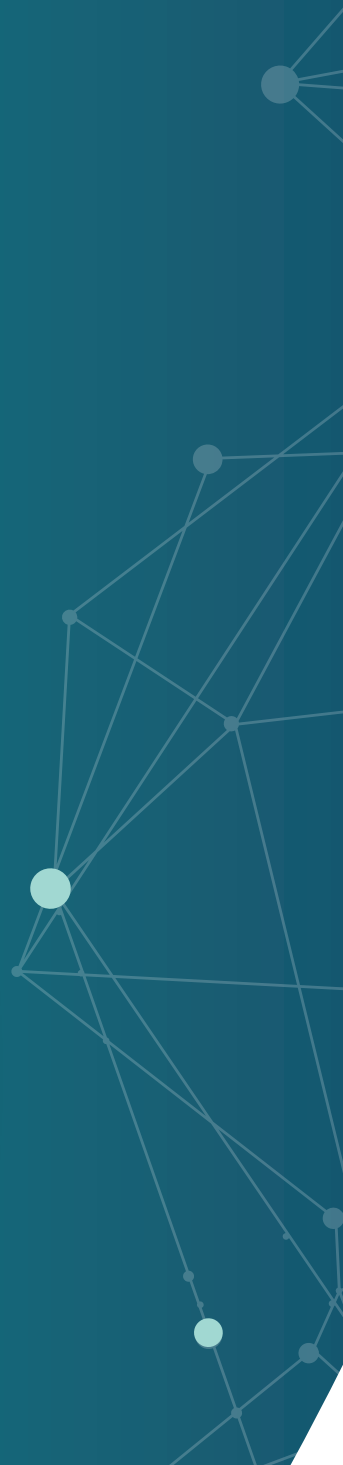




Powering the future of education

OpenLearning Limited (ASX:OLL)
Annual Report 2021

Contents





Performance Highlights	2
Detailed Overview	4
Network Effect	6
Partnerships	8
Managing Director's Report	12
Chairman's Report	20
Financial Report	21

Introduction

OpenLearning Limited is an education technology company that operates an end-to-end learning platform for education providers to deliver world-class short courses, micro-credentials and online qualifications to their learners.

Built on proven learning sciences research and a social constructivist learning philosophy, OpenLearning goes beyond traditional instructivist approaches and static learning management systems to deliver authentic, active and connected learning experiences.

Founded in 2012 in Sydney, OpenLearning's vision is to improve access to quality education, and future-proof the workforce by enabling education providers to design, deliver and sell transformative courses and degrees worldwide.

OpenLearning expanded to Southeast Asia in 2015 by establishing an office in Kuala Lumpur, Malaysia, and is now one of the leading lifelong learning platforms in Southeast Asia.

Today, OpenLearning employs over 75 people across its offices in Sydney and Kuala Lumpur, with remote team members spread across the world to service its global client-base.

OpenLearning is uniquely placed to be the partner of choice for education providers as they move online thanks to its innovative proprietary online learning platform, depth of expertise in education, established partnerships with leading universities and organisations, and a large and growing user-base of lifelong learners.

With more than 3 million learners worldwide, thousands of courses and partnerships with over 200 education providers, OpenLearning is at the forefront of a new wave of education delivery.

Performance Highlights

Step change in growth

OpenLearning delivered a step change in revenue in FY21 as a result of continued growth across all key metrics and the introduction of the program delivery segment. These results were achieved through the hard work and dedication of OpenLearning's team and the support of universities, education providers and stakeholders around the world.

2



86%

Group revenue increase 86% YoY to \$3.51 million



45%

Gross sales increased 45% YoY to \$4.16 million



43%

Cash receipts increased by 43% YoY to \$4.56 million

(all financial amounts are in AUD unless otherwise stated)





↑ 170%
Platform revenue increased
170% YoY to \$3.045 million



↑ 14%
Total registered users up
14% YoY to 3.12 million



↑ 18%
Total enrolments up
18% YoY to 5.12 million

Highlights

- Signed a 5-year platform software-as-a-service (SaaS) agreement with the University of Wollongong (UOW), a global top 200 university according to the QS World University Rankings 2021 with over 36,000 students.
- Signed a Platform SaaS agreement with Afterpay to enable them to deliver financial literacy and wellbeing courses via the OpenLearning platform.
- Successful commencement of the UNSW Transition Program Online (TPO), a four-month direct entry program for prospective international students delivered in partnership with UNSW Global.
- Successful commencement of the CS101 (short for 'computer science 101') micro-credential program designed by industry experts in collaboration with Canva, Microsoft, Alibaba Cloud, Chronosphere and CT4 for working professionals to develop their computational thinking and programming skills.
- Implemented enhancements to the OpenLearning platform to enable self-service subscription, payment and onboarding for education providers.
- Completed the setup and migration of the BEST Network to new infrastructure and a SaaS model during OpenLearning's first year as its technology and operating partner.

Detailed Overview

OpenLearning provides the technology and services to education providers to enable them to build successful online education businesses:

4

1

Scalable online learning platform

Scalable online learning platform that is designed to increase learner engagement and satisfaction while providing end-to-end functionality for building an online education business, from marketing and payments through to course authoring, learning delivery, assessment and credentialing;

2

Program Delivery

Program delivery capability across the full spectrum of services required to deliver world-class programs on the OpenLearning platform in collaboration with top institutions on a revenue-share basis; and

3

Value-added services

Value-added services for education providers, including a global marketplace to promote their online courses or degrees to millions of learners worldwide and a learning design services to accelerate adoption of the platform by collaborating with education providers to design high quality online courses.





The OpenLearning platform has been built from the ground up on solid educational foundations since its inception.

The goal is to provide a social learning environment in which students feel empowered, deep learning experiences are fostered, students are intrinsically motivated, and passionate communities of practice flourish through well-designed constructive experiences. This has been realised with the latest social technology, and is designed for a global, connected society.

Additionally, OpenLearning is an innovator in the field, and extends existing educational theory to not only the platform mechanics, but by providing a launch pad for new academic research. We work with both educators and technologists in continual experiments with novel educational mechanics.

OpenLearning's unique solution generates significant value for its partners across a range of use-cases and markets – solving some of the greatest challenges facing education providers:

- **Deliver their accredited and non-accredited courses online** via its scalable cloud learning platform to domestic and international students, either fully online or blended;
- **Diversify their revenue streams** through the delivery of university or higher education provider branded short courses and micro-credentials to bridge the skills gap for working professionals;
- **Diversify their sources of international students** by raising their brand awareness in Southeast Asia by leveraging OpenLearning's database of over 3 million learners;
- **Build a sustainable pipeline of international students** by offering university foundation year programs online, offshore and in-country through partners; and,
- **Increase engagement of international students** by offering large-scale language and enrichment courses to support students at both regional and urban higher education campuses.
- **Increasing student engagement** by providing a structured and supportive environment for educators to adapt their teaching and learning methodologies to the needs of today's learners.
- **Enhance employment readiness of graduates** through the development of self-directed learning skills.
- **Future-proofing their staff** by enabling practical just-in-time professional learning opportunities whilst fostering a community of practice.



Network Effect

The OpenLearning platform primarily operates on a B2B2C model, whereby education providers are utilising the platform to deliver courses to learners. Depending on the goals of the education provider and the type of courses they offer, the Company may be able to promote the education providers courses to other learners on the OpenLearning platform. This produces a network effect, which is enabled by a number of key design decisions, including:

6

1

Single global cloud platform whereby all education providers and learners use the same instance of the platform;

2

maintaining a strong relationship with both education providers and learners such that OpenLearning becomes a trusted technology platform for managing data rights and privacy;

3

every user, regardless of whether they arrive at the OpenLearning platform through the marketplace or via an institution portal, has an OpenLearning user account;

4

learners are able to browse the marketplace and opt-in to receive information about new courses; and

5

every user has a profile on the OpenLearning platform that automatically aggregates all of their evidence of learning into an online portfolio, as well as their badges, certificates and progress.

In short, an increase in the number of education providers on the OpenLearning platform has the potential to lead to an increase in the number of courses being delivered via the platform to both new and existing learners. This increase in courses and learners attracts new education providers to deliver their courses on the platform so that they can benefit from exposing their brand and courses to the OpenLearning userbase.





Partnerships



UNSW Global

Transformative agreement with UNSW Global to deliver the UNSW Transition Program Online, an innovative four-month program for international students to gain entry into UNSW, a world top 50 university.

Based on an established on-campus program, the UNSW Transition Program Online has been reimagined to leverage OpenLearning's platform and social constructivist approach, combining activity-based learning, personalised coaching, portfolio-based assessment and interviews instead of exams to set a new benchmark in online education.

8



UNIVERSITY
OF WOLLONGONG
AUSTRALIA

The University of Wollongong, a global top 200 university according to the QS World University Rankings 2021, is utilising OpenLearning to expand its offering in the lifelong learning market through world-class short courses and micro-credentials that engage and inspire learners.



iCollege

iCollege Limited selected OpenLearning as its platform for AIT Online, its online offering that brings together a range of quality micro-credentials from a group of specialist colleges and brands, each with established expertise and experience in delivering high quality education.



DEAKINCo.

DeakinCo., part of world-leading Deakin University and a global leader in micro-credentials, partnered with OpenLearning to develop a range of online short courses aligned to the OpenCreds framework that are designed for the 21st century, to improve workplace performance and future employability in Australia and beyond.

Partnerships (Cont.)



Universiti Sains Malaysia (USM), a global top 200 university according to the QS World University Rankings 2021 with over 30,000 students, has partnered with OpenLearning to launch micro-credentials for personal and professional development in the education and health sectors.

