

ASX Announcement | 30 June 2023

2023 General Meeting Notice of Meeting and Proxy

Sydney, Australia, 30 June 2023: Global lifelong learning platform **OpenLearning Limited** ('OpenLearning' or 'the Company') (ASX: OLL) attaches the following documents in relation to its General Meeting:

- Notice of General Meeting; and
- Proxy Form.

Ends.

Authorised by:

Robyn Slaughter
Joint Company Secretary

For further information, please contact:

Company

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About OpenLearning

OpenLearning is an Artificial Intelligence (AI) powered SaaS platform for lifelong learning.

The platform enables education providers to manage all aspects of online learning, harnessing the power of Generative AI to streamline course design, content authoring and education delivery for short courses, micro-credentials and online degrees.

OpenLearning is a trusted partner to more than 220 leading education providers, who have delivered tens of thousands of courses to over 3 million learners through its platform.

With a strong position in the Australian and Malaysian higher education sectors, and a growing presence in Indonesia and India, OpenLearning is revolutionising the way education is accessed and delivered globally.

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

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OPENLEARNING LIMITED
ACN 635 890 390
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 14:00 AEST
DATE: Monday, 31 July 2023
PLACE: Virtual Meeting

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of section 611 (Item 7) of the Corporations Act. The Independent Expert's Report comments on whether the advantages of the Sale the subject of Resolution 1 outweigh the disadvantages of the Sale to the non-associated Shareholders. The Independent Expert has determined the advantages of the Sale the subject of Resolution 1 outweigh the disadvantages of the Sale to the non-associated Shareholders.

The business of the Meeting affects your shareholding and your vote is important.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 2pm AEST on Saturday, 29 July 2023.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF SALE OF SALE SHARES AND RESULTING INCREASE IN ECA'S RELEVANT INTEREST IN VOTING SHARES OF THE COMPANY

“That, for the purposes of section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to effect the transfer of 36,379,929 Sale Shares to ECA Investments Group Pty Ltd as trustee for the ECA Investments Group Trust (and/or its nominees) (ECA) on the terms and conditions set out in the Explanatory Statement, which will result in ECA's voting power in the Company increasing from 19.9% to 33.48%.

A voting prohibition and voting exclusion statement applies to this Resolution. Please see below.

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the whether the advantages of the Sale contemplated by Resolution 1 outweigh the disadvantages of the Sale to the non-associated Shareholders in the Company.

The opinion of the Independent Expert is that the advantages of the Sale of the Sale Shares to ECA and the resulting increase in the voting power of ECA in the Company outweigh the disadvantages of the Sale to the non-associated Shareholders.

Dated: 27 June 2023

By order of the Board

**Robyn Slaughter
Joint Company Secretary**

Voting Prohibition Statements

Resolution 1 - approval of Sale of Sale Shares and resulting increase in relevant interest in voting shares of the Company

No votes may be cast in favour of this Resolution by:

- (a) the person proposing to make the acquisition and their associates; or
- (b) the persons (if any) from whom the acquisition is to be made and their associates.

Accordingly, the Company will disregard any votes cast in favour on this Resolution by ECA Investments Group Pty Limited, Alchemy Tribridge Sapphire Pty Ltd and any of their associates.

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Voting by proxy

To vote by proxy, please complete the proxy form and return by the time and in accordance with the instructions set out on the proxy form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Venue and voting information

To be able to hold this Meeting at a virtual venue, the Company is relying upon s249R(b) of the Corporations Act.

The Company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic.

Shareholders that have an existing account with Automic will be able to watch, listen, and vote online.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account as soon as possible and well in advance of the Meeting to avoid any delays on the day of the Meeting. An account can be created via the following link investor.automic.com.au and then clicking on "register" and following the prompts. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

To access the virtual meeting on the day:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click "register" if you haven't already created an account. Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting
3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on "Register" when this appears. Alternatively, click on "Meetings" on the left-hand menu bar to access registration.
4. Click on "Register" and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting. Note that the webcast will open in a separate window.

Shareholders will be able to vote (see the "Voting virtually at the Meeting" section of this Notice of Meeting below) and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Meeting to the Company. Questions must be submitted in writing by email to investors@openlearning.com at least 48 hours before the Meeting.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

Your vote is important

The business of the General Meeting affects your shareholding and your vote is important.

Voting virtually at the Meeting

Shareholders who attend the Meeting remotely are encouraged to vote ahead of the meeting by completing and returning the proxy enclosed within.

Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on +61 02 8294 9686.

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution.

1. RESOLUTION 1 - APPROVAL OF SALE OF SALE SHARES AND RESULTING INCREASE IN ECA'S RELEVANT INTEREST IN VOTING SHARES OF THE COMPANY

1.1 General background

On 2 May 2023, the Company announced that it had received a notification from its substantial shareholder, ECA Investments Group Pty Limited as trustee for the ECA Investments Group Trust (**ECA**), that ECA had entered into a conditional share sale agreement dated 1 May 2023 with Alchemy Tribridge Sapphire Pty Ltd (**Alchemy**) to acquire Alchemy's 13.58% shareholding in the Company (**Alchemy Agreement**). Refer to the Company's announcement dated 2 May 2023.

On 3 May 2023, a Notice of Change of Interests of Substantial Holder (**Substantial Holder Notice**) was released to the Company's ASX platform in respect to ECA and its associated entities, which annexed a copy of the Alchemy Agreement.

ECA is an education service provider that facilitates international students studying with Australian Universities. ECA is the Company's largest shareholder and currently holds 19.9% of the Company's Shares with a relevant interest in 53,305,946 Shares and has one representative Board member appointed by the Company, Mr Rupesh K. Singh. Mr Singh was appointed as a non-executive director of the Company on 14 October 2022 pursuant to a subscription agreement between the Company and ECA (**Subscription Agreement**). Refer to the Company's announcement dated 11 October 2022 for further information.

As disclosed in the Substantial Holder Notice and the Company's announcement of 2 May 2023, ECA has entered into the Alchemy Agreement to acquire 36,379,929 Shares in the Company from Alchemy (**Sale Shares**) for \$982,258.08 representing an average sale price of \$0.027 per Sale Share (**Alchemy Agreement**). Alchemy is a private equity special purpose vehicle and a current shareholder of the Company, who's director representative, Mr Benjamin Shields, resigned from the Board of the Company on 27 January 2023. A summary of the material terms of the Alchemy Agreement is set out below.

For the avoidance of doubt, the Alchemy Agreement contemplates the sale of Shares in the Company between existing Shareholders, and not the issue of any new shares by the Company.

By virtue of the Alchemy Agreement, and following completion under the Alchemy Agreement, ECA is taken to have a relevant interest in the Sale Shares under Section 608(8) of the Corporations Act and its voting power will increase from 19.9% (as at 1 May 2023) to 33.48% (based on the number of Shares in the Company on issue as at 1 May 2023). The Sale Shares represent approximately 13.58% of the capital of the Company, based on the total Shares on issue being 267,869,075, as at the date of this Notice.

Completion under the Alchemy Agreement is conditional on the Company obtaining Shareholder approval pursuant to Item 7 of section 611 of the Corporations Act for the Sale of the Sale Shares to ECA.

The material terms of the Alchemy Agreement are as follows:

Date of Alchemy Agreement	1 May 2023
Parties	Alchemy Tribridge Sapphire Pty Ltd (ACN 655 365 718) as the vendor ECA Investments Group Pty Limited (atf the ECA Investments Group Trust) (ACN 164 516 465) as the purchaser
Condition Precedent	Approval of the purchase of the Sale Shares by ECA by a resolution passed at a general meeting of the Company's Shareholders
Consideration	Cash payment of \$982,258.08, representing \$0.027 per Sale Share, payable by ECA to Alchemy on completion
Completion Date	The fifth Business Day after the date on which the Condition Precedent has been fulfilled
End Date	11 August 2023 or such other date as agreed in writing between the parties
No dealing	Until three months after the date of the Alchemy agreement, the End Date or termination of the Alchemy Agreement (whichever is earlier), Alchemy must not deal with the Sale Shares other than as contemplated by the Alchemy Agreement
Termination	Automatic termination at 5:00pm on 11 August 2023 if the Condition Precedent is not satisfied or the Sale is not approved by the required majority in accordance with Item 7 of Section 611 of the <i>Corporations Act</i>

Accordingly, this Resolution seeks Shareholder approval for the purpose of Item 7 of section 611 of the Corporations Act to allow ECA to complete the acquisition of the Sale Shares in accordance with the Alchemy Agreement. The acquisition of the Sale Shares by ECA, when aggregated with the existing Shares held by ECA, will result in the ECA's voting power in the Company increasing from 19.9% up to 33.48% (as at the date of this Notice), effective on completion of the Sale of the Sale Shares.

1.2 The Company and ECA

In addition to the Subscription Agreement referred to in Section 1.1:

- (a) on 7 March 2023, the Company announced that it had entered into an exclusive Distribution and Reseller Agreement with ECA (**Distribution and Reseller Agreement**) for the use of the Company's online platform with the intention of growing the Company's platform into new markets in India and surrounding countries; and
- (b) on 6 June 2023, the Company announced that it had entered into a loan agreement with Education Centre of Australia Pty Ltd (ACN 111 918 775) (**Loan Agreement**), an associated entity of ECA and Mr Singh, for a facility amount of \$3,000,000.

Refer to the relevant announcements for further detail with respect to these arrangements.

Neither the Distribution and Reseller Agreement or the Loan Agreement contemplate the issue of any Shares in the Company to ECA or any of its associated entities or have an effect on ECA's control over the Company.

1.3 General

Resolution 1 seeks Shareholder approval for the purposes of Item 7 of section 611 of the Corporations Act to effect the acquisition of the Sale Shares by ECA (or its nominee) under the terms of the Alchemy Agreement. The acquisition of the Sale Shares by ECA (or its nominee) will result in ECA's aggregate relevant interest in the Company increasing from 19.99% at the date of this Notice to a maximum of 33.48%, effective on completion of the Sale of the Sale Shares.

Independent Expert Report

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is also available on the Company's website at www.solutions.openlearning.com/. If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

1.4 Item 7 of Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%.

(Prohibition).

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:

- (A) a body corporate the first-person controls;
- (B) a body corporate that controls the first person; or
- (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example, where a person controls or influences the board or the conduct of a company's business affairs or acts in concert with a person in relation to the entity's business affairs.

(d) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (iv) a body corporate in which the person's voting power is above 20%;
- (v) a body corporate that the person controls.

