



AI-Powered SaaS Platform for Lifelong Learning

OpenLearning Limited (ASX:OLL)
Investor presentation
March 2023



OpenLearning is a scalable online learning platform at the forefront of a new wave of education delivery



5+ million
enrolments globally



3+ million
learners



230+
education providers



10,000+
courses



165
countries



100+ million
Peer interactions

2012

Founded in **Sydney, Australia**

2014

Launched **Malaysia MOOC** nationwide program

2015

Established regional office in **Kuala Lumpur**

2019

Listed on Australian Stock Exchange (**ASX:OLL**)

2020

Launched **OpenCreds Micro-credential Framework** in Australia and Malaysia

2021

Launched the UNSW Transition Program Online for students to gain entry into 10 universities

2022

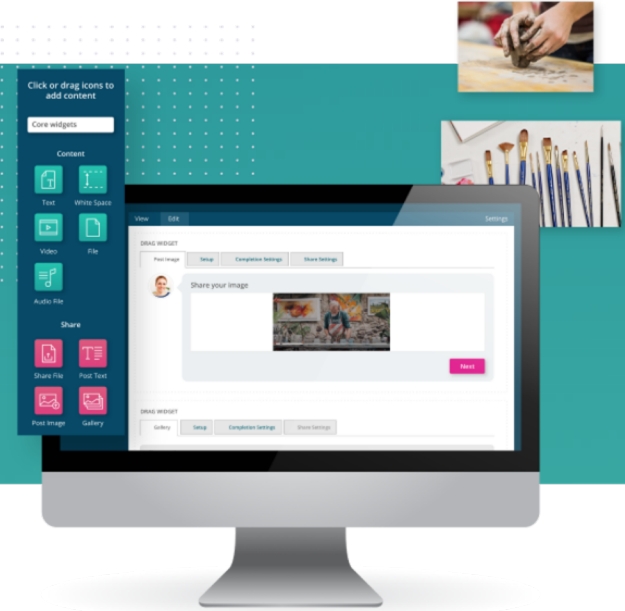
Completed strategic review and reset for future growth

2023

Partnership and agreement with ECA to expand into **India**



A new kind of lifelong learning platform



Final use only

Our vision is to be an AI-powered lifelong learning platform that closes the loop between education and employability

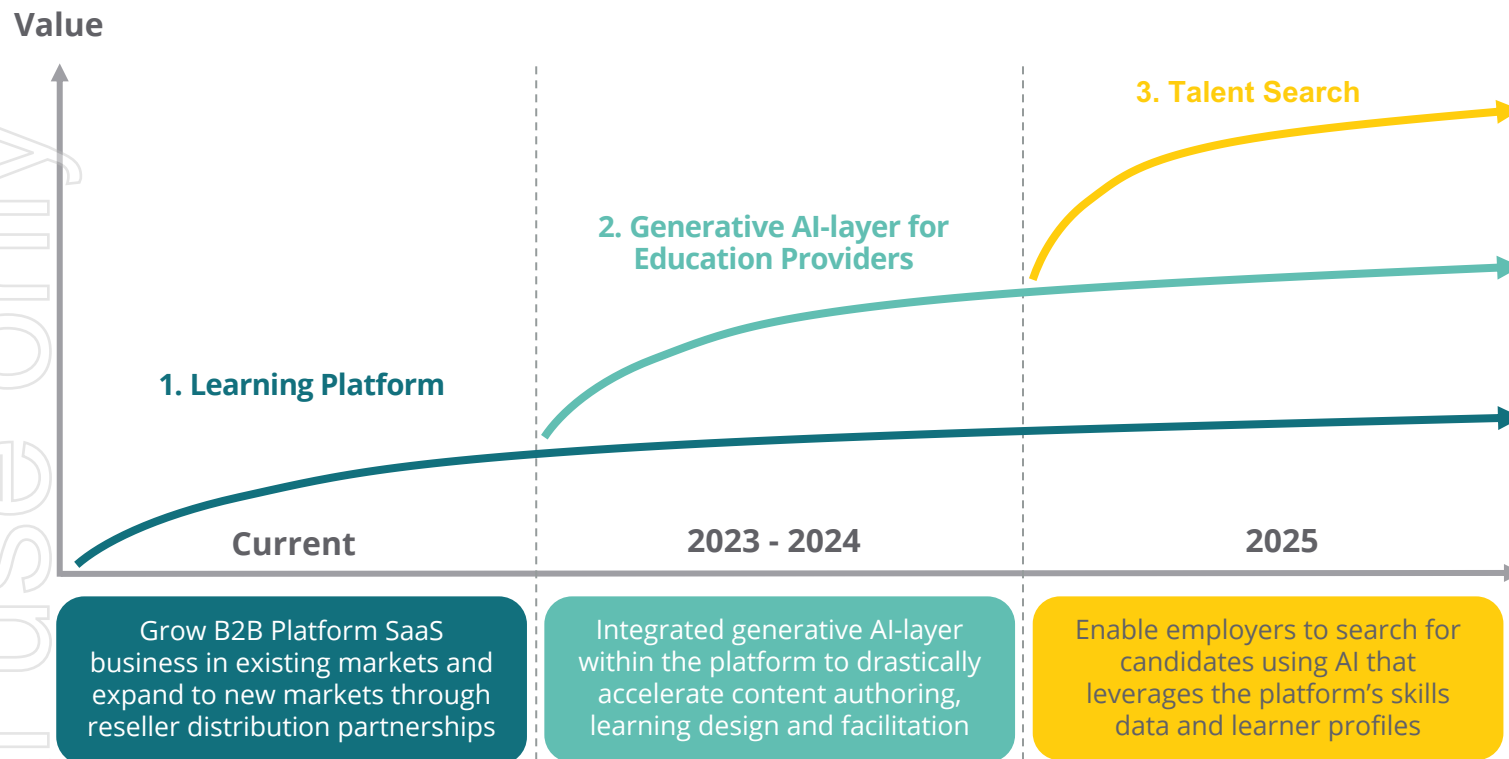
- Talent Search to connect learners with career opportunities at scale
- Skills demand / future of work insights (enable learning, upskilling rediscovery)