10

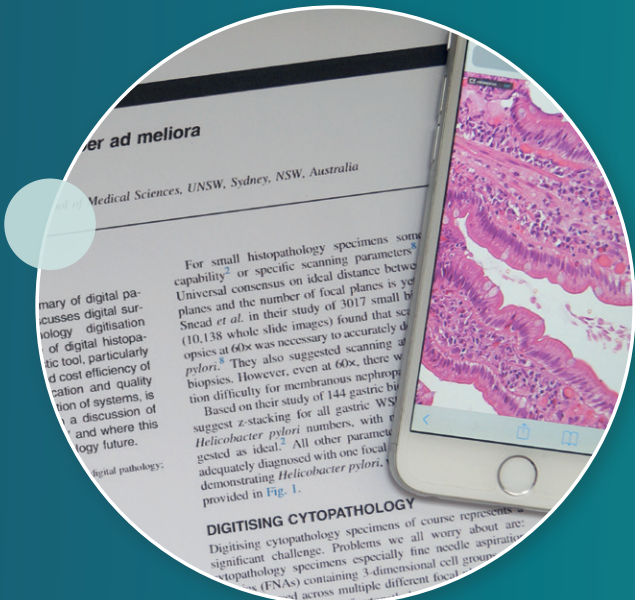


UNSW
SYDNEY



**THE UNIVERSITY
OF QUEENSLAND**
AUSTRALIA

Agreement with UNSW and The University of Queensland to be the technology and operating partner of the Biomedical Education and Skills Training Network, a not-for-profit network of academics and biomedical schools developing and sharing next-generation courseware and technology.





Australian Catholic University expanded its strategic partnership with OpenLearning and developed an online education program for nurses in collaboration with the Department of Health and Human Services shortly after the onset of the second wave of COVID-19 in Victoria that improved their knowledge and understanding of providing nursing care in a COVID-19 environment.



OpenLearning received a total of 8 LearnX awards in 2021 for enabling our partners to design and deliver transformative learning experiences.

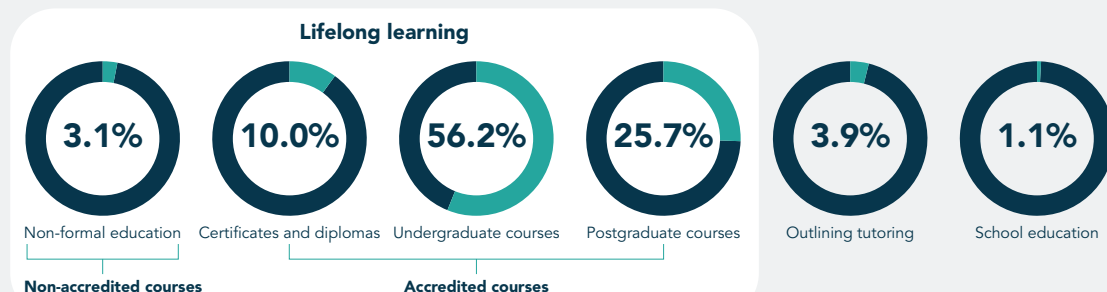
Managing Director's Report



Dear fellow shareholders,

2021 was another transformative year for OpenLearning as our team adapted to rapid changes in the education sector and delivered strong growth across key metrics by executing on strategic partnerships and new product developments.

Product and Services Segment



Source: IBISWorld Online Education in Australia (May 2021), emphasis on 'Lifelong learning' added by OpenLearning

Over the course of the past 12 months, the Company continued to grow SaaS revenue and customers, implemented a range of enhancements to the OpenLearning platform, successfully set-up and commenced delivery of the UNSW Transition Program Online (TPO) and Computer Science 101 (CS101) and achieved a step-change in revenue.

The Company grew revenue by 86% YoY to \$3.5 million with operating cash receipts increasing 43% to \$4.56 million. This acceleration in growth was a result of the shift to a software-as-a-service model and successful introduction of the Program Delivery segment.

As of the end of FY21, OpenLearning has had over 5.12 million enrolments from 3.12 million registered learners across thousands of courses provided by 205 education providers, making it one of the world's largest online education platforms.

OpenLearning is targeting Australia's \$7.5 billion online lifelong learning market

The Australian online education market is expected to grow 8.2% and reach \$7.9 billion in 2021, according to IBISWorld's latest forecast. Lifelong learning, which includes both non-accredited courses and accredited courses, accounts for 95%, or \$7.5b, of the country's online education market.

With over 3m learners, thousands of courses and partnerships with 200 education providers, OpenLearning is already a pioneer in online education delivery in the Australian market. However, the Company has, to date, only scratched the surface of Australia's online lifelong learning market by primarily operating in the non-accredited segment (with an estimated market size of \$245m). Given the platform's capabilities and strong relationships with education providers, OpenLearning is now expanding into the much larger \$7.2b online accredited qualification segment.

OpenLearning also continues to make inroads in the strategically important Southeast Asian market where the combination of a large youth population and the need to significantly improve post-secondary education access has driven many education institutions to look for innovative ways to deliver education.

OpenLearning already has a dominant position in Malaysia's online education market and has customers in Indonesia and Singapore. As the world struggles to address skills gaps in key areas, we are seeing increased interest from education providers to develop short courses and micro-credentials on OpenLearning with growing regulatory support for micro-credentials in our key markets.

The COVID-19 pandemic has been a catalyst for online learning and is expected to drive structural change in the education sector for an extended period. The Company concurs with the emerging consensus view that many functions performed remotely due to the pandemic – education included – will only be partially reversed once COVID-19 eventually fades from view.



A survey conducted by Pearson found that 90% of learners believe online education will be part of their university experience. OpenLearning is well placed for this structural shift. Even before the pandemic hit, the Company was providing its platform for blended learning (part online, part face-to-face).

OpenLearning's strategy to grow market share is well developed

To grow its presence in the broader online education sector, OpenLearning has positioned itself as a lifelong learning platform, encompassing short courses, micro-credentials and qualifications. The Company 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:** OpenLearning provides its innovative learning platform and tools (e.g. BEST Network, OpenCreds) on a Software-as-a-Service (SaaS) model to enable education institutions to deliver courses online.
- **Program Delivery:** OpenLearning partners with top institutions to deliver programs on the OpenLearning platform. As the delivery partner, the Company has capabilities across the full spectrum of program delivery requirements, including learning design, technology, learning platform, teaching, online facilitation, support and assessment.
- **Value-added services:** OpenLearning operates a lifelong learning marketplace and provides learning design services to its clients, which creates network effects and accelerates adoption of its platform.



86%

YoY increase in
FY21 group revenue
to \$3.51 million



Managing Director's Report (Cont.)

Strong growth in Platform Revenues a FY21 highlight

OpenLearning's Platform Revenue

is derived from two products:

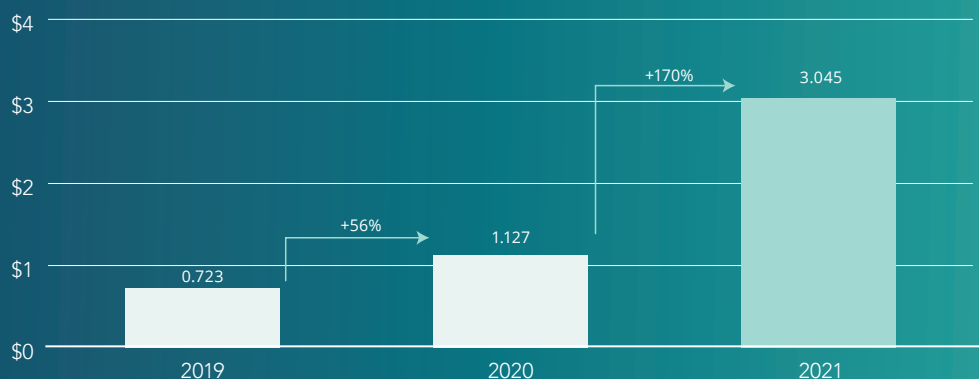
1. Platform Subscription and
2. Program Delivery.

Platform Subscription revenues rose by 27% in FY21 to \$1.43 million, while Program Delivery revenues, which were successfully introduced during OpenLearning's FY21, totalled \$1.61 million in the year. These two revenue streams, which are together categorised as 'Platform Revenue,' jumped by 170% to \$3.045 million in FY21.



14

Platform Revenue (AUD, \$ million)



↑ 170%
YoY increase in FY21
Platform Revenue

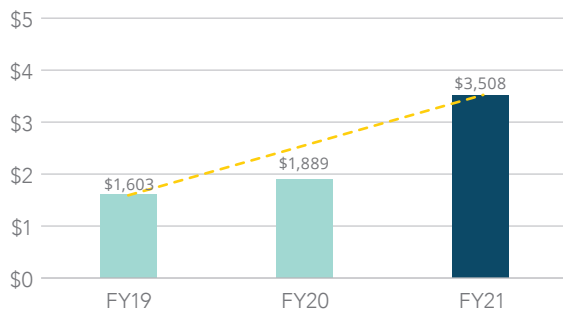
↑ 27%
YoY increase in FY21
Subscription Revenue



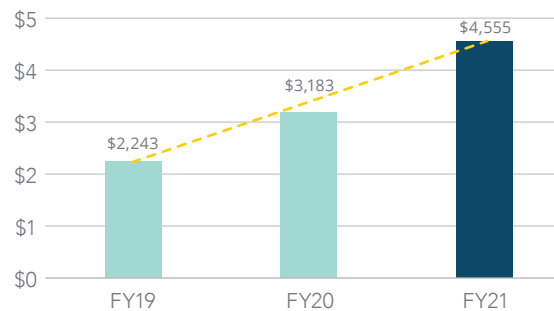
OpenLearning's gross sales, which includes value-added services; increased by 45% YoY to \$4.16 million. Overall Group revenue, which deducts shared with education providers, jumped by 86% YoY to \$3.51 million. OpenLearning's cash receipts increased by 43% YoY to \$4.56 million, underpinned by higher upfront payments from learners and SaaS customers.

Images 1–6: Group Revenue, Cash Receipts, Group Gross Sales, SaaS Customers (paying >\$500/year), Cumulative Unique Users, and Cumulative Enrolments by financial year.

