

ABN 18 635 890 390

**OpenLearning Limited  
and Controlled Entities**

Half-Year Report and Appendix 4D  
30 June 2023

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## OpenLearning Limited and Controlled Entities

### Appendix 4D

#### Interim financial report for the half-year ended 30 June 2023

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Results for the half-year ended 30 June 2023 ('HY2023'):

- gross sales of \$1,351,463, a decrease of 31.2% previous corresponding period ('pcp');
- revenue of \$1,052,501, a decrease of 35.9% pcp;
- loss after tax of \$2,229,966, a decrease in loss of 29.1% pcp.

|  | Half-year Ended<br>30 June 2023<br>\$ | Half-year Ended<br>30 June 2022<br>\$ | Inc / (Dec)<br>% |
|--|---------------------------------------|---------------------------------------|------------------|
| Revenue from ordinary activities                           | <u>1,052,501</u>                      | <u>1,642,713</u>                      | (35.9)           |
| Revenue comprises of the following:                        |                                       |                                       |                  |
| Platform SaaS fees   | 898,257                               | 768,077                               | 16.9             |
| Program delivery   | 73,271                                | 620,651                               | (88.2)           |
| Marketplace sales  | 351,819                               | 391,316                               | (10.1)           |
| Services sales   | <u>28,116</u>                         | <u>183,394</u>                        | (84.7)           |
| Gross sales  | 1,351,463                             | 1,963,438                             | (31.2)           |
| Less: Sharing of marketplace sales with<br>course creators | <u>(298,962)</u>                      | <u>(320,725)</u>                      | (6.8)            |
| Revenue  | <u>1,052,501</u>                      | <u>1,642,713</u>                      | (35.9)           |
| Loss for the period  | <u>(2,229,966)</u>                    | <u>(3,145,813)</u>                    | (29.1)           |
| Loss for the period attributable to members                | <u>(2,229,966)</u>                    | <u>(3,145,813)</u>                    | (29.1)           |
| Net tangible assets per share                              | <u>(\$0.006)</u>                      | <u>\$0.020</u>                        |                  |

#### Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

#### Financial report

The financial report for the Group for the half-year ended 30 June 2023 is attached to this Appendix 4D statement.

ABN 18 635 890 390

**OpenLearning Limited  
and Controlled Entities**

**Consolidated Half-Year Financial Report  
30 June 2023**

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## OpenLearning Limited and Controlled Entities

### Corporate Directory

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#### Directors

|                 |                                   |
|-----------------|-----------------------------------|
| Spiro Pappas    | - Non-Executive Chairman          |
| Adam Brimo      | - Managing Director and Group CEO |
| John Merakovsky | - Non-Executive Director          |
| Rupesh Singh    | - Non-Executive Director          |

#### Company Secretary

Nova Taylor  
Robyn Slaughter

#### Principal & Registered Office

The Cooperage, Level 2, Suite 9, 56 Bowman Street,  
Pyrmont NSW 2009

#### Auditors

Hall Chadwick  
Level 40, 2 Park Street  
Sydney NSW 2000

#### Share Registrar

Automic Pty Ltd  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### Stock Exchange Listing

Australian Securities Exchange  
Code: OLL

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## OpenLearning Limited and Controlled Entities

### General information

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## OpenLearning Limited and Controlled Entities

### Managing Directors' report

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Dear Shareholders,

FY2023 marks a pivotal period of evolution for our company.

Following a management and Board level review of company operations in FY2022, we initiated a comprehensive transformation strategy that has already started to deliver results in HY FY2023.

At the heart of this strategy is our core strength and advantage in technology. We've proven this capability once more in the first half of 2023 by moving quickly to map out a comprehensive product and go-to-market strategy for Generative AI.

We're successfully executing on this strategy, transforming OpenLearning into an AI powered SaaS platform for lifelong learning. We believe it is one of the best learning platforms in the world with solid foundations for sustainable growth.

Our strategic shift to focus on SaaS platform subscription sales to education providers reflects this belief. We have focussed on leveraging our learning technology for a global education industry to deliver higher margin returns over the longer term.

The strategy is evident in the growth of our SaaS platform revenues. In this half year, we have achieved growth of 16.9% compared to the same period last year, while growing the average value of each customer by 25% year over year.

While B2B sales of this nature require a longer sales lead time, they yield greater value over the longer term by delivering our business a reliable and consistent SaaS based revenue stream while technology does the work.

Cost optimisation was the next building block of our transformation. Over the course of this half year period, total costs fell \$1.6m, representing a 33% decrease from the same period last year. Notably, even as we cut expenditures SaaS platform revenues continued to grow.

Concurrent with our cost optimisation initiatives, we made the strategic choice to divest from underperforming learning services division and reduce investment in our program delivery division. The reduction in revenue from ordinary operations during this period was an anticipated outcome aligned with our transformational strategy. Together these initiatives resulted in an overall improvement of our bottom line by 29%.

Our vision is not without growth.