(e) **ECA's existing holdings in the Company**

ECA, either directly or through its controlled entities, currently holds the following Shares and/or Options in the Company:

Current holdings of ECA including its associates:

Shares	Options	Voting Power
53,305,946	Nil	19.9%

(f) **Associated Entities of ECA¹**

For the purposes of the Corporations Act, the following persons are deemed to be associated entities of ECA and are taken to have a relevant interest in the Shares under section 608(8) of the Corporations Act (**Associated Entities**):

Rupesh Singh ²	ARC Land Holdings Pty Ltd (ACN 627 310 641)
Education Centre of Australia Pty Ltd (ACN 111 918 775)	ARC Projects Group Pty Ltd (ACN 648 652 331)
Aarushi Assets Pty Ltd (ACN 659 724 811) as trustee for The Aarushi Family Trust	ARC Real Estate Group Pty Ltd (ACN 666 935 879)
ARC Holdings Group Pty Ltd (ACN 647 526 761)	Shesh Ki Aasha Limited (ACN 650 114 686)

Notes:

1. Refer to Annexure A of the Substantial Holder Notice for further details.
2. Rupesh is a Non-Executive Director of the Company, having been appointed on 14 October 2022 following the Company's entry into the Subscription Agreement which provided that ECA was to have a representative on the Company's Board of Directors.

(g) **Control**

The Corporations Act defines "control", and "relevant agreement" very broadly as follows:

- (i) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company.
- (ii) Under section 9 of the Corporations Act, a relevant agreement includes an agreement, arrangement or understanding whether written or oral, formal or informal and whether or not having legal or equitable force.

(h) **Agreements and options in relation to shares**

Section 608(8) of the Corporations Act states that if at a particular time all the following conditions are satisfied:

- (i) a person has a relevant interest in issued securities;
- (ii) the person (whether before or after acquiring the relevant interest);
 - (A) has entered or enters into an agreement with another person with respect to the securities; or
 - (B) has given or gives another person an enforceable right, or has been or is given an enforceable right by another person, in relation to the securities (whether the right is

enforceable presently or in the future and whether or not on the fulfilment of a condition); or

(C) has granted or grants an option to, or has been or is granted an option by, another person with respect to the securities;

(iii) the other person would have a relevant interest in the securities if the agreement were performed, the right enforced or the option exercised,

the other person is taken to already have a relevant interest in the securities.

1.5 Effect of section 608(8) on the Sale

The effect of section 608(8) on the proposed Sale is as follows:

- (a) ECA will acquire a relevant interest in all the Sale Shares on completion of the Alchemy Agreement, in the event Shareholder approval to Resolution 1 is granted; and
- (b) Each Associated Entity will acquire a relevant interest in all the Sale Shares the subject of the Alchemy Agreement when Shareholder Approval to Resolution 1 is granted.

Note: Although the Substantial Holder Notice was released, and the Alchemy Agreement is dated before Shareholder approval is granted, the acquisition of the the relevant interest will not occur until Shareholder approval has been given, and the acquisition of the Sale Shares will not occur until the Sale Shares are sold to ECA.

1.6 Reason Section 611 Approval is required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the Sale of the Sale Shares, ECA will have a relevant interest in 89,685,875 Shares in the Company, representing 33.48% voting power in the Company. This assumes that no other Shares are issued, or Options are exercised.

Accordingly, this Resolution seeks Shareholder approval for the purpose of section 611 (Item 7) of the Corporations Act and all other purposes to enable the Sale of the Sale Shares to ECA.

In addition, the Associated Entities identified in Section 1.4(f) will have a relevant interest in any securities held by ECA.

1.7 Specific Information required by section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Moore Australia (VIC) Pty Ltd (**Moore**) annexed to this Explanatory Statement at Annexure A.

(a) **Identity of the Acquirer and its Associates**

It is proposed that following completion of the Alchemy Agreement, ECA will acquire the Sale Shares in accordance with the terms of the Alchemy Agreement as set out in Section 1.1 of this Explanatory Memorandum.

(b) **Relevant Interest and Voting Power**

(i) **Relevant Interest**

The relevant interests of ECA in voting shares of the Company (both current, and following the Sale of the Sale Shares to ECA as contemplated by this Notice) are set out in the table below:

Party	Relevant Interest as at the date of this Notice	Relevant Interest after the Sale of the Sale Shares
ECA and each Associated Entity	19.9%	33.48%
TOTAL	19.9%	33.48%

The Alchemy Agreement is the only relevant agreement between ECA and Alchemy in relation to the Company and the Alchemy Agreement does not affect or relate to the control or influence of the Company's board or the Company's affairs.

(ii) **Voting Power**

The voting power of ECA (both current, and following the Sale of the Sale Shares to ECA as contemplated by this Notice) is set out in the table below:

Party	Voting Power as at the date of this Notice	Voting Power after Shareholder approval of Resolution 1
ECA and each Associated Entity	19.9%	33.48%

Further details on the voting power of ECA are set out in the Independent Expert's Report prepared by Moore.

(iii) **Summary of increases**

From the above chart it can be seen that the maximum relevant interest that ECA will hold after completion of the Sale is 89,685,875 Shares, and the maximum voting power that ECA will hold is 33.48%. This represents a maximum increase in voting power of 13.58% (being the difference between 19.9% and 33.48%).

(iv) **Assumptions**

Note that the following assumptions have been made in calculating the above:

- (A) the Company has 267,869,075 Shares on issue as at the date of this Notice;
- (B) the Company does not issue any additional Shares;
- (C) no other Existing Options are exercised; and
- (D) ECA does not acquire any additional Shares.

(c) **Reasons for the proposed Sale**

As set out in Section 1.1 of this Explanatory Statement, the reason for the Sale of the Sale Shares to ECA is pursuant to the terms of the Alchemy Agreement.

(d) **Date of proposed Sale**

Completion of the acquisition of the Sale Shares under the Alchemy Agreement, the subject of this Resolution, will take place five Business Days after the Meeting and Shareholder approval obtained unless the parties otherwise agree.

(e) **Material terms of the Sale of Sale Shares**

As set out in Section 1.1 of this Explanatory Statement, ECA is proposing to acquire 36,379,929 Sale Shares on the terms of the Alchemy Agreement.

(f) **ECA's Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that ECA:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company;
- (iii) has no present intention regarding the future employment of the present employees of the Company;
- (iv) does not intend to redeploy any fixed assets of the Company;
- (v) does not intend to transfer any property between the Company and ECA;
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends; and
- (vii) intends that Mr Singh will continue to act as a Director of the Company.

These intentions are based on information concerning the Company, its business and the business environment which is known to ECA at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts, and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) **Interests and Recommendations of Directors**

Other than Mr Singh, who was appointed as a non-executive Director pursuant to the Subscription Agreement, none of the current Board members have a material personal interest in the outcome of Resolution 1.

All of the Directors, other than Mr Singh who does not express an opinion due to his potential conflict, are of the opinion that the Alchemy Agreement is in the best interests of Shareholders and, accordingly, the Directors, other than Mr Singh, recommend that Shareholders vote in favour of Resolution 1. The Director's recommendations are based on the reasons outlined in section 1.8 below.

The Directors are not aware of any other information other than as set out in this Notice that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

(h) **Capital Structure**

There will be no change to the Company's capital structure following the Sale of the Sale Shares as contemplated under the Alchemy Agreement.

1.8 Advantages – Resolution 1

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 1:

- (a) ECA is a strong institutional shareholder partner who will add value to the Company's strategic goals and will further the strategic alignment of interests, particularly to assist the Company to grow its platform into new markets in India and the surrounding countries;
- (b) the Sale of the Sale Shares to ECA will complete ECA's obligations under the Alchemy Agreement and will not require renegotiation of its terms;
- (c) there are no changes to the Shareholders interest and Board positions following the Sale of the Sale Shares; and
- (d) Moore has concluded that the advantages of the Sale of the Sale Shares outweigh the disadvantages of the Sale of the Sale Shares to the non-associated shareholders.

1.9 Disadvantages – Resolution 1

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 1:

- (a) the Sale of the Sale Shares to ECA will increase the voting power of ECA from 19.9% to 33.48%, reducing the voting power of non-associated Shareholders in aggregate from 20.1% to 66.52%;
- (b) there is no guarantee that the Company's Shares will not fall in value as a result of the Sale; and
- (c) ECA will become a significant shareholder in the Company after the Sale and may be able influence the Company's business, operations and financial performance. The interests of ECA may not always be consistent with the interests of all other shareholders in the Company.

1.10 Independent Expert's Report – Resolution 1

The Independent Expert's Report prepared by Moore Australia (VIC) Pty Ltd (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the advantages of the Sale contemplated by Resolution 1 outweigh the disadvantages of the Sale to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the advantages of the Sale contemplated by Resolution 1 outweigh the disadvantages of the Sale to the non-associated Shareholders of the Company.

The Independent Expert notes that the key advantages of the proposal raised in Resolution 1 to the Company and existing Shareholders, or the non-associated Shareholders of the Company are as follows:

- (a) At Moore's high capitalised maintainable revenue (**CFMR**) preferred value, Moore think that there is no significant control premium being paid by ECA to Alchemy. This has the advantage for Shareholders in that they are not missing out on a control premium.
- (b) Shareholders' interest and Board positions remains identical pre and post the Sale. As such, Moore do not think there is any relative increased deterrence to a future takeover bid. Should ECA or any other party seek greater or absolute control, a takeover offer to Shareholders would be required.
- (c) The Directors confirm that there are no material transactions contemplated with Alchemy such that there is no implication of any compensation to Alchemy for the Sale price being too low.
- (d) The Directors advise that an increased holding by ECA will further the strategic alignment of interests. As stated in the CY22 Annual Report, ECA will utilise the Company's platform to grow into new markets in India and the subcontinent.
- (e) A Distribution and Reseller Agreement (**DRA**) has been signed to this effect. The DRA is on terms that appear to be commercial. Therefore, there is no indication of any compensation to ECA for the acquisition price being too high. Directors are confident in the capability of ECA to improve the long term profit outlook of the Company through distribution.

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- (f) Directors think that because of strategic alignment, it is in ECA's interest to provide loans to the Company to fund its near-term requirements. A \$3,000,000 loan facility was announced by the Company on 6 June 2023.
 - (g) Notwithstanding ECA's strategic interest, the Company will continue to be independently managed and operated.

The key disadvantages noted by the Independent Expert are as follows:

- (a) At the low CFMR control range and minority values for the Company's Shares, a small control premium may be paid. This has the disadvantage to Shareholders in that they may have missed out on this offer. However, Moore note that their low range valuation is below the current share price.
- (b) Similarly, ECA's offer was made to Alchemy and not to other Shareholders as a takeover bid. However, in Moore's view there is enough liquidity in the shares of the Company for Shareholders to be able to sell their Shares independently at a price similar to the Sale price under the Alchemy Agreement.
- (c) ECA will be overwhelmingly the largest shareholder of the Company at 33.48% and hold significant sway on board (unchanged at 1/3rd) and Shareholder decisions. That said, ECA do not hold absolute control.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

GLOSSARY

\$ means Australian dollars.

