

ASX Announcement | 31 January 2022
Quarterly Activities Report & Appendix 4C

Platform revenue accelerates in December 2021 quarter; Alchemy Tribridge takes significant strategic stake in OpenLearning

Highlights:

- OpenLearning's strong Q4 FY21 performance is expected to see FY21 revenue increase by a robust 85% YoY to \$3.5 million and gross sales reach \$4.1 million based on unaudited management accounts
- Platform Revenue growth accelerates in Q4 FY21, rising by 236% YoY to \$1.084 million
- The Program Delivery segment contributes to full year revenue growth, aided by the successful commencement and delivery of the UNSW TPO and CS101 programs in FY21
- Platform Software-as-a-Service (SaaS) annual recurring revenue (ARR)¹ rebounded to \$1.484 million (up 10% YoY), while SaaS customers grew 23% YoY to 205
- FY21 cash receipts from customers advanced by 43% YoY to \$4.56 million
- Investments in sales, marketing and partnerships are set to expand the addressable market for the Platform SaaS business and drive further revenue growth in FY22
- Cash on hand of \$4.6 million as at 31 December 2021 (prior to completion of recent non-renounceable entitlement issue, which has so-far secured an additional \$1.58 million as of today's date)
- Alchemy Tribridge Sapphire Pty Ltd, a global investment group experienced in working with technology businesses to drive outsized growth, takes 17% stake in OpenLearning
- OpenLearning completes non renounceable entitlement issue to eligible shareholders after quarter's end, with proceeds to help fund the Company's growth initiatives.

Sydney, Australia, 31 January 2022: Global lifelong learning platform **OpenLearning Limited** ('OpenLearning' or 'the Company') (ASX: OLL) is pleased to provide its Appendix 4C cash flow statement for the quarter ended 31 December 2021 (Q4 FY21), along with the following financial and operational update.

A continued broadening and penetration of target lifelong learning segments in Q4 FY21

The total addressable market for OpenLearning's market-leading, end-to-end platform for education providers was broadened over the Company's Q4 FY21 by virtue of:

- Further investment in product-driven growth to increase sales and marketing efficiency

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.

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- Targeting new sectors and geographies, in particular the United States, and registered training organisations and private education providers in Australia and Malaysia.

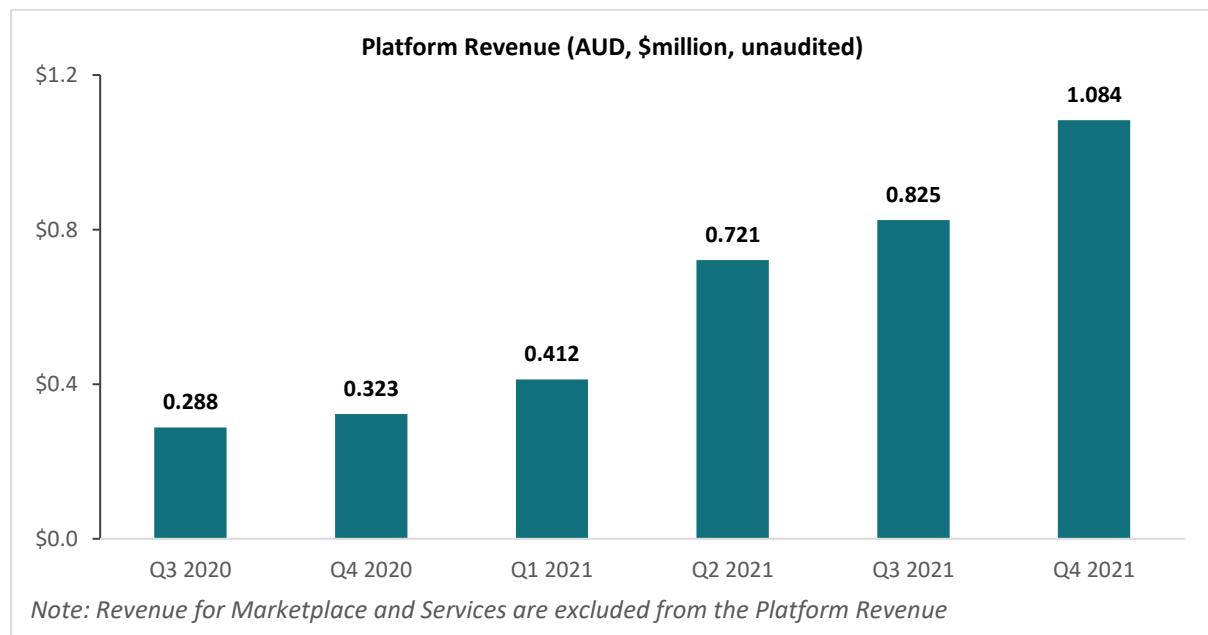
The Company was, at the same time, successful in expanding market share in the lifelong learning market across its target geographic footprint of Australia and Malaysia, delivering robust growth in its revenue base over the Q4 FY21 reporting period.