Generative AI is a game changer for the education sector and OpenLearning is shaping up to be a leader in this space. We have already released three AI-powered features, which have been well received by our customers and are driving a strong pipeline of new sales enquiries. This is just the beginning. Further Generative AI features are in development that we believe will have an even greater impact.

To expand our addressable market, we have established a presence in India through a distribution and SaaS reseller agreement with our strategic partner Education Centre of Australia (ECA). We are working closely with ECA to support their sales and marketing efforts and we have already launched a new instance of OpenLearning in India branded as *OpenLearning Bharat*.

We look forward to strengthening our partnership with ECA and leveraging opportunities in the expansive and dynamic Indian market.

The half year to 30<sup>th</sup> June 2023 has not been without its challenges but our Board of Directors and leadership team have a strong belief in the foundations of our transformation strategy and our core technology proposition for education.

**OpenLearning Limited and Controlled Entities**

**Directors' report**

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On behalf of the Board of Directors I am pleased to present to you with the half yearly report for the period ended 30 June 2023.



Adam Brimo  
Group CEO and Managing Director

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## OpenLearning Limited and Controlled Entities

### Directors' report

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Your directors present their report on the Consolidated Entity (referred to herein as the Group) consisting of OpenLearning Limited and its controlled entities for the half-year ended 30 June 2023.

#### Directors

The following persons were directors of OpenLearning Limited during or since the end of the half-year up to the date of this report:

|                  |  |
|------------------|--|
| Spiro Pappas     | - Non-Executive Chairman                           |
| Adam Brimo       | - Managing Director and Group CEO                  |
| Benjamin Shields | - Non-Executive Director (resigned on 27 Jan 2023) |
| John Merakovsky  | - Non-Executive Director                           |
| Rupesh Singh     | - Non-Executive Director                           |

#### Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

#### Review of operations and financial position

Results for the half-year ended 30 June 2023 ('HY2023'):

- gross sales of \$1,351,463, a decrease of 31.2% previous corresponding period ('pcp');
- revenue of \$1,052,501, a decrease of 35.9% pcp;
- loss after tax of \$2,229,966, a decrease in loss of 29.1% pcp.

|  | Half-year Ended<br>30 June 2023<br>\$ | Half-year Ended<br>30 June 2022<br>\$ | Inc / (Dec)<br>% |
|--|---------------------------------------|---------------------------------------|------------------|
| Revenue from ordinary activities                           | <u>1,052,501</u>                      | <u>1,642,713</u>                      | (35.9)           |
| Revenue comprises of the following:                        |                                       |                                       |                  |
| Platform SaaS fees   | 898,257                               | 768,077                               | 16.9             |
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| Services sales   | 28,116                                | 183,394                               | (84.7)           |
| Gross sales  | <u>1,351,463</u>                      | <u>1,963,438</u>                      | (31.2)           |
| Less: Sharing of marketplace sales with<br>course creators | <u>(298,962)</u>                      | <u>(320,725)</u>                      | (6.8)            |
| Revenue  | <u>1,052,501</u>                      | <u>1,642,713</u>                      | (35.9)           |
| Loss for the period  | <u>(2,229,966)</u>                    | <u>(3,145,813)</u>                    | (29.1)           |
| Loss for the period attributable to members                | <u>(2,229,966)</u>                    | <u>(3,145,813)</u>                    | (29.1)           |



## OpenLearning Limited and Controlled Entities

### Directors' report

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

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

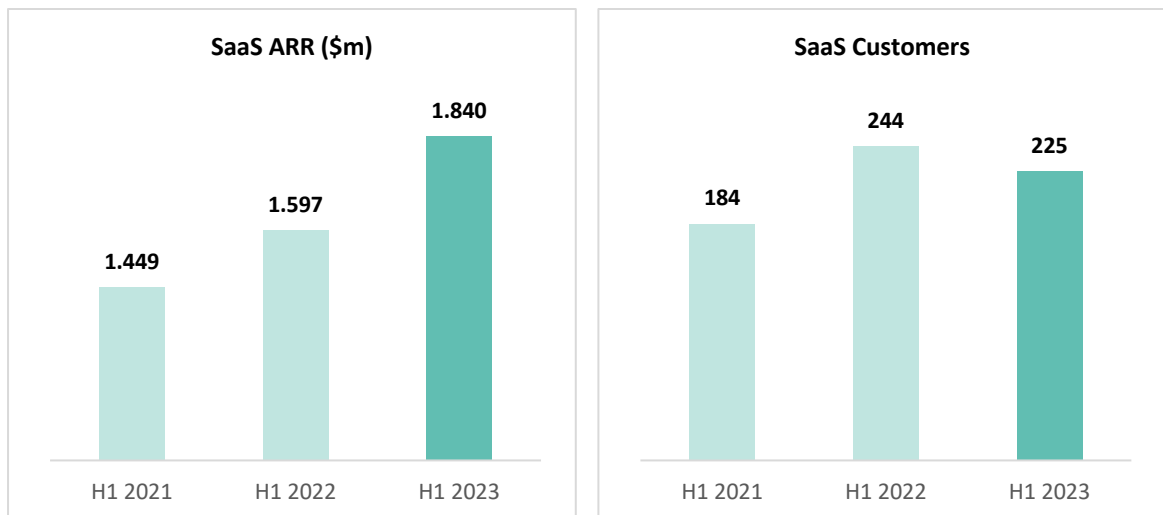
The Group has positioned itself to capitalise on the shift towards online education that began before COVID-19 and has since accelerated. OpenLearning ended HY2023 with 225 Platform Subscription customers and over 3.4 million learners, making it one of Australia and Southeast Asia's largest lifelong learning platforms.