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

Alchemy Agreement has the meaning given by Section 1.1 of the Explanatory Statement.

Associated Entities means the entities set out in Section 1.4 of the Explanatory Statement.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means OpenLearning Limited (ACN 635 890 390).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

ECA means ECA Investments Group Pty Limited as trustee for the ECA Investments Group Trust.

Existing Option means an Option which has been issued by the Company prior to the date of this Notice.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Independent Expert means Moore Australia (VIC) Pty Ltd.

Independent Expert Report means the Independent Experts Report prepared by Moore Australia (VIC) Pty Ltd which is attached to this Notice as Annexure A.

Listing Rules means the Listing Rules of ASX.

Meeting means the meeting convened by the Notice.

Notice means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Prohibition is defined in Section 1.4 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice, or any one of them, as the context requires.

Sale means the proposed sale of the Sale Shares to ECA in accordance with the Alchemy Agreement and as outlined in Section 1.1 of the Explanatory Statement.

Sale Share means the 36,379,929 Shares being sold by Alchemy and acquired by ECA pursuant to the Sale, and as outlined in Section 1.1 of the Explanatory Statement.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

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OPEN LEARNING LIMITED

Independent Expert's Report and Financial Service
Guide for distribution to Shareholders.

Proposed acquisition of shares requiring Shareholder
approval under s.611(7) of the Corporations Act
2001.

21 JUNE 2023

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21 June 2023

The Directors
Open Learning Limited
227 Elizabeth Street,
Sydney NSW 2000

Dear Directors

INDEPENDENT EXPERT'S REPORT FOR SHAREHOLDERS**PROPOSED ACQUISITION OF SHARES REQUIRING SHAREHOLDER APPROVAL**

We refer to our engagement letter dated 23 May 2023 and are pleased to submit our Independent Expert opinion on the above Proposal.

This summary should be read with the body of our Report, which sets out our scope of work, reasoning, and findings. It should also be read with the Notice of Meeting (**NoM**) provided to Shareholders.

1.1. Introduction*Background*

Open Learning Limited (**OLL** or **Company**) is an Australian company listed on the ASX. The Company is an education technology company, that provides a learning platform and learning design services to education providers in Australia, Malaysia, and Singapore.

The nature of the business activity is mainly as a software-as-a-service (**SaaS**) revenue model.

In CY22 it reported revenue of \$3.2m and an operating loss of \$5.6m. Net assets were reported as \$2.4m at 31 Dec 22. The current share price of OLL is \$0.03¹ per share and a market capitalisation of \$6.7m.

ECA Investments Group Pty Ltd (**ECA**) is an education service provider that facilitates international students studying with mainly Australian Universities. ECA currently holds 19.9% of the OLL shares and has one representative board member appointed to OLL.

On 7 March 2023, OLL announced ECA had also signed an exclusive Distribution and Reseller Agreement (**DRA**) to use the OLL platform to grow into new markets in India and the sub-continent.

On 2 May 2023 the Company announced that (**ECA** as buyer), entered into an agreement to acquire OLL shares from Alchemy Tribridge Sapphire Pty Ltd (**Alchemy** as vendor).

On 6 June 2023 OLL announced it had secured a \$3.0m loan facility from ECA.

Alchemy is currently a shareholder of OLL. Alchemy's OLL director representative, Mr Benjamin Shields resigned from the board of OLL in January 2023.

¹ S&PCapIQ 21 June 2023

Summary of the Proposal

11. The NoM sets out the proposed acquisition of shares by OLL. In summary:
- The proposed transaction is to acquire 36.4 million shares (being 13.6% of the total OLL shares on issue) for \$0.98m at an average price of \$0.027 per Share. As a result of the acquisition, ECA will increase its interest in OLL from 19.9% to 33.5%. This is viewed as a change in control transaction.
 - The consideration offered is cash at completion.
 - The proposal is subject to non-associated shareholder approval.
12. We understand that ECA (including its representative board member Mr. Rupesh Singh) and Alchemy are persons excluded from voting on the Proposal for the purposes of **Act**.
13. We consider the ordinary shareholders other than ECA or Alchemy or their associates as the non-associated shareholders (**Shareholders**).
14. The acquisition of Shares by ECA described above is the **Proposal** for the purposes of our analysis.

1.2. Purpose of this Report

15. As set out in the NoM, OLL have received advice that our Report is required for the purposes of Shareholder approval of the Proposal for under s.611(7) of the Act.
16. Therefore, the Directors have engaged Moore to prepare this Independent Experts Report. The scope of our Report is to assess whether the Proposal's advantages outweigh the disadvantages for Shareholders.

1.3. Basis of evaluation

17. The Proposal represents a sale of shares of the Company between existing shareholders, as opposed to an issue of new shares by the Company. We have followed ASIC regulatory guidance for this situation and assessed the merits of the Proposal to Shareholders from the viewpoint of:
- Whether the vendor is receiving a premium for control. The lower the level of any premium of control paid, the lower the disadvantage for Shareholders. We have made this assessment by comparing the Offer price to our fair value assessment of OLL Shares including and excluding a control premium. This is called our control premium assessment.
 - Whether Shareholders are foregoing the opportunity for sharing in any control premium.
 - Whether Shareholders are foregoing the opportunity of receiving a takeover bid.
 - Whether the Proposal may deter the making of a takeover bid.
 - Whether any other transactions are contemplated with the vendor.
 - Any other advantages and disadvantages of the Proposal.

1.4. Summary of control premium assessment

The table below sets out the offer price compared to our estimated values of the Shares Pre Proposal to see if the vendor is receiving a premium for control.

Table 1

\$ whole		Low	High	Mid
Evaluation - Offer price compared to Pre Proposal value	Ref	CFMR	CFMR	VWAP Share price
Offer price per share	\$	0.027	\$	0.027
Pre Proposal share price \$ whole (control value)	\$	0.020	\$	0.026
Higher / (Lower) per share	\$	0.007	-\$	0.009
Quantitative evaluation - control		Premium	No Premium	Neutral
Pre Proposal share price \$ whole (minority value)	\$	0.016	\$	0.021
Higher / (Lower) per share	\$	0.011	-\$	0.001
Quantitative evaluation - minority		Premium	Neutral	Premium

The Offer price per share is \$0.03 (rounded) as described above.

We estimate that the Pre Proposal value ranges from \$0.02 to \$0.04 per share on an undiluted control basis (rounded). On an undiluted minority basis, the share price ranges from \$0.02 to \$0.03 per share (rounded)

The Pre Proposal Share values were estimated using capitalised maintainable revenue (**CFMR**) and market share price approaches. We selected these methodologies as alternate methods were not in our view suitable.

For the CFMR methods, the main influences of value are:

- Our estimate of normalised maintainable revenue ranging \$2.8m to \$3.1m based upon recent and near term expected trading results.
- Our estimate of a revenue multiple, informed by research, ranging from 1.8x to 3.1x, inclusive of an estimated control premium.

For the market based method, we adopted the 3 month volume weighted average share price (**VWAP**) in the months preceding the announcement of the Proposal. In our opinion that price reflected a liquid and active market for OLL shares on a minority basis uninfluenced by the announcement. We then added a control premium to see if a control premium is being paid.

We compared the offer price per Share offered by ECA to our fair value assessment of Shares shown in Table 1 above. This ranges from positive 1 cent to negative 1 cent per share (rounded).

Control opinion

At our preferred high CFMR value we do not think the vendor is receiving a significant premium for control as the offer price is below the control fair value.

1.5. Summary of merits assessment

We summarise the merits of the Proposal:

Advantages of the Proposal

- At our high CFMR preferred value (and the VWAP mid value), we think no significant control premium is being paid by ECA to Alchemy. This has the advantage for Shareholders in that they are not missing out on a control premium.

- Shareholders interest and Board positions remains identical Pre and Post Proposal. As such, we do not think there is any relative increased deterrence to a future takeover bid. Should ECA or any other party seek greater or absolute control, a takeover offer to Shareholders would be required.
- Directors confirm that there are no material transactions contemplated with the vendor (Alchemy) such that there is no indication of any compensation to the vendor for the sale price being too low.
- Directors advise that an increased holding by ECA will further the strategic alignment of interests. As stated in the CY22 Annual Report, ECA will utilise the OLL platform to grow into new markets in India and the subcontinent.
- A Distribution and Reseller Agreement (**DRA**) has been signed to this effect. The DRA are on terms that appear to be commercial. Therefore there is no indication of any compensation to the buyer (ECA) for the acquisition price being too high. Directors are confident in the capability of ECA to improve the long term profit outlook of OLL through distribution.
- Directors think that because of strategic alignment, it is in ECA's interest to provide loans to OLL to fund its near term requirements. A \$3.0m loan facility was announced on 6 June 2023.
- Notwithstanding ECA's strategic interest, OLL will continue to be independently managed and operated.

Disadvantages of the Proposal

- At the low CFMR control range and minority values for OLL shares, a small control premium may be paid. This has the disadvantage to Shareholders in that they may have missed out on this offer. However we note that our low range valuation is below the current share price.
- Similarly, ECA's offer was made to Alchemy and not to other Shareholders as a takeover bid. However in our view there is enough liquidity in the shares of OLL for Shareholders to be able to sell their shares independently at a price similar to the Offer price.
- ECA will be overwhelmingly the largest shareholder of OLL at 33.5% and hold significant sway on board (unchanged at 1/3rd) and shareholder decisions. That said, they do not hold absolute control.

1.6. Summary of Opinion

27. On the balance of the above matters considered, we think that the advantages outweigh the disadvantages of the Proposal to Shareholders. Therefore, the Directors of OLL are justified in recommending Shareholders **vote in favour of the Proposal**.

1.7. Summary of disclosures and limitations

28. Our opinion is subject to the limitations and disclaimers set out in the body of this Report.
Changes in market conditions
29. Our analysis and conclusions are based on market conditions existing at the date of this Report. We have assumed a valuation date of 30 May 2023. A limitation of our conclusion is that market

conditions may change between the date of this Report and when the various aspects of the Proposal are concluded.

Individual Shareholder circumstances

30. Acceptance or rejection of the Proposal is a matter for individual Shareholders based upon their own views of value, risk, and portfolio strategy. Shareholders who are in doubt as to the action that they should take in relation to the Proposal should consult their professional advisor.

Financial Services Guide

31. Our Financial Services Guide is attached in **Appendix 4**. This includes the contact details of whom to address any concerns with this Report.

We thank you for the opportunity to assist you in this important matter.

