to a bank as collateral for the issuance of a bank guarantee in respect of an office tenancy. The restriction on this bank deposit was removed in the financial year 2020.

Notes to the Financial Statements (Continued)

12. Furniture, fittings and equipment

2020	GROUP			TOTAL
	COMPUTER	OFFICE EQUIPMENT	LEASEHOLD IMPROVEMENT	
	\$	\$	\$	\$
Cost				
At 1 January 2020	22,984	20,082	30,999	74,065
Additions	3,043	1,923	4,950	9,916
Disposals	(2,431)	–	–	(2,431)
Exchange difference	(425)	(53)	–	(478)
At 31 December 2020	23,171	21,952	35,949	81,072
Accumulated depreciation				
At 1 January 2020	6,202	4,569	902	11,673
Depreciation for the year	4,708	4,104	7,063	15,875
Disposals	(1,009)	–	–	(1,009)
Exchange difference	(266)	(35)	–	(301)
At 31 December 2020	9,635	8,638	7,965	26,238
Net carrying amount	13,536	13,314	27,984	54,834

2019	GROUP			TOTAL
	COMPUTER	OFFICE EQUIPMENT	LEASEHOLD IMPROVEMENT	
	\$	\$	\$	\$
Cost				
At 1 January 2019	54,649	57,865	42,402	154,916
Additions	6,207	5,490	33,892	45,589
Disposals	(38,600)	(44,027)	(45,941)	(128,568)
Exchange difference	728	754	646	2,128
At 31 December 2019	22,984	20,082	30,999	74,065
Accumulated depreciation				
At 1 January 2019	10,864	22,031	14,361	47,256
Depreciation for the year	9,330	12,227	9,538	31,095
Disposals	(14,184)	(30,092)	(23,274)	(67,550)
Exchange difference	192	403	277	872
At 31 December 2019	6,202	4,569	902	11,673
Net carrying amount	16,782	15,513	30,097	62,392

13. Intangible assets

	GROUP					TOTAL
	DOMAIN NAMES AND TRADEMARKS	GOODWILL	LEARNING PLATFORM SOFTWARE WORK-IN-PROGRESS	LEARNING PLATFORM SOFTWARE	COURSE DESIGN	
	\$	\$	\$	\$	\$	\$
2020						
Cost						
At 1 January 2020	37,096	24,500	391,745	–	–	453,341
Reclassification	–	–	(391,745)	391,745	–	–
Additions	–	–	–	–	163,240	163,240
Exchange difference	–	–	–	(30,503)	–	(30,503)
At 31 December 2020	37,096	24,500	–	361,242	163,240	586,078
Accumulated amortisation						
At 1 January 2020	–	–	–	–	–	–
Amortisation for the year	–	–	–	61,495	–	61,495
Exchange difference	–	–	–	(7,308)	–	(7,308)
At 31 December 2020	–	–	–	54,187	–	54,187
Net carrying amount	37,096	24,500	–	307,055	163,240	531,891
2019						
Cost						
At 1 January 2019	37,096	24,500	239,816	–	–	301,412
Additions	–	–	147,776	–	–	147,776
Exchange difference	–	–	4,153	–	–	4,153
At 31 December 2019	37,096	24,500	391,745	–	–	453,341
Net carrying amount	37,096	24,500	391,745	–	–	453,341

Domain names and trademarks are recognised at cost of acquisition. Goodwill represents premium paid for business assets. These are considered to have an infinite life and are carried at cost less any impairment losses.

Learning platform software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of ten years. Amortisation commences when the software is ready for commercial use.

Course design is costs expended to develop the OpenCreds' micro-credential courses and the study courses for the UNSW Transition Program Online. It has a finite life based on the contract periods and is carried at cost less accumulated amortisation and any impairment losses. Course design has an estimated useful life of five years. Amortisation commences when the courses are ready for commercial use.

Domain names and trademarks and Goodwill are allocated to the cash-generating unit which is based on the Group's reporting geographical segment in Australia.

Notes to the Financial Statements (Continued)

14. Right-of-use assets

The Group's leases comprise of lease of office premises. These leases have lease terms of between 2 to 3 years.