- Measurable learning outcomes and authentic assessment
- Portfolio of skills, evidence, competencies and digital credentials to combat usage of generative AI by learners



- A large number of quality courses for learning and upskilling
- Learning pathways to enable skills transformation in people at scale
- Socially constructive learning experiences, community of practice and project-based activities
- AI-powered course authoring environment and delivery tools that improve efficiency and outcomes

We are delivering this vision through three phases



1. Learning Platform

Current

Grow B2B Platform SaaS business in existing markets and expand to new markets through reseller distribution partnerships

2. Generative AI-layer for Education Providers

2023 - 2024

Integrated generative AI-layer within the platform to drastically accelerate content authoring, learning design and facilitation

3. Talent Search

2025

Enable employers to search for candidates using AI that leverages the platform's skills data and learner profiles

Scale the learning platform SaaS business by direct sales in existing markets and distribution partnership in new markets

		Geographic markets			
		Australia	Malaysia	Indonesia	India
Products	Distribution model	Direct sales	Direct sales	Direct sales & Resellers	Distribution partnership
	Learning Platform	✓	✓	✓	✓
	Generative AI Tools	✓	✓	TBC	✓
	Talent Search	TBC	TBC	TBC	TBC
Revenue model		Direct SaaS fees	Direct SaaS fees	Direct SaaS fees	Revenue share

As education providers expand online, they are looking for a single end-to-end solution rather than managing multiple costly systems

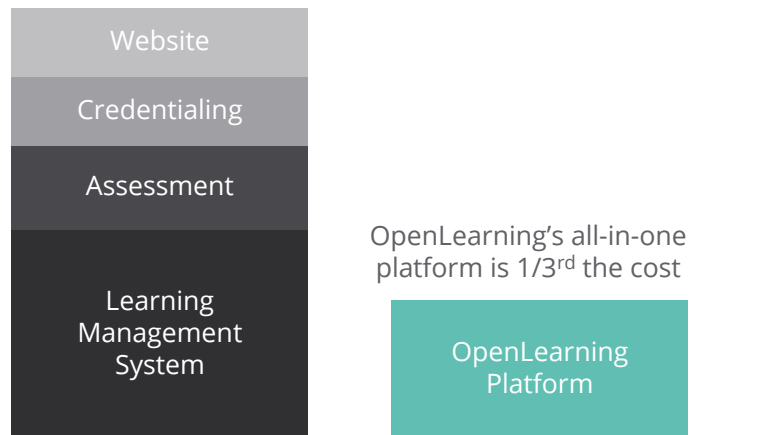
- Education institutions are expanding their offering from formal degree qualifications to shorter programs (e.g. cert, diploma) and unaccredited courses



- Global online degree and micro-credentials projected to grow 17% p.a. and reach \$115b in 2025²
- Education providers' existing systems for online delivery were designed for high cost face-to-face or accredited online degrees, resulting in a cost-per-student that impedes them from offering lower cost online courses
- In order for education providers to compete in the more affordable online education market they need a lower cost platform with functionality specific to the lifelong learning market

