

ASX Announcement | 28 February 2023
Appendix 4E and Commentary for FY22

OpenLearning grows SaaS revenue in FY22, completes strategic review and is executing its turnaround strategy

Highlights (all financial amounts are in AUD unless otherwise stated)

- OpenLearning's core Platform Software-as-a-Service (SaaS) business continued to grow in FY22 with more education providers adopting its lifelong learning platform
- Platform SaaS revenue increased 15% YoY to \$1.644 million
- Platform SaaS annualised recurring revenue (ARR)¹ grew 16% YoY to \$1.715 million as at end FY22
- Platform SaaS customers expanded 20% YoY to 245 as at end FY22
- The Company's revenue from all sources declined 9.7% YoY in FY22 to \$3.167 million (sales less revenue shared with education providers)
- Program Delivery revenue declined 36% YoY to \$1.036 million due to fewer international students in FY22 for the Company's Program Delivery division
- The Company's loss after tax for FY22 decreased 16% YoY to \$5.648 million as a result of a cost optimisation exercise in the second half of FY22 that will yield further improvements in FY23
- Total registered users reached 3.357 million and enrolments reached 5.637 million by end FY22, an increase of 8% and 10% YoY respectively

Sydney, Australia, 28 February 2023: Global lifelong learning platform **OpenLearning Limited** ('OpenLearning' or 'the Company') is pleased to provide its Appendix 4E preliminary annual financial statements for the year ended 31 December 2022 (FY22), along with the following update. The Company's fiscal year coincides with the calendar year.

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

- **Platform Subscription:** Providing an innovative learning platform and tools on a Software-as-a-service (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.

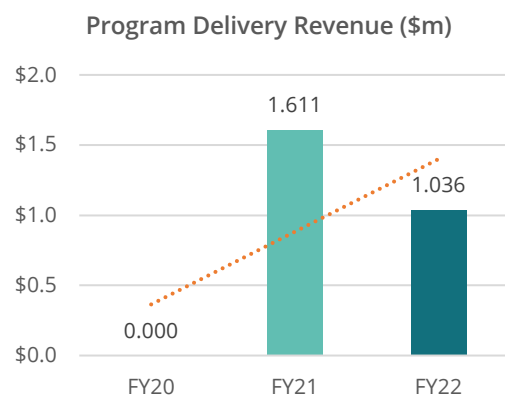
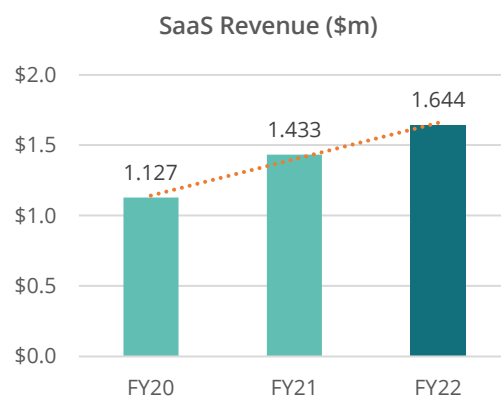
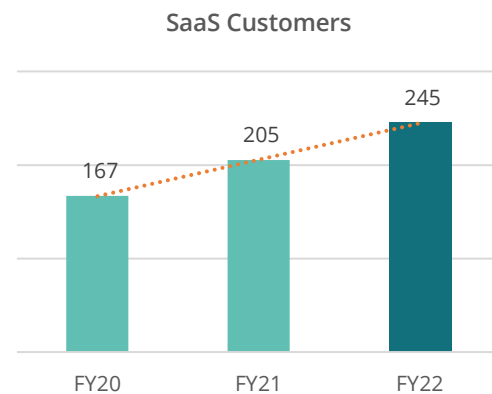
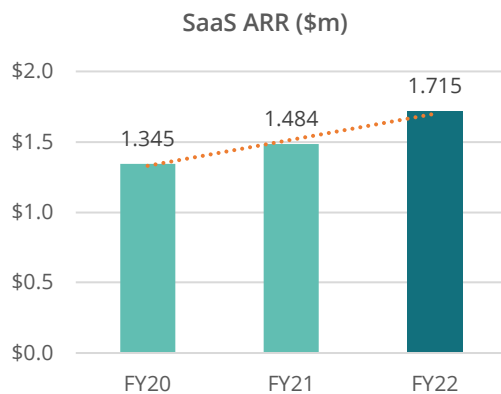
The Company has positioned itself to capitalise on the shift towards online education that began before COVID-19 and has since accelerated. OpenLearning ended FY22 with 245 Platform Subscription customers and 3.357 million learners, making it one of Australia and Southeast Asia's largest lifelong learning platforms.