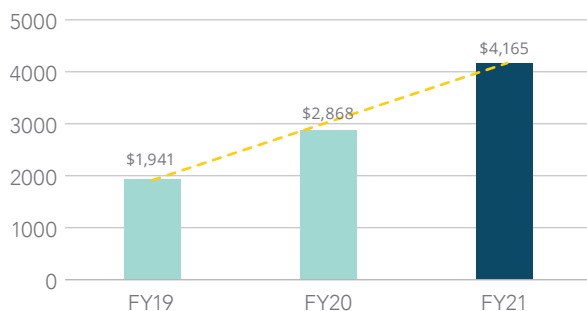
Group Revenue ('000)



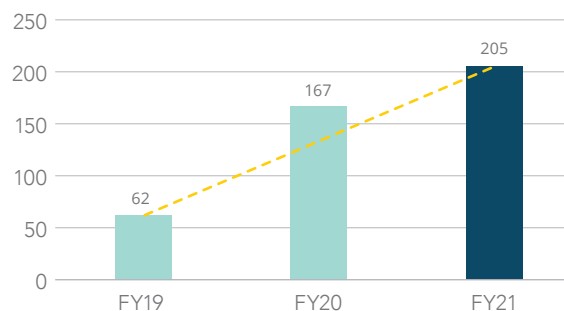
Cash Receipts ('000)



Gross Sales ('000)

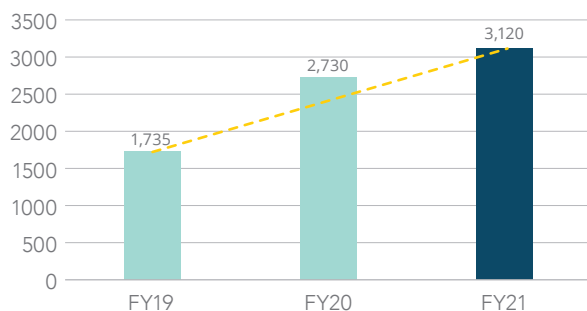


SaaS Customers

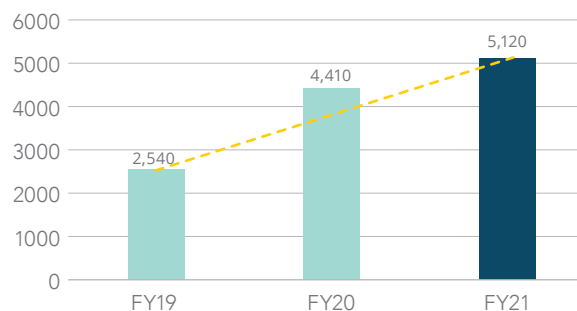


At the end of FY21, OpenLearning had over 3.12 million enrolments from 5.12 million registered learners in courses provided by over 205 education providers, making it one of the world's largest online education platforms.

Cumulative Unique Users ('000)



Cumulative Enrolments ('000)



OpenLearning ended FY21 with a strong and advanced pipeline of potential clients in Australia and Malaysia, and with a number of additional clients already secured and expected to commence utilising the Company's platform in FY22.



Managing Director's Report (Cont.)

An expanded product offering feeds growth in Program Delivery revenue stream

OpenLearning's Program Delivery segment grew in importance over FY21 as the Company launched two programs targeting large accessible markets in partnership with top institutions.

Learning platform quality

Ability to scale

A different approach to Online Program Delivery (OPM)

OpenLearning



- Same learning platform used for all programs.
- Student-centric delivery model for higher learner engagement and satisfaction.



- One program accepted by multiple institutions, more scalable.

Traditional OPM



- Different learning platform for each program.
- Delivery quality and student experience vary.



- One program to only one institution, difficult to scale.

The first of these was the UNSW Transition Program Online (TPO), a highly scalable four-month preparation program delivered by OpenLearning in collaboration with UNSW Global, which provides prospective international students with direct-entry into the University of New South Wales, a global top 50 university.

The TPO leverages activity-based learning, personalised coaching, portfolio-based continuous assessment and high stakes interviews by leveraging technology led student engagement and identity verification pioneered by the OpenLearning platform.

The first intake of the TPO occurred in March 2021. It was highly successful, with 86% of students receiving an offer from UNSW for either a degree or diploma after completing the TPO. The program

subsequently completed further intakes in August, September and November 2021. Looking ahead, five intakes are scheduled for 2022.

OpenLearning and UNSW Global are now aiming to increase the number of other universities that recognise the program. To this end, seven universities across the United Kingdom, New Zealand and Australia, in addition to UNSW, have already recognised the TPO. In a clear pointer to the market demand, revenue from the TPO exceeded investment within its first year of operation.

OpenLearning's second Program Delivery offering, the recently introduced technology upskilling micro-credential named Computer Science 101 (CS101), is now also gaining traction. CS101 comprises four short courses that are designed by industry to up-skill working

professionals in computational thinking and programming. It brings together industry experts and leading technology companies, including Microsoft, Canva, Chronosphere, Alibaba Cloud and CT4, and is expected to grow further over time.

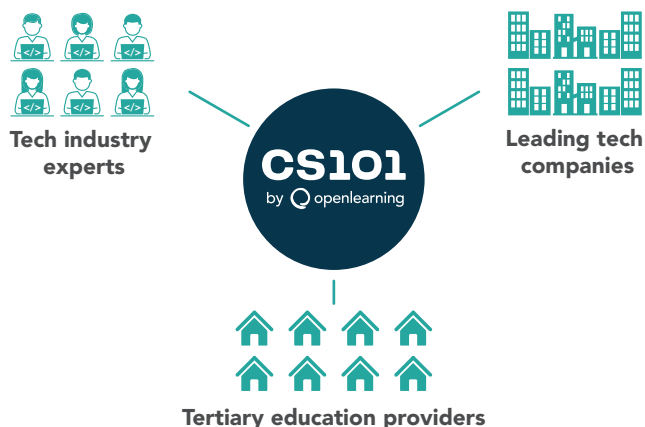
OpenLearning started development of CS101 in Q2 FY21, a task that also extended across the Company's Q3 FY21. The first CS101 intake occurred in OpenLearning's H2 FY21 and new cohorts will run throughout 2022. OpenLearning is targeting the corporate and higher education sectors in its key markets of Australia, Malaysia and Singapore.



Attracting international students from across the globe with the UNSW Transition Program Online



■ Including students who have paid or received offers.



Australian tech workforce to grow 2x faster than other occupations, resulting in 809k tech workers by 2024, an increase of 113k from 2019.

OpenLearning's CS101 is leveraging off growing demand for computer/tech skills.

The program comprises four main topics, providing a solid foundation in computer science:

- 1 Introduction to programming and computational thinking
- 2 Problem solving with automation and storage
- 3 Data structures from C to Python
- 4 Abstract data types and program design

Managing Director's Report (Cont.)



Major partnerships to drive future growth

The past year saw an acceleration in the adoption of online learning and greater acceptance of online degrees, short courses and micro-credentials by both domestic and international students. OpenLearning has successfully positioned itself to capitalise on this and signed a number of significant agreements with top tier organisations that are expected to drive future revenue growth.

In 2021, the Company transitioned a large number of its customers to usage-based software-as-a-service plans with fees set based on the number of educators, learners or organisations utilising the platform. While this change resulted in a short-term decline in revenue from some customers, it will ensure that the Company's subscription revenue is more closely aligned to usage of the OpenLearning platform.

In late April 2021, the Company announced it had signed a SaaS agreement with Afterpay Corporate Services Pty Ltd (Afterpay). In July, Afterpay began delivering courses on OpenLearning with the launch of a free financial literacy education program for retail workers in partnership with the Australian Retailers Association. Afterpay is the first ASX20 company to directly leverage OpenLearning's technology platform and signifies growing interest from large companies in online education.

In mid-June 2021, OpenLearning announced it had signed a 5-year platform SaaS agreement with the University of Wollongong (UOW) with a minimum contract value of \$624,250 including GST. UOW is a global top 200 university in the QS World University Rankings 2021 and has over 36,000 students across campuses in Australia, Malaysia, Hong Kong and Dubai. UOW intends to utilise OpenLearning's platform to deliver short courses and micro-credentials, as it expands its lifelong learning offering.

In 2021, the Company substantially enhanced the technology behind the Biomedical Education Skills and Training (BEST) Network. The BEST Network is a member-based collaboration of five Australian universities and five international universities in addition to the founding members, UNSW and The University of Queensland (UQ), who pay an annual membership fee, a portion of which will go to the Company, to participate in the network.

The BEST Network's most widely used application is Slice, a curated collection of over 21,000 medical images. Slice, an innovative cloud application, functions as a kind of "Google Maps of biomedical images". Its capacity to display and annotate "virtual microscopy" images enables faculty at the world's top universities to provide their students with images of human, animal and microbial tissues, both in health and disease.

Development of OpenCreds and enhancements to OpenLearning's platforms

In FY20, the Company launched OpenCreds, Australia's first cross-sector micro-credentialing framework and subsequently launched a version for Malaysia later in the year. OpenCreds enables education providers to adapt to the fast-changing nature of work by providing a common structure through which they can deliver micro-credentials across higher education, vocational education, and industry.

OpenCreds gained traction in FY21 with over 56 OpenCreds being developed and launched for public enrolment by education providers from Australia and Malaysia on the OpenLearning platform. Overall, OpenCreds is now being adopted by education providers across all sectors, including universities, vocational colleges and professional learning providers.



For the first time, selected OpenCreds are being promoted nationwide through Open University Australia's marketplace as a result of the agreement the Company signed with Open University Australia in FY20.

Throughout FY21, OpenLearning continued to implement enhancements to the OpenLearning platform to speed up customer onboarding, self-service course design, learning analytics, learner engagement and portfolios. In addition, the Company made a number of improvements to its assessment tools, integration and developed a new set of tools to identify academic misconduct in online learning.

