

ASX Announcement | 28 February 2022**Appendix 4E and Commentary for FY21****OpenLearning grows revenue by 85% and launches new programs in FY21**

Financial highlights (all financial amounts are in AUD unless otherwise stated)

- FY21 gross sales increased 45% year-on-year (YoY) to reach \$4.16 million
- Group revenue (sales less revenue shared with education providers) for FY21 was up 85.7% YoY to \$3.51 million
- Platform revenue, comprising OpenLearning's Platform SaaS and Program Delivery segments, jumped by 170% to \$3.045 million in FY21
- Spending and investment in growth initiatives, including new programs, sales and marketing, and platform design and development over FY21 totalled \$4.13 million
- OpenLearning's FY21 loss after tax of \$6.73m was up 19.6% YoY, as the Company invested in the abovementioned initiatives
- Total registered users reached 3.12 million and enrolments reached 5.12 million by end-FY21, an increase of 14% and 18% YoY respectively
- End-FY21 cash and cash equivalents totalled \$4.59 million (prior to completion of recent capital raisings, which has so-far secured an additional \$1.58 million as of today's date)

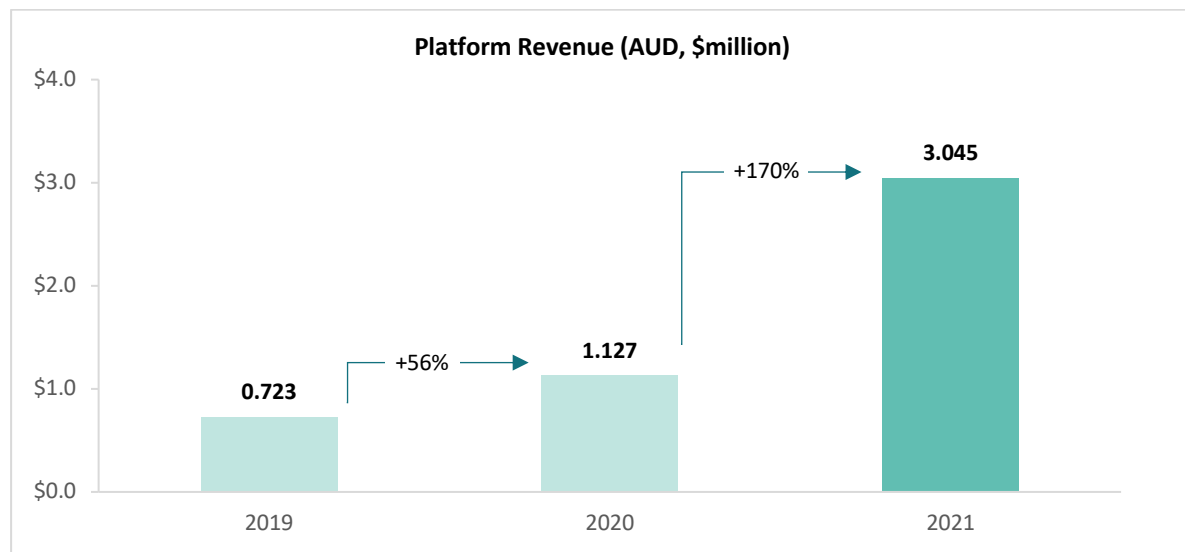
Business highlights

- Enhancements to OpenLearning's unique lifelong learning platform has led to new customers and has enabled the Company to capitalise on the continued growth of online education
- Platform SaaS customers increased by 23% to 205 as at end FY21 as the Company focused on signing up education providers to its usage-based SaaS model
- The introduction and subsequent expansion of OpenLearning's Program Delivery product line in FY21, fed the strong uplift in the Company's Platform Revenue over the year
- The Company's push into the Program Delivery segment over FY21 comprised two programs delivered in partnership with top institutions and with large accessible markets:
 - The UNSW Transition Program Online (TPO), a four-month direct entry program for prospective international students delivered in partnership with UNSW Global
 - The CS101 (short for 'computer science 101') micro-credential, specifically designed in collaboration with leading tech companies for working professionals to develop their computational thinking and programming skills
- Revenue from the TPO exceeded investment within its first year of operation
- Alchemy Tribridge Sapphire Pty Ltd, a global investment group experienced in working with technology businesses to drive outsized growth, acquired a 17% stake in OpenLearning via capital raising initiatives undertaken in late FY21