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.

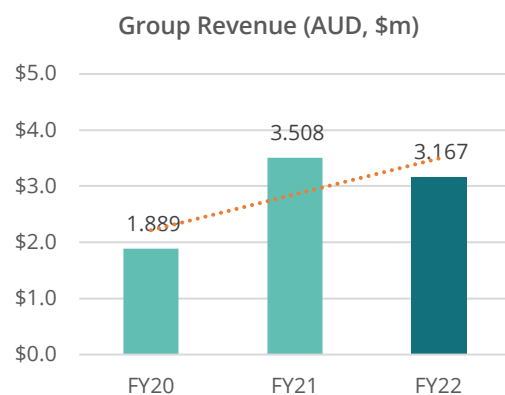
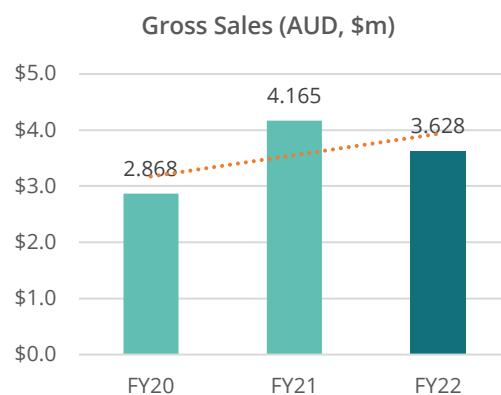
Strong growth in core Platform SaaS business

The Company is pleased to report that revenue from its core Platform Subscription division continued to grow. In FY2022, SaaS annual recurring revenue (ARR) grew by 15.6% and SaaS revenue grew by 14.7% while the number of SaaS customers expanded by 19.5% to 245 by the end of the year.

The Company's Program Delivery division, which launched in FY2021 with the UNSW Transition Program Online, was impacted by lower demand for Australian international education from its partner's target markets in FY2022, resulting in revenue declining by 35.7% YoY in the division.



The Company's gross sales, which includes all divisions, decreased by 12.9% YoY to \$3,628,025. After deducting revenue shared with education providers, revenue declined by 9.7% YoY to \$3,167,310.



Strategic review complete, working towards break-even

The Company commenced a strategic review of its business in May 2022, which generated interest from multiple parties and a number of opportunities for the Company. This review has now been completed and led to the following outcomes:

- Focus on growing the Platform SaaS business in new and existing geographies with a more streamlined global sales and marketing operation and product-led growth initiatives.
- Strategic investment from the Education Centre of Australia, a leading international education group that will utilise OpenLearning's platform and support its growth into new markets.
- Cost optimisation exercise resulting in annualised savings of circa \$3.3 million² by reorganising teams, expanding operations in Southeast Asia and optimising cloud hosting usage.
- Restructure the Program Delivery division and the Transition Program Online (TPO), resulting in reduced operating and delivery costs and a lower break-even point for the TPO from FY2023 onwards.
- Target to establish OpenLearning in a substantial new geography through a capital-light reseller and distribution model in which the Company provides its technology and a partner takes it to market.

The impact of these initiatives on the Company's results were not immediately evident in FY2022; however, the Company has already begun to see an improvement in Q4 FY2022 and in early FY2023.

In particular, the Company implemented a higher-value usage-based SaaS model for platform subscription, resulting in the discontinuation of lower-value educator plans and personal plans. The subscription plan now starts from c.\$1,000 per year. The Company also adjusted pricing for new customers and created new usage-based tiers. The change of pricing model resulted in a shift in customer mix, with some upgrading their plans while others cancelled, leading to an improvement in revenue per customer.

With these initiatives in place, the Company is confident that it will be able to reach break-even by growing revenue while closely controlling its costs.

Strategic investment from ECA in FY22

In Q4 FY22, the Company completed a \$2.3 million capital raising comprising a \$1.1 million strategic investment from the Education Centre of Australia ('ECA') [ASX Announcement 11th October 2022], a share placement and a partially underwritten rights issue to eligible shareholders at \$0.043 per Share. ECA now holds a 19.9% stake in OpenLearning and ECA Group CEO Rupesh K. Singh was appointed to the Company's Board of Directors as part of this investment. [ASX Announcement 16th November 2022].