Yours faithfully

Moore Australia (VIC) Pty Ltd

Holder of Australian Financial Services License No.247362



Colin Prasad
Director – Corporate Finance
CAANZ Business Valuation Specialist

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GLOSSARY

Term	Meaning
ACT	Corporations Act 2001.
Alchemy	Alchemy Tribridge Sapphire Pty Ltd.
APES	Accounting Professional and Ethical Standard.
ASIC	Australian Securities and Investments Commission.
ASX (GN)	Australian Stock Exchange. (Guidance Note).
CFME / CFMR	Capitalised future maintainable earnings / revenue.
Company	Open Learning Limited.
CY	Calendar year ending 31 December.
DCF	Discounted cash flow.
Directors	Directors of OLL.
DRA	Distribution and Reseller Agreement between OLL and ECA (announced 7 March 2023).
ECA	ECA Investments Group Pty Ltd.
FMV	Fair Market Value.
MAV	Moore Australia (Vic) Pty Ltd – the authors of this Report.

Term	Meaning
NoM	Notice of Meeting including explanatory memorandum.
OLL	Open Learning Limited.
Proposal	The acquisition of shares by ECA from Alchemy.
QMP	Quoted market price.
RG	ASIC Regulatory Guide.
SaaS	Software as a Service.
Sale Agreement	Sale agreement for ECA to acquire shares from Alchemy.
Shares	Shares in the Company.
Shareholders	The non-associated shareholders of the Company, being ordinary shareholders other than ECA, Alchemy or associates.
TEV	Total Enterprise Value.
VWAP	Volume weighted average price.

2.0 THE PROPOSAL

2.1. Share acquisition.

32. The ECA is planning to acquire OLL shares from Alchemy.

33. Details of the Proposal are set out in the NoM provided by the Company. In summary:

- The proposed transaction is to acquire 36.4 million shares (being 13.6% of the total OLL shares on issue) for \$0.98m. The average price per share is \$0.027. As a result of the acquisition, ECA will increase its interest in OLL from 19.9% to 33.5%. This is viewed as a change in control transaction.
- The consideration offered is cash at completion.
- The proposal is subject to non-associated shareholder approval.

2.2. Shareholders resolution in the NoM

34. The NoM sets out the resolutions (**Resolution**) relevant to this Report which we summarise:

- **Resolution 1: “Approval of sale of sale shares and resulting increase in ECA’s relevant interest in voting shares of the Company”** – to vote on approving the acquisition of shares by ECA from Alchemy.

35. We understand that ECA (including its representative board member Mr. Rupesh Singh) and Alchemy as being persons excluded from voting on the Proposal for the purposes of the s.611(7) of the Corporations Act 2001 (Cth.) (**Act**).

36. We consider the ordinary shareholders other than ECA or Alchemy or their associates as the non-associated shareholders (**Shareholders**).

37. We consider the acquisition of Shares by ECA described above the subject or Resolution 1 as the Proposal for the purposes of our analysis.

3.0 SCOPE OF THIS REPORT

3.1. Purpose

38. As set out in the NoM, OLL have received advice that our Report is required for the purposes of Shareholder approval of the Proposal for under s.611(7) of the Act.
39. Therefore, the Directors have engaged Moore to prepare this Independent Experts Report. The scope of the Report is to assess whether the Proposal's advantages outweigh the disadvantages for Shareholders.

3.2. Basis of evaluation

40. The Proposal represents a sale of shares of the Company between existing shareholders, as opposed to an issue of new shares by the Company. We have followed ASIC regulatory guidance for this situation and assessed the merits of the Proposal to Shareholders from the viewpoint of:

- Whether the vendor is receiving a premium for control. The lower the level of any premium of control paid, the lower the disadvantage for Shareholders. We have made this assessment by comparing the Offer price to our fair value assessment of OLL Shares including and excluding a control premium. This is called our control premium assessment.
- Whether Shareholders are foregoing the opportunity for sharing in any control premium.
- Whether Shareholders are foregoing the opportunity of receiving a takeover bid.
- Whether the Proposal may deter the making of a takeover bid.
- Whether any other transactions are contemplated with the vendor.
- Any other advantages and disadvantages of the Proposal. These other advantages may come from, for example, better long term profit outlook as the incoming security holder offers superior management skills.

41. In assessing whether a control premium is paid or not we have valued the Shares of OLL assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. This is a standard of fair value.

42. We have also assumed premise of value as a going concern, notwithstanding the material uncertainty of this identified by the auditors (paragraph 67).

Guidance

43. Resolution 1 refers to approval being sought for the sale under s611(7) of the Act.

44. We have considered RG111.41 through RG 111.46 on the approval of a sale of securities under the above section of the Act.

45. The recommended form of analysis is consistent with our basis described above.

3.3. Limitations

46. We have only considered the effects of the Proposal.

47. We are not aware of any other significant limitations on scope. Had our work not been limited in scope, then our opinion could differ, perhaps materially.

3.4. Other terms of reference

48. We have conducted our Services according to the guidelines contained in APES 110 "Code of Ethics for Professional Accountants" and the principals of APES 225 "Valuation Services".

49. We confirm MAV are the holder of AFSL licence 247 262, which authorises us to provide reports and advice in respect of securities. A copy of our Financial Services Guide is included in **Appendix 4**.

50 Regulatory guidance from ASIC includes:

- RG 112 “Independence of Experts March 2011”. We confirm our qualifications and independence in **Appendix 3**.
- RG 111 “Content of Experts Reports – October 2020”. Relevant guidance is given on the basis of evaluation including the standard of fair market value on a control basis and the use of prospective financial information only where there is a ‘reasonable’ (and not hypothetical – per RG 170) basis to do so.
- RG 170 “Prospective Financial Information – April 2011” – factors that indicate ‘reasonable grounds’ for prospective financial information.
- RG 74 “Acquisitions approved by members – December 2011”.

4.0 PROFILE

4.1. Background²

51. OLL is an Australian company listed on the ASX. The Company is an education technology company, that provides a learning platform and learning design services to education providers in Australia, Malaysia, and Singapore.

52. The nature of the business activity is mainly as a software-as-a-service (**SaaS**) revenue model.

53. In CY22 it reported revenue of \$3.2m and an operating loss of \$5.6m. Net assets were reported as \$2.4m at 31 Dec 22. The current share price of OLL is \$0.03³ per share and a market capitalisation of \$6.7m.

54. ECA is an education service provider that facilitates international students studying with mainly Australian Universities. ECA currently holds 19.9% of the OLL shares and has one representative board member appointed to OLL.

55. On 7 March 2023, OLL announced ECA had also signed an exclusive DRA to utilise the OLL platform to grow into new markets in India and the sub-continent. Features of the DRA include:

- Exclusive territory of India, Nepal, Sri Lanka and Pakistan.
- OLL will receive fees of 5% of the gross enrolment fee.
- OLL will receive 50% of SaaS platform revenue fee.
- An ongoing term unless cancelled by mutual agreement. OLL can cancel the agreement at the third anniversary if ECA have not generated aggregate revenue for OLL greater than \$100k in the preceding year plus cloud hosting costs.
- No material costs to OLL. Directors expect that ECA will incur significant costs in establishing business in the exclusive territory.
- Review of terms at the fifth anniversary.

56. In our view the DRA terms appear to be commercial with appropriate incentives for ECA to perform in new markets that OLL presently does not serve with little downside risk to OLL.

57. On 2 May 2023 the Company announced that ECA as buyer, entered into an agreement to acquire OLL shares from Alchemy as vendor.

58. On 6 June 2023 OLL announced it had secured a \$3.0m loan facility from ECA. Features of the loan are:

- Unsecured with a two year term.
- Interest of 7.35% per annum, accruing daily and capitalised.
- Quarterly drawdowns with early repayment permitted without penalty.
- To be used for working capital, platform and product development, sales and marketing and other activities to support OLL's operations.

² Source: Directors / management, previous announcements.

³ S&PCapIQ 21 June 2023

59. OLL's non-conflicted Directors are of the view that the terms of the loan are more favourable than those the Company could secure from third parties. We are inclined to agree.

60. Alchemy is currently a shareholder of OLL. Alchemy's OLL director representative, Mr Benjamin Shields resigned from the board of OLL in January 2023.

61. Alchemy had originally acquired their 36.4m Shares, the subject of the Proposal in Nov 2021 at an average price of \$0.093.

62. ECA acquired shares up to their 19.9% Pre Proposal interest in October and December 2022 at an average price of \$0.043.

4.2. Capital structure and Shareholders

63. The table below sets out Shareholders in the Company as of May 2023 and the expected position if the Proposal proceeds:

Table 2 Company Shareholders

Top 10 shareholders	Pre Proposal	%	Post Proposal	%
ECA Investments Group Pty				
1 Ltd	53,305,946	19.9%	89,685,875	33.5%
Alchemy Tribbridge Sapphire Pty				
2 Ltd	36,379,929	13.6%	-	0.0%
3 MAGNA Intelligent SDN BHD	12,295,058	4.6%	12,295,058	4.6%
4 MR Adam Brimo	6,631,117	2.5%	6,631,117	2.5%
5 BNP Paribas (Noms) NZ Ltd	5,604,231	2.1%	5,604,231	2.1%
6 RICHARD BUCKLAND	5,094,288	1.9%	5,094,288	1.9%
7 Australian Catholic University Ltd	5,000,000	1.9%	5,000,000	1.9%
8 HSBC Custody Nominees (Australia) Ltd	4,144,070	1.5%	4,144,070	1.5%
9 Narron Pty Ltd (Yandell Super Fund A/c)	3,981,809	1.5%	3,981,809	1.5%
10 Sprio Pappas & Nicolette Harper	3,679,091	1.4%	3,679,091	1.4%
Total top 10	136,115,539	50.8%	136,115,539	50.8%
All other shareholders	131,753,536	49.2%	131,753,536	49.2%
Total Shares	267,869,075	100.0%	267,869,075	100.0%
All shareholders other than ECA & Alchemy		66.5%		66.5%

Source: Company and MAV analysis

64. There are 267.9m shares on issue. All shares carry equal voting rights with one fully paid Share entitled to one vote at a meeting of the Shareholders. There is a total of 1,554 ordinary Shareholders of the Company, meaning outside of the top 10, other shareholdings average circa 85k each. At the current share price of circa 3 cents, this is greater than the minimum marketable parcel of \$500.

65. We observe that the capital structure of OLL is concentrated both Pre and Post Proposal. The largest shareholder by some margin is ECA, whose interest increases from 19.9% to 33.5% Pre and Post Proposal. The top 10 shareholders comprise 51% of total shares. Outside the top 10, no shareholder individually has more than 2%.

66. We highlight that (non-associated) Shareholders interests remain at 67% Pre and Post Proposal.

67. The contributed equity to the Company to 31 December 2022 was \$36.3 million arising from previous capital raisings.

68. Not shown in the above table are 1.6m unquoted options and performance rights held by executives and directors. These continue to exist whether the Proposal proceeds or not and are therefore excluded from our analysis.