Corporate

In late FY21, OpenLearning announced that global investment group Alchemy Tribridge Sapphire Pty Ltd (ATL) had taken an approximate 17% stake in the Company via a placement. ATL also now has options to acquire a further circa 3%, making it OpenLearning's largest shareholder. In conjunction with the placement, the Company conducted a rights issue to eligible shareholders to enable them to participate alongside ATL at the same price per share.

OpenLearning ended FY21 with cash on hand as at 31 December 2021 was \$4.59 million, inclusive of the proceeds of the placement to ATL. Post year end, OpenLearning's cash holdings were further boosted by \$1.58 million received from a rights issue to eligible existing OpenLearning shareholders.

The funds raised will be utilised by the Company to continue executing its multi-faceted growth strategy, which includes:

- The provision of an end-to-end platform for education providers to move online and capitalise on demand for lifelong learning;

- Investment in product-driven growth to increase sales and marketing efficiency;
- Expansion of its SaaS model's addressable market by targeting new sectors, including registered training organisations and private education providers in Australia and Malaysia;
- Increasing enrolments and university partners for the UNSW Transition Program Online; and
- Entry into the corporate up-skilling and higher education markets with Computer Science 101 (CS101) and Technology-focused OpenCreds.

Critical importance of higher education to the Australian economy

Few industries are as critically important to Australia's economy and our society as education. While technology is already transforming vast sections of our country, education providers have been slow to adapt – opting for incremental improvements as opposed to ground-breaking transformation.

This dynamic is beginning to change. Students and working professionals require new skills to adapt to new ways of working, they're demanding short courses rather than multi-year degrees. It is becoming increasingly clear that higher education is moving and must move from a once-in-a-lifetime product to lifelong learning experience.

The opportunity ahead of the Company is significant – in Australia, Malaysia, Southeast Asia and around the world as millions of people look to further their education online. Globally, there are only a handful of companies that are well placed to benefit from this once in a generation change and OpenLearning is leading the way. While significant change always takes time, the pace is definitely accelerating.

Strong team and foundations

I would like to thank my fellow directors, chairman Kevin Barry, Professor Beverley Oliver, Spiro Pappas, David Buckingham and Maya Hari for their guidance and support over the past year. I would also like to welcome Ben Shields, who joined the Board at the end of FY21.

I'm proud to work alongside our diverse team across Australia, Malaysia, Indonesia and beyond, as well as our highly regarded leadership team, including founder and CTO David Collien, Managing Director for Australia Cherie Diaz, Managing Director for Malaysia Sarveen Kandiah, CFO Huat Koh and Strategy Director Christina He.

We've started 2022 in a strong position with multiple strategic growth initiatives underway. In the near-term, we are focused on growing our Platform Subscription revenue by investing in sales and marketing and implementing enhancements to our platform, and supporting our partners in the Program Delivery segment with new intakes of the UNSW Transition Program Online and CS101 already underway.

In FY22, we hope to see our investments in recent partnerships drive our revenue growth and the successful onboarding of more top tier organisations onto the OpenLearning platform. We look forward to the year ahead and we thank all our shareholders for their support in FY21.

Kind regards

Adam Brimo
Managing Director & Group CEO

Chairman's Report



Dear fellow Shareholders,

I am delighted to present OpenLearning Limited's Annual Report for the financial year ended 31 December 2021.

The Company develops and operates an online education platform (Platform) on a software-as-a-service (SaaS) business model whose primary customers are education providers based in Australia and the South-East Asian markets and delivers programs in partnership with top institutions.

In FY21, the Company successfully expanded into program delivery with the successful commencement of the UNSW Transition Program Online (TPO), an innovative program developed in collaboration with UNSW Global for international students to gain entry into a global top 50 university.

FY21 Year Results

In FY21, the Group continued its focus on growing revenue and securing partnership agreements with top tier education providers by expanding its sales, partnerships and marketing teams, and investing in customer success, product development and establishing new programs including UNSW TPO and CS101.

The advent of COVID-19 in early 2020, leading to imposition of stay-at-home measures, resulted in education providers placing emphasis on delivery of their courses online and greater students' enrolment in online courses. The Group was well positioned to support education providers as they began to move online and was able to secure a number of new clients and long-term partnerships that have the potential to generate substantial new revenue.

The Group's efforts, in combination with a renewed interest in online education, resulted in a substantial increase in the Group's revenue, which increased 86% y-o-y.

The Group transitioned from predominately a free platform and revenue share model to a subscription platform. However, this resulted in a reduction in gross margin for Marketplace comparing FY21 against FY20.

The group achieved revenue growth of 86% to \$3,507,542 in FY21. Loss after tax for FY21 increased by 19.6% YoY to \$(6,726,080) as a result of investments in sales, marketing and new program development.

Despite the Group's losses, cash and cash equivalents remained at \$4,588,563 as at 31 December 2021 arising from a capital raising completed in November 2021. Post year-end, the Company received \$1.58 million from a rights issue to eligible existing OpenLearning shareholders.

Net cash flows used in operating activities were \$(6,009,498) in FY21 as the Group invested in establishing a number of strategic partnerships and programs in exchange for a share of future revenues from those initiatives.

Strategy

The Company's strategy is to provide a complete technology solution to education providers so that they can deliver higher quality online programs. In order to grow SaaS revenue, the Company is expanding its sales and marketing team, improving sales efficiency and focusing on aligning SaaS revenue to platform usage.

At the same time, the Company was able to establish its program delivery business in FY21 with the successful commencement of the UNSW TPO – a great effort from our team in collaboration with UNSW Global. The TPO is a highly scalable program for prospective international student that is already being accepted by universities in the United Kingdom and New Zealand, in addition to Australia, where it provides direct entry into UNSW, a global top 50 university.

Towards the end of FY21, the Company launched Computer Science 101 (CS101), a computer science micro-credential program designed to bridge the skills gap, led by Founder and CTO David Collien and in collaboration with leading tech companies and experts.

The Company is investing in its online sales channel and website to acquire and onboard Platform SaaS clients online and through inside sales, which will enable it to service clients beyond its existing markets.

People

Our team in the Company is truly committed to bring our business strategy to fruition. On half of the Board, I would like to thank each and every one of our dedicated team members for their hard work and adaptability throughout the year in the face of the challenges brought about by COVID-19 around the world.

Looking Ahead

As the world looks forward to a new normal as COVID-19 is brought under control, the Company is well positioned to capitalise on the continued shift towards online education as well as a return to on-campus education through its university partnerships, including the UNSW Transition Program Online, which provides direct entry into UNSW for international students.

Through the work that has been performed in FY21, the Board believes the Company is well positioned to grow and build up its position as one of the leading lifelong learning platforms and education technology companies in the market.

Kevin Barry
Chairman

Financial Report

Directors' Report	22
Auditor's Independence Declaration	38
Consolidated Statement of Profit or Loss and Other Comprehensive Income	39
Consolidated Statement of Financial Position	40
Consolidated Statement of Changes in Equity	41
Consolidated Statement of Cash Flows	42
Notes to the Financial Statements	43
Directors' Declaration	69
Independent Auditor's Report	70
Shareholder Information	75
Corporate Directory	77



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 2021.

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:

Kevin Barry	Non-Executive Chairman
Adam Brimo	Managing Director and Group CEO
Spiro Pappas	Non-Executive Director (re-designated from executive director on 17 April 2021)
David Buckingham	Non-Executive Director
Professor Beverley Oliver	Non-Executive Director (resigned on 22 March 2022)
Maya Hari	Non-Executive Director
Benjamin Shields	Non-Executive Director (appointed on 1 December 2021)

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:

- online program management serving direct-entry programs that enable students to enter universities;
- providing a cloud-hosted social learning platform for delivering short courses, blended learning and online degrees;
- 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 2021 ("FY2021"):

- gross sales of \$4,164,930, an increase of 45.2% year-on-year ("y-o-y");
- revenue of \$3,507,542, an increase of 85.7% y-o-y; and
- loss after tax of \$(6,726,080), an increase in losses of 19.6% y-o-y.

	2021	2020	INC/(DEC)
	\$	\$	%
Revenue from ordinary activities	3,507,542	1,888,636	85.7
Revenue comprises of the following:			
Platform SaaS fees	1,433,206	1,127,453	27.1
Program delivery	1,611,386	–	100.0
Marketplace sales	726,822	1,121,159	(35.2)
Services sales	393,516	619,886	(36.5)
Gross sales	4,164,930	2,868,498	45.2
Less: Sharing of revenue with course creators	(657,388)	(979,862)	(32.9)
Revenue	3,507,542	1,888,636	85.7

The Group's revenue growth accelerated in FY2021 as its market share increased in the Australian and Southeast Asian online lifelong learning market.

Strategy

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

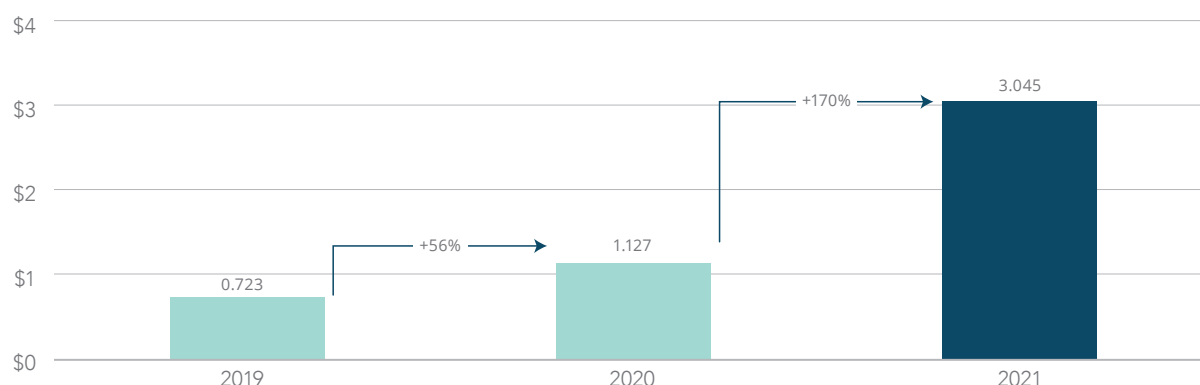
- **Platform Subscription:** Providing an innovative learning platform and tools on a SaaS model to enable education providers to deliver courses online.
- **Program Delivery:** Partnering with top institutions to deliver programs on the OpenLearning platform with capabilities across full spectrum of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

The Group is successfully capitalising on the accelerated shift towards online education through multi-year agreements with leading education providers. OpenLearning ended FY2021 with 205 Platform Subscription customers and over 3 million learners and 5 million enrolments in courses making it one of Australia and Southeast Asia's largest lifelong learning platforms.