ECA is a fast-growing and highly profitable international educational group with offices in seven countries, partnerships with Australian, U.K. and Indian universities, and wholly owned Australian education providers that enrol over 7,000 students per year. ECA assists students throughout their academic journey with end-to-end support including ECA Advantage, English language courses, undergraduate and postgraduate degrees and industry-relevant internships to help students transition into the global workforce.

The Company is exploring a number of potential opportunities with ECA and it has already benefited from ECA's expertise on the Board as the Company has focused on improving the efficiency of its operations in line with the strategic review.

² Based on the annualised difference between Q4 2021 actual and Q4 2022 actual operating expenses and cost of sales associated with platform subscription.

Investment in platform, products and brand in FY2022

The Group continued to invest in developing and marketing its lifelong learning platform and in ensuring the operational success of its Program Delivery segment which began generating revenue in FY2021. The Group's core product offering consists of:

1. **OpenLearning SaaS**, which enables self-service payment and onboarding for education providers to utilise OpenLearning's lifelong learning platform;
2. **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;
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 in computer science and programming designed by leading tech companies and industry experts that the Group is working to license to education providers; and
5. **OpenCreds**, a lifelong learning micro-credentialling framework that has been adopted by education providers in Australia and Malaysia, resulting in over 100 OpenCreds launched on the platform.

The upfront development costs for the UNSW TPO, CS101 and OpenCreds are now complete and the Group does not expect any further capital expenditure for these products. As previously highlighted, the Group's focus is on developing and promoting its core lifelong learning platform to ensure that OpenLearning is recognised as a leader in its field and attracts customers across its key markets.

The Group's main operating expenses by function and investments spent were:

	Year ended 31 December 2022	Year ended 31 December 2021
Operating expenses by category	\$	\$
Sales and marketing	1,440,199	1,906,077
Platform design and development	1,136,356	1,510,779
Program and service delivery	1,820,268	2,697,846
Total	4,396,823	6,114,702

As a result of the cost optimisation exercise, which only began to yield results towards the end of FY2022, the Group's loss after tax for FY2022 decreased by 16.0% YoY to \$5,648,308. The Group's cash position ended with \$2,204,639 as of 31 December 2022.

OpenLearning Group CEO & Managing Director Adam Brimo said: "We are pleased with the continued growth in Platform SaaS revenue and the results of the cost optimisation exercise. We appreciate the support of our team and stakeholders as we completed the strategic review and restructured the business. It will take time to fully realise the results of these initiatives and deliver on our turnaround strategy but we are confident that we have the right foundations in place to grow revenue while managing our cost base with the aim of reaching break-even. We look forward to the year ahead and we thank all our shareholders for their support over the past year."

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:

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Joint Company Secretary

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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 over thousands of courses provided by hundreds of 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 2022

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Results for Announcement to the Market

Key Information	2022 \$	2021 \$	Inc / (Dec) %
Revenue from ordinary activities	3,167,310	3,507,542	(9.7)
Revenue comprises of the following:			
Platform SaaS fees	1,644,233	1,433,206	14.7
Program delivery	1,035,951	1,611,386	(35.7)
Marketplace sales	552,217	726,822	(24.0)
Services sales	395,624	393,516	0.5
Gross sales	3,628,025	4,164,930	(12.9)
Less: Sharing of revenue with course creators	(460,715)	(657,388)	(29.9)
Revenue	3,167,310	3,507,542	(9.7)
Loss after tax from ordinary activities attributable to owners	(5,648,308)	(6,726,080)	(16.0)
Net loss attributable to owners	(5,648,308)	(6,726,080)	(16.0)

Losses per share

	2022 cents	2021 cents
Basic losses per share	(2.55)	(4.02)
Diluted losses per share	(2.55)	(4.02)

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 2022 ("FY2022"):

- gross sales of \$3,628,025, a decrease of 12.9% year-on-year ("YoY");
- revenue of \$3,167,310, a decrease of 9.7% YoY;
- loss after tax of \$(5,648,308), a decrease in losses of 16.0% YoY.

