ABN 18 635 890 390

OpenLearning Limited and Controlled Entities

Audited Annual Financial Statements
31 December 2023

OpenLearning Limited and Controlled Entities

Corporate Directory

Directors

Spiro Pappas	- Non-Executive Chairman
Adam Brimo	- Managing Director and Group CEO
Rupesh Singh	- Non-Executive Director
Matthew Reede	- Non-Executive Director

Company Secretary

Robyn Slaughter

Registered Office

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Pyrmont NSW 2009

Company Contact Number

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Fax +61 3 8678 1747

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

OpenLearning Limited and Controlled Entities

General information

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Directors' report

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 financial year ended 31 December 2023.

Directors

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

Spiro Pappas	- Non-Executive Director and Chairman
Adam Brimo	- Managing Director and Group CEO
Rupesh Singh	- Non-Executive Director
Benjamin Shields	- Non-Executive Director (resigned on 27 January 2023)
John Merakovsky	- Non-Executive Director (resigned on 5 December 2023)
Mathew Reede	- Non-Executive Director (appointed on 21 February 2024)

Particulars of each director's experience and qualifications are set out later in this report.

Principal Activities

The principal activities of the Group during the financial year were:

- providing a cloud-hosted social learning platform for delivering short courses, blended learning and online degrees;
- online program management serving direct-entry programs that enable students to enter universities;
- providing learning design services; and
- promotion and sale of educational courses through a global marketplace.

Review of operations and financial position

Results for financial year 2023 ("FY2023"):
- gross sales of $2,985,122, a decrease of 17.7% year-on-year ("YoY");
- revenue of $2,293,777, a decrease of 27.6% YoY;
- loss after tax of $(4,421,750), a decrease in losses of 21.7% YoY;
- loss before impairments, retrenchment costs and financing of $(3,831,549), a decrease of 31.4% YoY.

	2023 $	2022 $	Inc / (Dec) %
Revenue from ordinary activities	2,293,779	3,167,310	(27.6)
Revenue comprises of the following:			
Platform SaaS fees	1,845,865	1,644,233	12.3
Program delivery	287,280	1,035,951	(72.3)
Marketplace sales	792,949	552,217	43.6
Services sales	59,029	395,624	(85.1)
Gross sales	2,985,123	3,628,025	(17.7)
Less: Sharing of revenue with course creators	(691,344)	(460,715)	50.1
Revenue	2,293,779	3,167,310	(27.6)
Loss after tax from ordinary activities attributable to owners	(4,421,750)	(5,648,308)	(21.7)
Net loss attributable to owners	(4,421,750)	(5,648,308)	(21.7)

Strategy

OpenLearning offers an AI-powered lifelong learning platform that enables education providers to design and deliver 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 end-to-end learning platform and tools on a SaaS model to enable education providers to design, deliver and sell courses online.

- **Marketplace**: Providing a marketplace to clients to drive network effects, increase brand awareness for education providers and accelerate platform adoption.

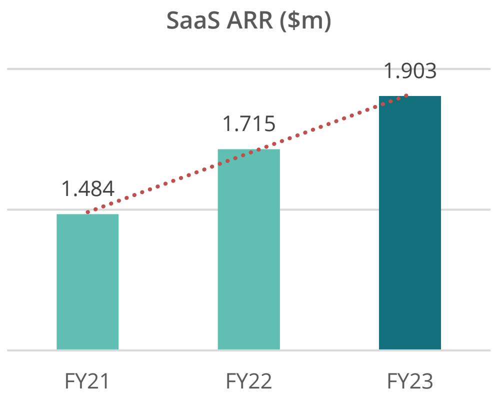
The advent of new generative AI tools in the past year has created substantial opportunities for platform providers. The Group has moved quickly to position itself to capitalise on the interest in AI by developing and launching a wide range of generative AI powered features in FY2023.

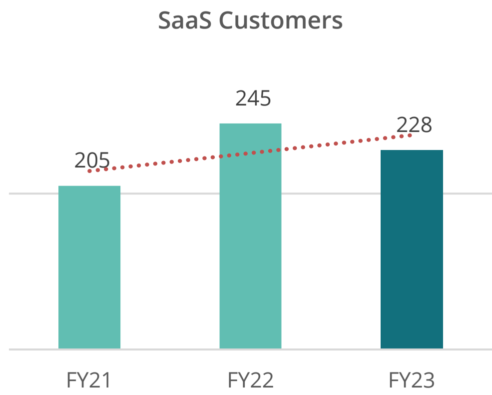
OpenLearning's new AI tools are already being used by over 60% of our customers and are now the primary driver of new business and interest from prospective customers.

OpenLearning ended FY2023 with 228 Platform Subscription customers and over 3.6 million learners, making it one of Australia and Southeast Asia's largest lifelong learning platforms.

Increasing SaaS revenue and lower costs in FY2023

The Group is pleased to report that revenue from its core Platform Subscription division continued to grow. In FY2023, SaaS annual recurring revenue (ARR)[1] grew by 11% and SaaS revenue grew by 12.3% while average revenue per customer grew 19% to $8,347.





The Group's gross sales, which includes all divisions, decreased by 17.7% YoY to $2,985,122. After deducting revenue shared with education providers, revenue declined by 27.6% YoY to $2,293,777.

The Group's operating loss before impairments, retrenchment costs and financing costs declined 31.4% YoY to $3,831,549 as a result of extensive cost optimisation exercise and improving operating efficiency. In January 2024, the Company implemented a further cost reduction exercise that is expected to result in further cost savings from Q2 FY24.

The Group's Program Delivery division was impacted by lower demand for Australian international education from its partner's target markets in FY2023. In February 2024, the Group and UNSW College mutually agreed to discontinue the TPO.

In FY2023, The Group made the strategic decision to discontinue its Learning Services business and focus on its Platform SaaS offering. The launch of the OpenLearning AI Assistant is also expected to reduce demand for these services as it will save education providers significant time in developing courses.

Successful Launch of New AI Features

At the end of December 2023, the Company launched its most significant AI-feature, a ground-breaking AI-powered course builder that combines existing AI functionality with new capabilities to generate an entire course using AI and based on input from education providers.

The AI Course Builder is expected to save significant time and resources for education providers during course development. It offers a step-by-step AI wizard that creates course objectives, learning outcomes, course structure, modules and content, all tailored based on the input provided by educators.

The AI Course Builder is the latest addition to the Company's AI Assistant, which comprises three distinct features: image generation, content generation that generates 14 types of content, and learning activity creation that produces 17 types of activities. These tools are automatically applied

[1] Annualised recurring SaaS revenue, calculated by utilising the generally accepted industry standard, which involves multiplying the monthly accrued SaaS revenue in the month at the end of the quarter by 12 (months). The ARR calculation does not take into account the future expiry of the term of any contract under which SaaS revenue is generated or any customer lost during the relevant month.

to the topic and information provided by the educator by using OpenLearning's proprietary prompt layer on top of GPT-4.

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 also provides tailored suggestions to educators during the course design process, helping them create more engaging and effective learning experiences.

Over 60% of OpenLearning's customer base has actively engaged with the AI Assistant. The incorporation of Generative AI is anticipated to enhance OpenLearning's value proposition, fostering increased utilisation among existing subscribers and attracting subscriptions from new education providers, driving higher SaaS platform subscription revenue.

Expansion to India with ECA

The Company signed a long-term Distribution and SaaS Reseller Agreement with the Education Centre of Australia ('ECA') in March 2023 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 started promoting 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.

Since the launch of OpenLearning Bharat, the Company has engaged in extensive collaboration with ECA to enrich its Indian marketplace. This collaboration has resulted in the inclusion of over 200 courses from global education providers, and it has played a pivotal role in supporting sales initiatives across India. While the Company foresees a steady expansion of its business in India, early indicators are promising, and new customer partnership conversations are ongoing.

Agreement of Acquire Higher Education Marketplaces

Post the end of FY2023, the Company signed a binding business and asset sale agreement to acquire three leading Australian higher education marketplaces, expanding the student acquisition capabilities it offers to customers. [ASX Announcement 2nd Jan 2024]

Annually, the marketplaces attract over 800,000 users and list over 15,000 courses and degrees from 70 institutions. The websites for the marketplaces are:

- PostGradAustralia.com.au
- TheUniGuide.com.au
- StudyNewZealand.nz

The marketplaces are profitable, generating revenue from listing fees paid by higher education providers to promote their institutions and courses. The marketplace's customers include Australian universities, private higher education colleges and registered training organisations, providing clear cross-selling opportunities.

The Company believes this acquisition will strengthen OpenLearning's value proposition to education providers and complement the existing platform and marketplace by providing an additional channel to promote courses delivered by education providers.

Conclusion

The Group made substantial progress in FY2023 to turn around the business by reducing its cost-base by 30%, growing SaaS revenue by 12.1%, deploying industry-leading Generative AI tools and beginning its expansion to India. While much more work remains to be done, the Group is focused on reaching break-even and growing its SaaS revenues.

In February 2024, the Group and ECA agreed to amend the loan facility to provide the Group with the option to convert the outstanding amount of the loan into equity at a 25% premium to the 30-day volume weighted average price ('VWAP') and extend the loan facility by a further $2 million.

The non-conflicted Directors of the Group 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.

The Group is grateful for the support of its partners and shareholders and for the hard work and dedication of employees.