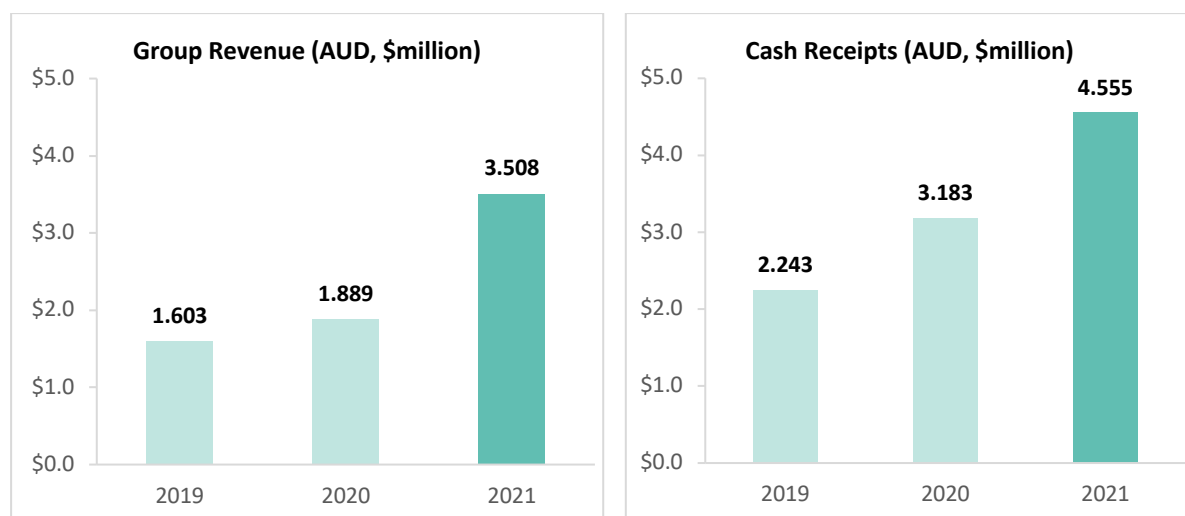
Sydney, Australia, 28 February 2022: Global lifelong learning platform and technology company OpenLearning Limited ('OpenLearning' or 'the Company') is pleased to provide its Appendix 4E preliminary annual financial statements for the year ended 31 December 2021 (FY21), along with the following update. The Company's fiscal year coincides with the calendar year.

Strong growth in Platform Revenues a FY21 highlight

Platform Subscription revenues rose by 27% in FY21 to \$1.43 million, while Program Delivery revenues, which were successfully introduced during OpenLearning's FY21, totalled \$1.61 million in the year. These two revenue streams, which are together categorised as 'Platform Revenue,' jumped by 170% to \$3.045 million in FY21.



OpenLearning's gross sales, which includes value-added services; increased by 45% YoY to \$4.16 million. Overall Group revenue, which deducts shared with education providers, jumped by 86% YoY to \$3.51 million. OpenLearning's cash receipts increased by 43% YoY to \$4.56 million, underpinned by higher upfront payments from learners and SaaS customers.



An expanded product offering feeds growth in Program Delivery revenue stream

OpenLearning's Program Delivery segment grew in importance over FY21 as the Company launched two programs targeting large accessible markets in partnership with top institutions.

The first of these was the TPO. It is a highly scalable four-month preparation program that provides prospective international students with direct-entry into the University of New South Wales (UNSW), a global top 50 university.

The first intake of the TPO occurred in March 2021. It was highly successful, with 86% of students receiving an offer from UNSW for either a degree or diploma after completing the TPO. The program subsequently completed further intakes in August, September and November 2021. Looking ahead, five further intakes are now scheduled for 2022.

OpenLearning and UNSW Global are now aiming to increase the number of other universities that recognise the program. To this end, six universities across the United Kingdom, New Zealand and Australia, in addition to UNSW, have already recognised the TPO. In a clear pointer to the market demand, revenue from the TPO exceeded investment within its first year of operation.

OpenLearning's second Program Delivery offering, the recently introduced technology upskilling program named Computer Science 101 (CS101), is now also gaining traction. CS101 comprises four short courses that are designed by industry to up-skill working professionals in computational thinking and programming. It brings together industry experts and leading technology companies, including Microsoft, Canva, Chronosphere, Alibaba Cloud and CT4, and is expected to grow further over time.

OpenLearning started development of CS101 in Q2 FY21, a task that also extended across the Company's Q3 FY21. The first CS101 intake occurred in OpenLearning's H2 FY21 and new cohorts will run throughout 2022. OpenLearning is targeting the corporate and higher education sectors in its key markets of Australia, Malaysia and Singapore.

OpenLearning continues to implement its stated growth strategy

OpenLearning is focused on leveraging its market-leading lifelong learning platform to generate revenue through its Platform SaaS and Program Delivery product offering.

OpenLearning's multi-faceted growth strategy encompasses:

- The provision of an end-to-end platform for education providers to move online and capitalise on demand for lifelong learning;
- Investment in product-driven growth to increase sales and marketing efficiency;
- Expansion of its SaaS model's addressable market by targeting new sectors and geographies, in particular the United States, and registered training organisations and private education providers in Australia and Malaysia;
- Increasing enrolments and university partners for the UNSW Transition Program Online; and
- Entry into the corporate up-skilling and higher education markets with Computer Science 101 (CS101) and Technology-focused OpenCreds.