Financial highlights for FY2021

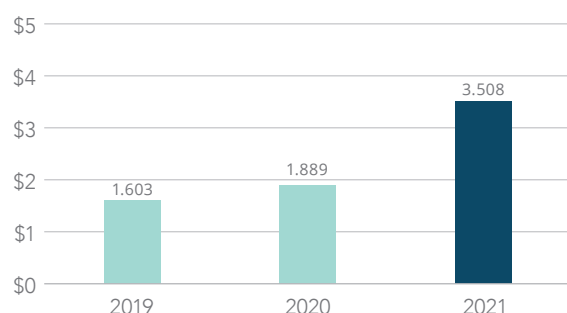
The Company is focused on growing revenue from its Platform Subscription and Program Delivery product lines, together categorised as 'Platform Revenue'. With the introduction of the Program Delivery product line in FY2021, the Group has seen accelerating growth in Platform Revenue:

Platform Revenue (AUD, \$ million)

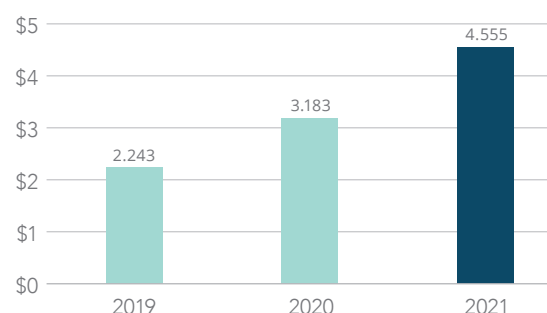


The Group's gross sales, which includes value-added services increased by 45.2% y-o-y to \$4,164,930 and after deducting revenue shared with education providers, revenue grew strongly by 85.7% y-o-y to \$3,507,542. The Group's cash receipts increased by 43.1% y-o-y to \$4,555,236, as a result of upfront payments from learners and SaaS customers.

Group Revenue (AUD, \$ million)



Cash Receipts (AUD, \$ million)



Directors' Report (Continued)

Investment in platform and products

The Group is prioritising revenue growth and has continued to invest in its lifelong learning platform and the establishment of the Program Delivery segment, which began generating revenue in FY2021 and includes:

1. **Biomedical Education Skills and Training (BEST) Network**, which enables medical education to be delivered online with a library of 21,000 medical images from leading universities;
2. **OpenLearning self-service SaaS**, which enables self-service payment and onboarding for education providers to utilise OpenLearning's lifelong learning platform;
3. **UNSW Transition Program Online**, a four-month direct entry program for prospective international students delivered by OpenLearning in partnership with UNSW Global;
4. **CS101**, a micro-credential designed by leading tech companies, industry experts and educators to up-skill working professionals in computer science and programming; and
5. **OpenCreds**, a lifelong learning micro-credentialling framework designed to become an industry standard in Australia and Malaysia.

To ensure the success of these initiatives, the Group expanded its team and increased its investment in sales and marketing in FY2021. The Group's main operating expenses by function and investments spent were:

	YEAR ENDED 31 DECEMBER 2021 \$	YEAR ENDED 31 DECEMBER 2020 \$
Operating expenses		
Sales and marketing	1,906,077	1,508,542
Platform design and development	1,510,779	1,261,615
Program and service delivery	2,697,846	1,069,365
Investing activities		
New programs	710,130	147,990
Total investment in growth initiatives	6,824,832	3,987,512

As a result of these investments, the Group's loss after tax for FY2021 increased by 19.6% y-o-y to \$6,726,080.

Despite the Group's losses, cash and cash equivalents remained healthy at \$4,588,563 as at 31 December 2021 assisted by a share placement.

Conclusion

The Group successfully executed against a number of key contracts during FY2021 thanks to the hard work and dedication of employees and the support of its partners. The directors are grateful for the support of the Company's shareholders and are ensuring that funds are invested prudently.

The directors are pleased to report that investments made in the preceding twelve months in the new Program Delivery segment have already generated revenue in excess of the initial investment and the development of a new computer science program (CS101) has been completed and launched. With both components of Platform Revenue increasing in FY2021, OpenLearning is well positioned to capture an increasing share of the online lifelong learning market.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

- (i) The Company issued 31,182,796 ordinary shares at \$0.093 each to a new investor, Alchemy Tribridge Sapphire Pty Ltd ('Alchemy Tribridge'), pursuant to a share placement exercise in November 2021; and
- (ii) The Company also issued 2,150,537 ordinary shares to certain nominees of Alchemy Tribridge as facilitation shares at nil consideration in connection with the share placement.

Events after the reporting period

During the financial year, the Company undertook a pro-rata non-renounceable entitlement issue of 1 share for every 6 shares held by shareholders registered at record date at an issue price of \$0.093 per share. The prospectus for this entitlement issue also contains an offer to Alchemy Tribridge of 6,422,908 options exercisable at \$0.093 per share on or before 30 September 2022.

The pro-rata non-renounceable entitlement issue closed after the financial year end on 14 January 2022. As a result, the Company issued 17,026,099 shares raising \$1,583,427 from eligible shareholders. The Company intends to place to institutional investors the shortfall amount of \$1,475,626 arising from the entitlement issue.

Future development, prospects and business strategies

The effects of Covid-19 in the past year resulted in increasing acceptance of online learning delivery by education providers, especially in the lifelong learning segment, which is comprised of short courses and micro-credentials for professional development. The Group has secured a number of new customers and strategic partners over the past two years, some of which have already contributed to the Group's revenue in FY2021. Among these are:

- an agreement with UNSW Global for the delivery of the UNSW Transition Program Online, which commenced operation in FY2021;
- the implementation of usage-based software-as-a-service pricing for the OpenLearning platform, which closely ties platform usage to revenue thereby improving the economics of the Platform SaaS business;
- the launch of CS101, a computer science micro-credential program that is distributed to corporates and working professionals in partnership with tech companies and education providers; and
- an agreement with The University of Queensland and UNSW for the Biomedical Education Skills and Training Network, which began generating revenue in FY2021.

The Group continues to implement significant enhancements to its platforms to speed up customer onboarding, self-service course design, learning analytics, learner engagement and portfolios. This will strengthen the appeal of the platforms and drive revenue growth.

The Group is currently reviewing its strategy to ensure it is sufficiently capitalising on its position in the lifelong learning market and is exploring strategic opportunities to increase shareholder value.

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 2021.

Directors' Report (Continued)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2021 has been received and can be found on page 38 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
9 December 2019	9 December 2022	\$0.20	2,793,333
9 December 2019	9 December 2022	\$0.30	5,000,000
28 October 2021	31 August 2024	\$0.30	250,000
28 October 2021	27 April 2025	\$0.30	1,000,000
24 January 2022	30 September 2022	\$0.093	6,422,908

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 950,000 performance rights convertible to shares on 1:1 basis on issue (2020: 2,325,000).

These 950,000 performance rights shall 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. None of these performance rights vested during FY2021.

Information Relating to Directors and Company Secretary

KEVIN BARRY		NON-EXECUTIVE CHAIRMAN
Qualifications		B.Comm, LLB
Experience		Kevin Barry is a director of TCAP Australia and Thakral Capital Holdings. His responsibilities include execution of investment opportunities, oversight and management of development projects, origination of senior construction and investment finance. Kevin is also the TCAP group representative director for the GemLife retirement business. Kevin has over 24 years' experience in law, property finance and funds management. Initially he started as a structured finance lawyer in Sydney with KPMG & Blake Dawson, and then London with Norton Rose. In 2001, he moved to investment banking at Zurich Capital Markets Asia where he was Senior Vice President responsible for the structuring and execution of their principal finance business. He subsequently managed CHOPIN structured finance business whose primary activities included originating fixed income products across various asset classes. Prior to joining the TCAP group, Kevin was involved in setting up the credit strategies funds management business at Pengana Capital. Since 2010, Kevin has been on the Board as Chairman of the ASX-listed ICS Global Limited (ASX: ICS).
Interest in Shares and Options		1,839,788 fully paid ordinary shares. Options to acquire a further 1,000,000 ordinary shares.
Special Responsibilities		Member of Audit Committee and Remuneration Committee.
Directorships held in other listed entities during the three years prior to the current year		Current director of ICS Global Limited (since 23 July 2010).
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 Pearcy 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		6,682,475 fully paid ordinary shares.
Special Responsibilities		Group CEO
Directorships held in other listed entities during the three years prior to the current year		None

Directors' Report (Continued)

SPIRO PAPPAS		NON-EXECUTIVE DIRECTOR
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 and OpenInvest (Wealthtech). Spiro is also an NED of DataMesh Group (Payment Fintech) and Cognian Technologies (IoT Proptech). 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 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. Options to acquire a further 1,000,000 ordinary shares.
Special Responsibilities		Member of Audit Committee.
Directorships held in other listed entities during the three years prior to the current year		Splitit Payments Ltd (appointed 20 January 2019; resigned 8 February 2021).
DAVID BUCKINGHAM		NON-EXECUTIVE DIRECTOR
Qualifications		Engineering Science B.Tech (Hons), ACA ICAEW, GAICD
Experience		David Buckingham is the non-executive Chairman of ASX-listed Pentanet Limited (ASX: 5GG) and a non-executive director of ASX-listed Nuheara Limited (ASX: NUH). David was previously the Group CEO and Managing Director of Navitas (ASX: NVT) from 2018-2019 and the CFO from 2016-2018. David has a diverse educational background and impressive career which he began in the United Kingdom with PricewaterhouseCoopers. He later moved into the telecommunications industry to which he devoted much of his career. He has worked for Telewest Global as the Group Treasurer and Director of Financial Planning, Virginmedia, as Finance Director Business Division and iiNet where he held the roles of Chief Financial Officer and Chief Executive Officer between 2008 and 2015.
Interest in Shares and Options		416,666 fully paid ordinary shares. Options to acquire a further 1,000,000 ordinary shares.
Special Responsibilities		Member of Audit Committee.
Directorships held in other listed entities during the three years prior to the current year		Current Director of Way2Vat Limited (since 9 September 2021). Current Director of Hiremii Limited (since 3 May 2021). Current director of Pentanet Limited (since 9 September 2020). Current director of Nuheara Limited (since 1 November 2019). Navitas Limited (Appointed 1 July 2018; Resigned 5 July 2019).