Events after the reporting period

- ECA has agreed to make an additional $2 million available under the loan facility to support the Company's objectives, with the same terms and conditions of the current borrowings mentioned in Note 16.

- ECA has agreed to amend the loan facility to allow the Group to convert the outstanding amount of the loan into shares at a 25% premium to the 30-day volume weighted average price ('VWAP') at its discretion and subject to shareholder approval prior to the repayment date.

- On 29th February the Group's Board of Directors elected to convert the outstanding debt owed by the Group to ECA of $3 million into shares at a price of 2.0 cents subject to shareholder approval.

- On 8th March the Group signed a platform software-as-a-service (SaaS) and content license agreement with the Asia Pacific International College ('APIC') with a minimum contract value of $1.07 million incl GST over the 3-year term of the agreement.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under the laws of the countries where the Group operates in.

Dividends

No dividends were paid or declared during or since the end of the financial year and there were no declared dividends unpaid at the date of this report.

Indemnification and insurance of directors and officers

During the year, the Group has paid a premium in respect of an insurance contract insuring all directors and officers of the Group against liabilities incurred in the capacity as a director or officer of the Group.

Indemnification and insurance of auditor

During the year, the Group has not indemnified or agreed to indemnify the auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act*

2001. No other fees were paid or payable to the auditors for non-audit services performed during the year ended 31 December 2023.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2023 has been received and can be found on page 18 of the financial report.

Options

At the date of this report, the unissued ordinary shares of OpenLearning Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price per share	Number under Option
28 October 2021	31 August 2024	$0.30	250,000
28 October 2021	27 April 2025	$0.30	1,000,000

Option holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

Other than the above, there have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

Performance rights

As at the date of this report there are no performance rights on issue.

Information Relating to Directors and Company Secretary

Spiro Pappas	–	Non-Executive Director and Chairman
Qualifications	–	B.Comm (Merit), AICD
Experience	–	Spiro Pappas is a business leader with over 30 years of experience predominantly in the financial services industry. Since leaving NAB in July 2018, Spiro has served on a number of boards. In addition to his role at Open Learning, Spiro is currently the Chairman of Atlas Iron, Cognian Technologies (IoT Proptech) and Go Zero Group. At NAB, Spiro performed several leadership roles including Executive General Manager of Global Institutional Banking, CEO of Asia and Executive General Manager of International and Innovation. Prior to NAB, Spiro worked in Sydney, London and New York with Deutsche Bank and then over 11 years in London with ABN AMRO/RBS where he managed a number of global businesses including Debt Capital Markets, Client Coverage for Financial Institutions and Corporate Finance and Advisory.

		Spiro has also served as the Chair of OpenInvest (Wealthtech), a NED of DataMesh Group (Payment Fintech), on the Advisory Board of both the Australia China Business Council and the Australia Japan Business Cooperation Council and was a Board Member of the European Australian Business Council. Spiro was also a member of a taskforce advising the Federal Government on how to enable the SME sector for the digital age.
Interest in Shares and Options	–	3,679,091 fully paid ordinary shares, held directly and indirectly via Nicollete Harper. Subject to receipt of shareholder approval, which is to be sought at the next meeting of Shareholders, Mr Pappas is to receive 1,000,000 unlisted options, each exercisable at $0.05 and expiring five years from the date of allotment.
Special Responsibilities	–	N/A
Directorships held in other listed entities during the three years prior to the current year	–	Splitit Payments Ltd (Resigned 8 February 2021)

Adam Brimo	–	Managing Director and Group CEO
Qualifications	–	B.Eng (Software), B.Arts (Politics)
Experience	–	Adam Brimo is listed in the 2017 Forbes 30 Under 30 Asia for Consumer Technology, The Pearcey Foundation's 2018 NSW Tech Entrepreneur Hall of Fame and is a recipient of the 2011 UNSW Alumni Graduand Award. Adam previously worked at Macquarie Bank as a Software Engineer in the Fixed Income, Currencies and Commodities Group and at Westpac Institutional Bank as a Senior Software Engineer. In 2010-2011, Adam led the successful Vodafail consumer activist campaign, which resulted in nationwide media coverage, an ACMA inquiry and a $1bn network upgrade for Vodafone's Australian business. Adam was named the Consumer Activist of the Year in 2011 by Choice Magazine for his transformative impact on the telecommunications sector in Australia. In 2012, Adam joined UNSW Professor Richard Buckland and David Collien to found OpenLearning.com, a lifelong learning platform. Since that time, over 3 million students have joined courses, including the first massive open online courses (MOOCs) from Australia and Malaysia.
Interest in Shares and Options	–	6,967,475 fully paid ordinary shares held directly and indirectly via Melissa Ran and Strong Alliance Pty Ltd. Subject to receipt of shareholder approval, which is to be sought at the next meeting of Shareholders, Mr Brimo is to receive: • 4,000,000 performance rights, which are subject to a three year vesting period with various vesting hurdles and expire five years from the date of allotment; and 2,000,000 unlisted options, each exercisable at $0.05 and expiring five years from the date of allotment.
Special Responsibilities	–	Group CEO
Directorships held in other listed entities during the three years prior to the current year	–	None

Benjamin Shields	–	Non-Executive Director (Resigned 27 January 2023)
Qualifications	–	B.Bus, MBA
Experience	–	Ben is a senior-level professional with twenty years of corporate strategy, strategy execution and transformation experience. In his corporate career and as a consultant, Ben has worked throughout Asia (China, Singapore, Hong Kong, Indonesia, Korea, Japan), the US and UK, primarily in the areas of growth strategy, mergers and acquisitions strategy, commercial & operational due diligence and strategy execution and organisational transformation. Ben is Managing Director of Alchemy Growth, a boutique strategy advisory firm and is a Founding Partner of Alchemy Tribridge, the global investment firm. Ben was previously a Partner at Deloitte for more than twelve years. In his community role, Ben is Chair of headspace National Youth Mental Health Foundation and is a Board member of PCYC NSW. Ben has a Master of Business Administration from the University of Western Australia and is a member of the Australian Institute of Company Directors.
Interest in Shares and Options	–	334,903 fully paid ordinary shares*
Special Responsibilities	–	N/A
Directorships held in other listed entities during the three years prior to the current year	–	None

*as at the resignation date, as outlined in Mr Sheild's Appendix 3Z dated 31 January 2023

John Merakovsky	–	Non-Executive Director (Resigned 5 December 2023)
Qualifications	–	BSc (Hons), PhD
Experience	–	John Merakovsky is a veteran of the technology industry having previously been the CEO of leading loyalty and data company Flybuys, and previously the CEO and Managing Director of ASX-listed Integrated Research Ltd. He was previously General Manager of SEEK Learning, part of leading Australian online employment platform SEEK, and before that Managing Director and CEO Australia and New Zealand for global marketing and credit services provider Experian. Mr Merakovsky started his career in the education technology sector as the founder and CEO of Southrock Corporation, a leading provider of enterprise Learning and Performance Management Solutions that was acquired by Talent2 in 2005. Having originally trained as a molecular biologist and neurogeneticist at the University of Melbourne, Mr Merakovsky is passionate about building a better future through sustainable investment in science and technology.
Interest in Shares and Options	–	None*
Special Responsibilities	–	N/A
Directorships held in other listed entities during the three years prior to the current year	–	None

*as at the resignation date, as outlined in Mr Merakovsky's Appendix 3Z dated 7 December 2023

Rupesh Singh	–	Non-Executive Director

Qualifications	–	GradDip (IT)
Experience	–	Founder and Chief Executive Officer of Education Centre of Australia (**ECA**). ECA group partners and invest with universities to open campuses so that Universities have access to new markets, ECA takes care of all legal processes and investment requirement to setup campus operation. ECA currently partners with Australian, UK and Indian Universities. Victoria university, Swinburne, University of Canberra, Charles Stuart university and London met university are currently partnering with ECA to offer courses to students in different locations. ECA has established a strong network of representatives in 40+ countries to recruit quality students for its university partners. ECA group also has job ready program and currently offers 2000 plus internship to its students every year. ECA group has its own English school, 3 vocational institutes and 3 post graduate institutes which awards its own qualification at post graduate level. One of the speciality ECA group offers to its university partners is that ECA de risk subcontinent for universities as ECA has deployed a large team in India and been working in the region for more than 15 years.
Interest in Shares and Options	–	53,305,946 fully paid ordinary shares, held indirectly via ECA Investments Group Pty Ltd (Atf the ECA Investments Group Trust) Subject to receipt of shareholder approval, which is to be sought at the next meeting of Shareholders, Mr Singh, via ECA, is to receive up to a maximum of 155,199,684 fully paid ordinary shares.
Special Responsibilities	–	N/A
Directorships held in other listed entities during the three years prior to the current year	–	None
Matthew Reede	–	Non-Executive Director
Qualifications	–	Master of Commerce majoring in Marketing & Communications Bachelor of Economics majoring in Accounting, Advanced Diploma of Financial Services & Investor Relations
Experience	–	Mr Reede has over 20 years' experience in investment management, business management and early stage finance. Mr Reede is managing partner at Dominion Partners having founded the company in 2021, Director of Caledonia Capital and Euphrates Capital in Australia and Director of Colville Capital in the United Kingdom. The Company confirms that Dominion Partners have been engaged since April 2023 to provide investor relationship services to the Company. Mr Reede has a wealth of experience in the education sector having co-founded Performance Education Group in 2005, which grew to become Australia's largest Professional Year Provider in size and employment outcomes before exiting his stake in the business to EDU Holdings in 2018. Performance Education Group, now Gradability, was acquired by Online Education Services (OES) in 2021. In 2018, Mr Reede founded BioScore, which is a software platform for health and fitness professionals to manage and report on performance tests and other health test results and Habitat Travel in 2013, an online channel management provider for accommodation operations and online travel agents. In his early career, Mr Reede worked for KPMG and Macquarie Bank, based in Sydney, Australia.
Interest in Shares and Options	–	30,000 fully paid ordinary shares.