4.3. Financial Performance of Company

69. The historical financial information in this Section was extracted from the audited financial reports of for 31 December **CY21** and **CY22** as well as the unaudited actuals to April 2023 and the projected result for the half year ending 30 June 2023 (**H1CY23**).

70. The Auditor, Hall Chadwick Sydney issued an unqualified audit opinion dated 28 March 2023 on the CY22 financial report. Without modifying their opinion, their report contained a paragraph highlighting a material uncertainty related to going concern.

71. We set out below the recent historic and unaudited actual / projected financial performance for the Company as:

Table 3: Profit and Loss.

\$ '000s		CY21	CY22	H1CY23
OLL consolidated	Note	Audit extract	Audit extract	Unaudited / Proj
Platform SaaS revenue	a	1,433	1,644	ns
Program delivery	a	1,611	1,036	ns
Marketplace sales		69	92	ns
Services sales		394	397	ns
Total Revenue	a	3,508	3,168	1,258
Other income		158	104	
Web hosting and direct costs	b	(1,855)	(1,105)	ns
Employee benefits expense	c	(5,846)	(5,137)	ns
Promotional and advertising	d	(497)	(235)	ns
Professional services		(1,135)	(1,248)	ns
General and administrative costs		(791)	(764)	ns
EBITDA	e	(6,459)	(5,217)	(2,041)
Depreciation and amortisation		(288)	(367)	
Capital loss			(58)	
Net finance costs		20	(4)	
Tax expense				
Net loss		(6,727)	(5,647)	
Key Performance Indicators				
Annualised Platform SaaS revenue growth YoY	a	ns	14.7%	11.4%
ARR SaaS revenue reported	a	1,484	1,715	1,871
Annualised total revenue growth YoY	a	ns	-9.7%	-20.6%
Web hosting and direct costs / revenue	b	-52.9%	-34.9%	ns
Employee benefits expense / revenue	c	-166.7%	-162.1%	ns
Promotional and advertising / revenue	d	-14.2%	-7.4%	ns
EBITDA / revenue	e	-184.1%	-164.7%	-162.3%
Cash flow from operations	f	(6,009)	(5,409)	(2,351)

Source: Financial Reports and MAV analysis. Classifications may differ from the financial reports. NS means not stated.

72. Table notes are as follows:

- a) Historically program revenue (e.g. for UNSW) has comprised the greater component of revenue. However the Company is evolving for more revenue from SaaS subscriptions. On an annualised recurring revenue basis, SaaS revenue is growing, despite total revenue YoY declining.
- b) Web hosting and direct costs have declined in \$ and % to revenue amounts YoY due to improvements in the architecture of OLL's platform, optimisation of cloud resource usage and a shift towards higher value usage-based SaaS customers.
- c) Employee benefits are the most significant operating costs. Costs have decreased, partly related to non-cash share based expenses as well as core savings. Some costs have also been capitalised into intangible assets.
- d) Sales & marketing costs have declined as the Company has sought to preserve funds and seek alternate means of sales and distribution (e.g. the DRA with ECA).
- e) The Company is below commercial scale and therefore incurs heavy operating losses.
- f) Cash flow from operations is also negative, albeit less negative than EBITDA.

73. In our view the historical financial performance of the Company reflects an earlier stage 'start-up' that is yet to achieve commercial scale revenues. It is likely that the Company will require additional funds to continue operations.

4.5. Financial Position of Company

We set out below a summary of the financial position for the Company as at, 30 June 2022 and 31 December 2022 extracted from the audited / reviewed financial reports noted above. We also show how we classify items used in our later calculations.

Table 4: Statement of Financial Position

\$ '000s		31-Dec-21	31-Dec-22	
OLL consolidated	Notes	Audit extract	Audit extract	Classification
ASSETS				
Current assets				
Cash and cash equivalents	a	4,589	2,205	Working Capital
Trade and other receivables	b	316	534	Working Capital
Prepayments and other assets		298	171	Working Capital
Total current assets		5,202	2,909	
Non-current assets				
Furniture, fittings equipment		64	35	P&E
Right of use assets		110	-	Other
Intangible assets	c	1,146	1,637	Other
Total non-current assets		1,320	1,672	
TOTAL ASSETS		6,522	4,581	
LIABILITIES				
Current liabilities				
Trade and other payables	d	(1,061)	(691)	Working Capital
Provisions		(343)	(363)	Other
Lease liabilities		(125)	-	Other
Deferred revenue	e	(868)	(1,109)	Working Capital
Total current liabilities		(2,397)	(2,163)	
Non-current liabilities				
Lease liabilities		-	-	Other
Total non-current liabilities		-	-	
TOTAL LIABILITIES		(2,397)	(2,163)	
NET ASSETS		4,126	2,418	
<i>Net operating assets (NWC+P&E)</i>		3,337	1,145	
<i>Change in net assets</i>		NA	(1,708)	

Source: Financial Reports and MAV analysis. Classifications may differ from the Financial Reports.

Table notes are:

- We regard the whole of the 30 June 2022 cash balance as part of working capital due to a monthly operating loss run rate of approximately \$0.3m.
- Trade and other receivables we assume are in good order and realisable.
- Intangible assets include capitalised development costs at cost. We think that this is unlikely to represent the current fair value of these assets.
- Trade payables appear to be at reasonable levels given the expenses of the business.

e) Deferred revenue mostly relates to the SaaS revenue pattern of billing vs. the subscription period. We regard this as part of working capital which is offset by the cash balance and debtors also included in working capital.

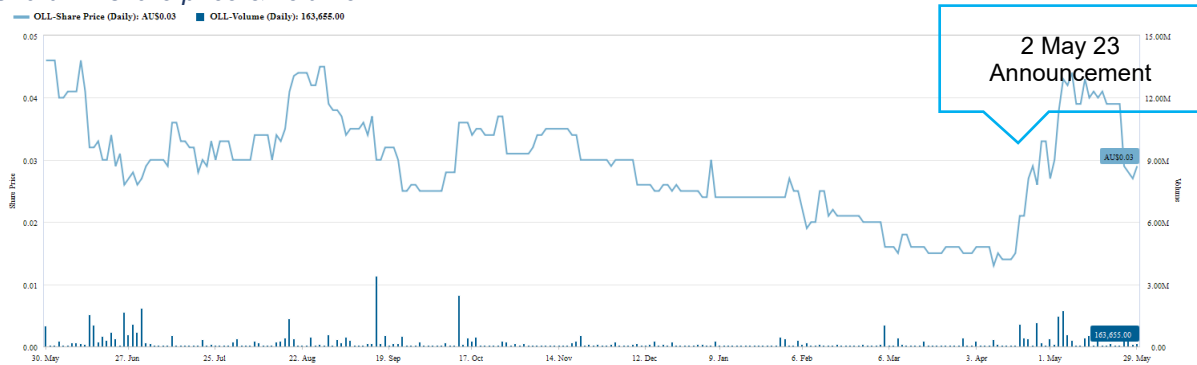
76. The Company exhibits positive net assets and net operating assets largely as a function of cash and intangible assets. The change in net assets from 31 Dec 2021 to 31 Dec 2022 largely reflects losses, offset by circa \$3.9m in equity funds raised during the period. As noted, it is likely that the Company will have raise additional funds to continue operations.

77. Capital was raised by Share placement to ECA in Oct 2022 and a rights issue in Dec 2022 at \$0.043 cents per Share. The price paid was less than half the price paid by Alchemy in Nov 2021 of \$0.093 per Share.

4.6. Share trading performance of the Company

78. We set out below the recent share trading performance of the Company from May 2022 to May 2023:

Chart 1 – share price & volume



Source: S&PCapIQ

79. The chart shows a decline in the share price from December 2023. Since April 2023 there has been some recovery in the Share price including after the announcement of the Proposal on 2 May 2023.

80. The implied market capitalisation of the Company at the current share price of 3 cents is \$6.7m which is more than the book net asset value of \$2.4m taken from Table 4.

81. We summarise recent share trading in the following table:

Table 5 recent share trading summary

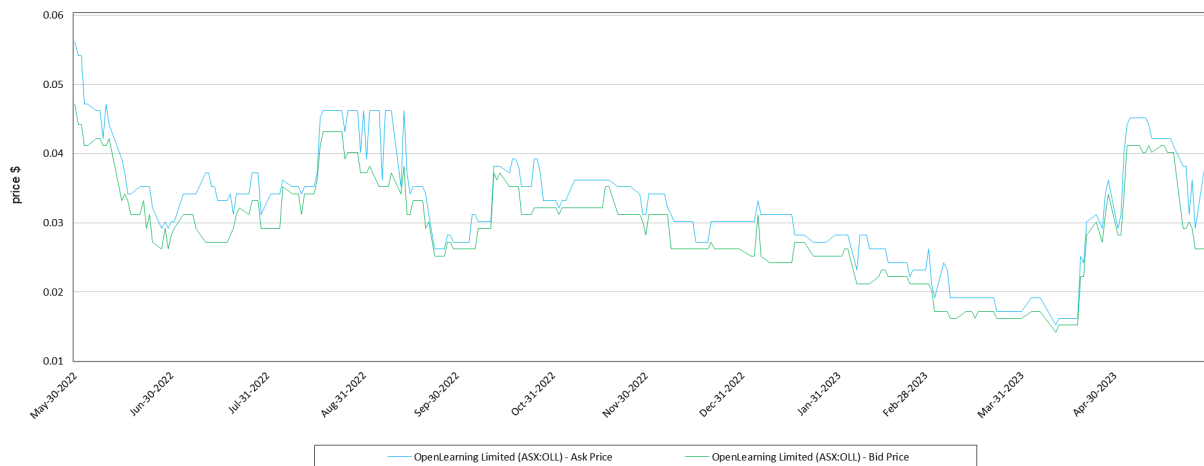
Share trading summary	20 days (post announcement)	Last 12 months overall	3 months preannouncement	6 months preannouncement
\$whole Value	\$284,271	\$1,561,016	\$191,263	\$327,827
Number of shares	7,409,685	50,581,454	9,204,702	13,863,136
VWAP \$ whole	\$0.038	\$0.031	\$0.021	\$0.024
Number of shares % to total issued	2.77%	18.88%	3.44%	5.18%
Annualised % shares traded in period	34.85%	18.88%	13.75%	10.35%

Source: S&PCapIQ and MAV analysis

82. The table shows that the number of shares traded over the past year was 19% of the total shares on issue, or \$1.6m vs a market capitalisation of \$6.7m. In our view this likely indicates a liquid and active market for Shares, notwithstanding there has been little movement amongst shareholders within the top 10 (51.5%) of shareholders (Table 2).