PROFESSOR BEVERLEY OLIVER	
NON-EXECUTIVE DIRECTOR	
Qualifications	BA(Hons), M.Phil PhD W.Aust, GradDipEd Murdoch, GAICD PFHEA
Experience	Emeritus Professor Beverley Oliver is an education change leader, a Principal Fellow of the Higher Education Academy, and an Australian National Teaching Fellow. She works as a higher education consultant and researcher in areas such as digital education, micro-credentials, curriculum transformation, quality assurance and graduate employability. Beverley was Deputy Vice-Chancellor Education at Deakin University (2013-2018), Deputy Chair of Universities Australia's Deputy Vice-Chancellors (Academic) (2018) and Deputy Chair of the Board of EduGrowth, a not-for-profit entity and Australia's acceleration network for high-growth, scalable, borderless education (2016-18). Beverley's leadership has been recognised through two national Citations for Outstanding Contributions to Student Learning and several nationally funded grants and two fellowships. In 2017, she was awarded Deakin University's highest honour, the title of Alfred Deakin Professor, for her outstanding and sustained contribution to conceptualising the strategic enhancement of courses in the digital economy and furthering Deakin University's research and scholarship in the field of higher education.
Interest in Shares and Options	Options to acquire 1,000,000 ordinary shares.
Special Responsibilities	Member of Remuneration Committee.
Directorships held in other listed entities during the three years prior to the current year	None
MAYA HARI	
NON-EXECUTIVE DIRECTOR	
Qualifications	MBA, MS Engineering
Experience	Maya Hari is a global leader in technology as well most recently having spent 7+ years in Twitter serving as VP, Global Strategy & Operations and the VP & Managing Director, Asia Pacific at Twitter. Asia Pacific has been the growth engine for Twitter in recent years. Maya's focus has been to fuel Twitter strategy and rapid growth in key markets such as China, India, Australia and Indonesia. Maya brings diverse business experience having led functions in Sales, Marketing & Product Management. She serves as a director of the following entities in Singapore: TIE Singapore (a Non-Profit focused on fuelling the entrepreneurial ecosystem), Aviva Singlife Holdings Pte Ltd, Aviva Ltd and Singapore Life Pte Ltd. Prior to Twitter, Maya spent 16+ years in the digital media, mobile and eCommerce in the US and in Asia Pacific region for brands such as Google, Samsung, Microsoft & Cisco. She was also responsible for the digital transformation & re-engineering of media powerhouse Conde Nast in Asia.
Interest in Shares and Options	Options to acquire 1,000,000 ordinary shares.
Special Responsibilities	Member of Remuneration Committee.
Directorships held in other listed entities during the three years prior to the current year	None

Directors' Report (Continued)

BENJAMIN SHIELDS

NON-EXECUTIVE DIRECTOR

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

None

Directorships held in other listed entities during the three years prior to the current year

None

NOVA TAYLOR

JOINT COMPANY SECRETARY

Qualifications

BA Laws, BA Science – Deakin University

Experience

Approximately 5 years' experience working in Company Secretary and Assistant Company Secretary roles with listed companies. She previously worked for Computershare Investor Services Pty Limited in various roles for over 10 years.

ROBYN SLAUGHTER

JOINT COMPANY SECRETARY

Qualifications

MSc Corporate Governance with Graduate ICOSA – London South Bank University

BA (Hons) Accounting and Finance – University of Lincoln

Experience

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 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, cyber security and manufacturing.

Meetings of Directors

During the financial year 2021, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year was as follows:

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Kevin Barry	8	8	2	2	–	–
Adam Brimo	8	8	–	–	–	–
Spiro Pappas	8	7	2	1	–	–
David Buckingham	8	8	2	2	–	–
Professor Beverley Oliver	8	8	–	–	–	–
Maya Hari	8	8	–	–	–	–
Benjamin Shields*	–	–	–	–	–	–

* Benjamin Shields was appointed to the Board on 1/12/2021.

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; and
- (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; and
- to ensure remuneration is competitive in line with market to motivate and retain executive talent.

The Board has established a Remuneration Committee which 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; and
- short term incentives, being employee share schemes and bonuses for selected executives.

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

Directors' Report (Continued)

(ii) Details of remuneration

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

		SHORT-TERM BENEFITS			
		SALARY AND FEES	PROFIT SHARE AND BONUSES	NON-MONETARY	LEAVE AND OTHER
		\$	\$	\$	\$
Executive Director					
Adam Brimo	2021	250,000	–	–	20,029
	2020	214,583	51,000	–	21,526
Non-Executive Directors					
Kevin Barry	2021	70,000	–	–	–
	2020	63,927	–	–	–
Spiro Pappas	2021 ¹	98,853	–	–	–
	2020	149,848	–	–	8,930
David Buckingham	2021	45,558	–	–	–
	2020	45,662	–	–	–
Professor Beverley Oliver	2021	45,558	–	–	–
	2020	45,662	–	–	–
Maya Hari	2021	56,131	–	–	–
	2020	52,938	–	–	–
Benjamin Shields	2021 ²	3,788	–	–	–
	2020	–	–	–	–
Other KMP					
Cherie Diaz	2021	249,769	–	–	10,817
	2020	226,058	70,000	–	30,440
Sarveen Kandiah	2021	104,681	–	–	2,237
	2020	105,790	20,000	–	7,421
David Collien	2021	180,000	–	–	11,087
	2020	162,116	35,000	–	19,627
Huat Koh	2021	180,000	–	–	6,376
	2020	168,077	15,000	–	20,220
Christina He	2021	175,000	–	–	3,836
	2020 ³	41,761	4,000	–	3,803
Total KMP	2021	1,459,338	–	–	54,382
	2020	1,276,422	195,000	–	111,967

1. Spiro Pappas was re-designated from Executive to a Non-Executive Director on 17 April 2021.

2. Benjamin Shields – appointed to the Board on 1 December 2021.

3. Christina He – joined October 2020.

POST-EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		EQUITY-SETTLED SHARE-BASED PAYMENTS		CASH-SETTLED SHARE-BASED PAYMENTS	TERMINATION BENEFITS	TOTAL
PENSION AND SUPER-ANNUATION	OTHER	INCENTIVE PLANS	LSL	SHARES/ UNITS	OPTIONS/ RIGHTS			
\$	\$	\$	\$	\$	\$	\$	\$	\$
22,989	—	—	—	—	—	—	—	293,018
20,385	—	—	—	—	—	—	—	307,494
—	—	—	—	—	—	—	—	70,000
6,073	—	—	—	—	—	—	—	70,000
8,446	—	—	—	—	—	—	—	107,299
12,652	—	—	—	—	—	—	—	171,430
4,442	—	—	—	—	—	—	—	50,000
4,338	—	—	—	—	—	—	—	50,000
4,442	—	—	—	—	—	—	—	50,000
4,338	—	—	—	—	—	—	—	50,000
—	—	—	—	—	—	—	—	56,131
—	—	—	—	—	—	—	—	52,938
379	—	—	—	—	—	—	—	4,167
—	—	—	—	—	—	—	—	—
22,989	—	—	—	—	—	—	—	283,575
21,455	—	—	—	—	27,714	—	—	375,667
16,129	—	—	—	—	—	—	—	123,047
12,858	—	—	—	—	27,714	—	—	173,783
17,221	—	—	—	—	—	—	—	208,308
15,401	—	—	—	—	27,714	—	—	259,858
17,273	—	—	—	—	—	—	—	203,649
15,967	—	—	—	—	27,714	—	—	246,978
17,062	—	—	—	—	—	—	—	195,898
3,967	—	—	—	—	20,786	—	—	74,317
131,372	—	—	—	—	—	—	—	1,645,092
117,434	—	—	—	—	131,642	—	—	1,832,465

Directors' Report (Continued)

(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.

(b) Cherie Diaz (Managing Director, Australia)

Cherie is paid a base salary of \$250,000 per annum (plus superannuation). Cherie is also entitled to an incentive bonus of up to \$80,000 payable based on achieving selected and verified performance criteria and 200,000 performance rights.

(c) Sarveen Kandiah (Managing Director, Malaysia)

Sarveen is paid a base salary of MYR330,000 per annum (plus superannuation). Sarveen is also entitled to an incentive bonus of up to MYR120,000 payable based on achieving selected and verified performance criteria and 200,000 performance rights.

(d) David Collien

David is paid a base salary of \$180,000 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.

(e) Huat Koh

Huat is paid a base salary of \$180,000 per annum (plus superannuation). Huat is also entitled to an incentive bonus of up to \$20,000 payable based on achieving selected and verified performance criteria and 200,000 performance rights.

(f) Christina He

Christina is paid a base salary of \$175,000 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.

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 confidentiality. The service agreements stipulate a range of two to three-month resignation periods.

(iv) Share-based remuneration

Options

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements.

5,000,000 options were granted to the Directors as disclosed in the table below in FY2019, with the following key conditions:

- amount payable upon exercise of each option is \$0.30;
- option will expire three (3) years following their date of issue; and
- an option not exercised before the expiry date will automatically lapse on the expiry date.