		Subject to receipt of shareholder approval, which is to be sought at the next meeting of Shareholders, Mr Reede is to receive 1,000,000 unlisted options, each exercisable at $0.05 and expiring five years from the date of allotment.
Special Responsibilities	–	N/A
Directorships held in other listed entities during the three years prior to the current year	–	None

Robyn Slaughter	–	Company Secretary
Qualifications	–	MSc Corporate Governance with Graduate ICSA - London South Bank University BA (Hons) Accounting and Finance - University of Lincoln
Experience	–	Ms Slaughter is a qualified Governance Professional (CGI) and Associate of the Governance Institute of Australia (GIA), who holds a Masters degree in Corporate Governance and a Bachelors degree in Accounting and Finance. Ms Slaughter has 6 years' experience working in Company Secretarial roles and is currently a Company Secretary of and provides company secretarial support to various ASX listed, unlisted public and private companies across a range of Industries including financial services, biotechnology and healthcare, technology, mining, cyber security and manufacturing.
Nova Taylor	–	Company Secretary (Resigned 11 October 2023)
Qualifications	–	Bachelor of Business and Commerce (Management and Economics) – Monash University, Graduate Diploma of Accounting – Deakin University, Graduate Diploma of Applied Corporate Governance – Governance Institute of Australia, Graduate Certificate of Applied Finance – Kaplan Professional
Experience	–	Company Secretary with over 15 years' experience as a Company Secretary of ASX listed companies in various industries including IT and telecommunications, mining and exploration, biotechnology and agriculture.

Meetings of Directors

During the financial year 2023, 9 meetings of directors were held. Attendances by each director during the year was as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Adam Brimo	9	9
Spiro Pappas	9	9
Benjamin Shields*	0	0
John Merakovsky**	9	9
Rupesh Singh	9	9
Matthew Reede***	0	0

* Benjamin Shields resigned 27 January 2023

**John Merakovsky resigned on 5 December 2023
***Matthew Reed was appointed to the Board on 21 February 2024

Remuneration Report

The Remuneration Report for Non-Executive Directors, Executive Director and other Key Management Personnel have been prepared under the following main headings:

(i) Remuneration policy
(ii) Details of remuneration
(iii) Service agreements
(iv) Share-based remuneration
(v) Other information

(i) Remuneration Policy

The remuneration policy of the Group has been designed:

- to align rewards to business outcomes that deliver value to shareholders
- to create a high performance culture by setting challenging objectives and rewarding individuals based on performance targets met
- to ensure remuneration is competitive in line with market to motivate and retain executive talent

In absence of a Remuenration Committee, the Board is responsible for determining and reviewing remuneration arrangements for the Directors and the executive team.
The remuneration structure adopted by the Group consists of the following components:

- fixed remuneration being annual salary;
- short term incentives, being employee share schemes and bonuses for selected executives; and
- long term incentives, including employee performance rights or options issued under the Company's employee incentive scheme.

The payment of bonuses, share options, performance rights and other incentive payments are reviewed by the Board for approval. All bonuses, options, performance rights and incentives are linked to pre-determined performance criteria.

(ii) Details of remuneration

The remuneration for key management personnel (KMP) of the Group during the year was as follows:

		Short-term Benefits				Post-employment Benefits		Long-term Benefits		Equity-settled Share-based Payments		Cash-settled Share-based Payments	Termination Benefits	Total
		Salary and Fees	Profit Share and Bonuses	Non-monetary	Leave and Other	Pension and Superannuation	Other	Incentive Plans	LSL	Shares/ Units	Options/ Rights			
		$	$	$	$	$	$	$	$	$	$	$	$	$
Executive Director														
Adam Brimo	2023	250,000	-	-	12,469	26,630	-	-	5,073	-	-	-	-	294,172
	2022	250,000	-	-	7,438	24,664	-	-	45,564	-	-	-	-	327,666
Non-Executive Directors														
Spiro Pappas	2023	44,244	-	-	-	4,756	-	-	-	-	-	-	-	49,000
	2022	44,823	-	-	-	4,442	-	-	-	-	-	-	-	49,265
Kevin Barry*	2023	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	32,083	-	-	-	-	-	-	-	-	-	-	-	32,083
John Merakovsky**	2023	32,745	-	-	-	-	-	-	-	-	-	-	-	32,745
	2022	17,500	-	-	-	-	-	-	-	-	-	-	-	17,500
Rupesh Singh***	2023	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-	-	-	-	-	-
Matthew Reede****	2023	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-	-	-	-	-	-
David Buckingham*	2023	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	18,939	-	-	-	1,894	-	-	-	-	-	-	-	20,833
Prof. Beverley Oliver*	2023	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	11,364	-	-	-	1,136	-	-	-	-	-	-	-	12,500
Maya Hari*	2023	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	19,950	-	-	-	-	-	-	-	-	-	-	-	19,950
Benjamin Shields**	2023	2,630	-	-	-	277	-	-	-	-	-	-	-	2,907
	2022	41,216	-	-	-	4,201	-	-	-	-	-	-	-	45,417
Other KMP														
Cherie Diaz*	2023	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	195,351	46,580	-	-	19,704	-	-	-	-	-	-	-	261,635
Sarveen Kandiah*	2023	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	81,324	-	-	1,720	10,464	-	-	-	-	-	-	-	93,508
David Collien	2023	186,750	-	-	11,795	20,081	-	-	-	-	-	-	-	218,626
	2022	180,000	-	-	3,789	18,450	-	-	-	-	-	-	-	202,239
Huat Koh*	2023	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	116,814	-	-	-	9,364	-	-	-	-	-	-	-	126,178
Christina He	2023	185,000	-	-	-	19,887	-	-	-	-	-	-	-	204,887
	2022	111,484	-	-	1,957	11,498	-	-	-	-	-	-	-	124,939

Total KMP	2023	701,369	-	-	24,264	71,631	-	-	5,073	-	-	-	-	802,337
	2022	1,120,848	46,580	-	14,904	105,817	-	-	45,564	-	-	-	-	1,333,713

* Resigned part way through FY2022
** Resigned part way through FY2023
*** Appointed part way through FY2022
**** Appointed part way through FY2023

(iii) Service agreements

Remuneration and other terms of employment for the Executive Director and other key management personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration for the financial year are set out below:

(a) Adam Brimo - Managing Director and Group CEO

Adam is paid a base salary of $250,000 per annum (plus superannuation). Adam is also entitled to an incentive bonus of up to $80,000 payable based on achieving selected and verified performance criteria.

The Company proposes to grant Mr Brimo a total of 4,000,000 Performance Rights due to vest in three tranches based on share price and EBITDA targets, and 2,000,000 Unlisted Options at an exercise price of $0.05 per share with an expiry date of 5 years from the date of issue subject to shareholder approval.

(b) David Collien - Chief Technology Officer

David is paid a base salary of $189,000 per annum (plus superannuation). David is also entitled to an incentive bonus of up to $40,000 payable based on achieving selected and verified performance criteria and 200,000 performance rights.

The performance rights lapsed on 9 January 2024.

(c) Christina He - Strategy Director

Christina is paid a base salary of $185,000 per annum (plus superannuation). Christina is also entitled to an incentive bonus of up to $25,000 payable based on achieving selected and verified performance criteria and 150,000 performance rights.

The performance rights lapsed on 9 January 2024.

All the above service agreements otherwise contain customary terms for an agreement of such nature, including in relation to intellectual property being the property of the Group, restraint of trade and confidentially. The service agreements stipulate a range of two to three-month resignation periods.

(iv) Share-based remuneration

Performance rights

Performance rights were issued in FY2020 to David Collien and Christina He, as disclosed in the table below. These performance rights were due to vest 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.

The performance rights lapsed on 9 January 2024.

Rights granted as remuneration

		Grant Details			Exercised		Lapsed	
	Balance at Beginning of Year	**Issue Date**	**No.**	**Value $** (Note 1)	**No.**	**Value $**	**No.**	**Balance at End of Year No.** (Note 3)
Performance rights								
David Collien	200,000	1/10/2020	200,000	27,714	-	-		200,000
Christina He	150,000	1/10/2020	150,000	20,786	-	-	-	150,000
	350,000		350,000	48,500	-	-	-	350,000

		Vested			Unvested
	Balance at End of Year No.	**Exercisable No.**	**Unexercisable No.** (Note 2)	**Total at End of Year No.**	**Total at End of Year No.** (Note 3)
Performance rights					
David Collien	200,000	-	-	-	200,000
Christina He	150,000	-	-	-	150,000
	350,000	-	-	-	350,000

Note 1 The fair value of performance rights granted to Other KMP as remuneration as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

Note 2 The exercise period for the vested options is subject to escrow period imposed by the ASX.

Note 3 The performance rights lapsed on 9 January 2024.