83. We also observed the spread between Bid and Ask prices.

Chart 2 – Bid vs Ask



Source: S&PCapIQ

84. We think that the correlation of these prices indicates a reasonable opportunity to buy or sell Shares.

85. On this basis, we think we can use the market share price as a meaningful guide to minority Share value.

86. We calculated the VWAP for the periods shown in Table 5 as well as the annualised number of shares traded in the periods.

87. This results in a price of 3 cents per Share (rounded) over the last 12 months, and 2 cents (rounded) for 3 and 6 months preceding announcement of the Proposal.

88. As noted, the price increased in the 20 days following the announcement to around 4 cents but has now since declined to 3 cents.

89. As we think the Share price may have been influenced by the announcement of the Proposal, we adopt the preannouncement Share price of 2 cents in our analysis below.

5.0 INDUSTRY OVERVIEW

5.1. Overview

90. We think that OLL operates within the Online Education and Software publishing industries.

91. IBISWorld also publishes data on both industries⁴.

IBISWorld Summary of industry performance.

Industry	Historical growth 5 years 2018-2023	2022 Industry Total Revenue	Profit margin	Outlook growth 5 years 2023-2028
Online Education in Australia	Revenue growth 7.4%	\$9.5 billion	3.3%	Revenue growth 8.7%
	Profit growth 0.1%			
Software Publishing in Australia	Revenue growth 7.7%	\$5.4 billion	3.8%	Revenue growth 15.2%
	Profit growth 6.4%			

92. Industry key trends and participants:

Online Education

Key Trends

- Changes in government funding support for tertiary courses have affected industry growth.
- A collapse in international student enrolments during the pandemic has reduced profit margins.
- Consumers are engaging more with online education to improve career outcomes.
- Changes driven by COVID-19 are projected to continue positively affecting demand.
- Improvements in technology infrastructure are forecast to facilitate industry growth.
- Government reforms of higher education are forecast to have a varied effect on the industry.

Software publishing

Key Trends

- Increased online connectivity and cloud computing uptake have underpinned industry growth.
- The industry's export revenue has increased, fueled by Atlassian's growth in overseas markets.
- The adoption of the Software as a Service distribution model has supported industry profitability.
- Technological changes are projected to continue affecting the industry's competitive landscape.
- Software as a Service business models are projected to become more popular over the period.
- Employment is projected to increase as publishers require more staff to meet greater demand.

⁴ IBISWORLD Industry Report X0008 Online Education in Australia – May 2023. Industry Report J5420 Software Publishing in Australia – January 2023.

- Online courses have become a crucially important feature of a growing tertiary education sector.
- Access to high-speed internet has encouraged the development of cloud computing software.

There were no major participants identified with greater than 5% market share. Other participants include:

- Charles Sturt University.
- Swinburne University of Technology (as Open Universities Australia / Online Education Services).
- Kaplan Education Pty Limited.

Major participants:

- Atlassian
- Wisetech Global
- MYOB
- Xero

93. We acknowledge that much of the IBISWorld reporting relates to either education course providers (as opposed to an education platform) or large mature SaaS businesses outside of the education sector.

5.2. Industry remarks

94. Given the above, we observe that the macro conditions for SaaS online education are positive. However, OLL's early stage of development may lead to above or below industry average performance depending upon specific critical success factors.

95. Our valuation and assessment of the Proposal does not greatly depend on any further industry analysis.

6.0 VALUATION METHODOLOGIES

6.1. Available methodologies

96. The following summarises the various methodologies we have considered:

- **Market Based:** Business value or equity or an asset is determined by reference to comparable market buy/sell transactions or quoted market prices (**QMP**) if it is listed on an exchange or recent transactions.
- **Income Based:** Value is determined by reference to capitalised future maintainable earnings or revenue (**CFME / CFMR**) or discounted cash flows (**DCF**) derived by the business or asset.
- **Asset Based:** Value is determined by reference to the sale or realisable proceeds of individual assets or groups of assets in an entity.

97. We provide more details of the available valuation methodologies in **Appendix 2** of this Report.

6.2. Selected methodology for Company

Market Based Value

98. The Company is publicly listed with a current share price of 3 cents and a market capitalisation of \$6.7m. For the reasons set out in Section 4.6, we think there is an active and liquid market for the Shares. Therefore, we think it is appropriate to use a market-based value for OLL.

99. We have considered other market comparables (if possible) in our other valuation techniques. The presence of both comparable company and comparable deal evidence suggests that there is a takeover market for companies engaged in similar activities to OLL.

Income Based Value

100. OLL is an operating business with positive revenue, but negative EBITDA and cash flows.

101. Given a lack of positive earnings historically or in the near term a CFME method is not possible. We therefore adopted a CFMR technique.

102. Whilst our preference is often for a DCF, in our view there are no reliable forecasts available from management on which to reasonably determine a value. Management provided an CY23 budget, however that shows that operating losses are expected to continue. A forecast for CY24 was also provided that shows losses continuing but at a lower rate. We think CY24 and any projection beyond would contain assumptions that are considered hypothetical in the context of RG 170. We do not mean this as a pejorative statement on the prospects of the business, but simply a reflection of the regulatory guidance we are obliged to follow.

Asset Based Value

103. OLL's book value of net assets is largely comprised of cash, NWC and capitalised development at cost. We think the value of OLL is more likely to be based upon the revenue, income and cashflows it generates, rather than the historical values of its assets. Therefore, we do not think a net assets approach is appropriate.

104. For the above reasons, we adopted the CFMR income and Market based methods.

7.0 CONTROL PREMIUM VALUE

7.1. CFMR method

105. We have assessed the equity value of OLL using CFMR income method including a control premium as set out in the following table:

Table 6: CFMR control value Pre Proposal

\$'000s		CY21	CY22	CY23
CFMR	Ref	Reported	Reported	Projected
Total revenue	Tbl.2	3,508	3,168	2,515
Estimated weighting		20%	20%	60%
Simple Average normalised revenue				3,064
Weighted average normalised revenue				2,844
			Low	High
Adopted normalised maintainable revenue			2,844	3,064
Multiple			1.8x	3.1x
Equals estimated CFMR TEV			5,251	9,540
+/- equity adjustments			-	-
CFMR Equity value (100% control value)			5,251	9,540

Total Revenue

106. This is taken from Table 2. Full year CY23 is a simple projection of H1CY23 taken from that table. We adopt total revenue (as opposed to just annualised recurring revenue) to be consistent with available comparable market multiples.

Normalised maintainable revenue

107. We have estimated this based upon:

- A simple average, which produces a higher range value.
- A weighted average which produces a lower range value. Our weightings are biased towards CY23 as we think revenue is likely to be lower than historical amounts in the near terms as the Company transitions from less program revenue to more SaaS revenue.

108. This results in a future maintainable revenue range of \$2.8m to \$3.1m. We observe that management estimates for CY23 are below this range, but above the range for CY24.

Market multiples

109. Our estimate of the revenue multiple is take from our comparable company and comparable deal data set out in **Appendix 5**.

- The comparable company data is based on major exchange public listed companies that provide online education services or software related to the education sector. Where possible we filtered to exclude course content providers as opposed to platform providers (like OLL). The liquid minority revenue multiple ranges 0.6x to 7.9x with an average of 3.0x.
- Comparable company deals sourced from Mergermarket. We assume the deal data is based upon control transactions. Revenue multiple ranges are from 2.2x to 22.3x with an average of 6.2x. The high value was for "A Cloud Guru" and was a large transaction in mid-2021.

Premium for control

110. A premium for control can be defined as an amount or a percentage by which the pro-rata value of a controlling interest exceeds the pro-rata value of a non-controlling interest in a business enterprise, to reflect the power of control. The requirement for an explicit valuation adjustment for a control premium depends on the valuation purpose, methodology and approach adopted.

111. An Australian empirical study⁵ calculated observed premiums paid in takeovers to be in the order of 22%-35% over the long run. However takeover premiums in any period were volatile depending on the sectors involved and the economic cycle. This is based upon successful takeover offers and schemes of arrangement completed between 2005 and 2020 for companies listed on the ASX. We have also considered other empirical control premium studies and authorities⁶ that take into account international markets. KPMG's 2019 valuation practices survey (not an empirical study) notes premiums for control adopted in the range of 14-34%.

112. Given the circumstances of partial rather than absolute control, we adjust the average comparable company multiple above for a 25% control premium. No control premium adjustment is required for deal comparables as we assume the deals were control transactions.

Specific risk discount

113. Many of the comparable companies and comparable deals are larger or more diversified than OLL. We also think the near term losses and likelihood of the Company requiring further funding is a significant specific risk. We have therefore applied a specific risk discount of 50%.

Multiple conclusion

114. This results in an estimated revenue multiple applicable to OLL range of 1.8x to 3.1x.

Equity adjustments

115. As set out in Section 4.5, we think there are no surplus assets or net debt to adjust for to calculate equity value. Therefore, TEV is equal to the equity value.

116. This ranges from a low of \$5.3m to \$9.5m equity value on a control basis.

7.2. VWAP market method

117. As noted above, (paragraph 86) we also used the market Share price of 2 cents preannouncement to determine value. We took this price, multiplied by the 268 million shares outstanding to derive an equity value of \$5.6m. That value in our view represents a liquid minority value. We then applied the same control premium noted above of 25% to derive a control value equity value of \$7.0m.

7.3. Pre Proposal control (& minority) equity per share values

118. The following table sets out the above control equity values and the conversion to per share values.

Table 7 Control equity values

\$'000s		Low	Mid	High
Equity value Pre Proposal (Control)	Ref	CFMR	CFMR	VWAP Share price
Equity value	Tbl6 s7.2	5,251	9,540	5,566
Control premium	s7.2	included	included	1,392
Equals estimated equity fair value (control basis)		5,251	9,540	6,958
Number of Shares #'000's Pre Proposal	Tbl2	267,869	267,869	267,869
Pre Proposal share price \$ whole (control value)		\$ 0.020	\$ 0.036	\$ 0.026
Pre Proposal share price \$ whole (minority value)		\$ 0.016	\$ 0.028	\$ 0.021

⁵ <https://www.rsm.global/australia/control-premium-study-2021>

⁶ Mergerstat, & Pratt "Discounts & Premiums, 2nd edition

119. We use the current number of 268m shares to determine the per share values above based upon both the CFMR and VWAP market valuation of equity methods. This results in a range of 2 to 4 cents per share (rounded).

120. Table 7 above also shows control equity values adjusted to exclude the 25% control premium. This results in the minority equity per share values ranging from 2 to 3 cents per share (rounded) also used later in our overall evaluation.

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8.0 EVALUATION

8.1. Control premium assessment

121. The table below sets out the offer price compared to our estimated values of the Shares under the Proposal to see if the vendor is receiving a premium for control.