OpenLearning bolsters capital base and gains a new major shareholder

In late FY21, OpenLearning announced global investment group Alchemy Tribridge Sapphire Pty Ltd (ATL) had taken an approximate 17% stake in the Company. ATL also now has options to acquire a further circa 3%, making it OpenLearning's largest shareholder. 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 \$3.4 million.

The transaction provides OpenLearning a lot more than just additional capital. ATL is a global investment group comprised of principals experienced in working with technology businesses to drive outsized growth. OpenLearning will leverage off the ATL team's world-class capabilities as the next phase of the Company's growth strategy is developed. ATL's Founding Partners, Venture Partners and Thematic Partners work across Australia, the United States, China, the Middle East and Brazil.

OpenLearning's cash on hand as at 31 December 2021 was \$4.59 million, inclusive of the proceeds of the placement to ATL. Post year end, OpenLearning's cash holdings were further boosted by \$1.58 million received from a rights issue to eligible existing OpenLearning shareholders. The Company now intends to place the remainder of the latter issue – around \$1.48 million – within three months of the closing date of the rights issue but it has not yet done so as of the date of this announcement.

OpenLearning Group CEO & Managing Director Adam Brimo said: "We are pleased with the revenue growth our team delivered in FY21. The Company focused on growing Platform Revenue, resulting in strong gains in both the Platform Subscription and Program Delivery segments. The contribution by Program Delivery was especially important. Just 12 months ago we were preparing for the first intake of the UNSW Transition Program Online. Now it has successfully completed four intakes. More recently, the CS101 program introduced just several months ago is already showing tangible signs of traction amongst paying customers.

We are grateful for the continued commitment of OpenLearning's staff and the excellent support provided by our partners, which ensured the Company executed against a number of key contracts during FY21. These efforts included continued investment in sales and marketing capabilities, adoption of the OpenCreds micro-credentialling framework by our partners and the expanding capability of the OpenLearning platform, including Biomedical Education Skills and Training (BEST) Network.

We thank all our shareholders for their support in FY21 and welcome new major shareholder Alchemy Tribridge Sapphire to the fold. The Company looks forward to announcing new initiatives over the course of FY22 as they are developed that will see it continuing to leverage off the accelerated shift towards online education – a phenomenon that will remain in place with or without a still lingering COVID-19 pandemic."

Ends.

Authorised by:

Adam Brimo
Group CEO & Managing Director

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.

For further information, please contact:**Investor Relations****Julia Maguire**

The Capital Network

P: +61 2 8999 3699

E: julia@thecapitalnetwork.com.au**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 over thousands of courses provided by over 200 education providers, OpenLearning is at the forefront of a new wave of online education delivery.

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

OpenLearning Limited ABN 18 635 890 390 and Controlled Entities

Financial report for the year ended 31 December 2021

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Results for Announcement to the Market

Key Information	2021 \$	2020 \$	Inc / (Dec) %
Revenue from ordinary activities	3,507,542	1,888,636	85.7
Revenue comprises of the following:			
Platform SaaS fees	1,433,206	1,127,453	27.1
Program delivery	1,611,386	—	100.0
Marketplace sales	726,822	1,121,159	(35.2)
Services sales	393,516	619,886	(36.5)
Gross sales	4,164,930	2,868,498	45.2
Less: Sharing of revenue with course creators	(657,388)	(979,862)	(32.9)
Revenue	3,507,542	1,888,636	85.7
Loss after tax from ordinary activities attributable to owners	(6,726,080)	(5,624,265)	19.6
Net loss attributable to owners	(6,726,080)	(5,624,265)	19.6

Losses per share

	2021 cents	2020 cents
Basic losses per share	(4.02)	(3.90)
Diluted losses per share	(4.02)	(3.75)

Dividends

No dividends have been paid during the year and the Company does not propose to pay any final dividends.

Commentary on the Results for the Year

Results for financial year 2021 ("FY2021"):

- gross sales of \$4,164,930, an increase of 45.2% year-on-year ("y-o-y");
- revenue of \$3,507,542, an increase of 85.7% y-o-y;
- loss after tax of \$(6,726,080), an increase in losses of 19.6% y-o-y.

The Group's revenue growth accelerated in FY2021 as its market share increased in the Australian and Southeast Asian online lifelong learning market.