	2020	2019
	\$	\$
i) AASB 16 related amounts recognised in the balance sheet		
Right of use assets		
Leased office premises	488,289	381,169
Accumulated depreciation	(207,963)	(31,764)
Exchange difference	3,235	–
Total right-of-use assets	283,561	349,405
Movement in carrying amounts:		
Leased office premises:		
At 1 January	349,405	–
Additions	107,120	381,169
Depreciation expense	(176,199)	(31,764)
Exchange difference	3,235	–
Net carrying amount	283,561	349,405

	2020	2019
	\$	\$
ii) AASB 16 related amounts recognised in the statement of profit or loss		
Depreciation charge related to right-of-use assets	176,199	31,764
Interest expense on lease liabilities	8,684	1,906
Short-term leases expense	11,766	277,288
Low-value asset leases expense	26,395	27,572
Total cash outflows for leases	206,592	304,860

15. Trade and other payables

	GROUP	
	2020	2019
	\$	\$
CURRENT		
Trade payables	361,117	452,514
Other payables and accrued expenses	597,094	341,068
	958,211	793,582
NON-CURRENT		
Other payables	–	199,927
	958,211	993,509
a. Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables:		
– total current	958,211	793,582
– total non-current	–	199,927
Financial liabilities as trade and other payables	958,211	993,509

Included in other payables for FY2019 is an amount of \$389,516 of which \$199,927 is disclosed as non-current owing to the Australian Tax Office being an instalment plan payable over 23 monthly instalments arising from PAYG withheld for which interest is charged at average rate of 7.98% p.a. This amount owing to the Australian Tax Office was fully repaid in FY2020. Trade and other payables are otherwise non-interest bearing.

16. Provisions

	GROUP	
	2020	2019
	\$	\$
Current:		
Provision for annual leave	224,333	143,650

17. Borrowing

The borrowing balance represents a working capital loan provided by Paypal which is secured over the funds transacted through the Paypal payment gateway. This borrowing attracts an upfront loan fee of 18.5% with the borrowing repaid from 30% deduction of the receivables collected through the payment gateway until the borrowing is fully settled. This borrowing was fully repaid in FY2020.

18. Share capital

	31 DECEMBER 2020	31 DECEMBER 2019
	\$	\$
164,024,967 (31 Dec 2019: 139,666,641) fully paid ordinary shares	29,595,431	23,233,194

18.1 Movements in ordinary shares

	GROUP			
	2020		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 year:				
– pursuant to OLGAI Share Exchange Agreement	–	–	16,527,200	96,863
– pursuant to OLGSG Share Exchange Agreement	–	–	23,472,801	8,550,009
– conversion of convertible notes	–	–	30,833,307	3,700,000
– issuance to advisors and a director	–	–	3,833,333	766,667
– public offering of shares	21,212,495	5,939,499	40,000,000	8,000,000
– exercise of share options	3,145,831	629,166	–	–
– Fair value adjustment on shares issued	–	149,941	–	(825,871)
At 31 December	164,024,967	32,195,761	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 31 December	–	–	–	–
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 31 December	–	–	–	–

Notes to the Financial Statements (Continued)

18. Share capital (continued)

18.1 Movements in ordinary shares (continued)

	GROUP			
	2020		2019	
	NO. OF SHARES	\$	NO. OF SHARES	\$
Equity issuance costs				
At 1 January	–	(2,243,961)	–	(802,249)
Costs arising from equity issuance	–	(356,369)	–	(1,441,712)
At 31 December	–	(2,600,330)	–	(2,243,961)
Total ordinary shares at 31 December	164,024,967	29,595,431	139,666,641	23,233,194

Corporate reorganisation

The Group undertook the transactions described below in the previous FY2019 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 (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.

18.2 Movements in unquoted options over ordinary shares

EXERCISE PERIOD	EXERCISE PRICE PER SHARE	NUMBER ON ISSUE AT 1 JAN 2020	EXERCISED	NUMBER ON ISSUE AT 31 DEC 2020
On or before 9 December 2021*	\$0.20	30,833,307	(3,145,831)	27,687,476
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	(3,145,831)	35,480,809

* exercise of the options is subject to escrow periods.

