

ASX Announcement | 29 April 2024
Quarterly Activities Report & Appendix 4C

**Platform SaaS ARR Jumps 18% YoY and
Generative AI Usage Accelerates in Q1 FY24**

Key Highlights:

1. **Platform SaaS annual recurring revenue (ARR) growth accelerated 18%** year-on-year (YoY) to \$2.117 million in Q1 FY24. The business has now delivered 10 consecutive quarters of SaaS platform annualised revenue growth.
2. **Average revenue per customer increased 17%** YoY to \$9,287 per annum in Q1 FY24.
3. **Cash receipts from customers grew 14% YoY** to \$1.230 million driven by strong growth in cash receipts from core Platform SaaS and Marketplace segments in Q1 FY24.
4. Further operating efficiencies drove cost savings and saw **net operating cash outflows decrease by 28%** from the previous corresponding period (PCP) to \$0.427 million in Q1 FY24.
5. Signed a **\$1 million platform and content license agreement over a three-year term** with Asia Pacific International College for Artificial Intelligence units in their Master of Information Technology.
6. Signed an **agreement with Gujarat University** to trial OpenLearning's platform for the delivery of compulsory online courses for 1 year for up to 60,000 of their students.
7. Launched a **ground-breaking AI-powered course builder** in January, which is driving interest from prospective customers and adoption of AI amongst current customers.
8. Completed **acquisition of three leading Australian higher education marketplaces**, expanding OpenLearning's student acquisition capabilities for education providers.

Sydney, Australia, 29 April 2024: OpenLearning Limited, the AI powered SaaS platform for lifelong learning ('OpenLearning' or 'the Company') (ASX: OLL) is pleased to provide its Appendix 4C cash flow statement for the quarter ended 31 March 2024 (Q1 FY24), along with the following financial and operational update.

Accelerating Platform SaaS ARR Growth

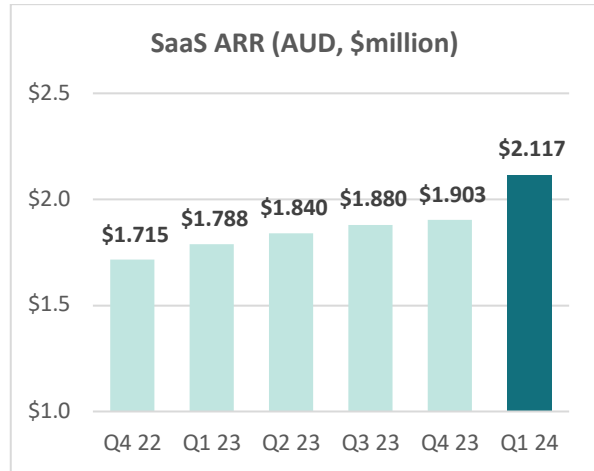
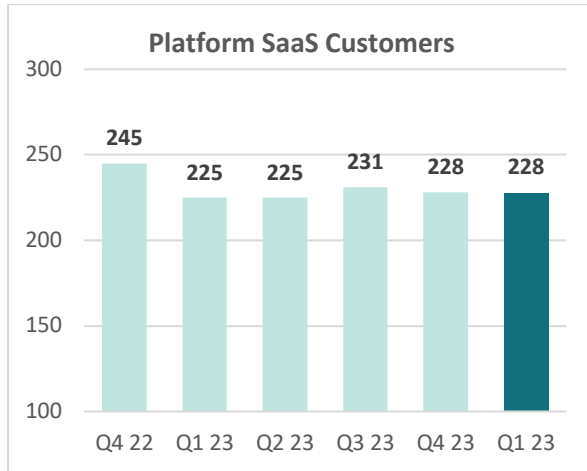
The OpenLearning platform enables education providers to manage all aspects of online learning, harnessing the power of Generative AI to streamline course design, content authoring and education delivery for short courses, micro-credentials, and online degrees.