### Financial highlights for HY2023

During H1 2023, the Company is focused on growing Platform Subscription revenue. As a result, SaaS annual recurring revenue (ARR)<sup>1</sup> grew by 15.2% to \$1.84m and SaaS revenue grew by 16.9% year on year (yoy).

Despite some smaller customers leaving due to pricing changes, the Company gained new customers of higher value. As of June 2023, ARR per customer increased by 25% yoy \$8,178.

The Group's revenue, after deducting revenue share with education providers, declined by 35.9% pcp to \$1.053m, due to lower intake for the TPO program and the strategic decision to exit Learning Services.



<sup>1</sup>ARR is calculated as monthly accrued subscription revenue multiplied by 12. The ARR calculation does not intake into account the future expiry of the term of any contract under which SaaS revenue is generated or any customer lost during the relevant month.

## OpenLearning Limited and Controlled Entities

### Directors' report

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#### Investment in Generative AI and Product Enhancements

OpenLearning successfully rolled out its novel AI Assistant on June 23rd, 2023. The release came ahead of schedule, largely driven by the overwhelming customer interest and the efficiency of the Company's development team.

The Company initially announced the launch of its AI Assistant on 3<sup>rd</sup> May 2023 with a pilot program that included Western Sydney University, Education Centre of Australia, Universiti Tenaga Nasional Malaysia (UNITEN), Sunway University Malaysia and University of Wollongong KDU Malaysia. In response to high demand from existing customers, the Company extended its pilot program to include 14 customers, garnering positive feedback.

The OpenLearning AI Assistant utilises Microsoft Azure's OpenAI Service, harnessing the power of GPT-4 to streamline course design, and helping reduce the time and effort required to develop high quality short courses, micro-credentials and online degrees.

By leveraging OpenLearning's unique approach to active learning and social constructivism, these AI-driven tools generate course content and learning activities aligned with OpenLearning's educational philosophy. The embedded generative AI provides tailored suggestions to educators during the course design process, helping them create more engaging and effective learning experiences.

Alongside this, OpenLearning has implemented a new pre-paid AI credit system to manage and monetise use of the AI Assistant. Customers can purchase credits to use the AI Assistant, with deductions made based on the volume of content generated. To promote the trial of this new tool, each customer has been granted an initial batch of free credits. The Company is pleased to report that it has already started selling AI credits to its customer-base.

The Company is now developing a range of new generative AI features to further enhance the course design process and improve efficiency for education providers. It expects to roll out these features to its customer base in upcoming quarters.

#### Expansion to India with ECA

In H1 FY2023, the Company signed a long-term Distribution and SaaS Reseller Agreement with the Education Centre of Australia ('ECA') to launch OpenLearning India ('Agreement'), which ECA will manage and promote to learners and universities in India, Nepal, Sri Lanka and Pakistan ('Platform Region') [ASX Announcement 7th March 2023]. Under the Agreement, OpenLearning will earn 5% of the gross enrolment fees in OpenLearning India's marketplace and 50% of Platform SaaS fees in the Platform Region.

ECA has already begun to promote OpenLearning in India with two large events in early July 2023 in New Delhi and Hyderabad that attracted hundreds of senior executives from India universities, Australian and Indian government officials and local media organisations. The Company's platform in the market is named 'OpenLearning Bharat' and is already attracting interest from local universities.

India has one of the world's largest higher education sectors with 1,043 universities, 42,343 colleges, and 11,779 stand-alone institutions<sup>1</sup>. The country also has the largest college-age population, projected to reach 126 million by 2026. However, India's higher education enrolment ratio<sup>2</sup> of 27% lags far behind its peers, with China at 43% and Brazil at 51%. The government in India aims to increase the higher-education enrolment ratio to 50% by 2030. The sector is under significant

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<sup>1</sup> [https://www.education.gov.in/sites/upload\\_files/mhrd/files/statistics-new/aishe\\_eng.pdf](https://www.education.gov.in/sites/upload_files/mhrd/files/statistics-new/aishe_eng.pdf)

<sup>2</sup> Higher education enrolment ratio measures total enrolment in higher education as a percentage of the eligible school-age population

## OpenLearning Limited and Controlled Entities

### Directors' report

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capacity pressure, making quality online education critical to deliver scalable solutions to the country's higher education needs<sup>1</sup>.