Description of Options/Rights Issued as Remuneration

Details of the performance rights granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price $	Value per Option at Grant Date $	Amount Paid/ Payable by Recipient $
1 November 2020	Company	350,000 ordinary shares	Within 3 years on the condition that the Company's volume weighted average share price over any 30 consecutive trading days is higher than 55 cents	-	0.139[(1)]	-

(1) Performance right values at grant date were determined using the Black-Scholes method.

(v) Other information

The number of ordinary shares in the Company during the year held by each of the Group's key management personnel, including their related parties, is set out below:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Adam Brimo	6,967,475	-	-	-	6,967,475
Spiro Pappas	3,679,091	-	-	-	3,679,091
Kevin Barry*	2,110,806	-	-	(2,110,806)	-
John Merakovsky**	-	-	-	-	-
Rupesh Singh	53,305,946	-	-	36,379,929***	89,685,875
Matthew Reede	-	-	-	-	-
David Buckingham*	-	-	-	-	-
Prof Beverley Oliver*	-	-	-	-	-
Maya Hari*	-	-	-	-	-
Benjamin Shields**	334,903	-	-	(334,903)	-
Cherie Diaz*	588,245	-	-	(588,245)	-
Sarveen Kandiah*	177,945	-	-	(177,945)	-
David Collien	3,556,743	-	-	-	3,556,743
Huat Koh*	1,132	-	-	(1,132)	-
Christina He	-	-	-	-	-
Total	70,722,286	-	-	33,169,898	103,892,184

* Resigned part way through FY2022
** Resigned part way through FY2023
*** Shares acquired by Education Centre of Australia Pty Ltd from Alchemy Tribridge Sapphire Pty Ltd as approved by shareholders on 31st July 2023.

The Group and the Education Centre of Australia executed an agreement on 6th June 2023 to provide the Group with an unsecured loan facility of $3 million at an interest rate of 7.35% and a term of 2 years.

The Group and the Education Centre of Australia agreed to amend the terms of the unsecured loan facility on 29th February 2024 to allow the Group to convert the outstanding $3 million facility into equity at a 25% premium to the 30-day VWAP and provide an additional $2 million in unsecured debt that could be converted into equity by the Group's Board of Directors on the same terms.

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

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

Spiro Pappas
Chairman

Dated: 28 March 2024

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 audit partner for the audit of the financial report of OpenLearning Limited for the year ended 31 December 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick (NSW)

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

STEWART THOMPSON
Partner
Dated: 28 March 2024

OpenLearning Limited and Controlled Entities

Consolidated statement of profit or loss and other comprehensive income
For the financial year ended 31 December 2023

	Note	2023 $	2022 $
Revenue	3	2,293,779	3,167,310
Other income	4	89,194	104,424
Items of expense			
Web-hosting and other direct costs		(663,903)	(1,105,391)
Employee benefits expense		(3,348,870)	(5,137,120)
Depreciation and amortisation		(393,432)	(367,385)
Promotional and advertising		(186,555)	(234,886)
Professional services		(910,021)	(1,248,465)
General and administrative costs		(711,741)	(764,119)
		(3,831,549)	(5,585,632)
Capital Loss		–	(58,222)
Impairment Loss	13	(458,492)	–
Retrenchment Costs		(74,315)	–
Finance income		5,320	2,864
Finance expenses		(62,714)	(7,318)
Loss before tax	5	(4,421,750)	(5,648,308)
Income tax	6	–	–
Loss for the year		(4,421,750)	(5,648,308)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(6,250)	56,805
Total comprehensive loss for the year		(4,428,000)	(5,591,503)
Loss for the year attributable to:			
Owners of the Company		(4,421,750)	(5,648,308)
Total comprehensive loss attributable to:			
Owners of the Company		(4,428,000)	(5,591,503)
Losses per share attributable to owners of the Company			
Basic losses per share (cents)	9	(1.65)	(2.55)
Diluted losses per share (cents)	9	(1.65)	(2.55)

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 31 December 2023

	Note	2023 $	2022 $
ASSETS			
Current assets			
Trade and other receivables	10	478,165	533,649
Prepayments		164,136	170,883
Cash and cash equivalents	11	1,103,418	2,204,639
		1,745,719	2,909,171
Non-current assets			
Furniture, fittings and equipment	12	32,854	35,413
Intangible assets	13	1,557,581	1,636,762
		1,590,435	1,672,175
Total assets		3,336,154	4,581,346
LIABILITIES			
Current liabilities			
Trade and other payables	14	766,822	690,656
Provisions	15	436,377	363,984
Deferred revenue		1,092,971	1,109,300
		2,296,170	2,163,940
Non-current liabilities			
Borrowings	16	3,050,578	–
Total liabilities		3,050,578	–
Net (liabilities) / assets		(2,010,594)	2,417,406
(DEFICIT) / EQUITY			
(Deficit) / Equity attributable to the owners of the Company			
Share capital	17	36,263,511	36,263,511
Accumulated losses		(39,994,037)	(35,572,287)
Reserves	18	1,719,932	1,726,182
Total (deficit) / equity		(2,010,594)	2,417,406

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 financial year ended 31 December 2023

	Share Capital (Note 17) $	Reserves (Note 18) $	Accumulated Losses $	Total $
Opening balance at 1 January 2023	36,263,511	1,726,182	(35,572,287)	2,417,406
Loss for the year	–	–	(4,421,750)	(4,421,750)
Other comprehensive income				
Foreign currency translation, representing total other comprehensive loss for the year	–	(6,250)	–	(6,250)
Total comprehensive loss for the year	–	(6,250)	(4,421,750)	(4,428,000)
Closing balance at 31 December 2023	36,263,511	1,719,932	(39,994,037)	(2,010,594)

	Share Capital (Note 17) $	Reserves (Note 18) $	Accumulated Losses $	Total $
Opening balance at 1 January 2022	32,495,431	2,074,326	(30,444,116)	4,125,641
Loss for the year	–	–	(5,648,308)	(5,648,308)
Other comprehensive income				
Foreign currency translation, representing total other comprehensive loss for the year	–	56,805	–	56,805
Total comprehensive loss for the year	–	56,805	(5,648,308)	(5,591,503)
Issuance of ordinary shares :				
- new ordinary shares	3,883,268	–	–	3,883,268
Equity issuance costs	(115,188)	115,188	–	–
Transfer of fair value of expired options	–	(436,993)	436,993	–
Transfer of fair value of lapsed performance rights	–	(83,144)	83,144	–
Closing balance at 31 December 2022	36,263,511	1,726,182	(35,572,287)	2,417,406

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

OpenLearning Limited and Controlled Entities

Consolidated statement of cash flows
For the financial year ended 31 December 2023

	Note	2023	2022
		$	$
Operating activities			
Receipts from customers		3,160,649	3,840,031
Payments to suppliers and employees		(6,512,831)	(9,359,075)
Proceeds from other income		35,075	110,132
Net cash flows used in operating activities	22	(3,317,107)	(5,408,912)
Investing activities			
Purchase of furniture, fittings and equipment, net of disposal		(10,782)	(12,194)
Purchase of intangible assets		(767,637)	(726,741)
Net cash flows used in investing activities		(778,419)	(738,935)
Financing activities			
Proceeds from issuance of equity shares		–	3,883,268
Proceeds from borrowing		3,000,000	–
Repayment of lease liabilities		–	(123,598)
Net cash flows generated from financing activities		3,000,000	3,759,670
Net (decrease) / increase in cash and cash equivalents		(1,095,526)	(2,388,177)
Effect of exchange rate changes on cash and cash equivalents		(5,695)	4,253
Cash and cash equivalents at beginning of the year		2,204,639	4,588,563
Cash and cash equivalents at end of the year	11	1,103,418	2,204,639

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

The consolidated financial statements and notes represent those of OpenLearning Limited and its Controlled Entities (the Group).

The separate financial statements of the Parent Entity, OpenLearning Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 28 March 2024 by the directors of the Company.

1. Summary of significant accounting policies

1.1 *Basis of preparation*

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

1.2 *Going concern*

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

The Group incurred a net loss for the year of $4,421,750 (2022: $5,648,308) and net operating cash outflows of $3,317,107 (2022: $5,408,912). As at 31 December 2023 the Group had accumulated losses of $39,994,037 (31 December 2022: $35,572,287).

As at 31 December 2023, the Group has net current assets of $(550,451) (31 December 2022: $745,231) and cash and cash equivalents of 1,103,418 (31 December 2022: $2,204,639).

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

- increasing traction in revenue growth of the Platform Subscription segment with improved gross margins and increasing cash inflow from this segment;
- implementation of cost reduction initiatives in January 2024 to further reduce operating cash outflows;
- active management of discretionary expenditure in line with funds availability;
- ECA has agreed to make an additional $2 million available under the loan facility to support the Company’s objectives.

1. Summary of significant accounting policies (cont'd)

1.2 *Going concern (cont'd)*

- Subsequent to year-end, ECA has agreed to amend the loan facility to allow the Group to convert the outstanding amount of the loan into shares at its discretion prior to the repayment date.