Performance rights

950,000 performance rights were issued in FY2020 to the key management personnel comprising of Cherie Diaz, David Collien, Sarveen Kandiah, Huat Koh and Christina He, as disclosed in the table below.

These performance rights shall 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.

Options and rights granted as remuneration

	BALANCE AT BEGINNING OF YEAR	GRANT DETAILS			EXERCISED		LAPSED	BALANCE AT END OF YEAR
		ISSUE DATE	NO.	VALUE	NO.	VALUE	NO.	
				\$		\$		NO.
				(NOTE 1)				
Directors								
<i>Options</i>								
Kevin Barry	1,000,000	9/12/2019	1,000,000	31,632	–	–	–	1,000,000
Spiro Pappas	1,000,000	9/12/2019	1,000,000	31,632	–	–	–	1,000,000
David Buckingham	1,000,000	9/12/2109	1,000,000	31,632	–	–	–	1,000,000
Professor Beverley Oliver	1,000,000	9/12/2019	1,000,000	31,632	–	–	–	1,000,000
Maya Hari	1,000,000	9/12/2019	1,000,000	31,632	–	–	–	1,000,000
	5,000,000		5,000,000	158,160	–	–	–	5,000,000
<i>Performance rights</i>								
Adam Brimo	1,000,000	9/12/2019	2,000,000	–	–	–	(1,000,000)	–
David Buckingham	375,000	9/12/2019	750,000	–	–	–	(375,000)	–
	1,375,000		2,750,000	–	–	–	(1,375,000)	–
Other KMP								
<i>Performance rights</i>								
Cherie Diaz	200,000	1/10/2020	200,000	27,714	–	–	–	200,000
Sarveen Kandiah	200,000	1/10/2020	200,000	27,714	–	–	–	200,000
David Collien	200,000	1/10/2020	200,000	27,714	–	–	–	200,000
Huat Koh	200,000	1/10/2020	200,000	27,714	–	–	–	200,000
Christina He	150,000	1/10/2020	150,000	20,786	–	–	–	150,000
	950,000		950,000	131,642	–	–	–	950,000

Directors' Report (Continued)

	BALANCE AT END OF YEAR	VESTED		TOTAL AT END OF YEAR	UNVESTED TOTAL AT END OF YEAR
		EXERCISABLE	UNEXERCISABLE		
	NO.	NO.	NO.	NO.	NO.
			(NOTE 2)		
Directors					
<i>Options</i>					
Kevin Barry	1,000,000	–	1,000,000	1,000,000	–
Spiro Pappas	1,000,000	–	1,000,000	1,000,000	–
David Buckingham	1,000,000	–	1,000,000	1,000,000	–
Professor Beverley Oliver	1,000,000	–	1,000,000	1,000,000	–
Maya Hari	1,000,000	–	1,000,000	1,000,000	–
	5,000,000	–	5,000,000	5,000,000	–
Other KMP					
<i>Performance rights</i>					
Cherie Diaz	200,000	–	–	–	200,000
Sarveen Kandiah	200,000	–	–	–	200,000
David Collien	200,000	–	–	–	200,000
Huat Koh	200,000	–	–	–	200,000
Christina He	150,000	–	–	–	150,000
	950,000	–	–	–	950,000

Note 1: The fair value of options granted to Directors and 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.

Description of Options/Rights Issued as Remuneration

Details of the options and 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 \$
9 December 2019	Company	5,000,000 ordinary shares	Within 3 years following grant date	0.30	0.032 ¹	1,500,000
1 October 2020	Company	950,000 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. Option and 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 REMUNERA- TION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
Adam Brimo	6,532,475	–	–	150,000	6,682,475
Kevin Barry	1,839,788	–	–	–	1,839,788
Spiro Pappas	3,679,091	–	–	–	3,679,091
David Buckingham	416,666	–	–	–	416,666
Professor Beverley Oliver	–	–	–	–	–
Maya Hari	–	–	–	–	–
Benjamin Shields	–	–	–	334,903*	334,903
Cherie Diaz	504,209	–	–	–	504,209
Sarveen Kandiah	177,945	–	–	–	177,945
David Collien	3,556,743	–	–	–	3,556,743
Huat Koh	152,523	–	–	–	152,523
Christina He	–	–	–	–	–
Total	16,859,440	–	–	484,903	17,344,343

* Facilitation shares issued to Benjamin Shields pursuant to subscription agreement entered between the Company and Alchemy Tribridge Sapphire Pty Ltd.

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.



Kevin Barry
Chairman

Dated: 30 March 2022

Auditor's Independence Declaration



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 2021, 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)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 30 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2021

	NOTE	2021	2020
		\$	\$
Revenue	3	3,507,542	1,888,636
Other income	4	157,784	108,605
Items of expense			
Web-hosting and other direct costs		(1,855,441)	(590,852)
Employee benefits expense		(5,846,226)	(4,703,663)
Depreciation and amortisation		(288,234)	(253,569)
Promotional and advertising		(495,897)	(370,417)
Professional services		(1,134,537)	(985,211)
General and administrative costs		(791,316)	(756,529)
		(6,746,325)	(5,663,000)
Finance income		24,924	56,279
Finance expenses		(4,679)	(17,544)
Loss before tax	5	(6,726,080)	(5,624,265)
Income tax	6	–	–
Loss for the year		(6,726,080)	(5,624,265)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(20,797)	(21,889)
Total comprehensive loss for the year		(6,746,877)	(5,646,154)
Loss for the year attributable to:			
Owners of the Company		(6,726,080)	(5,624,265)
Total comprehensive loss attributable to:			
Owners of the Company		(6,746,877)	(5,646,154)
Losses per share attributable to owners of the Company			
Basic losses per share (cents)	9	(4.02)	(3.90)
Diluted losses per share (cents)	9	(4.02)	(3.75)

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

Consolidated Statement of Financial Position

As at 31 December 2021

	NOTE	2021	2020
		\$	\$
ASSETS			
Current assets			
Trade and other receivables	10	316,154	373,406
Prepayments		297,509	279,718
Cash and cash equivalents	11	4,588,563	8,595,069
		5,202,226	9,248,193
Non-current assets			
Furniture, fittings and equipment	12	64,294	54,834
Intangible assets	13	1,145,666	531,891
Right-of-use assets	14	110,134	283,561
		1,320,094	870,286
Total assets		6,522,320	10,118,479
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,061,200	958,211
Provisions	16	342,757	224,333
Lease liabilities		124,998	192,831
Deferred revenue		867,724	643,021
		2,396,679	2,018,396
Non-current liabilities			
Lease liabilities		–	128,934
Total liabilities		2,396,679	2,147,330
Net assets		4,125,641	7,971,149
EQUITY			
Equity attributable to the owners of the Company			
Share capital	17	32,495,431	29,595,431
Accumulated losses		(30,444,116)	(25,037,705)
Reserves	18	2,074,326	3,413,423
Total equity		4,125,641	7,971,149

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

	SHARE CAPITAL (NOTE 17)	RESERVES (NOTE 18)	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$	\$
Opening balance at 1 January 2021	29,595,431	3,413,423	(25,037,705)	7,971,149
Loss for the year	–	–	(6,726,080)	(6,726,080)
Other comprehensive income				
Foreign currency translation, representing total other comprehensive loss for the year	–	(20,797)	–	(20,797)
Total comprehensive loss for the year	–	(20,797)	(6,726,080)	(6,746,877)
Issuance of ordinary shares :				
new ordinary shares	3,100,000	–	–	3,100,000
Equity issuance costs	(200,000)	–	–	(200,000)
Transfer of fair value of expired options	–	(1,319,669)	1,319,669	–
Share-based payment	–	1,369	–	1,369
Closing balance at 31 December 2021	32,495,431	2,074,326	(30,444,116)	4,125,641

	SHARE CAPITAL (NOTE 17)	RESERVES (NOTE 18)	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$	\$
Opening balance at 1 January 2020	23,233,194	3,453,610	(19,413,440)	7,273,364
Loss for the year	–	–	(5,624,265)	(5,624,265)
Other comprehensive income				
Foreign currency translation, representing total other comprehensive loss for the year	–	(21,889)	–	(21,889)
Total comprehensive loss for the year	–	(21,889)	(5,624,265)	(5,646,154)
Issuance of ordinary shares:				
new ordinary shares	5,939,499	–	–	5,939,499
exercise of share options	629,166	–	–	629,166
Equity issuance costs	(356,369)	–	–	(356,369)
Fair value adjustment on shares issued	149,941	(149,941)	–	–
Share-based payment	–	131,643	–	131,643
Closing balance at 31 December 2020	29,595,431	3,413,423	(25,037,705)	7,971,149

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	NOTE	2021	2020
		\$	\$
Operating activities			
Receipts from customers		4,555,236	3,183,122
Payments to suppliers and employees		(10,722,518)	(8,280,575)
Proceeds from other income		157,784	108,605
Net cash flows used in operating activities	22	(6,009,498)	(4,988,848)
Investing activities			
Purchase of furniture, fittings and equipment, net of disposal		(28,140)	(9,916)
Purchase of intangible assets		(710,130)	(147,990)
Net cash flows used in investing activities		(738,270)	(157,906)
Financing activities			
Proceeds from issuance of equity shares		2,900,000	5,939,499
Proceeds from exercise of share options		–	629,166
Repayment of lease liabilities		(171,817)	(168,431)
Repayment of borrowing		–	(17,727)
Share issue expenses		–	(356,369)
Net cash flows generated from financing activities		2,728,183	6,026,138
Net (decrease) / increase in cash and cash equivalents		(4,019,585)	879,384
Effect of exchange rate changes on cash and cash equivalents		13,079	(25,083)
Cash and cash equivalents at beginning of the year		8,595,069	7,740,768
Cash and cash equivalents at end of the year	11	4,588,563	8,595,069

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

Notes to the Financial Statements

31 December 2021

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 30 March 2022 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 \$6,726,080 (2020: \$5,624,265) and net operating cash outflows of \$6,009,498 (2020: \$4,988,848). As at 31 December 2021, the Group had accumulated losses of \$30,444,116 (31 December 2020: \$25,037,705).