### Summary of Operating Expenses

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

|                                 | Half-year ended<br>30 June 2023 | Half-year ended<br>30 June 2022 |
|---------------------------------|---------------------------------|---------------------------------|
| <b>Operating expenses</b>       | \$                              | \$                              |
| Sales and marketing             | 396,038                         | 906,365                         |
| Platform design and development | 542,310                         | 607,937                         |
| Program and service delivery    | 686,908                         | 1,511,307                       |
| <b>Total</b>                    | <b>1,625,256</b>                | <b>3,025,609</b>                |

As a result of cost optimisation initiatives, the Group's loss after tax for HY2023 decreased by 29.1% pcp to \$2,229,966. The Group ended HY2023 with cash and cash equivalents of \$1,314,222 as at 30 June 2023.

### Conclusion

The Group is successfully executing its turnaround strategy with substantial progress made during HY2023 in reducing its cost-base, growing SaaS revenue, deploying industry-leading Generative AI tools and beginning its expansion to India. The Group is grateful for the support of its partners and shareholders, and for the hard work and dedication of employees.

### Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 18 for the half-year ended 30 June 2023.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Spiros Pappas  
Chair of the Board

Dated: 31 August 2023

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<sup>1</sup> "India Economics Strategy to 2035 – Navigating From Potential to Delivery", Australia Department of Foreign Affairs <https://www.nafsa.org/ie-magazine/2022/4/12/indias-higher-education-landscape>

## OpenLearning Limited and Controlled Entities

### Consolidated statement of profit or loss and other comprehensive income For the half-year ended 30 June 2023

|  | Note | Half-year ended<br>30 June 2023<br>\$ | Half-year ended<br>30 June 2022<br>\$ |
|--|------|---------------------------------------|---------------------------------------|
| Revenue  | 2    | 1,052,501                             | 1,642,713                             |
| Other income   |      | 26,535                                | 65,266                                |
| <b>Items of expense</b>  |      |                                       |                                       |
| Web-hosting and other direct costs                                   |      | (344,680)                             | (608,671)                             |
| Employee benefits expense  |      | (1,770,398)                           | (2,848,168)                           |
| Depreciation and amortisation  |      | (181,400)                             | (186,961)                             |
| Promotional and advertising  |      | (90,735)                              | (174,348)                             |
| Professional services  |      | (462,854)                             | (644,743)                             |
| General and administrative costs                                     |      | (410,545)                             | (389,985)                             |
| Finance income   |      | 4,311                                 | 95                                    |
| Finance expenses   |      | (1,108)                               | (1,011)                               |
| Retrenchment costs   |      | (51,593)                              | –                                     |
| <b>Loss before tax</b>   |      | (2,229,966)                           | (3,145,813)                           |
| Income tax   |      | –                                     | –                                     |
| <b>Loss for the period</b>   |      | (2,229,966)                           | (3,145,813)                           |
| <b>Other comprehensive income/(loss):</b>                            |      |                                       |                                       |
| <i>Item that may be reclassified subsequently to profit or loss:</i> |      |                                       |                                       |
| Exchange differences on translating foreign operations               |      | (2,317)                               | (4,807)                               |
| <b>Total comprehensive loss for the period</b>                       |      | (2,232,283)                           | (3,150,620)                           |
| <b>Loss for the period attributable to:</b>                          |      |                                       |                                       |
| Owners of the Company  |      | (2,229,966)                           | (3,145,813)                           |
| <b>Total comprehensive loss attributable to:</b>                     |      |                                       |                                       |
| Owners of the Company  |      | (2,232,283)                           | (3,150,620)                           |
| <b>Losses per share attributable to owners of the Company</b>        |      |                                       |                                       |
| Basic losses per share (cents)                                       | 3    | (0.83)                                | (1.48)                                |
| Diluted losses per share (cents)                                     | 3    | (0.83)                                | (1.48)                                |