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

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

1.3 *Principles of consolidation*

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (OpenLearning Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 20.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Where applicable, equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The consolidated financial statements of the Group have been prepared in accordance with the pooling of interest method as the Group is a continuation of the existing business of OpenLearning Global Pte Ltd and its subsidiaries. The assets and liabilities of the combining entities are reflected at their carrying amounts as reported in the consolidated financial statements. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as a common control reserve. The consolidated income statements and consolidated statements of comprehensive income reflect the results of the combining entities for the entire periods under review, irrespective of when the combination took place. Apart from the above, subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

1. Summary of significant accounting policies (cont'd)

1.4 *Functional and presentation currency*

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the Parent Entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at exchange rates on the date of transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

1.5 *Furniture, fittings and equipment*

All items of furniture, fittings and equipment are initially recorded at cost. Subsequent to recognition, furniture, fittings and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computer	60 months
Office equipment	60 months
Leasehold improvement	60 months

The carrying values of furniture, fittings and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1. Summary of significant accounting policies (cont'd)

1.5 *Furniture, fittings and equipment (cont'd)*

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of furniture, fittings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

1.6 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost and where applicable, less any accumulated amortisation and/or any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Domain names and trademarks

Domain names and trademarks are recognised at cost of acquisition. They are considered to have an indefinite life and are carried at cost less any impairment losses.

(ii) Platform development

Platform development is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Platform development has an estimated useful life of five years. It is assessed annually for impairment.

(iii) Learning platform software

Learning platform software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated

1. Summary of significant accounting policies (cont'd)

1.6 *Intangible assets (cont'd)*

useful life of ten years. Any costs incurred to improve the software after acquisition is expensed to the profit or loss. It is assessed annually for impairment.

(iv) Course design

Course design is costs expended:

- to develop the study courses for the UNSW Transition Program Online, a direct entry program for students to enter UNSW;
- to develop the OpenCreds' micro-credential courses with interested course creators, including cash grants given to the course creators to initiate the development of the courses; and
- to develop a computer science program titled 'CS101'.

The costs incurred are capitalised up to the stage when the study courses are ready for commercial use. They have a finite life and are carried at cost less accumulated amortisation and any impairment losses. The estimated useful life is based on the period of contracts or expected obsolescence period.

1.7 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

1. Summary of significant accounting policies (cont'd)

1.8 *Financial instruments*

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or the sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: Revenue from Contracts with Customers.

Classification and subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.
The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

1. Summary of significant accounting policies (cont'd)

1.8 *Financial instruments (cont'd)*

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
– the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:
– the right to receive cash flows from the asset has expired or been transferred;
– all risk and rewards of ownership of the asset have been substantially transferred; and
– the Group no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).
– On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

1. Summary of significant accounting policies (cont'd)

1.9 *Impairment*

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for:
– financial assets measured at fair value through profit or loss; or
– equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:
– the general approach; and
- the simplified approach;

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and:

– if the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
– if there has been no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:
– trade receivables or contract assets that result from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers, and which do not contain a significant financing component; and
– lease receivables.
– In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

1. Summary of significant accounting policies (cont'd)

1.9 *Impairment (cont'd)*

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

1.10 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and with online payment providers, cash on hand and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

1.11 *Provisions*

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

1.12 *Employee benefits*

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave entitlements are recognised as provisions in the statement of financial position.

Defined contribution benefits

All employees of the Group receive defined contribution entitlements, for which the Group pays fixed contribution to the employee's superannuation fund of choice for the employees in Australia and to a state pension fund for the employees in Malaysia. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid contributions at the end of the reporting period. All obligations for unpaid contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

1. Summary of significant accounting policies (cont'd)

1.12 *Employee benefits (cont'd)*

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of:

- the date when the Group can no longer withdraw the offer for termination benefits; and
- when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits.

In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

1.13 *Revenue*

Revenue arises from Platform SaaS fees, Program delivery, Marketplace sales and Services sales.

To determine recognition of revenue, the Group: (i) identifies the contract with a customer, (ii) identifies the performance obligations in the contract, (iii) determines the transaction price, (iv) allocates the transaction price to the performance obligations and (v) recognises revenue when or as each performance obligation is satisfied.

Revenue is recognised either at a point in time or over time, when or as the Group satisfies performance obligations by transferring the promised goods or services to its customers.

(a) *Platform SaaS fees*

Revenue from platform SaaS subscription fees is recognised over the period during which customers are granted access to the platform.

(b) *Program delivery*

Revenue from program delivery is recognised over the period of the study program.

(c) *Marketplace sales*

Revenue from marketplace sales is recognised when customers subscribe for the courses and the course is delivered. For courses sold on behalf of third parties, revenue is recognised based on revenue sharing arrangements, if any.

1. Summary of significant accounting policies (cont'd)

1.13 *Revenue (cont'd)*

(d) *Services sales*

Revenue from the provision of services is recognised over time reflecting the progress for the completion of a performance obligation for which the Group has an enforceable right to payment.

Platform SaaS, Program delivery and Services sold to customers in advance, which are yet to be utilised, are recognised initially in the balance sheet as deferred income and released to revenue in line with the above recognition criteria.

1.14 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

1. Summary of significant accounting policies (cont'd)

1.14 *Taxes (cont'd)*

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

The applicable sales taxes are the Goods and Services Tax (GST) and the Sales and Service Tax (SST), depending on the tax jurisdiction where the Group operates. Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables are stated with the amount of sales tax included.

1. Summary of significant accounting policies (cont'd)

1.15 ***Borrowing Costs***

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.16 ***Share capital and share issue expenses***

Proceeds from issuance of equity shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

1.17 ***Leases***

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

1. Summary of significant accounting policies (cont'd)

1.17 ***Leases (cont'd)***

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

1.18 **New and Amended Accounting Policies Adopted by the Group**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Critical accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Recognition of Services revenue

The amounts of revenue recognised in the reporting period depends on the extent to which the performance obligations have been satisfied. Recognising Services revenue requires significant judgement in determining milestones, actual work performed and the estimated costs to complete the work.

(b) Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

(c) Capitalisation of learning platform software and course design

Distinguishing the phases of a new customised software or course design project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. Post-capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

2.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in assumptions when they occur.

(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model.

2. Critical accounting judgements and estimates (cont'd)

2.2 *Key sources of estimation uncertainty (cont'd)*

(b) Impairment of receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

3. Revenue

	Group	
	2023	2022
	$	$
Revenue from contracts with customers		
Platform SaaS fees	1,845,865	1,644,233
Program delivery	287,280	1,035,951
Marketplace sales	101,605	91,502
Services sales	59,029	395,624
	2,293,779	3,167,310

3. Revenue (cont'd)

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

	Year ended 31 December									
	Platform SaaS		**Program delivery**		**Services**		**Marketplace**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Geographical markets										
Australia	1,326,527	1,153,617	287,280	1,035,951	52,969	305,094	61,074	87,133	1,727,850	2,581,795
Malaysia	519,338	489,051	-	-	6,060	90,530	(4,320)	2,137	521,078	581,718
Singapore	-	1,565	-	-	-	-	44,851	2,232	44,851	3,797
	1,845,865	1,644,233	287,280	1,035,951	59,029	395,624	101,605	91,502	2,293,779	3,167,310
Timing of revenue recognition										
Products and services transferred to customers:										
At a point in time	-	-	-	-	-	-	101,605	91,502	101,605	91,502
Over time	1,845,865	1,644,233	287,280	1,035,951	59,029	395,624	-	-	2,192,174	3,075,808
	1,845,865	1,644,233	287,280	1,035,951	59,029	395,624	101,605	91,502	2,293,779	3,167,310

4. Other income

	Group	
	2023	**2022**
	$	$
Government grant	55,892	97,106
Gain on lease modification	–	1,005
Others	33,302	6,313
	89,194	104,424

5. Loss for the year

Loss before income tax from continuing operations includes the following specific expenses:

	Group 2023 $	Group 2022 $
Web-hosting and other direct costs		
- web-hosting costs	551,442	609,688
- program delivery licence fee	79,167	469,700
Depreciation and amortisation		
- depreciation on furniture, fittings and equipment	13,063	19,885
- depreciation on right-of-use assets	–	110,199
- amortisation of intangible assets	380,369	237,801
Professional services		
- contractors	546,458	663,814
General and administrative costs		
- write-off / loss on disposal of furniture, fittings and equipment	–	20,691
- foreign currency translation losses	27,943	11,090
- impairment of trade receivables	16,937	15,940
- travelling costs	74,644	46,385

6. Income tax

6.1 *Income tax expense*

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

At the end of the reporting period, the Group has tax losses of approximately $36,943,000 (2022: $31,033,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

6. Income tax (cont'd)

6.2 The prima facie tax on losses from ordinary activities before income tax is reconciled to the income tax as follows

	Group 2023 $	Group 2022 $
Loss before tax from continuing operations	(4,421,750)	(5,648,308)
Prima facie tax benefit on loss from ordinary activities before tax at the domestic tax rates where the Group operates	(1,100,378)	(1,398,286)
Add/(subtract):		
Tax effect of:		
– non-allowable items	1,118	15,903
– effect of tax losses not recognised	702,633	724,619
– tax benefit of deductible equity raising costs	-	-
– movement in unrecognised temporary difference	396,627	657,764
Income tax attributable to entity	-	-

The above reconciliation is prepared by aggregating separate reconciliations for each tax jurisdiction where the Group operates. A summary of the domestic tax rates by country where the Group operates is as follows:

	2023 %	2022 %
Australia	25.0	25.0
Singapore	17.0	17.0
Malaysia	24.0	24.0

7. Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 December 2023.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2023 $	2022 $
Short-term employee benefits	725,633	1,182,332
Post-employment benefits	71,631	105,817
Long-term employee benefits	5,073	45,564
Share-based payments	-	-
Total KMP compensation	802,337	1,333,713

7. Key Management Personnel *(cont'd)*

Short-term employee benefits

These amounts include fees paid to the non-executive Chairman and non-executive directors as well as all salary, paid leave benefits and any cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

8. Auditors' remuneration

	Group	
	2023 **$**	**2022** **$**
Remuneration of the auditor for:		
- auditing or reviewing the financial statements	64,735	61,800

9. Losses per share

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

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

	31 December 2023	**31 December 2022**
Weighted average number of ordinary shares for basic losses per share computation	267,869,075	221,217,695
Weighted average number of ordinary shares for diluted losses per share computation	267,869,075	221,217,695

10. Trade and other receivables

	Note	Group 2023 $	Group 2022 $
CURRENT			
Trade receivables		425,639	513,757
Provision for impairment	10a(i)	(8,064)	-
		417,575	513,757
Other receivables		60,590	19,892
Provision for impairment		-	-
		60,590	19,892
Total current trade and other receivables		478,165	533,649

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: *Financial Instruments*.