Cost per learner

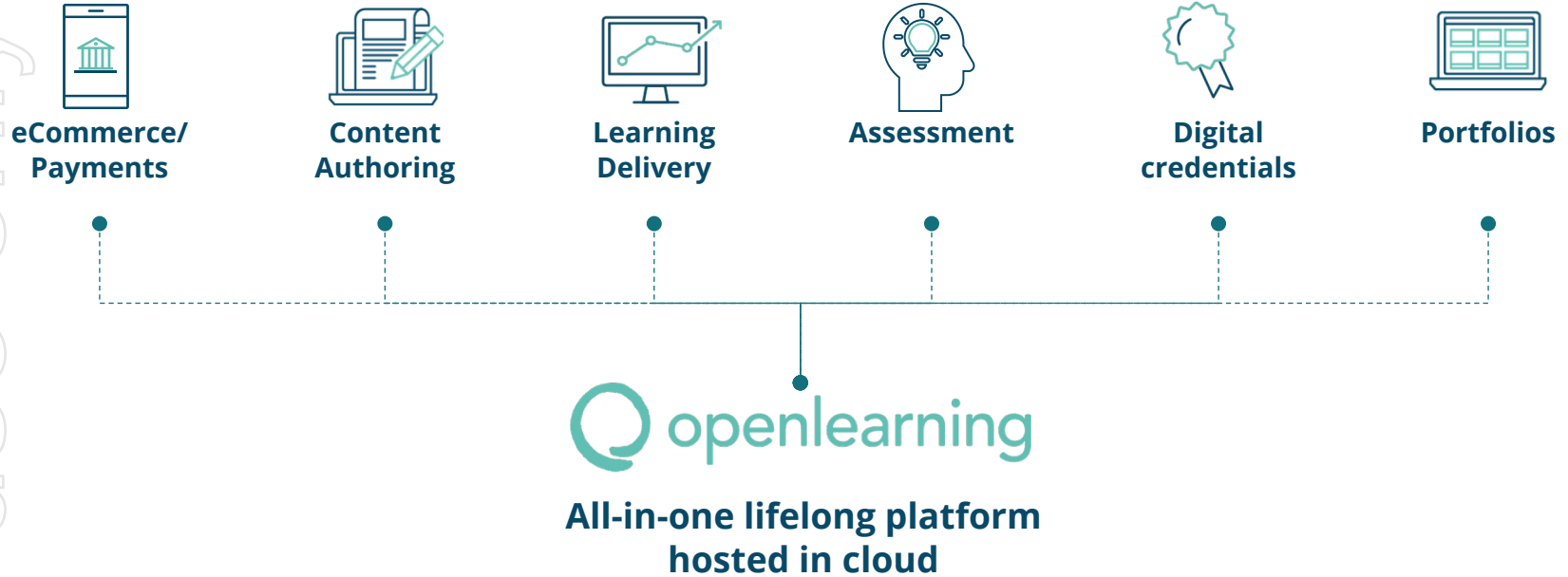
Education institutions currently spend c.\$30 per learner¹ to deliver online learning when using multiple technology / service providers



Note: 1. Based on market feedback and company's estimation. 2. HoloniQ market size: <https://www.holoniq.com/markets/higher-education/global-online-degree-and-micro-credential-market-to-reach-117b-by-2025/>

OpenLearning has built a fully integrated, all-in-one platform to enable education providers to deliver world-class lifelong learning

Internal use only



Operating with B2B SaaS model with usage-based pricing, self-service subscription and onboarding

B2B SaaS model

- Tiered subscription plans for education providers to utilise the OpenLearning platform
- Fees determined based on usage (i.e. learners and educators) and features (white-labelling)
- Geo-targeted pricing for specific currencies

Self-service and inside sales

- Education providers subscribe online with their credit card and get a 30-day free trial with access to all the tools to set up and run their courses
- Support provided by online tutorials, knowledge-base, community and support team

Enterprise SaaS for universities

- Plans designed to meet the needs of universities are handled through our partnerships team

The screenshot displays the OpenLearning pricing page. At the top, there is a navigation bar with links for Platform, Success Stories, OpenCreds, Support, Pricing, Login, and a 'Try it for free' button. Below the navigation, there are links for Pricing plans, Features comparison, Support, Success Stories, and FAQ. A toggle switch is set to 'Billed monthly', with a note 'Save up to 17% with yearly pricing'. Three pricing plans are shown:

- Starter:** A\$1,250/yr billed yearly. Includes 2 Educators and 100 Learners. Features include custom branded course website, course cataloging, course pathways, portal design, Institution Management System, and email support.
- Institution:** A\$4,750/yr billed yearly. Includes 5 Educators and 500 Learners. Features include everything in the Starter plan plus unlimited educator accounts, up to 4,000 learners/year, white labelling options, and LTI & API integrations.
- Enterprise:** Tailored Pricing. For forward-looking universities and enterprises. Features include unlimited educator accounts, starting from 4,000 learners/year, tailored onboarding support, and annual allocation of learning design services and training.

Each plan has a 'Start 30-day free trial' button, except for the Enterprise plan which has a 'Talk to Us' button.

Launch and grow OpenLearning India with ECA partnership

Partnership to expand OpenLearning to India

- Signed an exclusive distribution and SaaS Reseller agreement with Education Centre of Australia (ECA) to launch OpenLearning India
- OpenLearning India will include OpenLearning's SaaS Platform and a marketplace of short-courses, micro-credentials and online degrees primarily from Australian and Indian universities
- ECA handles sales, marketing, partnerships, course design and distribution of the SaaS Platform to learners and universities in India, Nepal, Sri Lanka and Pakistan (the Region)
- OpenLearning will establish, operate and provide technology support for the SaaS Platform that will be hosted on Microsoft Azure in India.
- The agreement is ongoing and subject to performance threshold after the first 3-years in order for ECA to maintain the agreement and exclusivity
- Plan to launch openlearning.in (the marketplace) in Q2 FY23

A capital-light model to enter into India with multiple revenue streams:

B2B SaaS Platform revenue

- ECA to sell the SaaS Platform to education institutions in the Region
- OL to receive 50% SaaS Platform subscription revenue

Marketplace course sales

- ECA to promote the marketplace to learners
- OL to receive 5% of gross course sales from the marketplace

SaaS revenue uplift from existing partners

- Expect increasing SaaS Platform usage from existing partners as a result of course sales effort in the Region

OpenLearning will incur cloud hosting costs, which are not expected to be material at this stage.