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

OpenLearning Limited and Controlled Entities

Consolidated statement of financial position  
As at 30 June 2023

|   | Note | As at<br>30 June<br>2023<br>\$ | As at<br>31 December<br>2022<br>\$ |
|---|------|--------------------------------|------------------------------------|
| <b>ASSETS</b>   |      |                                |                                    |
| <b>Current assets</b>                                   |      |                                |                                    |
| Trade and other receivables                             |      | 239,495                        | 533,649                            |
| Prepayments   |      | 81,794                         | 170,883                            |
| Cash and cash equivalents                               |      | 1,314,222                      | 2,204,639                          |
|   |      | <u>1,635,511</u>               | <u>2,909,171</u>                   |
| <b>Non-current assets</b>                               |      |                                |                                    |
| Furniture, fittings and equipment                       |      | 35,692                         | 35,413                             |
| Intangible assets                                       |      | 1,832,582                      | 1,636,762                          |
|   |      | <u>1,868,274</u>               | <u>1,672,175</u>                   |
| <b>Total assets</b>                                     |      | <u>3,503,785</u>               | <u>4,581,346</u>                   |
| <b>LIABILITIES</b>                                      |      |                                |                                    |
| <b>Current liabilities</b>                              |      |                                |                                    |
| Trade and other payables                                |      | 661,030                        | 690,656                            |
| Provisions  |      | 412,798                        | 363,984                            |
| Deferred revenue  |      | 1,044,834                      | 1,109,300                          |
|   |      | <u>2,118,662</u>               | <u>2,163,940</u>                   |
| <b>Non-current liabilities</b>                          |      |                                |                                    |
| Borrowings  |      | 1,200,000                      | –                                  |
|   |      | <u>1,200,000</u>               | <u>–</u>                           |
| <b>Total liabilities</b>                                |      | <u>3,318,662</u>               | <u>2,163,940</u>                   |
| <b>Net assets</b>                                       |      | <u>185,123</u>                 | <u>2,417,406</u>                   |
| <b>EQUITY</b>   |      |                                |                                    |
| <b>Equity attributable to the owners of the Company</b> |      |                                |                                    |
| Share capital   | 4    | 36,263,511                     | 36,263,511                         |
| Accumulated losses                                      |      | (37,802,253)                   | (35,572,287)                       |
| Reserves  | 5    | 1,723,865                      | 1,726,182                          |
| <b>Total equity</b>                                     |      | <u>185,123</u>                 | <u>2,417,406</u>                   |

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

## OpenLearning Limited and Controlled Entities

### Consolidated statement of changes in equity For the half-year ended 30 June 2023

|  | Share<br>Capital<br>(Note 4) | Reserves<br>(Note 5) | Accumulated<br>Losses | Total       |
|--|------------------------------|----------------------|-----------------------|-------------|
|  | \$                           | \$                   | \$                    | \$          |
| <b>Opening balance at 1 January 2023</b>   | 36,263,511                   | 1,726,182            | (35,572,287)          | 2,417,406   |
| <b>Loss for the period</b>   | –                            | –                    | (2,229,966)           | (2,229,966) |
| <u>Other comprehensive income/(loss)</u>   |                              |                      |                       |             |
| Foreign currency translation,<br>representing total other<br>comprehensive income/(loss) for the<br>period | –                            | (2,317)              | –                     | (2,317)     |
| <b>Total comprehensive loss for the<br/>period</b>   | –                            | (2,317)              | (2,229,966)           | (2,232,283) |
| Issuance of ordinary shares :  |                              |                      |                       |             |
| - Share placements net of costs  | –                            | –                    | –                     | –           |
| Share-based payments   | –                            | –                    | –                     | –           |
| Forfeited performance rights   | –                            | –                    | –                     | –           |
| <b>Closing balance at 30 June 2023</b>   | 36,263,511                   | 1,723,865            | (37,802,253)          | 185,123     |
| <b>Opening balance at 1 January 2022</b>   | 32,495,431                   | 2,074,326            | (30,444,116)          | 4,125,641   |
| <b>Loss for the period</b>   | –                            | –                    | (3,145,813)           | (3,145,813) |
| <u>Other comprehensive income/(loss)</u>   |                              |                      |                       |             |
| Foreign currency translation,<br>representing total other<br>comprehensive income/(loss) for the<br>period | –                            | (4,807)              | –                     | (4,807)     |
| <b>Total comprehensive loss for the<br/>period</b>   | –                            | (4,807)              | (3,145,813)           | (3,150,620) |
| Issuance of ordinary shares :  |                              |                      |                       |             |
| - Share placements net of costs  | 1,468,238                    | –                    | –                     | 1,468,238   |
| Share-based payments   | –                            | 115,188              | –                     | 115,188     |
| Forfeited performance rights   | –                            | (27,714)             | 27,714                | –           |
| <b>Closing balance at 30 June 2022</b>   | 33,963,669                   | 2,156,993            | (33,562,215)          | 2,558,447   |

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

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## OpenLearning Limited and Controlled Entities