18.3 Performance rights

2,750,000 performance rights were granted on 9 December 2019 to two directors of the Company. Half of these performance rights have lapsed. The balance of the rights are exercisable to 1,375,000 ordinary shares in the Company with Nil consideration provided an annualised recurring revenue milestone is met, are exercisable within 5 years following grant date and are subject to an escrow period.

950,000 performance rights were granted on 1 October 2020 to key management personnel of the Company. These performance rights are exercisable to 950,000 ordinary shares in the Company with Nil consideration over 3 years with 1/3 vesting annually on the condition that the Company's volume weighted average share price over any 30 consecutive trading days is equal to or higher than 55 cents.

None of the above performance rights vested during the financial year 2020.

19. Reserves

	GROUP	
	2020	2019
	\$	\$
Foreign currency translation reserve	(10,170)	11,719
Common control reserve	1,650,477	1,650,477
Share option reserve	1,773,116	1,791,414
	3,413,423	3,453,610

(i) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company and its subsidiaries whose functional currencies are different from that of the Group's presentation currency.

(ii) Common control reserve

Common control reserve records difference between the fair value of net assets acquired and consideration paid.

(iii) Share option reserve

Share option reserve records items recognised as expenses on valuation of share options.

20. Financial risk management

The Group's principal financial instruments comprise of receivables, payables, cash at bank and short-term deposits.

The Board of Directors has overall responsibility for the oversight and management of the Group's exposure to a variety of financial risks (including credit risk, foreign currency risk, liquidity risk and interest rate risk).

The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on the financial performance including the review of future cash flow requirements.

(a) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from cash outflows from current operating losses. The Group's objective is to focus on maintaining an appropriate level of overheads in line with the Group's business plan and available cash resources, with the objective of achieving a cashflow positive business within the budgeted timeline.

The table below summarise the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Notes to the Financial Statements (Continued)

20. Financial risk management (continued)

(a) Liquidity risk (continued)

GROUP	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets – cash flows realisable								
Trade and other receivables	373,406	551,580	–	–	–	–	373,406	551,580
Cash and short-term deposits	8,595,069	7,740,768	–	–	–	–	8,595,069	7,740,768
Total anticipated inflows	8,968,475	8,292,348	–	–	–	–	8,968,475	8,292,348
Financial liabilities due for payment								
Trade and other payables	958,211	793,582	–	199,927	–	–	958,211	993,509
Lease liability	192,831	132,191	128,934	250,884	–	–	321,765	383,075
Borrowing	–	17,727	–	–	–	–	–	17,727
Total expected outflows	1,151,042	943,500	128,934	450,811	–	–	1,279,976	1,394,311
Net inflow/(outflow) on financial instruments	7,817,433	7,348,848	(128,934)	(450,811)	–	–	7,688,499	6,898,037

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades with third parties that are considered creditworthy. In addition, receivable balances are monitored on an ongoing basis.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

Except as disclosed in Note 10 above, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment records with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

(c) Foreign currency risk

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the SGD Singapore dollar and USD United States dollar may impact on the Group's financial results.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations.

2020		NET FINANCIAL ASSETS/(LIABILITIES) IN AUD			
GROUP	USD	SGD	OTHER	TOTAL AUD	
Functional currency of entity:					
Australian dollar	33,091	22,970	–	56,061	
Statement of financial position exposure	33,091	22,970	–	56,061	

2019		NET FINANCIAL ASSETS/(LIABILITIES) IN AUD			
GROUP	USD	SGD	OTHER	TOTAL AUD	
Functional currency of entity:					
Australian dollar	19,873	15,040	–	34,913	
Statement of financial position exposure	19,873	15,040	–	34,913	

Foreign currency risk concentration profile

The Group does not have any significant exposure to any specific foreign currency grouping nor does it have any major concentration of foreign currency risk related to any financial instruments.

(d) Interest rate risk

The Group's exposure to market interest rates relate to cash deposits held at variable rates. The management monitors its interest rate exposure and consideration is given to potential renewals of existing positions.