Overview

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 enter and operate the online lifelong learning market with a suite of products, including:

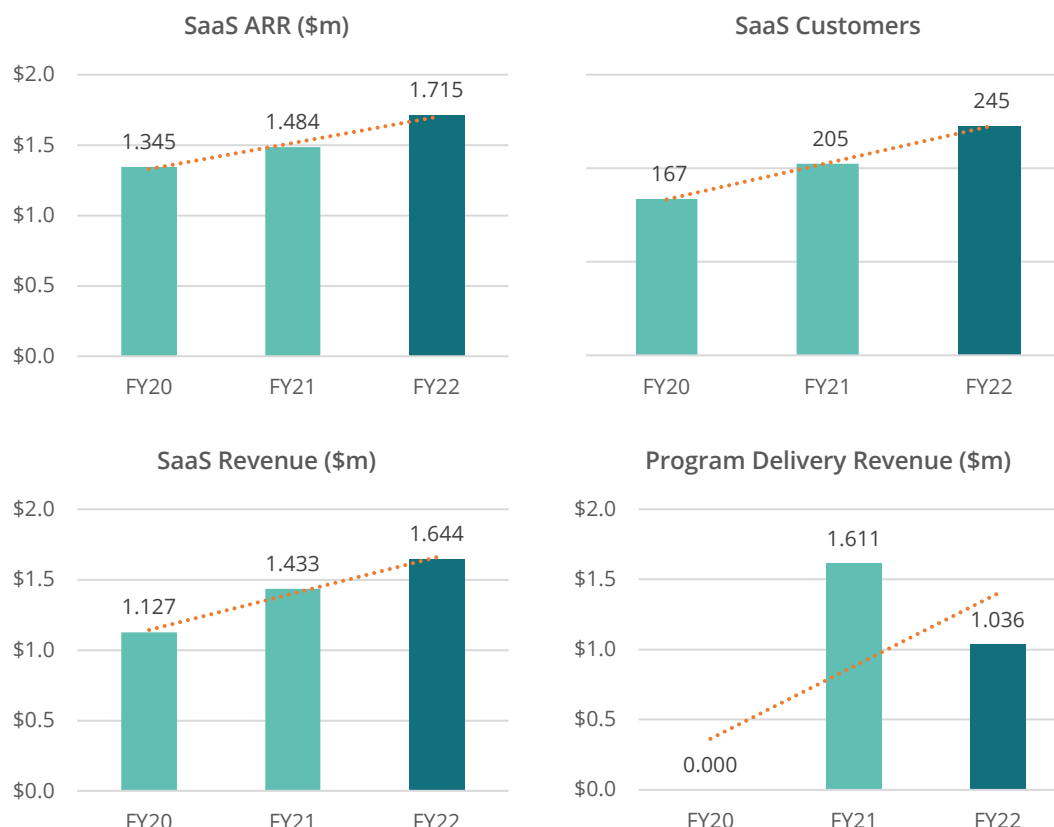
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Financial highlights for FY2022

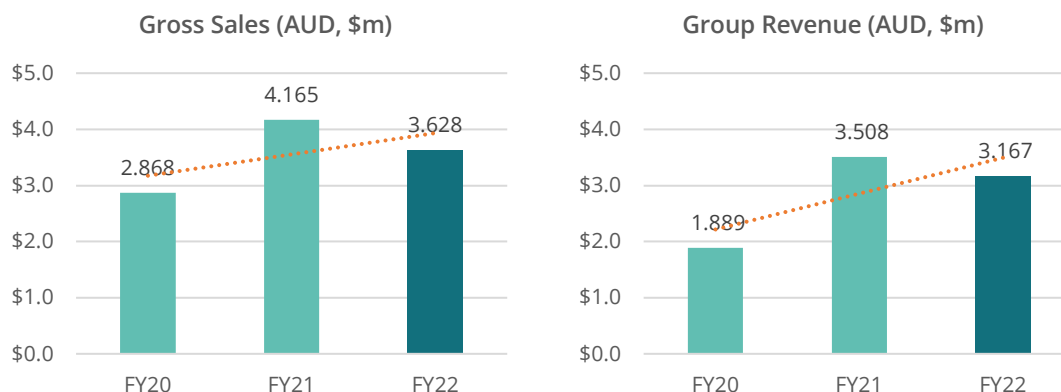
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Conclusion

The Group successfully executed against a number of key contracts during FY2022 thanks to the hard work and dedication of employees and the support of its partners. The directors are grateful for the support of the Group's shareholders and have made substantial changes to the Group's operations to reduce costs, improve margins and position the Group to sustainably grow revenue. With the completion of the Group's strategic review in FY2022, the Group is focusing its efforts on achieving break-even.