OpenLearning anticipates that recent investments it has made in sales, marketing and partnerships will continue to drive revenue growth in the Company's FY22. All this in an environment where education providers are showing an increased proclivity to invest in online and blended learning solutions as the world begins to live with a persistent COVID-19 pandemic.

Platform Revenues much stronger in Q4 FY21

OpenLearning's Platform Revenue is derived from two products: 1) Platform Subscription and 2) Program Delivery.

A clear highlight was the strong uplift in headline platform revenues – both from a YoY and QoQ perspective. These revenues grew by 236% YoY in Q4 FY21 to \$1.084m, reflective of Transition Program Online (TPO) and higher Platform Subscription revenues. The QoQ gain in this revenue metric was also strong, at 31%. This performance was an important contributor to the robust 85% YoY increase in FY21 revenue to \$3.5 million (unaudited).



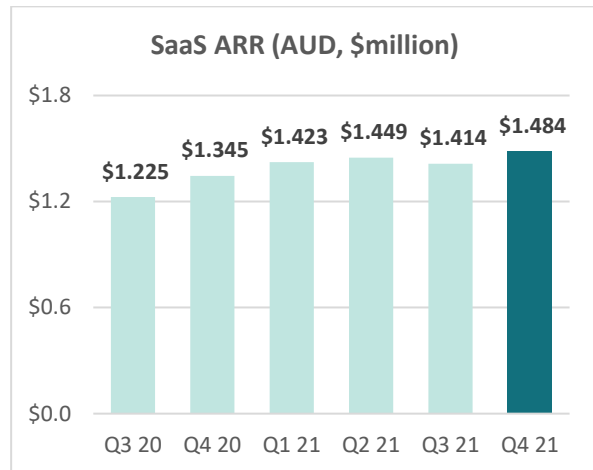
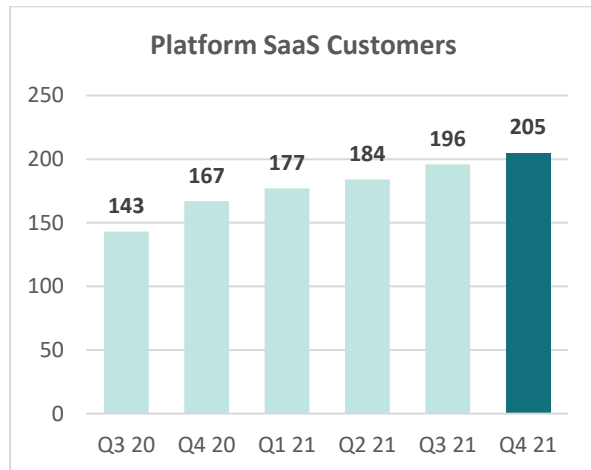
OpenLearning's Platform Subscription is comprised of the recurring Software-as-a-Service (SaaS) revenue from education providers that pay to access and utilise the OpenLearning platform, including the BEST Network. The annual recurring revenue (ARR) from the Platform Subscription accelerated in the Company's Q4 FY21, rising by 5% QoQ to \$1.484 million. The Q4 FY21 figure was 10% higher on a YoY basis. This rebound aligned with our expectations. The Company has previously alerted investors to its decision to implement usage-based pricing. While this shift delivered a short-term drag on revenues, usage-based pricing now looks to be having a positive medium-term impact on revenues again.