Strategy

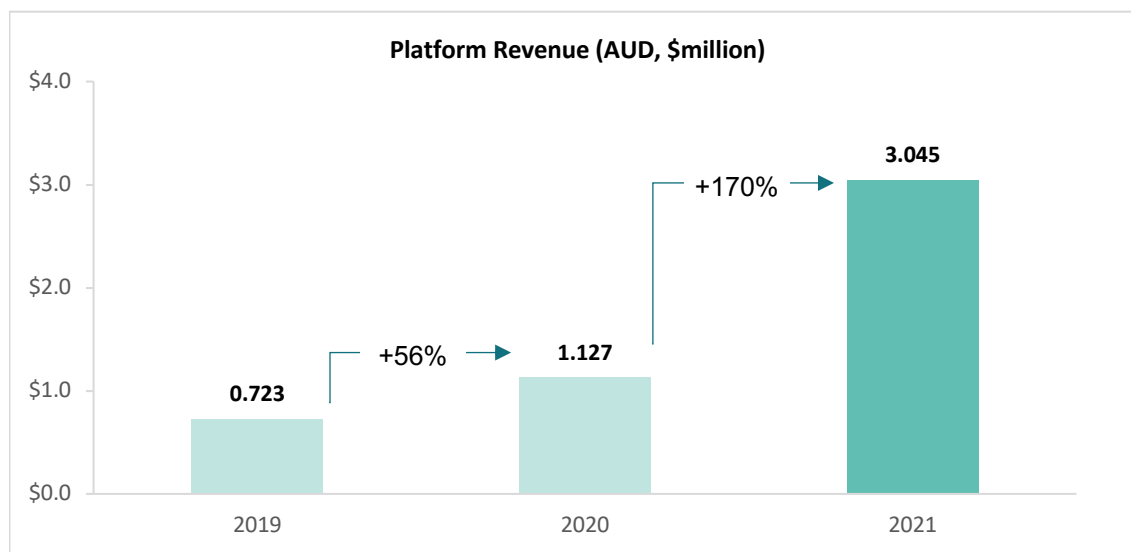
OpenLearning offers a unique lifelong learning platform, encompassing short courses, micro-credentials and qualifications. OpenLearning is building its client base by empowering education providers to operate and enter the online lifelong learning market with a suite of products, including:

- **Platform Subscription:** Providing an innovative learning platform and tools on a SaaS model to enable education providers to deliver courses online.
- **Program Delivery:** Partnering with top institutions to deliver programs on the OpenLearning platform with capabilities across full spectrum of program delivery.
- **Value-added services:** Providing a marketplace and learning design services to clients to drive network effects and accelerate platform adoption.

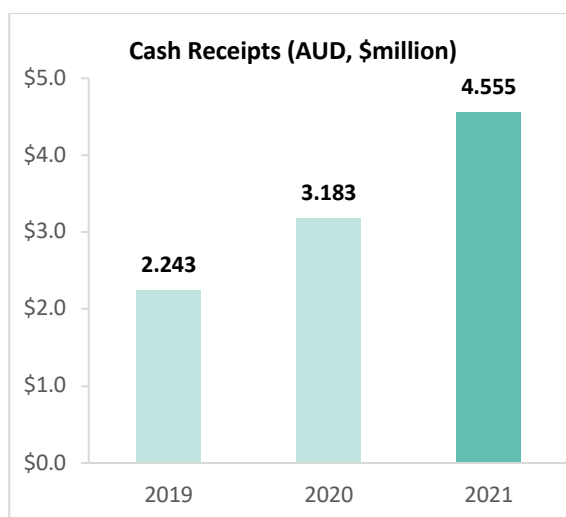
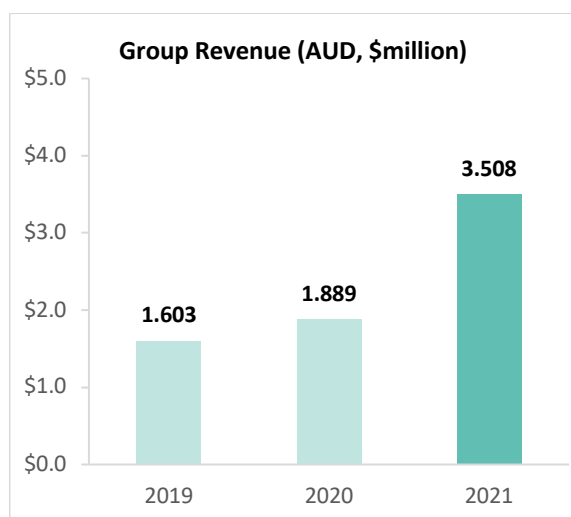
The Group is successfully capitalising on the accelerated shift towards online education through multi-year agreements with leading education providers. OpenLearning ended FY2021 with 205 Platform Subscription customers and over 3 million learners and 5 million enrolments in courses making it one of Australia and Southeast Asia's largest lifelong learning platforms.