	Group			
	Opening balance 1 January 2022 $	Net measure-ment of loss allowance $	Amounts written off $	Closing balance 31 December 2022 $
a. Lifetime Expected Credit Loss: Credit Impaired				
(i) Current trade receivables	21,539	8,064	(21,539)	-

	Group			
	Opening balance 1 January 2023 $	Net measure-ment of loss allowance $	Amounts written off $	Closing balance 31 December 2023 $
(i) Current trade receivables	-	8,064	-	8,064

10. Trade and other receivables *(cont'd)*

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2023 is determined as follows; the expected credit losses also incorporate forward-looking information

The "amounts written off", if any, are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

	Current	>30 days past due	>60 days past due	>90 days past due	Total
	$	$	$	$	$
2023					
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount	136,697	208,858	24,115	108,495	478,165
Loss allowing provision	-	-	-	-	-

	Current	>30 days past due	>60 days past due	>90 days past due	Total
	$	$	$	$	$
2022					
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount	385,752	86,190	18,462	43,245	533,649
Loss allowing provision	-	-	-	-	-

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within this note. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed in liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

11. Cash and cash equivalents

	Group	
	2023	2022
	$	$
Cash at bank and on hand	1,086,743	2,186,905
Cash with online payment providers	16,675	17,734
Short-terms deposits placed with banks	–	–
	1,103,418	2,204,639

12. Furniture, fittings and equipment

	Group			
	Computer $	Office equipment $	Leasehold Improvement $	Total $
2023				
Cost				
At 1 January 2023	52,887	18,790	–	71,677
Additions	8,657	2,125	–	10,782
Disposals	–	–	–	–
Exchange difference	(332)	(268)	–	(600)
At 31 December 2023	61,212	20,647	–	81,859
Accumulated depreciation				
At 1 January 2023	26,063	10,201	–	36,264
Depreciation for the year	9,666	3,397	–	13,063
Disposals	–	–	–	–
Exchange difference	(242)	(80)	–	(322)
At 31 December 2023	35,487	13,518	–	49,005
Net carrying amount	25,725	7,129	–	32,854

	Group			
	Computer $	Office equipment $	Leasehold Improvement $	Total $
2022				
Cost				
At 1 January 2022	48,195	21,972	39,222	109,389
Additions	6,028	6,166	–	12,194
Disposals	(1,366)	(9,351)	(39,222)	(49,939)
Exchange difference	30	3	–	33
At 31 December 2022	52,887	18,790	–	71,677
Accumulated depreciation				
At 1 January 2022	16,329	13,015	15,751	45,095
Depreciation for the year	10,056	3,962	5,867	19,885
Disposals	(369)	(6,779)	(21,618)	(28,766)
Exchange difference	47	3	–	50
At 31 December 2022	26,063	10,201	–	36,264
Net carrying amount	26,824	8,589	–	35,413

13. Intangible assets

	Domain names and trademarks $	Goodwill $	Platform develop-ment $	Learning platform software $	Course design $	Total $
2023						
Cost						
At 1 January 2023	66,587	24,500	802,851	374,628	767,769	2,036,335
Additions	–	–	767,637	–	–	767,637
Exchange difference	–	–	–	(14,722)	–	(14,722)
At 31 December 2023	66,587	24,500	1,570,488	359,906	767,769	2,789,250
Accumulated amortisation						
At 1 January 2023	–	–	84,677	131,120	183,776	399,573
Amortisation for the year	–	–	217,648	37,219	125,502	380,369
Impairment*	–	–	–	–	458,492	458,492
Exchange difference	–	–	(383)	(6,381)	(1)	(6,765)
At 31 December 2023	–	–	301,942	161,958	767,769	1,231,669
Net carrying amount	66,587	24,500	1,268,546	197,948	–	1,557,581
2022						
Cost						
At 1 January 2022	44,220	24,500	179,475	372,334	686,771	1,307,300
Additions	22,367	–	623,376	–	80,998	726,741
Exchange difference	–	–	–	2,294	–	2,294
At 31 December 2022	66,587	24,500	802,851	374,628	767,769	2,036,335
Accumulated amortisation						
At 1 January 2022	–	–	–	93,084	68,550	161,634
Amortisation for the year	–	–	84,677	37,398	115,226	237,301
Exchange difference	–	–	–	638	–	638
At 31 December 2022	–	–	84,677	131,120	183,776	399,573
Net carrying amount	66,587	24,500	718,174	243,508	583,993	1,636,762

*The impairment assessment, conducted as per AASB136, reflects the uncertainty surrounding the CS101 & OpenCreds and the cancellation of the UNSW Transition Program Online. Consequently, an impairment loss has been recognised based on their respective net book values.

Domain names and trademarks are recognised at cost of acquisition. Goodwill represents premium paid for business assets. These are considered to have an indefinite life and are carried at cost less any impairment losses.

Platform development is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Platform development has an estimated useful life of five years. Amortisation commences when the development is completed and ready for commercial use.

Learning platform software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of ten years. Amortisation commences when the software is ready for commercial use.

13. **Intangible assets (cont'd)**

Course design is costs expended to develop the OpenCreds' micro-credential courses, the computer science program titled 'CS101' and the study courses for the UNSW Transition Program Online. It has a finite life based on the contract periods or expected obsolescence period and is carried at cost less accumulated amortisation and any impairment losses. Course design has an estimated useful life of between five and ten years. Amortisation commences when the courses are ready for commercial use.

Domain names, trademarks, and Goodwill with indefinite useful lives, along with other intangible assets with 5-to-10-year useful lives, are allocated to three Cash Generating Units (CGUs), namely Platform SaaS Fees, Net Marketplace Sales, and Services Sales. Given that projected revenue from Platform-related sources is anticipated to constitute 93% of total revenue in the first year, and 87% in the second year, these CGUs are consolidated for this year's impairment assessment but remain subject to annual testing for impairment.

The recoverable amounts of the CGUs are determined through value-in-use calculations, utilising a five-year cash flow forecast derived from internal budgets and long-term management forecasts. These calculations involve the adoption of assumptions and estimates and are based on cash flow projections. The key assumptions used in estimating the recoverable amounts are detailed below. Each assumption and estimate reflect management's best estimate at the time of the valuation, drawing upon historical data from both external and internal sources.

Key Assumptions:

- Platform Revenue Growth: It is assumed that platform revenue will sustain steady growth over the next five years, with an annual growth rate of 20% in the first year and 15% in the subsequent four years.
- Revenue from New APIC Contract: Revenue from a new APIC contract is projected to be $450,000 in the first year, with subsequent growth rates of approximately 30% in the second and third years and 10% in the fourth and fifth years.
- Expected Revenue from OpenLearning India: Revenue from OpenLearning's expansion into the Indian market is estimated to be $67,500 in the first year, with anticipated growth rates of approximately 146% in the second year, 126% in the third year, and 15% in the fourth and fifth years.
- Terminal Value Growth: A terminal value growth rate of 3% is applied to account for future cash flows beyond the explicit forecast period.
- Discount Rate: The discount rate utilized in the assessment is 9.84%, reflecting the risk-adjusted rate of return required by investors.

Based on the conducted impairment assessment, no further impairment losses have been identified or recognised for the year ended 31 December 2023.

Sensitivity analysis:

- If the key assumptions were adjusted as indicated in the table below, with all other assumptions remaining the same as in the base impairment model, the Value in Use and Headroom would be reduced. These changes to the key assumptions represent scenarios that are considered unlikely by the group and would not alter the outcome of the impairment test, except for the unlikely reduction in revenue from the Indian market and related costs to $Nil. This reduction would result in an impairment of $466,142.

Sensitivity in assumptions

	Value in Use $	Headroom $
Based on management's assumptions and forecasts in impairment analysis	6,170,476	4,612,895
Platform Revenue Growth Rate in years 1 to 5 is reduced to 12%	1,557,581	–
APIC Revenue is reduced from $450,000 to $250,000 in the first year with the reduced growth rate in years 1to 5 of 5%	1,884,725	327,145
Revenue from the Indian market and related costs are reduced to $Nil	1,091,439	(466,142)*
Discount Rate is increased from 9.84% to 16.14%	1,557,581	–
Terminal Value Growth is reduced from 3% to 0%**	3,646,379	2,088,798

* Represents amount of potential impairment
** The Value in Use is not significantly affected by changes in the Terminal Value Growth assumption, provided there are no alternations to the other key assumptions.