India presents a significant market opportunity for OpenLearning

Significant opportunity for quality online education

- India has one of the largest higher education sectors in the world:
 - 1043 universities, 42,343 colleges and 11,779 stand-alone institutions¹
 - College-age population projected to reach 126m in 2026
- The sector is under significant pressure to meet future demand:
 - India's HE enrolment ratio² 27% lags behind China (43%) and Brazil (51%)
 - The government aims to increase enrolment ratio to 50% by 2030³, almost double its current level
- Quality online education is critical to deliver scalable solution to India's higher education demand

Also add value to existing OL university partners who want to increase exposure to India

- India is a large and fast growing international student markets to Australia
 - The growth of Chinese international students is slowing down
 - India currently is the 2nd largest international student market to Australia, also with strong future growth trajectory
 - No. of student visa application from India outnumbered that from China⁴

Citizenship Country	H2 2019	H2 2022
India	42,443	43,925
China	44,060	38,701
Nepal	16,193	18,405
Columbia	9,786	13,321
Philippines	8,301	11,879
Others	105,920	120,999

- Expanding to India will enable Australian higher education partners to increase exposure / access to the Indian markets

1. https://www.education.gov.in/sites/upload_files/mhrd/files/statistics-new/aishe_eng.pdf. 2. Enrolment ratio measures total enrolment in HE as a % of the eligible college-age population. 3. "India Economics Strategy to 2035 – Navigating From Potential to Delivery", Australia Department of Foreign Affairs. 4. Department of Home Affairs

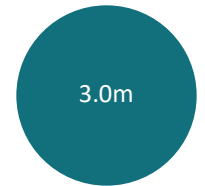
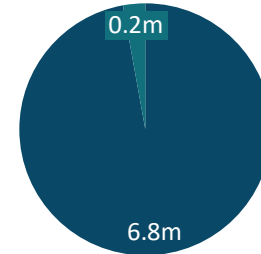
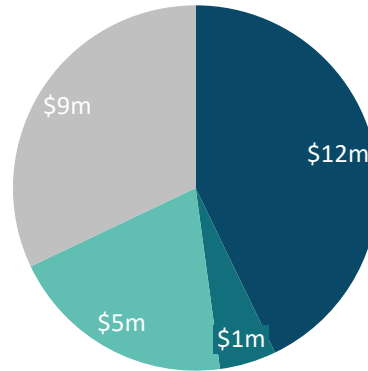
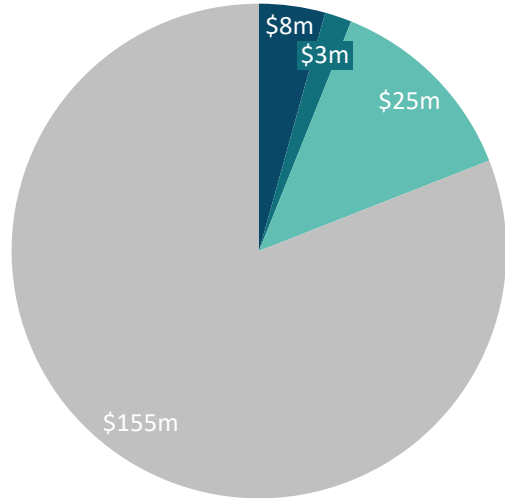
Estimated \$230m revenue opportunity in Australia, Malaysia, Indonesia and India, based on current usage-based SaaS pricing

\$192m
Universities and other Higher Education

\$28m
Technical and vocational training

\$7m
Industry Association

\$3m
Corporate training and PD



■ Australia ■ Malaysia ■ Indonesia ■ India

Note: 1. revenue opportunity estimation is based on number of institutions in the targeted sector across the geographic markets that OpenLearning is operating, multiply by the average usage-based SaaS revenue and adjusted by the adoption rate for online learning platform. Excluding revenue share arrangement with re-sellers in certain markets.
 2. https://www.education.gov.in/sites/upload_files/mhrd/files/statistics-new/aishe_eng.pdf; 3. <https://www.adb.org/sites/default/files/linked-documents/50395-006-ssa.pdf>;
 4. <https://highereducationstatistics.education.gov.au/> 5. <https://www.dosm.gov.my>