Sensitivity analysis for interest rate risk

The following table demonstrate the sensitivity of profit/(loss) and equity to a reasonably possible change in interest rates of +/- 50 basis points, will all other variables held constant.

	GROUP	
	PROFIT	EQUITY
	\$	\$
Year ended 31 December 2020		
+0.5% in interest rates	42,975	42,975
-0.5% in interest rates	(42,975)	(42,975)
Year ended 31 December 2019		
+0.5% in interest rates	38,704	38,704
-0.5% in interest rates	(38,704)	(38,704)

21. Interests in subsidiaries

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PROPORTION (%) OF OWNERSHIP INTEREST	
			2020	2019
			%	%
Held by the Company				
OLG Australia Investors Pte Ltd	Investment holding	Singapore	100	100
OpenLearning Global Pte Ltd	Investment holding and provision of online education platform and services	Singapore	100*	100*
Held by OpenLearning Global Pte Ltd				
Open Learning Global Pty Ltd	Provision of online education platform and services	Australia	100	100
OpenLearning Global (M) Sdn Bhd	Provision of online education platform and services	Malaysia	100	100

* 63.89% held via OLG Australia Investors Pte Ltd

Notes to the Financial Statements (Continued)

22. Operating segments

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
- (d) Corporate (based in Australia)

2020	AUSTRALIA	MALAYSIA	SINGAPORE	CORPORATE (AUSTRALIA)	TOTAL
	\$	\$	\$	\$	\$
Revenue:					
External sales	1,378,640	502,113	7,883	–	1,888,636
Segment results:					
Web-hosting and other direct costs	(327,255)	(263,597)	–	–	(590,852)
Employees benefit expenses	(3,067,754)	(857,732)	(3,145)	(775,032)	(4,703,663)
Depreciation and amortisation	(141,423)	(111,849)	(297)	–	(253,569)
Promotional and advertising	(238,154)	(9,122)	–	(123,141)	(370,417)
Professional services	(608,362)	(189,474)	(22,552)	(164,823)	(985,211)
General and administration	(337,671)	(102,537)	(7,581)	(308,740)	(756,529)
Segment loss	(3,249,969)	(1,025,619)	(28,140)	(1,320,537)	(5,624,265)
Segment assets	4,075,580	828,121	21,592	5,193,186	10,118,479
Segment liabilities	1,269,959	635,724	734	240,913	2,147,330

2019	AUSTRALIA	MALAYSIA	SINGAPORE	CORPORATE (AUSTRALIA)	TOTAL
	\$	\$	\$	\$	\$
Revenue:					
External sales	1,082,435	508,958	11,220	–	1,602,613
Segment results:					
Web-hosting and other direct costs	(200,007)	(194,424)	(383)	–	(394,814)
Employees benefit expenses	(3,272,534)	(1,133,985)	(114,673)	(81,081)	(4,602,273)
Depreciation and amortisation	(39,828)	(22,734)	(297)	–	(62,859)
Promotional and advertising	(93,721)	(9,593)	(1,366)	(16,434)	(121,114)
Professional services	(152,272)	(13,184)	(57,327)	(19,880)	(242,663)
General and administration	(587,426)	(207,977)	(15,604)	(11,849)	(822,856)
Pre-IPO and IPO-related costs	–	–	(245,548)	(2,825,162)	(3,070,710)
Segment loss	(3,277,271)	(1,068,187)	(422,964)	(2,951,529)	(7,719,951)
Segment assets	1,247,588	881,067	129,894	7,125,513	9,384,062
Segment liabilities	1,559,841	470,000	94,650	(13,793)	2,110,698

23. Cash flow information

Reconciliation of cash flows from operating activities with loss after income tax:

	GROUP	
	2020	2019
	\$	\$
Loss after tax	(5,624,265)	(7,719,951)
Non-cash flows in loss for the year:		
Depreciation and amortisation	253,569	62,859
Write-off/Loss on disposal of furniture, fittings and equipment	1,422	61,017
Unrealised exchange (gain)/loss	23,332	(10,113)
Pre-IPO and IPO Costs	–	3,070,710
Share-based payment	131,643	–
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	125,032	(80,750)
Increase in trade and other payables	100,419	742,106
Net cash flows used in operating activities	(4,988,848)	(3,874,122)

24. Events after the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affected or could significantly affect the operations of the Group in future financial years.