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

Refer to the 31 December 2022 financial statements and accompanying notes for OpenLearning Limited.

Statement of Financial Position with Notes to the Statement

Refer to the 31 December 2022 financial statements and accompanying notes for OpenLearning Limited.

Statement of Cash Flows with Notes to the Statement

Refer to the 31 December 2022 financial statements and accompanying notes for OpenLearning Limited.

Statement of Retained Earnings Showing Movements

Refer to the 31 December 2022 financial statements and accompanying notes for OpenLearning Limited.

Net Tangible Assets per share

	2022 \$/share	2021 \$/share
Net tangible assets per share	0.003	0.01

Control Gained or Lost over Entities in the Year

There were no acquisition or disposal of controlled entities during FY2022.

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 2023.

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 2022

	Note	2022 \$	2021 \$
Revenue	2	3,167,310	3,507,542
Other income	3	104,424	157,784
Items of expense			
Web-hosting and other direct costs		(1,105,391)	(1,855,441)
Employee benefits expense		(5,137,120)	(5,846,226)
Depreciation and amortisation		(367,385)	(288,234)
Promotional and advertising		(234,886)	(495,897)
Professional services		(1,248,466)	(1,134,537)
General and administrative costs		(764,119)	(791,316)
	4	(5,585,632)	(6,746,325)
Capital loss		(58,222)	
Finance income		2,864	24,924
Finance expenses		(7,318)	(4,679)
Loss before tax		(5,648,308)	(6,726,080)
Income tax expense	5	–	–
Loss for the year		(5,648,308)	(6,726,080)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		56,805	(20,797)
Total comprehensive loss for the year		(5,591,503)	(6,746,877)
Loss for the year attributable to:			
Owners of the Company		(5,648,308)	(6,726,080)
Total comprehensive loss attributable to:			
Owners of the Company		(5,591,503)	(6,746,877)
Losses per share attributable to owners of the Company			
Basic losses per share (cents)	6	(2.55)	(4.02)
Diluted losses per share (cents)	6	(2.55)	(4.02)

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 2022

	Note	2022 \$	2021 \$
ASSETS			
Current assets			
Trade and other receivables		533,649	316,154
Prepayments		170,883	297,509
Cash and cash equivalents	7	2,204,639	4,588,563
		<u>2,909,171</u>	<u>5,202,226</u>
Non-current assets			
Furniture, fittings and equipment		35,413	64,294
Intangible assets		1,636,762	1,145,666
Right-of-use assets		–	110,134
		<u>1,672,175</u>	<u>1,320,094</u>
Total assets		<u><u>4,581,346</u></u>	<u><u>6,522,320</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables		690,656	1,061,200
Provisions		363,984	342,757
Lease liabilities		–	124,998
Deferred revenue		1,109,300	867,724
		<u>2,163,940</u>	<u>2,396,679</u>
Non-current liability			
Lease liabilities		–	–
Total liabilities		<u><u>2,163,940</u></u>	<u><u>2,396,679</u></u>
Net assets		<u><u>2,417,406</u></u>	<u><u>4,125,641</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	8	36,263,511	32,495,431
Accumulated losses		(35,572,287)	(30,444,116)
Reserves	9	1,726,182	2,074,326
Total equity		<u><u>2,417,406</u></u>	<u><u>4,125,641</u></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 2022

	Share Capital (Note 8) \$	Reserves (Note 9) \$	Accumulated Losses \$	Total \$
Opening balance at 1 January 2022	32,495,431	2,074,326	(30,444,116)	4,125,641
Loss for the year	—	—	(5,648,308)	(5,648,308)
<u>Other comprehensive income</u>				
Foreign currency translation, representing total other comprehensive loss for the year	—	56,805	—	56,805
Total comprehensive loss for the year	—	56,805	(5,648,308)	(5,591,503)
Issuance of ordinary shares :				
- new ordinary shares	3,883,268	—	—	3,883,268
Transfer of fair value of issued options	(115,188)	115,188	—	—
Transfer of fair value of expired options	—	(436,993)	436,993	—
Transfer of fair value of lapsed performance rights	—	(83,144)	83,144	—
Share-based payment	—	—	—	—
Closing balance at 31 December 2022	36,263,511	1,726,182	(35,572,287)	2,417,406

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 2022

	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 cash flows
For the financial year ended 31 December 2022