Table 8

\$ whole		Low	High	Mid	
Evaluation - Offer price compared to Pre Proposal value		Ref	CFMR	CFMR	VWAP Share price
Offer price per share		\$	0.027	\$	0.027
Pre Proposal share price \$ whole (control value)	Tbl7	\$	0.020	\$	0.036
Higher / (Lower) per share		\$	0.007	-\$	0.009
Quantitative evaluation - control			Premium	No Premium	Neutral
Pre Proposal share price \$ whole (minority value)	Tbl7	\$	0.016	\$	0.028
Higher / (Lower) per share		\$	0.011	-\$	0.001
Quantitative evaluation - minority			Premium	Neutral	Premium

122. The Offer price per share is \$0.03 (rounded) as described in Section 2.0.
123. We compared the offer price per Share offered by ECA to our fair value assessment of Shares shown in Table 1 above. This ranges from positive 1 cent to negative 1 cent per share (rounded).

Control opinion

124. At our preferred high CFMR value, we do not think the vendor is receiving a significant premium for control as the offer price is below the control fair value.

8.2. Overall merits assessment

125. We summarise the overall merits of the Proposal:

Advantages of the Proposal

- At our high CFMR preferred value (and the VWAP mid value), we think no significant control premium is being paid by ECA to Alchemy. This has the advantage for Shareholders in that they are not missing out on a control premium.
- Shareholders interest and Board positions remains identical Pre and Post Proposal. As such, we do not think there is any relative increased deterrence to a future takeover bid. Should ECA or any other party seek greater or absolute control, a takeover offer to Shareholders would be required.
- Directors confirm that there are no material transactions contemplated with the vendor (Alchemy) such that there is no implication of any compensation to the vendor for the sale price being too low.
- Directors advise that an increased holding by ECA will further the strategic alignment of interests. As stated in the CY22 Annual Report, ECA will utilise the OLL platform to grow into new markets in India and the subcontinent.
- A Distribution and Reseller Agreement (**DRA**) has been signed to this effect. The DRA are on terms that appear to be commercial. Therefore there is no indication of any compensation to the buyer (ECA) for the

**Disadvantages
of the
Proposal**

acquisition price being too high. Directors are confident in the capability of ECA to improve the long term profit outlook of OLL through distribution.

- Directors think that because of strategic alignment, it is in ECA's interest to provide loans to OLL to fund its near term requirements. A \$3.0m loan facility was announced on 6 June 2023, (refer Section 4.1).
- Notwithstanding ECA's strategic interest, OLL will continue to be independently managed and operated.
- At the low CFMR control range and minority values of our valuation for OLL shares, a small control premium may be paid. This has the disadvantage to Shareholders in that they may have missed out on this offer. However we note that our low range valuation is below the current share price.
- Similarly, ECA's offer was made to Alchemy and not to other Shareholders. However in our view there is enough liquidity in the shares of OLL for Shareholders to be able to sell their shares independently at a price similar to the Offer price.
- ECA will be overwhelmingly the largest shareholder of OLL at 33.5% and hold significant sway on board (unchanged at 1/3rd) and shareholder decisions. That said, they do not hold absolute control.

8.3. Summary of Opinion

126. On the balance of the above matters considered, we think that the advantages outweigh the disadvantages of the Proposal to Shareholders. Therefore, the Directors of OLL are justified in recommending Shareholders **vote in favour of the Proposal**.

APPENDIX 1 – SOURCES OF INFORMATION

- Draft Notice of Meeting.
- Sale Agreement.
- DRA Agreement.
- CY22 Financial Report.
- Management accounts / Budget for CY23.
- Company announcements.
- Emails and discussion with Directors or management.
- Other sources listed throughout the Report.

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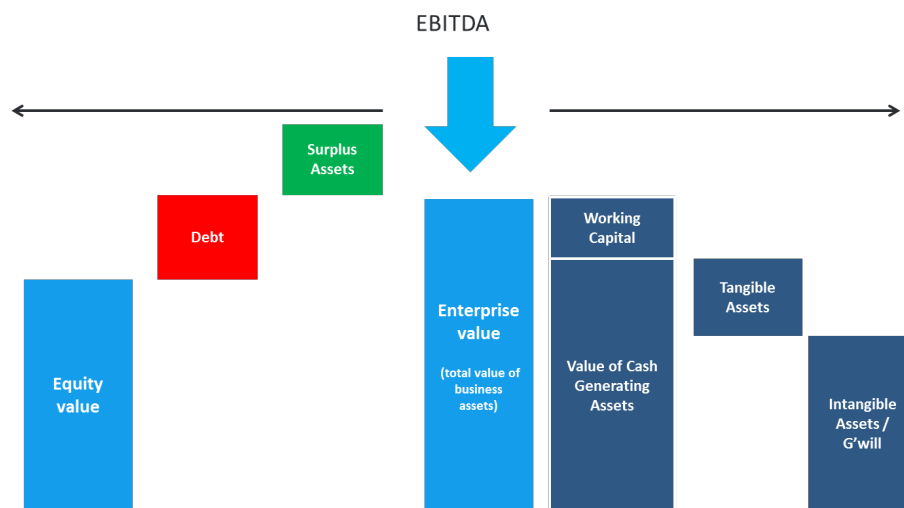
APPENDIX 2 – OVERVIEW OF VALUATION METHODOLOGIES AND PRINCIPLES

Type	Method	Description	When method used
Income Approaches	Discounted Cash Flow	<p>The Discounted Cash Flow (DCF) method derives the value of a business on a controlling basis based on the future cash flows of the business discounted back to a present value at an appropriate discount rate (cost of capital). The discount rate used will reflect the time value of money and the risks associated with the cash flows.</p> <p>The DCF Method requires:</p> <ul style="list-style-type: none"> Forecasting cash flows over a sufficient long period (at least 5 years and usually 10 years) Assessing an appropriate discount rate (typically derived using judgment and aids such as the Capital Asset Pricing Model (CAPM)). The cost of equity (Ke) can be built up from first principles or benchmarked against comparable companies (“Co-Co”) or transactions (“Co-Tran”), and Estimation of the terminal value (value of the business into perpetuity) at the end of the period (typically derived using the capitalisation of earnings method). 	<p>Reasonably accurate forecast cash flows (minimum 5 years).</p> <p>Earnings or cash flows expected to fluctuate from year to year.</p> <p>Business is in start-up or turn around phase.</p> <p>Specific projects that have a finite or infinite life, for example, mining projects.</p>
	Capitalisation of Maintainable Earnings	<p>The Capitalisation of Maintainable Earnings (CME) method is the most used valuation method. It involves the application of a capitalisation multiple to an estimate of the Future Maintainable Earnings (FME) of the business. The FME must be maintainable by the business and must not include one-off gains or losses. The capitalisation multiple will reflect the risk, time value of money and future growth prospects of the business.</p> <p>The appropriate capitalisation multiple is determined with reference to the observed multiples of entities whose businesses are comparable (“Co-Co”) to that of the business being considered and/or comparable transactions, (“Co-Tran”).</p>	<p>The business has a history of profits with a reasonably consistent trend and that trend is expected to continue.</p> <p>The business has an indefinite life.</p> <p>Cash flow forecasts are not available.</p>

Type	Method	Description	When method used
	Capitalisation of Dividends	This method involves the capitalisation of forecast future maintainable dividends. The maintainable level of dividends is estimated by assessing the expected level of future maintainable earnings and the dividend policy of the entity. The appropriate capitalisation rate reflects the investor's required rate of return.	Valuation is for a minority interest. Stable business. High payout ratios.
	Yield Based	This method is primarily used for property assets and involves capitalising forecast distributions by an estimated future maintainable yield. The yield or rate is determined based on analysis of comparable entities.	Commercial or investment properties including retail, industrial and commercial.
Market Approach	Market	<p>This method values a Group bases on the traded prices of its equity on a public market/exchange. The approach can adopt the prevailing spot rate of the entity's securities at valuation date or the Volume Weighted Average Price (VWAP over a set trading period i.e., the preceding 30, 60 or 90 trading days to the valuation date).</p> <p>In the absence of market data specific to the entity, the market approach can also be used by examining market values for comparable companies ("Co-Co") or comparable transactions ("Co-trans").</p> <p>Comparable transactions may be observed as being based upon a widely used industry practice such as a multiple of revenue instead of earnings.</p>	<p>Group's equity is listed on public market/exchange i.e., ASX.</p> <p>Securities in the entity are actively traded on the market/exchange.</p> <p>As above for comparable companies or transactions</p>
Asset Approach	Asset Based	<p>Asset based valuation involve separating the business into components that can be readily sold, such as individual business Shares or items of plant and equipment and ascribing a value of each component based on the amount that could be obtained if sold.</p> <p>The asset value can be determined based on:</p> <ul style="list-style-type: none"> • Orderly realisation • Liquidation • Going concern 	<p>Asset rich entities</p> <p>For wind-up or realisation value</p>

Type	Method	Description	When method used
Asset Approach	Cost approach	The value of an asset determined by: <ul style="list-style-type: none"> • Reproduction cost less depreciation (in basic terms, the cost of replicating functionality). • Reproduction cost (in basic terms, the cost of recreating the asset). 	The cost-based approach can be used to derive market value where market or income factors are difficult to obtain or estimate with reliability (for example, for some intangible assets).

Valuation Principles



In adopting an income approach, a multiple of EBITDA or a DCF of cash flows is typically used to determine Total Enterprise Value (TEV), which represents the total value of the net business assets. Any excess over tangible and identified intangible assets (moving right in the diagram above) represents goodwill.

Moving left in the diagram, adjustments are made to TEV to add surplus assets (e.g., cash) and deduct debt so as to determine equity value. Surplus assets are any assets that are not required to generate the business's earnings or cash flows.

Further discounts may be applied to equity to determine a minority or illiquid value.

APPENDIX 3 – QUALIFICATIONS, INDEPENDENCE, DECLARATIONS AND CONSENTS

Statement of Qualifications, Independence, Declarations and Consents

Qualifications

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) is a Melbourne based accounting, audit and business advisory practice and is a licensed investment adviser within the terms of the Corporations Act 2001. Moore is an independent practice and a member of Moore International. Moore International is a national and international association of separate accountant and advisor entities represented in major capital cities of Australia and with 266 member firms operating in 112 countries worldwide.

The AFSL licence (No 247262) allows Moore to act for clients only in the capacity of providing reports in relation to certain corporate transactions or to provide general financial product advice on certain classes of financial products. Senior directors at Moore Stephens specialise in such advice and regularly perform corporate and asset valuations and advice on company restructures, acquisitions, and Proposals. Moore Stephens Audit (Vic) is affiliated with Moore Stephens and, acting through different directors, also performs audits on the accounts of Australian companies.