Directors' Declaration

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* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 31 December 2020 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Board of Directors



Kevin Barry
Chairman
Dated: 26 March 2021

Independent Auditor's Report

HALL CHADWICK  (NSW)

OPENLEARNING LIMITED
ABN 18 635 890 390
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OPENLEARNING LIMITED
AND CONTROLLED ENTITIES

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

Opinion

We have audited the financial report of OpenLearning Limited and controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of OpenLearning Limited and controlled entities is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with 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 (the Code) that are relevant to our audit of the 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 Corporation 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss after tax of \$5,624,265 and operating cash outflows of \$4,988,848 during the year ended 31 December 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Independent Auditor's Report (Continued)

HALL CHADWICK  (NSW)

OPENLEARNING LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the year ended 31 December 2020. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Intangible Assets	
<p>Capitalisation of costs to develop the UNSW Transition Program Online courses and OpenCreds micro-credential courses – Note 13</p> <p>The Group entered into an agreement with UNSW Global to develop study courses for the UNSW Transition Program Online, a direct entry program for students to enter UNSW. The Group also entered into agreements with Open Universities Australia and other interested course providers to develop OpenCreds micro-credentials courses. These courses are accessible via the OpenLearning online platform.</p> <p>These costs are incurred to develop the courses for sale and are capitalised prior to commercial sales of the courses. The costs incurred includes salaries and wages of the learning design team who designed the course materials, cash grants given to course providers to assist in developing the OpenCreds micro-credential courses and other direct costs pursuant to the agreements.</p> <p>The Group capitalised total costs of \$163,240 as at the financial year-end related to development of courses for the UNSW Transition Program Online and the OpenCreds micro-credentials. Amortisation of the costs will commence when the courses 'go-live' in 2021. Amortisation is calculated over the period of the respective agreements which is generally 5 years.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> Evaluating management's assessment of Capitalisation of the contract costs. Obtaining an understanding of the key terms and conditions of the capitalised costs by inspecting relevant agreements. Holding discussions with management to understand the nature of the costs incurred and evaluating management's assessment of the recognition of these costs as intangible assets and amortisation over the duration of the contract. Reviewing the costs incurred on a sample basis to ensure the capitalised expenditure has met the requirement of AASB 138. Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment in the financial statements, including the significant judgments involved, and the accounting policies adopted.

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OPENLEARNING LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
 OPENLEARNING LIMITED
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Share-based payments

Refer to Note 18 Share Capital and Note 2 Critical accounting estimates and judgements

Performance rights

2,750,000 performance rights were granted on 9 December 2019 to two directors of the Company. These performance rights are exercisable for 2,750,000 ordinary shares in the Company for Nil consideration provided revenue milestones are met and are exercisable within 5 years following the grant date. 1,375,000 of these rights have since lapsed as at the financial year-end.

950,000 performance rights were granted on 1 October 2020 to key management personnel of the Company. These performance rights are exercisable for 950,000 ordinary shares in the Company for Nil consideration over 3 years with 1/3 vesting annually on the condition that the Company's volume weighted average share price over any 30 consecutive trading days is equal to or greater than 55 cents.

None of the above performance rights were vested during financial year 2020.

Our procedures included, amongst others:

- Evaluating management's assessment of the valuation and recognition of the performance rights.
- Obtaining an understanding of the key terms and conditions of the performance rights by inspecting relevant agreements.
- Holding discussions with management to understand the share-based payments arrangements in place and evaluating management's assessment of the likelihood of meeting the performance conditions attached to the performance options.
- Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the significant judgments involved, and the accounting policies adopted.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2020 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the Corporations Act 2001 and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (Continued)

HALL CHADWICK  (NSW)

OPENLEARNING LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPENLEARNING LIMITED AND CONTROLLED ENTITIES

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

OPENLEARNING LIMITED
ABN 18 635 890 390
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2020.