Financial highlights for FY2021

The Company is focused on growing revenue from its Platform Subscription and Program Delivery product lines, together categorised as 'Platform Revenue'. With the introduction of the Program Delivery product line in FY2021, the Group has seen accelerating growth in Platform Revenue:



The Group's gross sales, which includes value-added services increased by 45.2% y-o-y to \$4,164,930 and after deducting revenue shared with education providers, revenue grew strongly by 85.7% y-o-y to \$3,507,542. The Group's cash receipts increased by 43.1% y-o-y to \$4,555,236, as a result of upfront payments from learners and SaaS customers.



Investment in platform and products

The Group is prioritising revenue growth and has continued to invest in its lifelong learning platform and the establishment of the Program Delivery segment, which began generating revenue in FY2021 and includes:

1. **Biomedical Education Skills and Training (BEST) Network**, which enables medical education to be delivered online with a library of 21,000 medical images from leading universities;
2. **OpenLearning self-service SaaS**, which enables self-service payment and onboarding for education providers to utilise OpenLearning's lifelong learning platform;
3. **UNSW Transition Program Online**, a four-month direct entry program for prospective international students delivered by OpenLearning in partnership with UNSW Global;
4. **CS101**, a micro-credential designed by leading tech companies, industry experts and educators to up-skill working professionals in computer science and programming; and
5. **OpenCreds**, a lifelong learning micro-credentialling framework designed to become an industry standard in Australia and Malaysia.

To ensure the success of these initiatives, the Group expanded its team and increased its investment in sales and marketing in FY2021. The Group's main operating expenses by function and investments spent were:

	Year ended 31 December 2021	Year ended 31 December 2020
Operating expenses	\$	\$
Sales and marketing	1,906,077	1,508,542
Platform design and development	1,510,779	1,261,615
Program and service delivery	2,697,846	1,069,365
Investing activities		
New programs	710,130	147,990
Total investment in growth initiatives	6,824,832	3,987,512

As a result of these investments, the Group's loss after tax for FY2021 increased by 19.6% y-o-y to \$6,726,080.

Despite the Group's losses, cash and cash equivalents remained healthy at \$4,588,563 as at 31 December 2021 contributed by a share placement exercise.

Conclusion

The Group successfully executed against a number of key contracts during FY2021 thanks to the hard work and dedication of employees and the support of its partners. The directors are grateful for the support of the Company's shareholders and are ensuring that funds are invested prudently.

The directors are pleased to report that investments made in the preceding twelve months in the new Program Delivery segment have already generated revenue in excess of the initial investment and the development of a new computer science program (CS101) has been completed and launched. With both components of Platform Revenue increasing in FY2021, OpenLearning is well positioned to capture an increasing share of the online lifelong learning market.

Statement of Profit or Loss and Other Comprehensive Income with Notes to the Statement

Refer to the 31 December 2021 financial statements and accompanying notes for OpenLearning Limited.

Statement of Financial Position with Notes to the Statement

Refer to the 31 December 2021 financial statements and accompanying notes for OpenLearning Limited.

Statement of Cash Flows with Notes to the Statement

Refer to the 31 December 2021 financial statements and accompanying notes for OpenLearning Limited.

Statement of Retained Earnings Showing Movements

Refer to the 31 December 2021 financial statements and accompanying notes for OpenLearning Limited.

Net Tangible Assets per share

	2021	2020
	\$/share	\$/share
Net tangible assets per share	0.01	0.04

Control Gained or Lost over Entities in the Year

There were no acquisition or disposal of controlled entities during FY2021.

Investment in Associates and Joint Ventures

The Group does not have investment in Associates and Joint Ventures.

Status of Audit

This report is based on accounts which are in the process of being audited. The Audited Annual Report is expected to be released by 31 March 2022.

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Consolidated statement of profit or loss and other comprehensive income
For the financial year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	2	3,507,542	1,888,636
Other income	3	157,784	108,605
Items of expense			
Web-hosting and other direct costs		(1,855,441)	(590,852)
Employee benefits expense		(5,846,226)	(4,703,663)
Depreciation and amortisation		(288,234)	(253,569)
Promotional and advertising		(495,897)	(370,417)
Professional services		(1,134,537)	(985,211)
General and administrative costs		(791,316)	(756,529)
	4	(6,746,325)	(5,663,000)
Finance income		24,924	56,279
Finance expenses		(4,679)	(17,544)
Loss before tax		(6,726,080)	(5,624,265)
Income tax expense	5	–	–
Loss for the year		(6,726,080)	(5,624,265)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(20,797)	(21,889)
Total comprehensive loss for the year		(6,746,877)	(5,646,154)
Loss for the year attributable to:			
Owners of the Company		(6,726,080)	(5,624,265)
Total comprehensive loss attributable to:			
Owners of the Company		(6,746,877)	(5,646,154)
Losses per share attributable to owners of the Company			
Basic losses per share (cents)	6	(4.02)	(3.90)
Diluted losses per share (cents)	6	(4.02)	(3.75)