The growth outlook for the ARR Platform Subscriptions segment of OpenLearning's business is also bright. This reflects the robust sales pipeline for the SaaS business, as the Company continues to

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deliver on its planned expansion into the vocational and private education sector in Australia and Malaysia, and push into the U.S. via a well-considered outsourced and inside sales approach that targets middle tier colleges and universities.

Platform SaaS customers with at least \$500 in ARR continued to rise in Q4 FY21, pushing above the 200 level for the first time, increasing 23% YoY to 205 customers by quarter's end.



TPO and CS101 intakes add to OpenLearning's revenue base

OpenLearning's Program Delivery segment, which comprises programs delivered in partnership with top institutions for a large accessible market, continues to be an important contributor to revenue growth. The four intakes of the Transition Program Online (TPO) attracted 114 students in OpenLearning's FY21. A further two intakes are scheduled in the Company's Q1 FY22 with five in total scheduled for 2022. Looking ahead, it is expected that the gradual re-opening of borders will feed increased interest in this program. It is also likely that the number of universities recognising the TPO will rise in FY22, with business development efforts ongoing.

OpenLearning developed its new CS101 program, short for 'Computer Science 101', in FY21. Designed as a micro-credential using the OpenCreds framework, it effectively brought together OpenLearning's in-house expertise, industry experts and leading tech companies including Microsoft and Canva. CS101 subsequently launched in OpenLearning's Q4 FY21 with over 50 learners in the first cohort and positive feedback from learners on the depth and quality of the content and learning experience. The Company now has a business development team in place tasked with delivering CS101 increased traction in the Australian, Malaysian and Singaporean corporate sectors over FY22.

CS101
by OpenLearning

Tertiary education providers

OpenLearning's CS101 is leveraging off growing demand for computer/tech skills.

The program comprises four main topics, providing a solid foundation in computer science:

1. Introduction to programming and computational thinking
2. Problem solving with automation and storage
3. Data structures from C to Python
4. Abstract data types and program design

Australian tech workforce to grow 2x faster than other occupations, resulting in 809k tech workers by 2024, an increase of 113k from 2019.

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OpenLearning secures strategic investment from global tech-growth firm

On 26 November 2021, OpenLearning announced that it had secured a strategic investment from Alchemy Tribridge Sapphire Pty Ltd (ATL), a global investment group comprised of principals experienced in working with technology businesses to drive outsized growth.

ATL initially invested \$2.9 million in OpenLearning via a placement (31,182,796 new shares at an issue price of \$0.093 per share). It subsequently participated in the recent rights issue to eligible shareholders, taking its total investment in OpenLearning to around \$3.4m. This combined investment means ATL now has a circa 17% stake in OpenLearning and options to acquire a further circa 3%, making it the Company's largest shareholder.

OpenLearning will leverage off the ATL team's world-class capabilities as the Company implements the next phase of its growth strategy. ATL's Founding Partners, Venture Partners and Thematic Partners work across Australia, the United States, China, the Middle East and Brazil, bringing together a unique blend of world-class capabilities across five critical areas: Strategic Insight; Financial Acumen; Growth Acceleration; Storytelling and Media, and Talent Impact.

Cash receipts continue to record YoY increases

OpenLearning reported an 21% YoY increase in cash receipts from customers to \$0.891 million in Q4 FY21. More specifically, cash receipts by segment over the quarter were:

- Platform SaaS - \$0.414 million
- Program Delivery - \$0.211 million
- Marketplace - \$0.132 million
- Services - \$0.134 million

Net operating cash outflows were (\$2.270m) in Q4 FY21. This figure incorporated a higher cash burn, in large part linked to a smaller November intake of the TPO and higher product manufacturing and operating costs that were comprised of licence fees to UNSW Global of around \$0.55m for prior TPO intakes, delivery costs for the August, September and November TPO intakes and annual cloud hosting costs of about \$0.33m.