14. Trade and other payables

	Group 2023 $	Group 2022 $
CURRENT		
Trade payables	350,239	367,338
Other payables and accrued expenses	416,583	323,318
	766,822	690,656

a. **Financial liabilities at amortised cost classified as trade and other payables**

	Group 2023 $	Group 2022 $
Trade and other payables:		
– total current	766,822	690,656
Financial liabilities as trade and other payables	766,822	690,656

Trade and other payables are non-interest bearing.

15. Provisions

	Group 2023 $	Group 2022 $
CURRENT		
Provision for annual leave	385,740	318,420
Provision for long service leave	50,637	45,564
	436,377	363,984

16. Borrowings

ECA, OpenLearning's major shareholder and associated with Non-Executive Director Rupesh Singh, has provided an unsecured $3 million loan facility to support the Company's operations. Key terms include a fixed 7.35% per annum interest rate, a two-year term, quarterly drawdowns, daily accrual of interest on the drawn portion, and the Company's option to repay the loan or any part thereof without penalty at any time during the term.

	Group	
	2023 **$**	**2022** **$**
Principal	3,000,000	–
Accumulated accrued interest	50,578	–
Borrowings	3,050,578	–

17. Share capital

	31 December 2023 $	**31 December 2022** $
267,869,075 (31 Dec 2022: 267,869,075) fully paid ordinary shares	36,263,511	36,263,511

17.1 Movements in ordinary shares

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

17.2 Movements in unquoted options over ordinary shares

Exercise period	**Exercise price per share**	**Number on issue at 1 Jan 2023**	**Issued / (Lapsed)**	**Number on issue at 31 Dec 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

17.3 **The Value in Use is not sensitive to the Terminal Value Growth, assuming that there is no other change in the other assumptions.Performance rights**

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

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

None of these performance rights vested during the financial year 2023.

18. Reserves

	Group	
	2023	2022
	$	$
Foreign currency translation reserve	19,588	25,838
Common control reserve	1,650,477	1,650,477
Share option reserve	49,867	49,867
	1,719,932	1,726,182

(i) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company and its subsidiaries whose functional currencies are different from that of the Group's presentation currency.

(ii) Common control reserve

Common control reserve records difference between the fair value of net assets acquired and consideration paid.

(iii) Share option reserve

Share option reserve records items recognised as expenses on valuation of share options.

19. Financial risk management

The Group's principal financial instruments comprise of receivables, payables, cash at bank and short-term deposits.

The Board of Directors has overall responsibility for the oversight and management of the Group's exposure to a variety of financial risks (including credit risk, foreign currency risk, liquidity risk and interest rate risk).

The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on the financial performance including the review of future cash flow requirements.

19. Financial risk management (cont'd)

(a) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from cash outflows from current operating losses. The Group's objective is to focus on maintaining an appropriate level of overheads in line with the Group's business plan and available cash resources, with the objective of achieving a cashflow positive business within the budgeted timeline.

The table below summarise the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets – cash flows realisable								
Trade and other receivables	478,165	533,649	-	-	-	-	478,165	533,649
Cash and short-term deposits	1,103,418	2,204,639	-	-	-	-	1,103,418	2,204,639
Total anticipated inflows	1,581,583	2,738,288	-	-	-	-	1,581,583	2,738,288
Financial liabilities due for payment								
Trade and other payables	766,822	690,656	-	-	-	-	766,822	690,656
Lease liabilities	-	-	-	-	-	-	-	-
Total expected outflows	766,822	690,656	-	-	-	-	766,822	690,656
Net inflow/(outflow) on financial instruments	814,761	2,047,632	-	-	-	-	814,761	2,047,632

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades with third parties that are considered creditworthy. In addition, receivable balances are monitored on an ongoing basis.

19 **Financial risk management (cont'd)**

(b) Credit risk (cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment records within the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

(c) Foreign currency risk

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the SGD Singapore dollar and USD United States dollar may impact on the Group's financial results.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations.

19 Financial risk management (cont'd)

(c) Foreign currency risk (cont'd)

2023	**Net Financial Assets/(Liabilities) in AUD**			
Group	**USD**	**SGD**	**Other**	**Total AUD**
Functional currency of entity:				
Australian dollar	(61,467)	52,513	-	(8,954)
Statement of financial position exposure	(61,467)	52,513	-	(8,594)

2022	**Net Financial Assets/(Liabilities) in AUD**			
Group	**USD**	**SGD**	**Other**	**Total AUD**
Functional currency of entity:				
Australian dollar	(11,668)	(821)	-	(12,489)
Statement of financial position exposure	(11,668)	(821)	-	(12,489)

Foreign currency risk concentration profile

The Group does not have any significant exposure to any specific foreign currency grouping nor does it have any major concentration of foreign currency risk related to any financial instruments.

(d) Interest rate risk

The Group's exposure to market interest rates relate to cash deposits held at variable rates. The management monitors its interest rate exposure and consideration is given to potential renewals of existing positions.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of profit/(loss) and equity to a reasonably possible change in interest rates of +/- 50 basis points, with all other variables held constant.

	Group	
	Profit	**Equity**
	$	**$**
Year ended 31 December 2023		
+0.5% in interest rates	5,517	5,517
-0.5% in interest rates	(5,517)	(5,517)
Year ended 31 December 2022		
+0.5% in interest rates	11,023	11,023
-0.5% in interest rates	(11,023)	(11,023)

20. Interests in subsidiaries

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2023 %	2023 %
Held by the Company				
OLG Australia Investors Pte Ltd	Investment holding	Singapore	–*	–*
OpenLearning Global Pte Ltd	Investment holding and provision of online education platform and services	Singapore	100	100
Held by OpenLearning Global Pte Ltd				
Open Learning Global Pty Ltd	Provision of online program management, online education platform and services.	Australia	100	100
OpenLearning Global (M) Sdn Bhd	Provision of online education platform and services.	Malaysia	100	100

* OLG Australia Investors Pte Ltd was stuck off on 3 October 2022.
** 63.89% held via OLG Australia Investors Pte Ltd

21. Operating segments

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

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

(a) Australia
(b) South East Asia
(c) Global Platform
(d) Global Services
(e) Corporate Overheads

21 Operating segments *(cont'd)*

	Australia $	South East Asia $	Global Platform $	Global Services $	Corporate Overheads $	Total $
2023						
Revenue:						
External sales	1,541,945	631,025	120,809	–	–	2,293,779
Segment results:						
Web-hosting and other direct costs	(157,383)	–	–	(506,520)	–	(663,903)
Employees benefit expenses	(1,065,984)	(460,586)	–	(958,198)	(864,102)	(3,348,870)
Depreciation and amortisation	(136,201)	(51,195)	–	(206,036)	–	(393,432)
Promotional and advertising	(171,086)	(15,469)	–	–	–	(186,555)
Professional services	(47,951)	(113,268)	–	(461,891)	(286,911)	(910,021)
General and administration	(634,696)	(33,271)	–	(296,046)	(248,735)	(1,212,748)
Segment profit/(loss)	(671,356)	(42,764)	120,809	(2,428,691)	(1,399,748)	(4,421,750)
Segment assets	2,014,569	491,684	–	–	829,901	3,336,154
Segment liabilities	1,501,051	396,534	–	–	3,449,163	5,346,748

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

22. Cash flow information

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

	Group	
	2023	**2022**
	$	$
Loss after tax	(4,421,750)	(5,648,308)
Non-cash flows in loss for the year:		
Depreciation and amortisation	393,431	367,385
Write-off / Loss on disposal of furniture, fittings and equipment	–	21,173
Unrealised exchange (gain) / loss	7,681	50,823
Gain on lease modification	–	(1,374)
Impairment	458,492	–
Changes in assets and liabilities:		
Decrease in trade and other receivables	201,590	(182,498)
Increase in trade and other payables	43,449	(16,113)
Net cash flows used in operating activities	(3,317,107)	(5,408,912)

23. Events after the reporting period

- ECA has agreed to make an additional $2 million available under the loan facility to support the Company's objectives, with the same terms and conditions of the current borrowings mentioned in Note 16.

- ECA has agreed to amend the loan facility to allow the Group to convert the outstanding amount of the loan into shares at a 25% premium to the 30-day volume weighted average price ('VWAP') at its discretion and subject to shareholder approval prior to the repayment date.

- On 29th February the Group's Board of Directors elected to convert the outstanding debt owed by the Group to ECA of $3 million into shares at a price of 2.0 cents subject to shareholder approval.

- On 8th March the Group signed a platform software-as-a-service (SaaS) and content license agreement with the Asia Pacific International College ('APIC') with a minimum contract value of $1.07 million incl GST over the 3-year term of the agreement.

Directors' declaration

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* and:
    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
    b. give a true and fair view of the financial position as at 31 December 2023 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Board of Directors

Spiro Pappas
Chairman

Dated: 28 March 2024

OPENLEARNING LIMITED
ABN 18 635 890 390
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPENLEARNING LIMITED AND CONTROLLED ENTITIES

Opinion

We have audited the financial report of OpenLearning Limited (the Company) and controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 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 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.