The Company's platform SaaS annual recurring revenue (ARR) growth accelerated in the quarter, increasing by 18% YoY, to reach \$2.117 million.

Average SaaS ARR per customer continued to expand, increasing by 17% YoY to reach an impressive \$9,287. This growth was primarily attributed to increased usage of AI tools from existing customers and the signing of a platform and content license agreement with Asia Pacific International College in Q1 FY24.

The AI Assistant significantly minimises the time and resources required to author content and build courses, resulting in customers being able to launch their courses to market faster.

The platform boasts a strong customer base with 228 active B2B customers, a figure unchanged since the previous quarter. However, new higher value subscriptions have replaced lower value customers driving average revenue per customer to new record highs.



Increasing Adoption of New AI Features

In January, the Company rolled out its most significant AI-feature to all its customers within the OpenLearning platform, a ground-breaking AI-powered course builder that can generate an entire course and all its content based on the educator's inputs.

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

To date, over 75% of OpenLearning's customer base have actively engaged with the AI Assistant, representing a 15% increase from the previous quarter. The incorporation of Generative AI is anticipated to enhance OpenLearning's value proposition, fostering increased utilisation among existing customers and attracting new customers, driving higher SaaS platform subscription revenue.

First Major University Signed in India

Since the launch of OpenLearning Bharat, the Company has collaborated extensively 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.

This quarter, OpenLearning signed an agreement with Gujarat University to trial using the OpenLearning platform as a learning management system for 1 year to offer digital delivery of compulsory courses to their students.

Gujarat University will utilise OpenLearning's platform to deliver at least 9 compulsory short courses aligned to the National Education Policy for up to 60,000 students as they complete their normal studies. There is no set minimum number of students in the agreement and OpenLearning will work closely with Gujarat University to encourage adoption of the platform. The university's faculty will also be able to develop their courses on OpenLearning and have access to all the platform's features including the AI Course Builder and AI Assistant.

Gujarat University was established in 1949 and is the largest and oldest university in the Indian state of Gujarat with more than 200,000 students across 235 colleges, 15 recognised institutions and 24 approved institutions.

OpenLearning has a growing pipeline of prospects and partners in India, including large public and private universities, considering utilisation of OpenLearning's platform and AI tools to deliver online and blended education programs.

Acquisition of Australian Higher Education Marketplaces

The Company has successfully completed its acquisition of three leading Australian online higher education marketplaces. This strategic move significantly enhances OpenLearning's capabilities in student acquisition and provides new cross-selling opportunities. [ASX Announcement 2nd April 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. Customers include Australian universities, private higher education colleges and registered training organisations, providing clear cross-selling opportunities.

This acquisition will strengthen OpenLearning's value proposition to education providers and complement its existing platform and marketplace by providing an additional channel to promote courses delivered by education providers.

Net Cash Outflows Continue to Decline

Net operating cash outflows improved by a 28% to \$0.427 million in Q1 FY24, versus \$0.593 million in Q1 FY23. This was a result of the Company's cost optimisation exercise over the past year. In January 2024, the Company implemented a further cost reduction exercise that resulted in one-off costs of \$0.16 million in the quarter.

Customer cash receipts grew 14% YoY to \$1.23 million, driven by strong growth in Platform SaaS and Marketplace. Notably, platform SaaS cash receipts surpassed the prior period by 18%, driven by the expansion of average SaaS revenue per customer, the renewal of annual SaaS contracts and the signing of Asia Pacific International College. Marketplace cash receipts also grew by 55% as a result of increased sales of courses from customers utilising OpenLearning's payment gateway.

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Material cash receipts from customers by segment for the quarter were:

- Platform SaaS - \$0.923 million (up 18% PCP)
- Marketplace - \$0.307 million (up 55% PCP)

This quarter, the Company paid \$0.232 million to acquire the higher education marketplaces business, after adjustments for deferred revenue and prepaid expenses.