OpenLearning's cash on hand as at 31 December 2021 was \$4.588m. This included the proceeds of the placement to Alchemy Tribridge, which was announced to the market on 26 November 2021. The Company's cash holdings will be boosted by a further \$1.58m in the current quarter, by virtue of a rights issue to eligible existing OpenLearning shareholders to raise up to \$3.06 million. The Company intends to place the remainder from the latter issue – around \$1.48m - to institutional investors during the current quarter.

Taken together, these capital raisings provide OpenLearning with additional expertise and the funds needed to finance opportunities for continued growth. These include sales and marketing activities and platform design and development initiatives.

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OpenLearning Group CEO & Managing Director Adam Brimo said: “We were well pleased with the acceleration in Platform Revenue reported in our 4Q FY21. This uplift clearly demonstrates that OpenLearning’s highly regarded, end-to-end platform for education providers has recently gained further traction in markets we are targeting within the lifelong learning sector.

“As the new year begins, we currently view the growth outlook for the coming 12 months with increased optimism. The gradual opening up of borders now occurring will be a clear plus for our TPO product, while our CS101 short course is already leveraging off growing demand for computer/tech skills as global macro conditions improve. We also continue to expect online learning, and increasingly, blended learning, to be critically important even when any wind back in the COVID-19 pandemic eventually materialises.

“Alchemy Tribridge becoming a major shareholder in OpenLearning is another clear positive for our growth outlook and we appreciate their support as we deliver on key growth initiatives in 2022. We would also like to thank our shareholders for their recent participation in the rights issue, as well as the OpenLearning team, clients and partners on their hard work and trust over the past year.”

Ends.

Authorised by:

Adam Brimo
Group CEO & Managing Director

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Stay up to date with OpenLearning news as it happens:

Visit the Investor section of the OpenLearning website at: <https://solutions.openlearning.com/investor-home/>. There you can download the Company's Prospectus and see recent ASX Announcements and press coverage.

In addition to signing up for OpenLearning news directly from the Company, we also encourage shareholders to register to receive electronic communications from our share registry, Automic. To sign up for e-communications from Automic, please visit <https://www.automicgroup.com.au/>.

Thanks for your ongoing support. We look forward to sharing OpenLearning news with you.

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About OpenLearning

OpenLearning Limited is a higher education technology company that provides a scalable online learning platform to education providers and a global marketplace of world-class courses for learners of all levels.

OpenLearning's platform enables the delivery of project-based, social learning to encourage interaction among users and foster a community of collaborative learners. The Company's unique service provides a complete learning environment for all types of online education - from short courses through to micro-credentials and online degrees.

With more than 3 million learners worldwide across thousands of courses provided by 205 education providers, OpenLearning is at the forefront of a new wave of online education delivery.

To learn more, please visit: <https://solutions.openlearning.com/>

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Annexure

Use of funds

In accordance with ASX Listing Rule 4.7C, the Company provides the following information:

The December 2021 quarter is a period which is covered by the Use of Funds Statement as outlined in the Company's Replacement Prospectus dated 12 November 2019.

A summary of expenditure during the quarter and to date since listing is set out below (AUD).

Use of Proceeds under Prospectus	Funds allocated under Prospectus ²	Funds expended in Q4 FY21	Funds expended between admission and 31 Dec. 2021
Enhancing Course Quality/Design Services ³	\$771,569	(255,734)	(866,245)
Customer Onboarding/Support ⁴	\$492,767	(38,791)	(378,137)
Marketing and expansion of sales network ⁵	\$3,951,397	(456,272)	(4,683,943)
R&D ⁶	\$1,276,377	(66,928)	(884,554)
Expenses associated with the IPO ⁷	\$665,976	-	(628,859)
Working Capital ⁸	\$2,104,447	(873,980)	(7,704,640)
Total	\$9,262,533	(1,691,706)	(15,146,378)
Add: Receipts from customers between admission and 31 Dec. 2021		891,494	8,250,182
Less: Product manufacturing and operating costs as disclosed in Appendix 4C ⁹		(1,603,653)	(4,747,046)
Less: Other costs (including course providers) as disclosed in Appendix 4C		(134,077)	(1,750,700)
Net funds expended between admission and 31 Dec. 2021		(2,537,942)	(13,393,942)

During Q4 FY21 the following payments were made to related parties and their associates as disclosed in Item 6 of the Appendix 4C.