### Consolidated statement of cash flows For the half-year ended 30 June 2023

|   | Half-year ended<br>30 June 2023 | Half-year ended<br>30 June 2022 |
|---|---------------------------------|---------------------------------|
|   | \$                              | \$                              |
| <b>Operating activities</b>   |                                 |                                 |
| Receipts from customers   | 1,628,399                       | 2,310,961                       |
| Payments to suppliers and employees                                   | (3,353,026)                     | (5,349,857)                     |
| Proceeds from other income  | 22,662                          | 54,086                          |
| <b>Net cash flows used in operating activities</b>                    | <b>(1,701,965)</b>              | <b>(2,984,810)</b>              |
| <b>Investing activities</b>   |                                 |                                 |
| Purchase of furniture, fittings and equipment                         | (7,497)                         | (3,727)                         |
| Addition to intangible assets   | (377,446)                       | (381,802)                       |
| <b>Net cash flows used in investing activities</b>                    | <b>(384,943)</b>                | <b>(385,529)</b>                |
| <b>Financing activities</b>   |                                 |                                 |
| Repayment of lease liabilities  | –                               | (46,696)                        |
| Proceeds from share placements  | –                               | 1,583,427                       |
| Proceeds from borrowings  | 1,200,000                       | –                               |
| <b>Net cash flows generated from / (used in) financing activities</b> | <b>1,200,000</b>                | <b>1,536,731</b>                |
| <b>Net decrease in cash and cash equivalents</b>                      | <b>(886,908)</b>                | <b>(1,833,608)</b>              |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>   | <b>(3,509)</b>                  | <b>(2,995)</b>                  |
| <b>Cash and cash equivalents at beginning of the period</b>           | <b>2,204,639</b>                | <b>4,588,563</b>                |
| <b>Cash and cash equivalents at end of the period</b>                 | <b>1,314,222</b>                | <b>2,751,960</b>                |

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

## OpenLearning Limited and Controlled Entities

### Notes to the financial statements – half-year ended 30 June 2023

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#### 1. Summary of significant accounting policies

##### 1.1 Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 30 June 2023 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of OpenLearning Limited and its controlled entities (the 'Group'). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023, together with any public announcements made during the following half-year.

Where required by AASBs, comparative figures have been adjusted to conform with changes in presentation for the current period.

These interim financial statements were authorised for issue on 31 August 2023.

##### 1.2 Going concern

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

The Group incurred a net loss for the half-year of \$2,229,966 (HY2022: \$3,145,813) and net operating cash outflows of \$1,701,965 (HY2022: \$2,984,810). As at 30 June 2023, the Group had accumulated losses of \$37,802,253 (31 Dec 2022: \$35,572,287).

As at 30 June 2023, the Group has a negative net current assets of \$483,151 (31 Dec 2022: \$745,231) and cash and cash equivalents of \$1,314,222 (31 Dec 2022: \$2,204,639).

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

- increasing traction in revenue growth of the Platform Subscription segment with improved gross margins and increasing cash inflow from this segment;
- results of cost optimization initiatives have come into effect with reduction in operating costs
- active management of the discretionary expenditure in line with funds availability;
- raising of additional working capital through the issuance of securities and/or other funding.

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



## OpenLearning Limited and Controlled Entities

### Notes to the financial statements – half-year ended 30 June 2023

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

#### 1.3 **Accounting Policies**

The *same* accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

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

#### 2. **Income and Expenses**

|   | 30 June 2023    | 30 June 2022    |
|---|-----------------|-----------------|
|   | \$              | \$              |
| Loss before income tax from continuing operations includes the following revenue and expense items: |                 |                 |
| <b>Revenue</b>  |                 |                 |
| Platform SaaS fees  | 898,257         | 768,077         |
| Program delivery  | 73,271          | 620,651         |
| Marketplace sales   | 52,857          | 70,591          |
| Services sales  | 28,116          | 183,394         |
|   | <hr/> 1,052,501 | <hr/> 1,642,713 |
| <b>Other Income</b>   |                 |                 |
| Cash flow boost incentive from the government   | –               | –               |
| Grant from the government   | 26,535          | 50,306          |
|   | <hr/>           | <hr/>           |
| <b>Expenses</b>   |                 |                 |
| Depreciation and amortisation   |                 |                 |
| - depreciation of furniture, fittings and equipment   | 6,962           | 10,966          |
| - depreciation on right-of-use assets   | –               | 78,064          |
| - amortisation of intangible assets   | 174,438         | 64,490          |
| Professional services   |                 |                 |
| - contractors   | 282,311         | 293,894         |
|   | <hr/>           | <hr/>           |

## OpenLearning Limited and Controlled Entities

### Notes to the financial statements – half-year ended 30 June 2023

#### 3. Loss per share

Both the basic and diluted losses per share have been calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

The reconciliation of the weighted average number of ordinary shares for the purposes of calculating the diluted losses per share is as follows:

|   | 30 June 2023 | 30 June 2022 |
|---|--------------|--------------|
| Weighted average number of ordinary shares for basic losses per share computation   | 267,869,076  | 212,419,849  |
| Effects of dilution from:   |              |              |
| - share options issued to convertible note holders                                  | –            | –            |
| - share options issued to advisors  | –            | –            |
| Weighted average number of ordinary shares for diluted losses per share computation | 267,869,076  | 212,419,849  |

The effects from the potential ordinary shares of the Company arising from the conversion of share-based payments for the current financial half-year ended 30 June 2023 is deemed anti-dilutive. Accordingly, the basic and diluted earnings per share for the current financial half-year are the same.