	Note	2022	2021
		\$	\$
Operating activities			
Receipts from customers		3,840,031	4,555,236
Payments to suppliers and employees		(9,359,075)	(10,722,518)
Proceeds from other income		110,132	157,784
Net cash flows used in operating activities	11	(5,408,912)	(6,009,498)
Investing activities			
Purchase of furniture, fittings and equipment, net of disposal		(12,194)	(28,140)
Purchase of intangible assets		(726,741)	(710,130)
Net cash flows used in investing activities		(738,935)	(738,270)
Financing activities			
Proceeds from issuance of equity shares		3,883,268	2,900,000
Proceeds from exercise of share options		—	—
Repayment of lease liabilities		(123,598)	(171,817)
Repayment of borrowing		—	—
Share issue expenses		—	—
Net cash flows generated from financing activities		3,759,670	2,728,183
Net (decrease) / increase in cash and cash equivalents		(2,388,177)	(4,019,585)
Effect of exchange rate changes on cash and cash equivalents		4,253	13,079
Cash and cash equivalents at beginning of the year		4,588,563	8,595,069
Cash and cash equivalents at end of the year	7	2,204,639	4,588,563

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

Notes to the financial statements – 31 December 2022

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 \$5,648,308 (2021: \$6,726,080) and net operating cash outflows of \$5,408,912 (2021: \$6,009,498). As at 31 December 2022, the Group had accumulated losses of \$35,572,287 (31 December 2021: \$30,444,116).

As at 31 December 2022, the Group has net current assets of \$745,231 (31 December 2021: \$2,805,547) and cash and cash equivalents of \$2,204,639 (31 December 2021: \$4,588,563).

The Group has prepared a cashflow forecast for the next 12 months that indicates a 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 segment with improved gross margins and increasing cash inflow from this segment;
- completion of a strategic review in FY2022 that resulted in a cost reduction exercise that reduced annualised costs by circa \$3.3 million;
- active management of 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	
	2022	2021
	\$	\$
Revenue from contracts with customers		
Platform SaaS fees	1,644,233	1,433,206
Program delivery	1,035,951	1,611,386
Marketplace sales	91,502	69,434
Services sales	395,624	393,516
	3,167,310	3,507,542

3. **Other income**

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	Group	
	2022	2021
	\$	\$
Cash flow boost incentive / Government grant	97,106	139,122
Gain on lease modification	1,005	15,241
Others	6,313	3,421
	104,424	157,784

4. Loss for the year

Loss before income tax includes the following specific expenses:

	Group	
	2022	2021
	\$	\$
Web-hosting and other direct costs		
- web-hosting costs	609,688	963,224
- program delivery licence fee	469,700	729,050
Employee benefits expense		
- share-based payment	–	1,369
Depreciation and amortisation		
- depreciation on furniture, fittings and equipment	19,885	18,721
- depreciation on right-of-use assets	110,199	164,648
- amortisation of intangible assets	237,801	104,865
Professional services		
- contractors	663,814	593,325
General and administrative costs		
- write-off / loss on disposal of furniture, fittings and equipment	20,691	–
- foreign currency translation losses	11,090	1,962
- impairment of trade receivables	15,940	17,973
- travelling costs	46,385	9,841

5. Income tax

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

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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 2022	31 December 2021
Weighted average number of ordinary shares for basic losses per share computation	221,217,695	167,203,638
Effects of dilution from:		
- share options issued to convertible note holders	–	–
- share options issued to advisors	–	–
Weighted average number of ordinary shares for diluted losses per share computation	221,217,695	167,203,638

7. **Cash and cash equivalents**

	Group	
	2022	2021
	\$	\$
Cash at bank and on hand	2,186,905	4,559,050
Cash with online payment providers	17,734	29,513
Short-terms deposits placed with banks	–	–
	2,204,639	4,588,563

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8. Share capital

	31 December 2022	31 December 2021
	\$	\$
267,869,075 (31 Dec 2021: 197,358,300) fully paid ordinary shares	36,263,511	32,495,431

8.1 Movements in ordinary shares

	Group			
	2022		2021	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares:				
At 1 January	197,358,300	35,295,761	164,024,967	32,195,761
Issuance of shares during the year :				
- placement of shares	70,510,775	3,883,268	33,333,333	3,100,000
- public offering of shares	–	–	–	–
- exercise of share options	–	–	–	–
- Fair value adjustment on shares issued	–	–	–	–
At 31 December	267,869,075	39,179,029	197,358,300	35,295,761
Equity issuance costs				
At 1 January	–	(2,800,330)	–	(2,600,330)
Costs arising from equity issuance	–	(115,188)	–	(200,000)
At 31 December	–	(2,915,518)	–	(2,800,330)
Total ordinary shares at 31 December	267,869,075	36,263,511	197,358,300	32,495,431