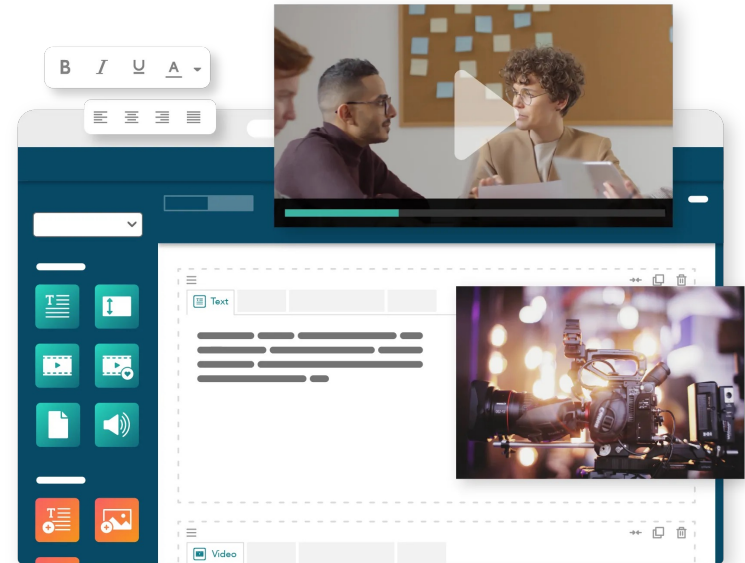
We are integrating ChatGPT into our platform to solve one of the greatest challenges facing education providers: content authoring

Background on learning design and content authoring

- Migrating and redesigning existing content and materials for delivery online require education providers to invest time and resources
- Typical short course may take 1 to 2 weeks to develop while a university length course may take up to 2 months at a cost of between \$5,000 to \$30,000 per course
- A typical university delivers 500 to 2,000 courses, most of which are still basic text, videos and quizzes due to the effort required in designing and redesigning the courses every 3 to 5 years

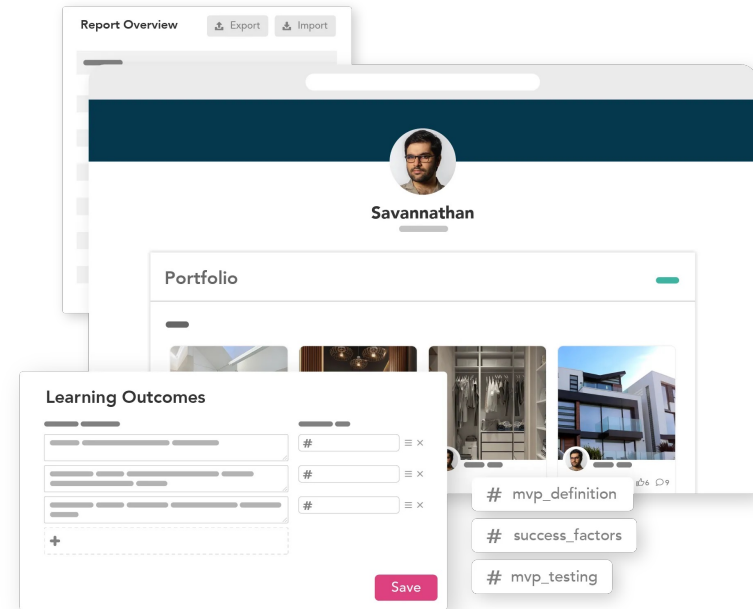
Leveraging ChatGPT to solve this problem

- Early experiments with ChatGPT demonstrate the possibility of generating draft content and learning activities in a range of pedagogical styles to be delivered on OpenLearning
- AI-generated content will be up-to-date and subject-specific, dramatically increasing the speed that high quality courses can be created, thus increasing usage of the platform

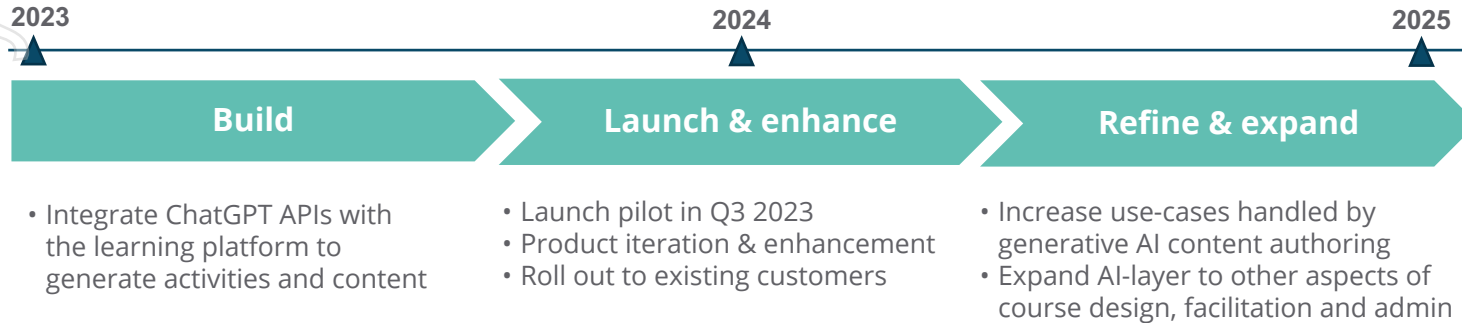


OpenLearning's unique advantages in integrating generative AI into its learning platform to assist education providers