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

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Consolidated Statement of financial position
As at 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Trade and other receivables		316,154	373,406
Prepayments		297,509	279,718
Cash and cash equivalents	7	4,588,563	8,595,069
		<u>5,202,226</u>	<u>9,248,193</u>
Non-current assets			
Furniture, fittings and equipment		64,294	54,834
Intangible assets		1,145,666	531,891
Right-of-use assets		110,134	283,561
		<u>1,320,094</u>	<u>870,286</u>
Total assets		<u>6,522,320</u>	<u>10,118,479</u>
LIABILITIES			
Current liabilities			
Trade and other payables		1,061,200	958,211
Provisions		342,757	224,333
Lease liabilities		124,998	192,831
Deferred revenue		867,724	643,021
		<u>2,396,679</u>	<u>2,018,396</u>
Non-current liability			
Lease liabilities		–	128,934
Total liabilities		<u>2,396,679</u>	<u>2,147,330</u>
Net assets		<u>4,125,641</u>	<u>7,971,149</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	8	32,495,431	29,595,431
Accumulated losses		(30,444,116)	(25,037,705)
Reserves	9	2,074,326	3,413,423
Total equity		<u>4,125,641</u>	<u>7,971,149</u>

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

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Consolidated Statement of changes in equity
For the financial year ended 31 December 2021

	Share Capital (Note 8)	Reserves (Note 9)	Accumulated Losses	Total
	\$	\$	\$	\$
Opening balance at 1 January 2021	29,595,431	3,413,423	(25,037,705)	7,971,149
Loss for the year	–	–	(6,726,080)	(6,726,080)
<u>Other comprehensive income</u>				
Foreign currency translation, representing total other comprehensive loss for the year	–	(20,797)	–	(20,797)
Total comprehensive loss for the year	–	(20,797)	(6,726,080)	(6,746,877)
Issuance of ordinary shares :				
- new ordinary shares	3,100,000	–	–	3,100,000
Equity issuance costs	(200,000)	–	–	(200,000)
Reversal of fair value of expired options	–	(1,319,669)	1,319,669	–
Share-based payment	–	1,369	–	1,369
Closing balance at 31 December 2021	32,495,431	2,074,326	(30,444,116)	4,125,641

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

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Consolidated Statement of changes in equity
For the financial year ended 31 December 2021

	Share Capital (Note 8)	Reserves (Note 9)	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)
<u>Other comprehensive income</u>				
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

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

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Consolidated Statement of cash flows
For the financial year ended 31 December 2021

	Note	2021	2020
		\$	\$
Operating activities			
Receipts from customers		4,555,236	3,183,122
Payments to suppliers and employees		(10,722,518)	(8,280,575)
Proceeds from other income		157,784	108,605
Net cash flows used in operating activities	11	(6,009,498)	(4,988,848)
Investing activities			
Purchase of furniture, fittings and equipment, net of disposal		(28,140)	(9,916)
Purchase of intangible assets		(710,130)	(147,990)
Net cash flows used in investing activities		(738,270)	(157,906)
Financing activities			
Proceeds from issuance of equity shares		2,900,000	5,939,499
Proceeds from exercise of share options		–	629,166
Repayment of lease liabilities		(171,817)	(168,431)
Repayment of borrowing		–	(17,727)
Share issue expenses		–	(356,369)
Net cash flows generated from financing activities		2,728,183	6,026,138
Net increase / (decrease) in cash and cash equivalents		(4,019,585)	879,384
Effect of exchange rate changes on cash and cash equivalents		13,079	(25,083)
Cash and cash equivalents at beginning of the year		8,595,069	7,740,768
Cash and cash equivalents at end of the year	7	4,588,563	8,595,069

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

The consolidated financial statements and notes represent those of OpenLearning Limited (the “Company”) and its controlled entities (the “Group”). OpenLearning Limited is a listed public company, incorporated and domiciled in Australia.

1. Summary of significant accounting policies

1.1 Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

1.2 Going concern

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

The Group incurred a net loss for the year of \$6,726,080 (2020: \$5,624,265) and net operating cash outflows of \$6,009,498 (2020: \$4,988,848). As at 31 December 2021, the Group had accumulated losses of \$30,444,116 (31 December 2020: \$25,037,705).

As at 31 December 2021, the Group has net current assets of \$2,805,547 (31 December 2020: \$7,229,797) and cash and cash equivalents of \$4,588,563 (31 December 2020: \$8,595,069).

The Group has prepared a cashflow forecast for the next 12 months that indicate risk that the Group may not meet all its payment obligations. However, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis after consideration of the following factors:

- Increasing traction in revenue growth of the Platform Subscription and Platform Delivery segments with increasing cash inflow from these segments;
- active management of the discretionary expenditure in line with funds availability;
- raising of additional working capital through the issuance of securities and/or other funding.