Salaries and fees paid to Directors	Amount
Fees to Kevin Barry as Non-Executive Director and Chairman	\$13,834
Fees to David Buckingham as Non-Executive Director	\$10,967
Fees to Beverley Oliver as Non-Executive Director	\$10,967
Fees to Spiro Pappas as Non-Executive Director	\$10,967
Fees to Maya Hari (non-resident) as Non-Executive Director	\$14,036
Salary to Adam Brimo as Executive Director, Managing Director and Group CEO	\$46,345
Total	\$107,116

² Includes cash at bank of \$1,262,533 held by the Company prior to admission, in addition to \$8m raised in the initial public offering.

³ Costs associated with course/program development including the Transition Program Online, OpenCredits Investment Fund and CS101.

⁴ Costs associated with improving customer onboarding and support and related systems/processes.

⁵ Increasing headcount of the sales, marketing and partnerships teams, sales automation and technical work to support lead generation.

⁶ Continued improvements in the OpenLearning platform above and beyond 'business-as-usual' software development work, which the Company does not consider R&D and is captured under Working Capital.

⁷ All costs attributable to the IPO.

⁸ Includes general costs associated with the management and operation of the business including administration expenses, ongoing software development, management salaries, directors' fees, rent and other associated costs as a result of new projects that required increased investment in software development, project management and overheads.

⁹ Includes expenditure directly related to generating revenue and in line with the costs disclosed in Appendix 4C, including staff costs for Learning Services division, revenue share to course providers in the Marketplace division; web hosting and support costs for the Platform.

Appendix 4C

Quarterly cash flow report for entities
subject to Listing Rule 4.7B

Name of entity

OPENLEARNING LIMITED

ABN

18 635 890 390

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	891	4,555
1.2 Payments for		
(a) research and development	(67)	(366)
(b) product manufacturing and operating costs	(1,604)	(3,256)
(c) advertising and marketing	(93)	(652)
(d) leased assets	(6)	(30)
(e) staff costs	(982)	(4,484)
(f) administration and corporate costs	(332)	(1,283)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	39
1.8 Other (see note 6)	(95)	(708)
1.9 Net cash from / (used in) operating activities	(2,270)	(6,157)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(12)	(28)
(d) investments	-	-
(e) intellectual property	-	(7)
(f) other non-current assets (see note 7)	(256)	(719)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(268)	(754)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,900	2,900
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	2,900	2,900

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,233	8,595
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,270)	(6,157)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(268)	(754)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,900	2,900
4.5	Effect of movement in exchange rates on cash held	(7)	4
4.6	Cash and cash equivalents at end of period	4,588	4,588

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,558	1,082
5.2	Call deposits	-	3,100
5.3	Bank overdrafts	-	-
5.4	Other (balances with online payment providers)	30	51
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,588	4,233

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
107
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Item 6.1: This sum of \$107,000 consists of salaries paid to an executive director and fees paid to non-executive directors plus related super contributions.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	-	-
7.2	-	-
7.3	-	-
7.4	-	-

7.5 Unused financing facilities available at quarter end

-

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

Not Applicable.

8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,270)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,588
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	4,588
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.0

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

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

Answer: Not Applicable

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

Answer: Not Applicable

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

Answer: Not Applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31/01/2022

Authorised by: Justyn Stedwell
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
6. Included in item 1.8 'Other' are payments to education providers of \$126,000 for the current quarter and \$805,000 for the year-to-date period. There was also a receipt of \$100,000 included in item 1.8 related to the prior year cash flow boost incentive, the appeal application which was allowed in a previous quarter.
7. Included in item 2.1(f) 'Payments to acquire other non-current assets' are payments to recipients of the OpenCreds Investment Fund, payments to build the Transition Program Online and OpenCreds courses, and payments to develop a computer science programme. These payments are capitalised in the balance sheet pending completion of the courses and amounted to \$76,000 for the current quarter and \$539,000 for the year-to-date period.