- OpenLearning is developed from the ground up for flexible content authoring and editing, enabling educators to create active learning experiences (learning by doing, projects) rather than passive content (reading, video and quiz)
- OpenLearning automatically captures students' learning process (evidence of learning) to assess 'how a student learned' rather than 'what they know' (e.g. an exam) – a critical design feature that combats usage of Generative AI by students
- OpenLearning is the only platform designed specifically for this style of learning and is capable of automatically generating portfolios based on students work
- Greatest impediment for education providers to adopt this educational approach is the time and resources spent on redesigning their course content and moving them to OpenLearning
- OpenLearning already has a library of learning design templates, best practices and educational expertise to fine tune the usage of ChatGPT so that it generates high quality learning experiences



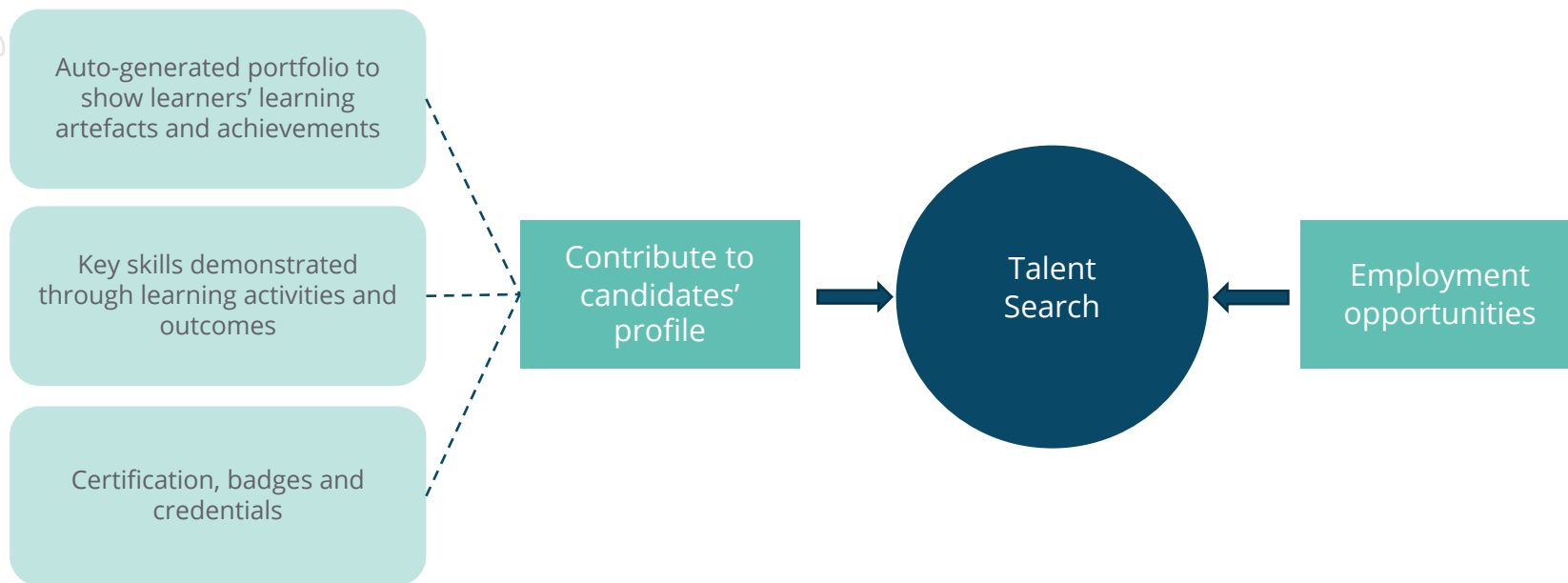
Indicative timeline to develop and launch the generative AI-layer and associated functionality in the learning platform



The roll-out of Generative AI will **dramatically improve the OpenLearning platform's value proposition** and is likely to result in higher usage to from existing and new education providers, **leading to more SaaS platform subscription revenue.**

Develop Talent Search product by leveraging learning data

Over the years, OpenLearning has built a platform for users to discover, learn and showcase learning outcomes. These learning insights afford OpenLearning a unique position to connect learners and employment opportunities



Learning Platform and Talent Search reinforce each other, creating a stronger network effect for the OpenLearning platform



Financial Performance & Strategic priorities



Internal use only

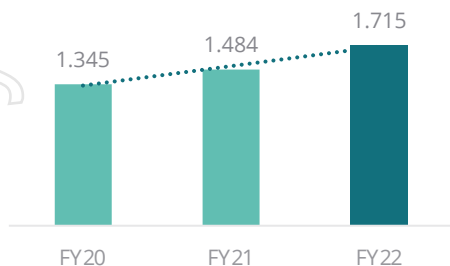
Strategic review completed and key initiatives delivered