The Company also reached an agreement with its largest shareholder Education Centre of Australia ('ECA'), an entity associated with OLL's Non-Executive Director Rupesh Singh, to extinguish its outstanding debt and convert this debt to equity at a 25% premium to the 30-day VWAP. The Company's existing agreement with ECA dated 6 June 2023 ('Agreement') has been amended to reflect the debt-to-equity conversion and ECA has also agreed to make an additional \$2 million available as a new loan facility to support the Company's operations and objectives. [ASX Announcement 29th February 2024]

The Company's total available funding, including cash on hand as of 31 March 2024 was \$2.275 million.

OpenLearning Group CEO & Managing Director Adam Brimo said: "OpenLearning is a market leader in AI integration for lifelong learning. We have recorded 10 consecutive quarters of platform SaaS ARR growth. It is pleasing to see this accelerating with an 18% growth rate in our core SaaS business this quarter.

We have been able to achieve these results at a time that we have both reduced costs and invested for growth. Our AI course design features are now live, our first major trial in India is underway with Gujarat University and we have acquired a complementary marketplaces business enabling us to enter the student acquisition space.

We are maturing as an international Edtech business, and I look forward to delivering these and other initiatives to drive shareholder value in the near term."

Ends.

Authorised by:

Adam Brimo
Group CEO & Managing Director

Stay up to date with OpenLearning news as it happens:

Visit the Investor section of the OpenLearning website at: <https://investors.openlearning.com/> There you can download the Company's Prospectus and see recent ASX Announcements and press coverage.

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

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

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About OpenLearning

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

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

OpenLearning is a trusted partner to more than 220 leading education providers, who have delivered tens of thousands of courses to over 3.5 million learners through its platform.

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

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

Annexure

During Q1 FY24 the following payments were made to related parties and their associates as disclosed in Item 6 of the Appendix 4C.

Salaries and fees paid to Directors	Amount
Fees to Spiro Pappas as Non-Executive Director and Chairman	\$10,807
Fees to Matthew Reede as Non-Executive Director and Consultant*	\$6,600
Salary to Adam Brimo as Executive Director, Managing Director and Group CEO	\$47,328
Total	\$64,735

*Mr Matthew Reede was appointed as a Non-Executive Director of the Company on 21 February 2024.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

OPENLEARNING LIMITED

ABN

18 635 890 390

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,230	1,230
1.2 Payments for		
(a) research and development	(29)	(29)
(b) product manufacturing and operating costs	(258)	(258)
(c) advertising and marketing	(21)	(21)
(d) leased assets	(1)	(1)
(e) staff costs	(744)	(744)
(f) administration and corporate costs	(250)	(250)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (see note 6)	(355)	(355)
1.9 Net cash from / (used in) operating activities	(427)	(427)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(229)	(229)
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets (see note 7)	(169)	(169)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(398)	(398)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,103	1,103
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(427)	(427)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(398)	(398)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(3)	(3)
4.6	Cash and cash equivalents at end of period	275	275

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	267	1,086
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (balances with online payment providers)	8	17
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	275	1,103

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
58
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Item 6.1: This sum of \$58,000 consists of salaries paid to an executive director and fees paid to non-executive directors plus related super contributions.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
5,000	3,000
-	-
-	-
5,000	3,000

7.5 Unused financing facilities available at quarter end

2,000

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Not Applicable.

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)	(427)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	275
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,000
8.4 Total available funding (Item 8.2 + Item 8.3)	2,275
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.33

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not Applicable.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not Applicable.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not Applicable.

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2024

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
6. Included in item 1.8 'Other' are mainly payments to education providers of \$324,000 for the current quarter.
7. Included in item 2.1(f) 'Payments to acquire other non-current assets' are payroll costs for platform development. These payments are capitalised in the balance sheet pending completion of the intangible assets and amounted to \$169,000 for the current quarter.