The primary persons responsible for preparing this Report on behalf of Moore are Mr Colin Prasad (B. Com ACA and BVS) (with the assistance of staff), who has a significant number of years of experience in relevant corporate matters including valuations, independent expert reports and investigating accountant engagements.

Independence

Moore considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC relating to independence of experts and has developed and issued an opinion and report on an unbiased basis.

Moore and its related entities or any of its Directors have not had within the previous two years, any Shareholding in the Company. During the 2 years period to this report Moore and its related entities have not provided any professional services to the Company or any related parties to the Company.

None of Moore, Mr Colin Prasad, nor any other member, director, partner or employee of any of Moore has any interest in the opinion reached by Moore except that we are entitled to receive professional fees for the completion of this Report based on time incurred at normal professional rates. Our fee for the preparation of this report is \$30,000. Except for these fees no parties will receive any other benefits, whether directly or indirectly, for or in connection with issuing this Report.

Disclaimers

This Report has been prepared at the request of the Directors of the Directors and was not prepared for any other purpose than stated in this Report in Section 3. This Report has been prepared for the sole benefit of the Directors and the Shareholders of the Company. This Report should not be used or relied upon for any purpose other than as set out in Section 3. Accordingly, Moore expressly disclaims any liability to any person (other than the Directors or Shareholders of the Company) who relies on our Report, or to any person at all who seeks to rely on the Report for any other purpose not set out in Section 3.

Appendix 1 identifies the sources of information upon which this Report has been based. To the extent we have used historical information we are entitled to rely upon the information. Any forecast information which has been referred to in this Report has been prepared by the relevant entity and is generally based upon best estimate assumptions about events and management actions that may or may not occur. Accordingly, Moore cannot provide any assurance that any

forecast is representative of results or outcomes that will actually be achieved. Whilst (unless stated otherwise in the Report) Moore has no reason to believe that such information is not reliable and accurate, it has not caused such information to be independently verified or audited in any way. Inquiry, analysis and review have brought nothing to our attention to indicate a material misstatement, omission or lack of reasonable grounds upon which to base our opinion.

The opinions given by Moore in this Report are given in good faith, based upon our consideration and assessment of information provided to us by the Directors and executives of the parties to the Proposal; and in the belief on reasonable grounds that such statements and opinions are correct and not misleading, (unless otherwise stated in the Report). This Report has been prepared with care and diligence.

Advanced drafts of this Report were provided to the Directors of the Directors. Minor changes for factual content were made to this Report. There was no alteration to the methodology or conclusions reached because of discussions related to drafts of the Report.

Moore's opinion is based on prevailing conditions at the date of this Report including market, economic and other relevant circumstances. These can change over relatively short time period and any subsequent changes in these conditions in the value either positively or negatively.

Indemnity

The Directors has agreed that it will indemnify Moore and its employees and officers in respect to any or all losses, claims, damages and liabilities arising as a result of or in connection with the preparation of this Report, except where the claim has arisen as a result of wilful misconduct or negligence by Moore.

Consent

This Report has been prepared at the request of the Directors and may accompany materials to be given to Shareholders.

Moore consents to the issuing of this Report and the form and context to which it is to be included with the materials. Other than the Report, Moore has not been involved in the preparation of the documents or other aspects of the Proposal or the materials to which this Report may be attached. Accordingly, we take no responsibility for the content of those materials or the Proposal as a whole. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without prior written consent of Moore as to the form and context to which it appears.

APPENDIX 4 – MOORE AUSTRALIA (VIC) PTY LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide forms part of the Independent Expert Report.

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore has been engaged by the Company to provide an Independent Experts Report (the **Report**) for inclusion with materials to be sent Shareholders.

The Corporations Act, 2001 requires Moore to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore does not accept instructions from retail clients. Moore provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore does not provide any personal retail financial product advice to retail investors, nor does it provide market-related advice to retail investors.

Moore is only responsible for this Report and this FSG. Moore is not responsible for any material publicly released by the Directors in conjunction with this Report. Moore will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without considering your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore's client is the Company to which it provides the report. Moore receives its remuneration from the Directors. For this Report and other services, Moore will receive a fee based upon normal professional rates plus reimbursement of out-of-pocket expenses from the Directors. Directors or employees of Moore or other associated entities may receive partnership distributions, salary, or wages from Moore. Moore and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act 2001.

Moore has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr. Kevin Mullen, Moore Australia (Vic) Pty Ltd, Level 44, 600 Collins Street, Melbourne, Vic, 3000. We will endeavor to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request

APPENDIX 5 – COMPARABLE DATA

Public company comparable data:

Company Name	Ticker	Industry	Country	Total Enterprise Value (AUDmm)	TEV/LTM Total Revenues	Total Revenue (AUDmm)	Short Business Description
Blackbaud, Inc. (NasdaqGS:BLKB)	NasdaqGS:BLKB	Application Service Providers (ASPs) ; Application Software	USA	7,294.5	4.5x	1,584.9	Blackbaud, Inc. provides cloud software solutions to higher education institutions, K–12 schools, healthcare organizations, faith communities, arts and cultural organizations, foundations, companies, and individual change agents in the United States and internationally.
Cengage Learning Holdings II, Inc. (OTCPK:CNGO)	OTCPK:CNGO	Online Education Courses	USA	-	1.9x	2,075.0	Cengage Learning Holdings II, Inc., together with its subsidiaries, operates as an education technology company for higher education, workforce skills, secondary education, English language teaching, and research markets worldwide.
Coursera, Inc. (NYSE:COUR)	NYSE:COUR	Online Education Courses	USA	1,703.2	2.0x	821.7	Coursera, Inc. operates an online educational content platform that connects learners, educators, organizations, and institutions.
Docebo Inc. (TSX:DCBO)	TSX:DCBO	Application Service Providers (ASPs) ; Application Software	Canada	1,313.7	5.7x	227.1	Docebo Inc. operates as a learning management software company that provides artificial intelligence (AI)-powered learning platform in North America, Europe, and the Asia-Pacific region.
Instructure Holdings, Inc. (NYSE:INST)	NYSE:INST	Application Service Providers (ASPs) ; Application Software	USA	5,949.4	7.9x	731.6	Instructure Holdings, Inc. provides cloud-based learning, assessment, development, and engagement systems worldwide.
Janison Education Group Limited (ASX:JAN)	ASX:JAN	Application Software	Australia	91.3	2.4x	38.8	Janison Education Group Limited provides online assessment software, assessment products, and assessment services in Australia and internationally.
Learning Technologies Group plc (AIM:LTG)	AIM:LTG	Application Service Providers (ASPs) ; Application Software	United Kingdom	1,769.1	1.6x	1,058.2	Learning Technologies Group plc, together with its subsidiaries, provides a range of talent and learning solutions, content, services, and digital platforms to corporate and government clients.
Nerdy, Inc. (NYSE:NRDY)	NYSE:NRDY	Online Education Courses	USA	336.2	1.3x	245.9	Nerdy, Inc. operates platform for live online learning.

Company Name	Ticker	Industry	Country	Total Enterprise Value (AUDmm)	TEV/LTM Total Revenues	Total Revenue (AUDmm)	Short Business Description
PowerSchool Holdings, Inc. (NYSE:PWSC)	NYSE:PWSC	Application Service Providers (ASPs) ; Application Software	USA	6,301.0	6.4x	955.2	PowerSchool Holdings, Inc., together with its subsidiaries, offers cloud-based software to the K-12 education market.
ReadCloud Limited (ASX:RCL)	ASX:RCL	Application Software	Australia	5.2	0.6x	8.2	ReadCloud Limited engages in the provision of software solutions to secondary schools in Australia.
ReadyTech Holdings Limited (ASX:RDY)	ASX:RDY	Application Service Providers (ASPs) ; Application Software	Australia	368.7	4.1x	90.5	ReadyTech Holdings Limited provides SaaS technology for education and work pathways, workforce solutions, and government and justice markets in Australia.
RM plc (LSE:RM.)	LSE:RM.	Application Software	United Kingdom	239.6	0.6x	381.0	RM plc supplies products, services, and solutions to educational markets in the United Kingdom, Europe, North America, Asia, the Middle East, and internationally.
Schrole Group Ltd (ASX:SCL)	ASX:SCL	Application Service Providers (ASPs) ; Application Software	Australia	8.8	1.5x	5.8	Schrole Group Ltd engages in the provision of software solutions and training services primarily to the education sector in Australia and internationally.
Stride, Inc. (NYSE:LRN)	NYSE:LRN	Online Education Courses ; Online Training Services	USA	2,721.5	1.0x	2,697.9	Stride, Inc., a technology-based education service company, provides proprietary and third-party online curriculum, software systems, and educational services to facilitate individualized learning for students primarily in kindergarten through 12th grade (K-12) in the United States and internationally.

All Comps

Average		2,161.7	3.0x	780.1
Median		1,313.7	2.0x	556.3

Control premium	25%	3.7x
Specific discount	-50%	1.8x

*Source: S&P Capital IQ

Deal comparable data

Announced Date	Target Company	Target Country/Territory	Deal Value AUD(m)	Enterprise Value (m)	Reported Revenue Multiple	Reported Revenue (m)	Target Description
05/08/21	Smoothwall Limited	United Kingdom	142.00	142.00	NS	NS	UK-based provider of K-12 digital safety solutions
22/06/21	Education Perfect Limited	New Zealand	422.87	422.87	NS	NS	New Zealand-based company that provides an online teaching and learning platform
02/06/21	A Cloud Guru Ltd	Australia	2,582.31	2,582.31	22.26	116.01	Software-E-Commerce company engaged with developing on-demand cloud developing online education software and services.
12/04/21	Blake eLearning Pty Ltd.	Australia	185.00	185.00	4.58	4.58	Australia-based publisher of online educational products for children
14/08/20	3P Learning Limited	Australia	166.07	166.07	3.02	3.02	Australia-based ASX-listed company engaged in online education business
15/07/20	Kydon Holdings Pte Ltd.	Singapore	12.30	12.30	2.18	2.18	Singapore-based company engaged in providing learning technologies in Singapore and Asia to promote technology-enhanced learning and training
25/03/19	Language & Testing Consultants Pty Ltd.	Australia	14.60	14.60	2.86	5.10	Australia-based provider of examination and testing management services for educational institutions, professional bodies and individual candidates
21/03/19	Navitas Limited (81.99% Stake)	Australia	1,918.35	2,294.25	2.46	2.46	Australia-based ASX-listed company headquartered in Perth, WA, is engaged in development and providing of educational services and learning solutions

All Comps

Average		680.4	727.4	6.2x	22.2
Median		175.5	175.5	2.9x	3.8

Control premium	0%			6.2x	Assumed to be control transactions
Specific discount	-50%			3.1x	

*Source: MergerMarket



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Holder Number:

Your proxy voting instruction must be received by **2.00pm (AEST) on Saturday, 29 July 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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