- 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.
- Completed a cost optimisation exercise resulting in annualised savings of circa \$3.3 million¹, an improvement on the Company's initial estimate by \$0.8 million [ASX Announcement 27th May 2022].
- Achieved greater savings by retaining rather than divesting OpenLearning Malaysia by centralising the Company's global sales, marketing and services teams in Malaysia, which will also support expansion across Southeast Asia
- Restructured the Program Delivery division and the Transition Program Online (TPO), resulting in reduced operating and delivery costs and reduce break-even point by circa 40% for the TPO from FY2023 onwards.
- Discussions are underway between UNSW Global and a third-party to rebrand the TPO and accelerate marketing efforts this year. The Company will make an announcement if any material changes are made to its agreement with UNSW Global.
- Implementation of a capital-light distributor model is underway with the signing of a Distribution and SaaS Reseller Agreement with ECA to expand OpenLearning to India, which will see the Company receive SaaS fees and a revenue share on course sales.

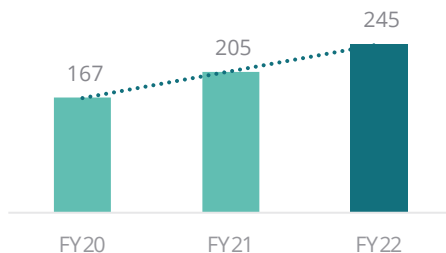
Note: 1. Based on the annualised difference between Q4 2021 and Q4 2022 actual operating expenses and cost of sales associated with platform subscription. All cost optimisation initiatives completed in Q3 2022, cost saving benefits was only partially reflected in FY22 financials.

Platform SaaS Segment continued to grow; weaker Program Delivery segment impacted overall results in FY22

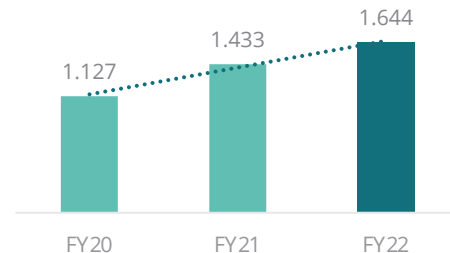
SaaS ARR (\$m)



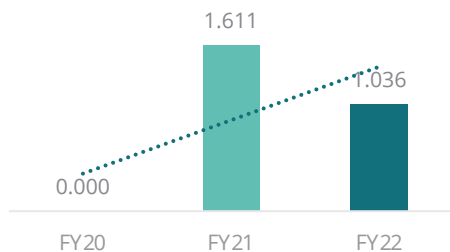
SaaS Customers



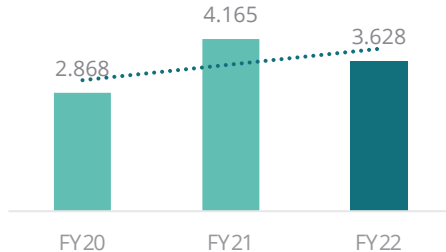
SaaS Revenue (\$m)



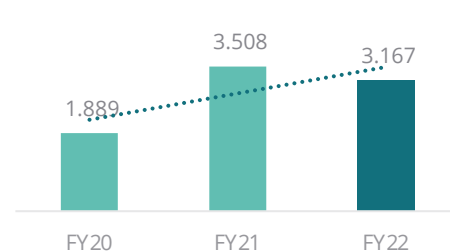
Program Delivery Revenue (\$m)



Gross Sales (AUD, \$m)



Group Revenue (AUD, \$m)



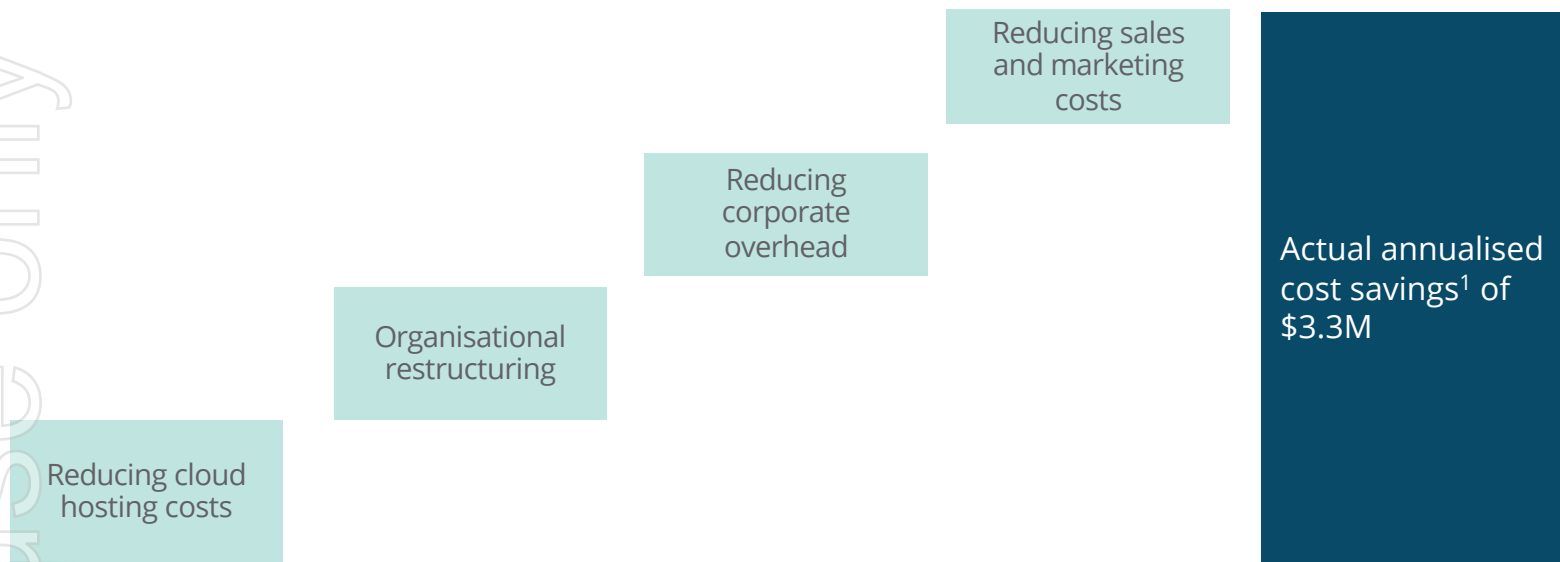
1. ARR (annualised recurring revenue) is calculated based on multiplying the December monthly accrued SaaS revenue by 12. The ARR calculation does not take into account the future expiry of the term of any contract under which SaaS revenue is generated by any customers lost during the relevant month.