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Notes to the financial statements – 31 December 2022

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 2022	Issued / (Lapsed)	Number on issue at 31 Dec 2022
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
On or before 30 September 2022*	\$0.093	–	6,422,908/ (6,422,908)	–
Total unquoted options		9,043,333	(7,793,333)	1,250,000

* exercise of the options is subject to escrow periods.

8.3 Performance rights

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.

600,000 of these performance rights have lapsed upon the leaving of a key management person of the Group.

None of these performance rights vested during the financial year 2022.

9. Reserves

	Group	
	2022	2021
	\$	\$
Foreign currency translation reserve	25,838	(30,967)
Common control reserve	1,650,477	1,650,477
Share option reserve	49,867	454,816
	1,726,182	2,074,326

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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								Total	
	Platform SaaS 2022 \$	2021 \$	Program delivery 2022 \$	2021 \$	Services 2022 \$	2021 \$	Marketplace 2022 \$	2021 \$	2022 \$	2021 \$
Geographical markets										
Australia	1,153,617	977,922	1,035,951	1,611,386	305,094	298,188	87,133	66,662	2,581,795	2,954,158
Malaysia	489,051	453,325	-	-	90,530	95,328	2,137	2,772	581,718	551,425
Singapore	1,565	1,959	-	-	-	-	2,232	-	3,797	1,959
	<u>1,644,233</u>	<u>1,433,206</u>	<u>1,035,951</u>	<u>1,611,386</u>	<u>395,624</u>	<u>393,516</u>	<u>91,502</u>	<u>69,434</u>	<u>3,167,310</u>	<u>3,507,542</u>
Timing of revenue recognition										
Products and services transferred to customers:										
At a point in time	-	-	-	-	-	-	91,502	69,434	91,502	69,434
Over time	<u>1,644,233</u>	<u>1,433,206</u>	<u>1,035,951</u>	<u>1,611,386</u>	<u>395,624</u>	<u>393,516</u>	<u>-</u>	<u>-</u>	<u>3,075,808</u>	<u>3,438,108</u>
	<u>1,644,233</u>	<u>1,433,206</u>	<u>1,035,951</u>	<u>1,611,386</u>	<u>395,624</u>	<u>393,516</u>	<u>91,502</u>	<u>69,434</u>	<u>3,167,310</u>	<u>3,507,542</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

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Notes to the financial statements – 31 December 2022

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 \$
2022						
Revenue:						
External sales	2,406,514	612,336	148,460	–	–	3,167,310
Segment results:						
Web-hosting and other direct costs	(495,702)	–	–	(609,689)	–	(1,105,391)
Employees benefit expenses	(2,396,162)	(628,543)	–	(1,075,289)	(1,037,126)	(5,137,120)
Depreciation and amortisation	(228,494)	(54,214)	–	(84,677)	–	(367,385)
Promotional and advertising	(226,253)	(8,633)	–	–	–	(234,886)
Professional services	(204,867)	(122,106)	–	(515,479)	(406,013)	(1,248,465)
General and administration	(123,532)	(53,543)	–	(280,028)	(265,268)	(722,371)
Segment profit/(loss)	(1,268,496)	(254,703)	148,460	(2,565,162)	(1,708,407)	(5,648,308)
Segment assets	2,624,402	468,143	–	–	1,488,801	4,581,346
Segment liabilities	1,374,051	397,042	–	–	392,847	2,163,940
	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

11. **Cash flow information**

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

	Group	
	2022	2021
	\$	\$
Loss after tax	(5,648,308)	(6,726,080)
Non-cash flows in loss for the year:		
Depreciation and amortisation	367,385	288,234
Write-off / Loss on disposal of furniture, fittings and equipment	21,173	–
Unrealised exchange (gain) / loss	50,823	(43,355)
Gain on lease modification	(1,374)	(15,241)
Share-based payment	–	1,369
Changes in assets and liabilities:		
Decrease in trade and other receivables	(182,498)	39,461
Increase in trade and other payables	(16,113)	446,114
Net cash flows used in operating activities	(5,408,912)	(6,009,498)