In our opinion, the accompanying financial report of OpenLearning Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with 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* (the Code) that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss after tax of $4,421,750 and operating cash outflows of $3,317,107 during the year ended 31 December 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 31 December 2023. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Intangible Assets	
Capitalisation of costs to develop platforms The Group capitalises costs related to the development of OpenLearning platforms. Platform development is core to the Group's operations and requires judgement as to whether relevant costs meet the capitalisation criteria of AASB 138 *Intangible Assets.* During the year, the Group has capitalised labour costs of its engineering team for the work that is allocated to activities that are aimed to create additional features or enhance existing features of the OpenLearning platform that is intended to generate additional revenue. During the year, the Group capitalised development costs on its platforms amounting to $767,637. The capitalisation of software development costs is a key audit matter due to the significant judgements required by management in complying with the requirements of AASB 138, including: • whether development costs incurred are eligible for capitalisation; • the assessment of future economic benefits and the technical feasibility of the platform enhancements; and • the timing of amortisation and the useful lives for projects.	Our procedures included, amongst others: • Evaluating management's assessment of capitalisation of the contract costs. • Obtaining an understanding of the key terms and conditions of the capitalised costs by inspecting relevant agreements. • Holding discussions with management to understand the nature of the costs incurred and evaluating management's assessment of the recognition of these costs as intangible assets and amortisation over the duration of the contract or period of use. • Reviewing the costs incurred on a sample basis to ensure the capitalised expenditure has met the requirement of AASB 138. • Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment in the financial statements, including the significant judgments involved, and the accounting policies adopted.

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Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Intangible Assets	
Impairment of intangible assets (Note 13) As at 31 December 2023, the Group's intangible assets of $1,557,581 consist of domain names and trademarks, goodwill, platform development costs, learning platform software, and course design costs. Impairment expense of $458,492, has been recognised during the year in relation to course design costs. Management has assessed that the group has three cash-generating units based on its product lines (CGUs). Management has allocated the goodwill and other intangible assets to the platform CGU. Management has tested the CGU for impairment by comparing its carrying amount with recoverable amount. The recoverable amount was determined using value-in-use model. This is a key audit matter due to the significant judgements required to determine the appropriate CGU and the inherent estimation uncertainty in calculating the recoverable amount.	Our procedures included, amongst others: • obtaining and documenting an understanding of the Group's processes and controls related to the assessment of impairment, including identification of CGUs and the calculation of the recoverable amount for each CGU; • evaluating the value-in-use models against the requirements of AASB 136 Impairment of Assets, • obtaining management's value-in-use calculations and testing the mathematical accuracy of the model; • evaluating management's ability to forecast future cash flows; assessing management's forecast of cash flows to be derived by the CGUs' assets; • reviewing discount rates applied to forecast future cash flows; • performing a sensitivity analysis on the significant inputs used in preparing the calculation; and • assessing the adequacy of the Group's disclosures in respect of the requirements of AASB 136.

HALL CHADWICK
Chartered Accountants & Business Advisors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPENLEARNING LIMITED AND CONTROLLED ENTITIES

Deferred revenue	
The Group's revenue largely consists of revenue recognised over a period of time. This includes subscription fees which are recognised as revenue over the period during which customers are granted access to the platform and program fees which are recognised as revenue over the term of the study program. The Group's revenue relating to subscription fees and program fees amounted to $1,845,865 and $287,280, respectively, during the year. The Group's deferred revenue amounted to $1,092,971 as at 31 December 2023.	Our procedures included, amongst others: • Obtaining an understanding of the key controls and processes surrounding revenue and receipts processes and reconciliation of deferred revenues. • Reviewing the revenues recognised on a sample basis to ensure that it is recorded is in accordance with the requirements of AASB15. • Reviewing the adequacy of the Company's disclosures in respect of significant judgments involved, and the accounting policies adopted.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

OPENLEARNING LIMITED
ABN 18 635 890 390
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPENLEARNING LIMITED AND CONTROLLED ENTITIES

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HALL CHADWICK
Chartered Accountants & Business Advisors

OPENLEARNING LIMITED
ABN 18 635 890 390
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OPENLEARNING LIMITED
AND CONTROLLED ENTITIES

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023.

In our opinion, the remuneration report of OpenLearning Limited, for the year ended 31 December 2023, complies with s 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick (NSW)

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

STEWART THOMPSON
Partner
Dated: 28 March 2024

Shareholder Information

The shareholder information set out below was applicable as at 8 March 2024.

A. Distribution of Equity Securities – Ordinary Shares

Analysis of numbers of equity security holders by size of holding:

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 - 1,000	46	7,082	0.00%
1,001 - 5,000	357	1,099,298	0.41%
5,001 – 10,000	238	1,936,643	0.72%
10,001 – 100,000	591	21,093,027	7.87%
100,001 AND OVER	205	243,733,025	90.99%
TOTAL	**1,437**	**267,869,075**	**100.00%**

<u>Marketable Parcels</u>

Based on the price per security of $0.026 as at the close of trade on 8 March 2024, the number of holders with an unmarketable holding is 817 with total 5,495,824 shares, amounting to 2.05% of Issued Capital.

B. Distribution of Equity Securities – Unlisted Share Options

Analysis of numbers of option holders by size of holding

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL CAPITAL
UNLISTED OPTIONS AT $0.30, EXP 27/04/25			
100,001 AND OVER	1	1,000,000	100.00%
UNLISTED OPTIONS AT $0.30, EXP 31/08/24			
10,001 – 100,000	5	250,000	100.00%

C. Equity Security Holders – Ordinary Shares

Twenty largest quoted equity security holders. The names of the twenty largest holders of quoted equity securities are listed below:

NAME	ORDINARY SHARES NUMBER HELD	% OF ISSUED SHARES
ECA INVESTMENTS GROUP PTY LTD <ECA INVESTMENTS GROUP A/C>	53,305,946	19.90%
ECA INVESTMENTS GROUP PTY LTD	36,379,929	13.58%
MAGNA INTELLIGENT SDN BHD	12,295,058	4.59%
MR ADAM MAURICE BRIMO	6,631,117	2.48%
RICHARD BUCKLAND	5,094,288	1.90%
AUSTRALIAN CATHOLIC UNIVERSITY LIMITED	5,000,000	1.87%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,627,084	1.73%
NARRON PTY LTD <YANDLE SUPER FUND A/C>	3,981,809	1.49%
CIS RESEARCH PTY LTD	3,332,603	1.24%
ORIENT GLOBAL HOLDINGS PTY LTD <AL'N'ALL A/C>	3,205,444	1.20%

MS MEILIN MU	2,899,891	1.08%
NICOLETTE HARPER	2,720,758	1.02%
MCD PROJECT SERVICES PTY LTD	2,550,022	0.95%
AMS BRIDGE BLUE PTY LTD	2,527,993	0.94%
CLAPSY PTY LTD <BARON SUPER FUND A/C>	2,500,000	0.93%
FRANK NOEL BEAUMONT	2,367,021	0.88%
MR NICK THEODORAKOPOULOS	2,342,858	0.87%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,333,333	0.87%
BNP PARIBAS NOMS (NZ) LTD	2,224,977	0.83%
ARK TELEVISION CONCEPTS PTY LTD	2,203,789	0.82%

As at 8 March 2024, the 20 largest shareholders held ordinary shares representing 59.18% of the issued share capital.

Substantial Shareholders Substantial holders in the Company are set out below:

As at 8 March 2024, the following shareholders have disclosed a substantial shareholder notice to the ASX:

NAME	ORDINARY SHARES HELD	% OF SHARE CAPITAL	DATE OF NOTICE
CLIVE MAYHEW	8,288,754	5.93%	19/12/19
ECA INVESTMENTS GROUP PTY LIMITED	89,685,875	33.48%	05/05/23

D. Unquoted Equity Securities – Unlisted Options

Holders of more than 20% of unlisted options security holders.

	NUMBER OF UNITS	% OF TOTAL CAPITAL
UNLISTED OPTIONS AT $0.30, EXP 27/04/25		
HIGH RESOLVES	1,000,000	100.00%
UNLISTED OPTIONS AT $0.30, EXP 31/08/24		
PRASHANT VARANASI	50,000	20.00%
HANNAH BEDER	50,000	20.00%
ALEXANDER LAURANCE NORTH	50,000	20.00%
MIN'AN TAN	50,000	20.00%
MARTHA WINATA	50,000	20.00%

Partly Paid Shares
The Company does not have any partly paid shares on issue.

Voting Rights
The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no voting rights attached to any other securities on issue.

On-market buy-back
The Company is not currently conducting an on-market buy-back.

Other ASX Information

Corporate Governance

The Company's Corporate Governance Statement as at 31 December 2023 as approved by the Board can be viewed at www.solutions.openlearning.com/investor-center/corporategovernancestatement

Stock Exchange on which the Company's Securities are Quoted

The Company's listed equity securities are quotes on the Australian Securities Exchange

Review of Operations

A review of operations is contained in the Directors Report.

Annual General Meeting

The Company advises that the Annual General Meeting ('AGM') of the company is scheduled for 31 May 2024.

Further to Listing Rule 3.13.1, Listing Rule 14.3 and clause 14.3 of the Company's Constitution, nominations for election of directors at the AGM must be received not less than 30 Business Days before the meeting, being no later than Thursday, 18 April 2024.