

ASX Announcement | 29 February 2024

OpenLearning Converts Debt to Equity and Increases Loan Facility with Education Centre of Australia

Sydney, Australia, 29th February 2024: OpenLearning Limited, the AI powered SaaS platform for lifelong learning ('OpenLearning' or 'the Company') (ASX: OLL) is pleased to announce it has reached an agreement to extinguish outstanding debt and convert this debt to equity with its largest shareholder Education Centre of Australia ('ECA'), an entity associated with OLL's Non-Executive Director Rupesh Singh, by amending the agreement between the Company and ECA dated 6 June 2023 ('Agreement'). Under the amended Agreement, ECA has also agreed to make an addition \$2 million available under the facility to support the Company's operations and objectives.

The Board has elected to convert the outstanding debt owed by the Company to ECA will convert into shares at a price of 2.0 cents ('Conversion'), which represents a 25% premium to the 30-day volume weighted average price ('VWAP'). This will extinguish the Company's \$3.105 million currently outstanding debt obligations to ECA, which includes interest accrued.

The Conversion is conditional on the Company receiving shareholder approval under item 7 of section 611 of the Corporations Act and under ASX Listing Rule 10.11, which will be put to a forthcoming meeting of shareholders. ECA currently holds 33.48% of the voting power in OpenLearning. The Board of OpenLearning will form a subcommittee, which will exclude Mr Singh, for the purposes of engaging an independent expert and preparing the requisite notice of meeting.

Alongside the Conversion, ECA has agreed to increase the current loan facility allowing the Company to draw down a further \$2 million. This provides adequate funding for the Company to complete its acquisition of higher education marketplaces and for working capital to progress operations and other growth plans.

Commenting on the Agreement, Rupesh Singh, Managing Director of ECA and Director of OpenLearning said, "I remain steadfast in my belief in the technological innovation and long-term vision of OpenLearning, as well as the expansive opportunities present in the global EdTech landscape. The company has consistently demonstrated its ability to grow SaaS platform revenues every quarter, for the past 10 quarters, all while effectively reducing costs and swiftly approaching break-even. I am confident in the promising future ahead for all stakeholders".

OpenLearning Managing Director, Adam Brimo, said, "We are pleased to continue working closely with ECA to expand our business. Their commitment to converting debt into equity, at a premium of 25% above market value, reaffirms their confidence in OpenLearning's long term prospects and growth opportunities. Additionally, the loan facility will enable us to finalise the acquisition of the student marketplaces, continue our sales and marketing efforts, and pursue other growth initiatives."

Key Terms of the Conversion

The terms of the debt to equity conversion are as follows:

1. The Company can elect to convert all or part of the outstanding debt into equity at any time.
2. The Conversion price is 2.0 cents. This represents a 25% premium to the 30-day VWAP price of OLL shares on the ASX.
3. The Company has elected to convert \$3.105 million of outstanding debt obligations to ECA on 29 February 2024.
4. ECA currently holds 33.48% of ordinary shares in OpenLearning. Subject to receipt of shareholder approval, following the Conversion, ECA will hold 57.88% of ordinary shares in OpenLearning.
5. Rupesh Singh is a director of both ECA and OpenLearning. He will be excluded from the subcommittee which will engage an independent expert who will evaluate the Agreement.

Details of the increased Loan Facility

The terms of the increased loan facility are as follows:

1. The loan facility is increased by \$2 million.
2. The loan is unsecured.
3. The term of the loan is two years from the date an advance is or is to be drawn.
4. The interest rate is fixed at 7.35% per annum.
5. The Company is permitted to draw down on the loan on a quarterly basis.
6. Interest accrues daily on the drawn portion of the loan and will be capitalised.
7. The Company may repay the whole or any part of the loan or any outstanding amounts owing to ECA under the Agreement, at any time during the term of the loan without penalty.
8. The Company can elect to convert a portion of the outstanding debt into equity at any time at a 25% premium to the 30-day VWAP of OLL shares on the ASX prior to the date of a conversion notice.

The non-conflicted Directors of OpenLearning are of the view that the terms of the loan are more favourable than those the Company could secure from a third party and that a loan facility of this nature preserves share value and is in the best interests of all shareholders at this time.

OpenLearning will utilise the loan for operational working capital, growth initiatives and further resources to continue executing on its core initiatives, which include:

1. Growing platform SaaS revenue.
2. Completion of the recently announced higher education marketplaces acquisition.
3. Continued product development, including expanding the Company's suite of generative AI-powered tools for education providers.
4. Expanding into the Indian market in partnership with ECA.

This release has been approved by the Board of Directors.

Ends.

Authorised by:

Adam Brimo

Group CEO & Managing Director

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Visit the Investor section of the OpenLearning website at:

<https://solutions.openlearning.com/investor-home/> and follow the latest news here:

<https://investors.openlearning.com/> There you can download the Company's Prospectus and see recent ASX Announcements and press coverage.

In addition to signing up for OpenLearning news directly from the Company, we also encourage shareholders to register to receive electronic communications from our share registry, Automic. To sign up for e-communications from Automic, please visit <https://www.automicgroup.com.au/>.

Thanks for your ongoing support. We look forward to sharing OpenLearning news with you.

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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/>