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements. In the event that the Group is unsuccessful in implementing the above stated objectives, a material uncertainty exists, that may cast significant doubt on the Group's ability as a going concern and its ability to recover assets, and discharge liabilities in the normal course of business and at the amount shown in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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.

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 ***Revenue***

Revenue arises from Platform SaaS fees, Program delivery, 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.

1. **Summary of significant accounting policies (cont'd)**

1.4 **Revenue (cont'd)**

(b) Program delivery

Revenue from program delivery is recognised over the period of the study program.

(c) *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.

(d) *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, Program delivery 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.

1.5 **New and Amended Accounting Policies**

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

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

2. **Revenue**

	Group	
	2021	2020
	\$	\$
Revenue from contracts with customers		
Platform SaaS fees	1,433,206	1,127,453
Program delivery	1,611,386	–
Marketplace sales	69,434	141,297
Services sales	393,516	619,886
	<u>3,507,542</u>	<u>1,888,636</u>

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Notes to the financial statements – 31 December 2021

3. Other income

	Group	
	2021	2020
	\$	\$
Cash flow boost incentive / Government grant	139,122	100,000
Gain on lease modification	15,241	–
Others	3,421	8,605
	157,784	108,605

4. Loss for the year

Loss before income tax includes the following specific expenses:

	Group	
	2021	2020
	\$	\$
Web-hosting and other direct costs		
- web-hosting costs	963,224	590,852
- program delivery licence fee	729,050	–
Employee benefits expense		
- share-based payment	1,369	131,643
Depreciation and amortisation		
- depreciation on furniture, fittings and equipment	18,721	15,875
- depreciation on right-of-use assets	164,648	176,199
- amortisation of intangible assets	104,865	61,495
Professional services		
- contractors	593,325	483,791
General and administrative costs		
- write-off / loss on disposal of furniture, fittings and equipment	–	1,422
- foreign currency translation losses	1,962	14,909
- impairment of trade receivables	17,973	66,096
- travelling costs	9,841	29,586

5. Income tax

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

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Notes to the financial statements – 31 December 2021

6. 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 2021	31 December 2020
Weighted average number of ordinary shares for basic losses per share computation	167,203,638	144,065,986
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	167,203,638	150,162,148

7. Cash and cash equivalents

	Group 2021 \$	2020 \$
Cash at bank and on hand	4,559,050	1,457,750
Cash with online payment providers	29,513	37,319
Short-terms deposits placed with banks	–	7,100,000
	4,588,563	8,595,069

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Notes to the financial statements – 31 December 2021

8. Share capital

	31 December 2021 \$	31 December 2020 \$
197,358,300 (31 Dec 2020: 164,024,967) fully paid ordinary shares	32,495,431	29,595,431

8.1 Movements in ordinary shares

	Group			
	2021		2020	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares:				
At 1 January	164,024,967	32,195,761	139,666,641	25,477,155
Issuance of shares during the year :				
- placement of shares	33,333,333	3,100,000	–	–
- public offering of shares	–	–	21,212,495	5,939,499
- exercise of share options	–	–	3,145,831	629,166
- Fair value adjustment on shares issued	–	–	–	149,941
At 31 December	197,358,300	35,295,761	164,024,967	32,195,761
Equity issuance costs				
At 1 January	–	(2,600,330)	–	(2,243,961)
Costs arising from equity issuance	–	(200,000)	–	(356,369)
At 31 December	–	(2,800,330)	–	(2,600,330)
Total ordinary shares at 31 December	197,358,300	32,495,431	164,024,967	29,595,431

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Notes to the financial statements – 31 December 2021

8. Share capital (cont'd)

8.2 Movements in unquoted options over ordinary shares

Exercise period	Exercise price per share	Number on issue at 1 Jan 2021	Issued / (Lapsed)	Number on issue at 31 Dec 2021
On or before 9 December 2021	\$0.20	27,687,476	(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
On or before 31 August 2024	\$0.30	–	250,000	250,000
On or before 27 April 2025	\$0.30	–	1,000,000	1,000,000
Total unquoted options		35,480,809	(26,437,476)	9,043,333

* exercise of the options is subject to escrow periods.

8.3 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 2021.