In our opinion, the remuneration report of OpenLearning Limited, for the year ended 31 December 2020, complies with s 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



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



DREW TOWNSEND
Partner

Dated: 26 March 2021

Shareholder Information

The shareholder information set out below was applicable as at 31 March 2021

A. Distribution of Equity Securities - Ordinary Shares

Analysis of numbers of equity security holders by size of holding:

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 – 1,000	34	5,912	0.00%
1,001 – 5,000	598	1,867,644	1.14%
5,001 – 10,000	396	3,319,093	2.02%
10,001 – 100,000	847	30,207,942	18.42%
100,001 and over	179	128,624,376	78.42%
TOTAL	2,054	164,024,967	100.00%

Based on the price per security, number of holders with an unmarketable holding: 372, with total 793,785, amounting to 0.48% of Issued Capital

B. Distribution of Equity Securities - Share Options

Analysis of numbers of option holders by size of holding:

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL SHARE OPTIONS
1 – 1,000	–	–	–
1,001 – 5,000	–	–	–
5,001 – 10,000	–	–	–
10,001 – 100,000	22	1,489,208	4.20%
100,001 and over	46	33,991,601	95.80%
TOTAL	68	35,480,809	100.00%

C. Distribution of Equity Securities - Performance Rights

Analysis of numbers of Performance Rights holders by size of holding:

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL PERFORMANCE RIGHTS
1 – 1,000	–	–	–
1,001 – 5,000	–	–	–
5,001 – 10,000	–	–	–
10,001 – 100,000	–	–	–
100,001 and over	7	3,700,000	100.00%
TOTAL	7	3,700,000	100.00%

D. Equity Security Holders - Ordinary Shares

Twenty largest quoted equity security holders. The names of the twenty largest holders of quoted equity securities are listed below:

NAME	ORDINARY SHARES NUMBER HELD	% OF ISSUED SHARES
NATIONAL NOMINEES LIMITED	10,568,288	6.44%
MAGNA INTELLIGENT SDN BHD	9,820,058	5.99%
MR CLIVE ALYN MAYHEW-BEGG	6,858,321	4.18%
MR ADAM MAURICE BRIMO	6,406,117	3.91%
BNP PARIBAS NOMS(NZ) LTD <DRP>	5,271,429	3.21%
RICHARD BUCKLAND	5,094,288	3.11%
AUSTRALIAN CATHOLIC UNIVERSITY LIMITED	5,000,000	3.05%
NARRON PTY LTD <YANDLE SUPER FUND A/C>	3,981,809	2.43%
MR DAVID ANDREW COLLIEN	3,556,743	2.17%
CITICORP NOMINEES PTY LIMITED	3,249,696	1.98%
ORIENT GLOBAL HOLDINGS PTY LTD <ALNALL A/C>	3,205,444	1.95%
NICOLETTE HARPER	2,720,758	1.66%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,421,703	1.48%
FRANK NOEL BEAUMONT	2,367,021	1.44%
MR NICK THEODORAKOPOULOS	2,342,858	1.43%
MS MEILIN MU	1,793,103	1.09%
MENTIS BULLOCK HOLDINGS PTY LTD <MENTIS BULLOCK INVEST A/C>	1,691,666	1.03%
AUTHENTICS AUSTRALIA PTY LTD<AUTHENTICS AUSTRALIA A/C>	1,666,666	1.02%
BT PORTFOLIO SERVICES LIMITED <JOHN NICOLIS SUPER FUND A/C>	1,666,666	1.02%
SANDTON CAPITAL PTY LTD <SANDTON FAMILY A/C>	1,283,333	0.78%
ERIKO KINOSHITA & CLIVE MAYHEW-BEGG <CLIVE MAYHEW SUPERFUND A/C>	1,280,000	0.78%

As at 31 March 2021, the 20 largest shareholders held ordinary shares representing 50.14% of the issued share capital.

Substantial Shareholders

Substantial holders in the Company are set out below:

NAME	ORDINARY SHARES NUMBER HELD	% OF ISSUED SHARES
Magna Intelligent Sdn Bhd	11,030,058	7.90%
Clive Mayhew	8,288,754	5.93%

Partly paid shares

The Company does not have any partly paid shares on issue.

Voting Rights

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On-market buy-back

The Company is not currently conducting an on-market buy-back.

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

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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