#### 4. Share capital

|   | 30 June<br>2023<br>\$ | 31 December<br>2022<br>\$ |
|---|-----------------------|---------------------------|
| 267,869,075 (31 Dec 2022: 267,869,075) fully paid ordinary shares | 36,263,511            | 36,263,511                |

##### 4.1 Movements in ordinary shares

|   | 30 June 2023       |                    | 31 December 2022   |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | No. of shares      | \$                 | No. of shares      | \$                 |
| <b>Issued and fully paid ordinary shares:</b> |                    |                    |                    |                    |
| At 1 January                                  | 267,869,075        | 39,179,029         | 197,358,300        | 35,295,761         |
| Issuance of shares during the period :        |                    |                    |                    |                    |
| - placement of shares                         | –                  | –                  | 70,510,775         | 3,883,268          |
| <b>Balance at end of the period</b>           | <b>267,869,075</b> | <b>39,179,029</b>  | <b>267,869,075</b> | <b>39,179,029</b>  |
| <b>Equity issuance costs</b>                  |                    |                    |                    |                    |
| At 1 January                                  | –                  | (2,915,518)        | –                  | (2,800,330)        |
| Costs arising from equity issuance            | –                  | –                  | –                  | (115,188)          |
| <b>Balance at end of the period</b>           | <b>–</b>           | <b>(2,915,518)</b> | <b>–</b>           | <b>(2,915,518)</b> |
| <b>Balance at end of the period</b>           | <b>267,869,075</b> | <b>36,263,511</b>  | <b>267,869,075</b> | <b>36,263,511</b>  |

## OpenLearning Limited and Controlled Entities

### Notes to the financial statements – half-year ended 30 June 2023

#### 4.2 Movements in unquoted options over ordinary shares

| Exercise period             | Exercise price per share | Number on issue at 1 January 2023 | Issued/ (Lapsed) | Number on issue at 30 June 2023 |
|-----------------------------|--------------------------|-----------------------------------|------------------|---------------------------------|
| On or before 31 August 2024 | \$0.30                   | 250,000                           | –                | 250,000                         |
| On or before 27 April 2025  | \$0.30                   | 1,000,000                         | –                | 1,000,000                       |
| Total unquoted options      |                          | 1,250,000                         | –                | 1,250,000                       |

\* exercise of the options is subject to escrow periods.

#### 4.3 Performance rights

950,000 performance rights were granted on 1 October 2020 to key management personnel of the Group. These performance rights are exercisable to 950,000 ordinary shares in the Company over 3 years with 1/3 vesting annually on the condition that the Company's volume weighted average share price over any 30 consecutive trading days is equal to or higher than 55 cents.

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

None of the above performance rights vested during the financial period.

#### 5. Reserves

|                                      | 30 June 2023 | 31 December 2022 |
|--------------------------------------|--------------|------------------|
|                                      | \$           | \$               |
| Foreign currency translation reserve | 23,521       | 25,838           |
| Common control reserve               | 1,650,477    | 1,650,477        |
| Share option reserve                 | 49,867       | 49,867           |
|                                      | 1,723,865    | 1,726,182        |

## OpenLearning Limited and Controlled Entities

### Notes to the financial statements – half-year ended 30 June 2023

#### 6. Operating segments

##### 6.1 Segment revenue

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

|   | Platform SaaS  |                | Program delivery |                | Services      |                | Marketplace   |               | Total            |                  |
|---|----------------|----------------|------------------|----------------|---------------|----------------|---------------|---------------|------------------|------------------|
|   | 2023           | 2022           | 2023             | 2022           | 2023          | 2022           | 2023          | 2022          | 2023             | 2022             |
|   | \$             | \$             | \$               | \$             | \$            | \$             | \$            | \$            | \$               | \$               |
| <b>Geographical markets</b>                     |                |                |                  |                |               |                |               |               |                  |                  |
| Australia                                       | 649,902        | 546,472        | 73,271           | 620,651        | 22,240        | 136,881        | 52,522        | 64,602        | 797,935          | 1,368,606        |
| Malaysia  | 248,355        | 220,040        | -                | -              | 5,876         | 46,513         | 335           | 2,660         | 254,566          | 269,213          |
| Singapore                                       | -              | 1,565          | -                | -              | -             | -              | -             | 3,329         | -                | 4,894            |
|   | <u>898,257</u> | <u>768,077</u> | <u>73,271</u>    | <u>620,651</u> | <u>28,116</u> | <u>183,394</u> | <u>52,857</u> | <u>70,591</u> | <u>1,052,501</u> | <u>1,642,713</u> |
| <b>Timing of revenue recognition</b>            |                |                |                  |                |               |                |               |               |                  |                  |
| Products and services transferred to customers: |                |                |                  |                |               |                |               |               |                  |                  |
| At a point in time                              | -              | -              | -                | -              | -             | -              | 52,857        | 70,591        | 52,857           | 70,591           |
| Over time                                       | <u>898,257</u> | <u>768,077</u> | <u>73,271</u>    | <u>620,651</u> | <u>28,116</u> | <u>183,394</u> | <u>-</u>      | <u>-</u>      | <u>999,644</u>   | <u>1,572,122</u> |
|   | <u>898,257</u> | <u>768,077</u> | <u>73,271</u>    | <u>620,651</u> | <u>28,116</u> | <u>183,394</u> | <u>52,857</u> | <u>70,591</u> | <u>1,052,501</u> | <u>1,642,713</u> |