9. Reserves

	Group	
	2021	2020
	\$	\$
Foreign currency translation reserve	(30,967)	(10,170)
Common control reserve	1,650,477	1,650,477
Share option reserve	454,816	1,773,116
	2,074,326	3,413,423

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Notes to the financial statements – 31 December 2021

10. Operating segments

10.1 Segment revenue

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

	Year ended 31 December									
	Platform SaaS		Program delivery		Services		Marketplace		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Geographical markets										
Australia	977,922	677,621	1,611,386	-	298,188	575,578	66,662	125,441	2,954,158	1,378,640
Malaysia	453,325	441,949	-	-	95,328	44,308	2,772	15,856	551,425	502,113
Singapore	1,959	7,883	-	-	-	-	-	-	1,959	7,883
	<u>1,433,206</u>	<u>1,127,453</u>	<u>1,611,386</u>	<u>-</u>	<u>393,516</u>	<u>619,886</u>	<u>69,434</u>	<u>141,297</u>	<u>3,507,542</u>	<u>1,888,636</u>
Timing of revenue recognition										
Products and services transferred to customers:										
At a point in time	-	-	-	-	-	-	69,434	141,297	69,434	141,297
Over time	<u>1,433,206</u>	<u>1,127,453</u>	<u>1,611,386</u>	<u>-</u>	<u>393,516</u>	<u>619,886</u>	<u>-</u>	<u>-</u>	<u>3,438,108</u>	<u>1,747,339</u>
	<u>1,433,206</u>	<u>1,127,453</u>	<u>1,611,386</u>	<u>-</u>	<u>393,516</u>	<u>619,886</u>	<u>69,434</u>	<u>141,297</u>	<u>3,507,542</u>	<u>1,888,636</u>

10.2 Segment performance and assets/liabilities

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

The Group has in previous financial years reported its operating segments on the basis of geographical locations i.e. Australia, Malaysia, Singapore and Corporate (based in Australia). The Group has now revised its reportable operating segments on the basis of revenue and cost originations, as follows:

- (a) Australia
- (b) South East Asia
- (c) Global Platform
- (d) Global Services
- (e) Corporate Overheads

OpenLearning Limited and Controlled Entities
Preliminary Final Report

Notes to the financial statements – 31 December 2021

10. Operating segments (*cont'd*)

10.2 Segment performance and assets/liabilities (*cont'd*)

	Australia \$	South East Asia \$	Global Platform \$	Global Services \$	Corporate Overheads \$	Total \$
2021						
Revenue:						
External sales	2,741,436	555,027	211,079	–	–	3,507,542
Segment results:						
Web-hosting and other direct costs	(847,879)	(15,568)	–	(991,994)	–	(1,855,441)
Employees benefit expenses	(2,429,197)	(817,583)	–	(1,763,546)	(835,900)	(5,846,226)
Depreciation and amortisation	(212,518)	(38,675)	–	(36,744)	(297)	(288,234)
Promotional and advertising	(445,945)	(20,642)	–	(475)	(28,835)	(495,897)
Professional services	(244,963)	(37,248)	–	(539,913)	(312,413)	(1,134,537)
General and administration	(136,761)	(21,710)	–	(278,790)	(354,055)	(791,316)
Segment profit/(loss)	(1,470,541)	(381,107)	211,079	(3,736,151)	(1,349,360)	(6,726,080)
Segment assets	3,592,693	577,927	–	–	2,351,700	6,522,320
Segment liabilities	1,435,977	553,722	–	–	406,980	2,396,679
	Australia \$	South East Asia \$	Global Platform \$	Global Services \$	Corporate Overheads \$	Total \$
2020						
Revenue:						
External sales	1,285,587	509,996	93,053	–	–	1,888,636
Segment results:						
Web-hosting and other direct costs	–	(16,102)	–	(574,750)	–	(590,852)
Employees benefit expenses	(1,494,810)	(775,945)	–	(1,513,646)	(919,262)	(4,703,663)
Depreciation and amortisation	(141,420)	(89,320)	–	(22,829)	–	(253,569)
Promotional and advertising	(238,458)	(9,122)	–	–	(122,837)	(370,417)
Professional services	(295,882)	(57,157)	–	(443,420)	(188,752)	(985,211)
General and administration	(174,777)	(106,806)	–	(262,575)	(212,371)	(756,529)
Segment profit/(loss)	(1,112,536)	(540,262)	93,053	(2,309,975)	(1,754,545)	(5,624,265)
Segment assets	4,075,580	846,714	–	–	5,196,185	10,118,479
Segment liabilities	1,269,959	636,458	–	–	240,913	2,147,330

11. **Cash flow information**

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

	Group	
	2021	2020
	\$	\$
Loss after tax	(6,726,080)	(5,624,265)
Non-cash flows in loss for the year:		
Depreciation and amortisation	288,234	253,569
Write-off / Loss on disposal of furniture, fittings and equipment	–	1,422
Unrealised exchange (gain) / loss	(43,355)	23,332
Gain on lease modification	(15,241)	–
Share-based payment	1,369	131,643
Changes in assets and liabilities:		
Decrease in trade and other receivables	39,461	125,032
Increase in trade and other payables	446,114	100,419
Net cash flows used in operating activities	(6,009,498)	(4,988,848)