SaaS revenue grows and cost reductions in the second half started to make an impact in FY22

- Total FY22 group revenue of \$3.17m, 10% decrease from prior year:
 - 15% growth in Platform Subscription revenue
 - 36% decline in program delivery revenue due to lower international student enrolment for UNSW Transition Program Online (TPO)
- Total operating expense decreased by 16%:
 - The effect of cost optimisation exercise being partially reflected in FY22, including a 37% decrease in cloud hosting costs
 - The increase of corporate, general & admin costs was due to once-off strategic review, restructuring costs and increased usage of contractors
- As a result, FY22 total loss decreased by 16%

(\$AUD)	FY22	FY21	Inc / (Dec) %
Operating Revenue			
Platform subscription	1,644,233	1,433,206	15
Program delivery	1,035,951	1,611,386	(36)
Learning Services	395,624	393,516	1
Marketplace net revenue	91,502	69,434	32
Total operating revenue	3,167,310	3,507,542	(10)
Operating Expenses			
Cloud hosting	(609,688)	(963,224)	(37)
Platform design & development	(1,136,356)	(1,510,779)	(25)
Program & service delivery	(1,820,268)	(2,697,846)	(33)
Sales & marketing	(1,440,199)	(1,906,077)	(24)
Corporate, General & admin	(3,483,471)	(3,045,491)	14
Total Operating Expenses	(8,489,982)	(10,123,417)	(16)
EBITDA	(5,322,672)	(6,615,875)	(20)
Depreciation & amortisation	(367,385)	(288,234)	27
Other income	104,424	157,784	(34)
Finance income	2,864	24,924	(89)
Finance costs	(7,318)	(4,679)	56
Capital loss	(58,222)	0	-
Loss for the period	(5,648,308)	(6,726,080)	(16)

Cost optimisation exercise yielded c.\$3.3M annualised savings



Note: 1. Based on the annualised difference between Q4 2021 and Q4 2022 actual operating expenses and cost of sales associated with platform subscription.
2. All cost optimisation initiatives completed in Q3 2022, cost saving benefits was only partially reflected in FY22 financials.

FY23 / 24 strategic priorities to accelerate the pace to break-even

JUN
2023DEC
2023JUN
2024DEC
2024

Core Enhancement

Continue to grow Platform SaaS business in Australia and Southeast Asia

Control costs and improve gross margins

Geographic Expansion

Launch and grow OpenLearning India with ECA partnership, focusing on

- Reseller distribution for SaaS Platform
- Marketplace for short courses, micro-credentials and degrees

Generative AI for education providers

Develop and launch AI for content authoring

Develop, iterate and enhance generative AI tools across the learning platform

Summary

- OpenLearning has built an all-in-one platform to enable education providers to deliver world-class lifelong learning on a B2B software-as-a-service (SaaS) model
- The company's vision is to be an AI-powered lifelong learning platform that closes the loop between education and employability, which to be achieved through three phases:
 1. Scale the SaaS learning platform
 2. Deploy a generative AI-layer to accelerate adoption
 3. Launch talent search
- Platform SaaS revenue grew 16% FY21/22, reaching \$1.7m ARR. The completion of cost optimisation exercise generated annualised saving of c.\$3.3m
- Focus on delivering FY23/24 initiatives to accelerate the pace to break-even:
 - Grow existing Platform SaaS business in Australia and Malaysia
 - Control operating costs and improve gross margins on in the Platform SaaS business
 - Expand to India and the sub-continent through ECA partnership
 - Launch generative AI tools for education providers in the platform to enhance content authoring



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