##### 6.2 Segment performance and assets/liabilities

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

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

- Australia
- South East Asia
- Global Platform
- Global Services
- Corporate Overheads

## OpenLearning Limited and Controlled Entities

### Notes to the financial statements – half-year ended 30 June 2023

|                                     | Australia<br>\$ | South East<br>Asia<br>\$ | Global<br>Platform<br>\$ | Global<br>Services<br>\$ | Corporate<br>Overheads<br>\$ | Total<br>\$ |
|-------------------------------------|-----------------|--------------------------|--------------------------|--------------------------|------------------------------|-------------|
| <b>Half-year ended 30 June 2023</b> |                 |                          |                          |                          |                              |             |
| <b>Revenue:</b>                     |                 |                          |                          |                          |                              |             |
| External sales                      | 702,214         | 288,042                  | 62,245                   | -                        | -                            | 1,052,501   |
| <b>Segment results:</b>             |                 |                          |                          |                          |                              |             |
| Segment profit / (loss)             | (296,356)       | (57,383)                 | 62,245                   | (1,270,765)              | (667,707)                    | (2,229,966) |
| <b>Segment assets</b>               | 1,742,606       | 469,585                  | -                        | -                        | 1,220,170                    | 3,432,361   |
| <b>Segment liabilities</b>          | 1,214,683       | 506,297                  | -                        | -                        | 1,526,258                    | 3,247,238   |
|                                     |                 |                          |                          |                          |                              |             |
|                                     | Australia<br>\$ | South East<br>Asia<br>\$ | Global<br>Platform<br>\$ | Global<br>Services<br>\$ | Corporate<br>Overheads<br>\$ | Total<br>\$ |
| <b>Half-year ended 30 June 2022</b> |                 |                          |                          |                          |                              |             |
| <b>Revenue:</b>                     |                 |                          |                          |                          |                              |             |
| External sales                      | 1,285,870       | 275,562                  | 81,281                   | -                        | -                            | 1,642,713   |
| <b>Segment results:</b>             |                 |                          |                          |                          |                              |             |
| Segment profit / (loss)             | (790,835)       | (211,444)                | 81,281                   | (1,363,822)              | (860,993)                    | (3,145,813) |
| <b>Segment assets</b>               | 3,924,835       | 399,388                  | -                        | -                        | 415,300                      | 4,739,523   |
| <b>Segment liabilities</b>          | 1,585,966       | 422,653                  | -                        | -                        | 172,457                      | 2,181,076   |

#### 7. Events after the reporting period

No events have arisen that would be likely to materially affect the operations of the Group, or the state of affairs of the Group not otherwise disclosed in the Group's financial report.

#### 8. Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting period.

#### 9. Seasonality of Operations

The Group's performance is generally not affected by seasonality with the exception of the program delivery revenue stream. Program delivery, which comprise the online program management business, is subject to seasonality as revenue is affected by commencement date of the foundation study courses as determined by the education partner.

#### 10. Fair value measurements

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value

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## OpenLearning Limited and Controlled Entities

### Directors' declaration – half-year ended 30 June 2023

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In accordance with a resolution of the directors of OpenLearning Limited, the directors of the Company declare that:

1. The financial statements and notes, as set out, are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Australian Standard AASB 134: *Interim Financial Reporting*; and
  - b. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors



Spiros Pappas  
Chairman

Dated: 31 August 2023

**OPENLEARNING LIMITED  
ABN 18 635 890 390  
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF OPENLEARNING LIMITED**

In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of OpenLearning Limited. As the lead partner for the review of the financial report of OpenLearning Limited for the half year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*Hall Chadwick (NSW)*

HALL CHADWICK (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000

*Sandeep Kumar*

**SANDEEP KUMAR**  
Partner  
Dated: 31 August 2023

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**OPENLEARNING LIMITED  
AND CONTROLLED ENTITIES  
ABN 18 635 890 390**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
OPENLEARNING LIMITED**

**Report on the Half Year Financial Report**

**Conclusion**

We have reviewed the half-year financial report of OpenLearning Limited (the Company) and controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of Financial Report performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1.2 in the half year financial report which indicates that the Group had incurred a net loss of \$2,229,966 and net operating cash outflow of \$1,701,965. These conditions, along with other matters as set forth in Note 1.2 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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**OPENLEARNING LIMITED  
AND CONTROLLED ENTITIES  
ABN 18 635 890 390**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
OPENLEARNING LIMITED**

**Directors' Responsibility for the Half Year Financial Report**

The directors of OpenLearning Limited are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Hall Chadwick (NSW)*

HALL CHADWICK (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000

*Skeemas*

**SANDEEP KUMAR**

Partner

Dated: 31 August 2023

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