As at 31 December 2021, the Group has net current assets of \$2,805,547 (31 December 2020: \$7,229,797) and cash and cash equivalents of \$4,588,563 (31 December 2020: \$8,595,069).

The Group has prepared a cashflow forecast for the next 12 months that indicate 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 and Platform Delivery segments with increasing cash inflow from these segments;
- active management of the discretionary expenditure in line with funds availability; and
- raising of additional working capital through the issuance of securities and/or other funding.

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

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.

Notes to the Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

1.3 Principles of consolidation (continued)

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.

1.4 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.

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 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.

Notes to the Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

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.

1.8 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.

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.

1.9 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.

Notes to the Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

1.9 Impairment (continued)

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.

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.

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.

(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.

Notes to the Financial Statements (Continued)

1. Summary of significant accounting policies (continued)

1.14 Taxes (continued)

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:

- 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.

1.15 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.

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.

Notes to the Financial Statements (Continued)

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.

(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	
	2021	2020
	\$	\$
Revenue from contracts with customers		
Platform SaaS fees	1,433,206	1,127,453
Program delivery	1,611,386	–
Marketplace sales	69,434	141,297
Services sales	393,516	619,886
	3,507,542	1,888,636

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	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Geographical markets											
Australia	977,922	677,621	1,611,386	–	298,188	575,578	66,662	125,441	2,954,158	1,378,640	
Malaysia	453,325	441,949	–	–	95,328	44,308	2,772	15,856	551,425	502,113	
Singapore	1,959	7,883	–	–	–	–	–	–	1,959	7,883	
	1,433,206	1,127,453	1,611,386	–	393,516	619,886	69,434	141,297	3,507,542	1,888,636	
Timing of revenue recognition											
Products and services transferred to customers:											
At a point in time	–	–	–	–	–	–	69,434	141,297	69,434	141,297	
Over time	1,433,206	1,127,453	1,611,386	–	393,516	619,886	–	–	3,438,108	1,747,339	
	1,433,206	1,127,453	1,611,386	–	393,516	619,886	69,434	141,297	3,507,542	1,888,636	

Notes to the Financial Statements (Continued)

4. Other income

	GROUP	
	2021	2020
	\$	\$
Cash flow boost incentive / Government grant	139,122	100,000
Gain on lease modification	15,241	–
Others	3,421	8,605
	157,784	108,605

5. Loss for the year

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

	GROUP	
	2021	2020
	\$	\$
Web-hosting and other direct costs		
web-hosting costs	963,224	590,852
program delivery licence fee	729,050	–
Employee benefits expense		
share-based payment	1,369	131,643
Depreciation and amortisation		
depreciation on furniture, fittings and equipment	18,721	15,875
depreciation on right-of-use assets	164,648	176,199
amortisation of intangible assets	104,865	61,495
Professional services		
contractors	593,325	483,791
General and administrative costs		
write-off / loss on disposal of furniture, fittings and equipment	–	1,422
foreign currency translation losses	1,962	14,909
impairment of trade receivables	17,973	66,096
travelling costs	9,841	29,586

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 \$28,123,000 (2020: \$20,580,000) 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.

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

	GROUP	
	2021	2020
	\$	\$
Loss before tax from continuing operations	(6,726,080)	(5,624,265)
Prima facie tax benefit on loss from ordinary activities before tax at the domestic tax rates where the Group operates	(1,729,125)	(1,507,822)
Add/(subtract):		
Tax effect of:		
non-allowable items	(22,624)	69,119
effect of tax losses not recognised	1,952,454	1,601,612
tax benefit of deductible equity raising costs	–	(100,068)
movement in unrecognised temporary difference	(200,705)	(62,841)
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:

	2021	2020
	%	%
Australia	26.0	27.5
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 2021.

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

	2021	2020
	\$	\$
Short-term employee benefits	1,513,720	1,583,389
Post-employment benefits	131,372	117,434
Share-based payments	–	131,642
Total KMP compensation	1,645,092	1,832,465

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.

Notes to the Financial Statements (Continued)

8. Auditors' remuneration

	GROUP	
	2021	2020
	\$	\$
Remuneration of the auditor for:		
auditing or reviewing the financial statements	57,000	56,000

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 2021	31 DECEMBER 2020
Weighted average number of ordinary shares for basic losses per share computation	167,203,638	144,065,986
Effects of dilution from:		
share options issued to convertible note holders	–	5,537,495
share options issued to advisors	–	558,667
Weighted average number of ordinary shares for diluted losses per share computation	167,203,638	150,162,148

10. Trade and other receivables

	NOTE	GROUP	
		2021	2020
		\$	\$
CURRENT			
Trade receivables		299,783	330,006
Provision for impairment	10a(i)	(21,539)	(30,223)
		278,244	299,783
Other receivables		37,910	73,623
Provision for impairment		–	–
		37,910	73,623
Total current trade and other receivables		316,154	373,406

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	NET MEASURE- MENT OF LOSS ALLOWANCE	AMOUNTS WRITTEN OFF	CLOSING BALANCE
	1 JANUARY 2020			31 DECEMBER 2020
	\$	\$	\$	\$
(i) Current trade receivables	187,094	27,810	(184,681)	30,223

	GROUP			
	OPENING BALANCE	NET MEASURE- MENT OF LOSS ALLOWANCE	AMOUNTS WRITTEN OFF	CLOSING BALANCE
	1 JANUARY 2021			31 DECEMBER 2021
	\$	\$	\$	\$
(i) Current trade receivables	30,223	16,354	(25,038)	21,539

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 2021 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.

2021	CURRENT	>30 DAYS PAST DUE	>60 DAYS PAST DUE	>90 DAYS PAST DUE	TOTAL
	\$	\$	\$	\$	\$
Expected loss rate	0%	0%	0%	25.5%	6.4%
Gross carrying amount	149,573	103,669	–	84,451	337,693
Loss allowing provision	–	–	–	21,539	21,539

2020	CURRENT	>30 DAYS PAST DUE	>60 DAYS PAST DUE	>90 DAYS PAST DUE	TOTAL
	\$	\$	\$	\$	\$
Expected loss rate	0%	0%	0%	83.1%	7.5%
Gross carrying amount	361,334	5,706	196	36,393	403,629
Loss allowing provision	–	–	–	30,223	30,223

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.

Notes to the Financial Statements (Continued)

11. Cash and cash equivalents

	GROUP	
	2021	2020
	\$	\$
Cash at bank and on hand	4,559,050	1,457,750
Cash with online payment providers	29,513	37,319
Short-terms deposits placed with banks	–	7,100,000
	4,588,563	8,595,069

12. Furniture, fittings and equipment

2021	GROUP			
	COMPUTER	OFFICE EQUIPMENT	LEASEHOLD IMPROVEMENT	TOTAL
	\$	\$	\$	\$
Cost				
At 1 January 2021	23,171	21,952	35,949	81,072
Additions	24,870	–	3,273	28,143
Exchange difference	154	20	–	174
At 31 December 2021	48,195	21,972	39,222	109,389
Accumulated depreciation				
At 1 January 2021	9,635	8,638	7,965	26,238
Depreciation for the year	6,574	4,361	7,786	18,721
Exchange difference	120	16	–	136
At 31 December 2021	16,329	13,015	15,751	45,095
Net carrying amount	31,866	8,957	23,471	64,294

2020	GROUP			
	COMPUTER	OFFICE EQUIPMENT	LEASEHOLD IMPROVEMENT	TOTAL
	\$	\$	\$	\$
Cost				
At 1 January 2020	22,984	20,082	30,999	74,065
Additions	3,043	1,923	4,950	9,916
Disposals	(2,431)	–	–	(2,431)
Exchange difference	(425)	(53)	–	(478)
At 31 December 2020	23,171	21,952	35,949	81,072
Accumulated depreciation				
At 1 January 2020	6,202	4,569	902	11,673
Depreciation for the year	4,708	4,104	7,063	15,875
Disposals	(1,009)	–	–	(1,009)
Exchange difference	(266)	(35)	–	(301)
At 31 December 2020	9,635	8,638	7,965	26,238
Net carrying amount	13,536	13,314	27,984	54,834

13. Intangible assets

	GROUP						
	DOMAIN NAMES AND TRADE-MARKS	GOODWILL	PLATFORM DEVELOPMENT	LEARNING PLATFORM SOFTWARE WORK-IN-PROGRESS	LEARNING PLATFORM SOFTWARE	COURSE DESIGN	TOTAL
	\$	\$	\$	\$	\$	\$	\$
2021							
Cost							
At 1 January 2021	37,096	24,500	–	–	361,242	163,240	586,078
Additions	7,124	–	179,475	–	–	523,531	710,130
Exchange difference	–	–	–	–	11,092	–	11,092
At 31 December 2021	44,220	24,500	179,475	–	372,334	686,771	1,307,300
Accumulated amortisation							
At 1 January 2021	–	–	–	–	54,187	–	54,187
Amortisation for the year	–	–	–	–	36,315	68,550	104,865
Exchange difference	–	–	–	–	2,582	–	2,582
At 31 December 2021	–	–	–	–	93,084	68,550	161,634
Net carrying amount	44,220	24,500	179,475	–	279,250	618,221	1,145,666
2020							
Cost							
At 1 January 2020	37,096	24,500	–	391,745	–	–	453,341
Reclassification	–	–	–	(391,745)	391,745	–	–
Additions	–	–	–	–	–	163,240	163,240
Exchange difference	–	–	–	–	(30,503)	–	(30,503)
At 31 December 2020	37,096	24,500	–	–	361,242	163,240	586,078
Accumulated amortisation							
At 1 January 2020	–	–	–	–	–	–	–
Amortisation for the year	–	–	–	–	61,495	–	61,495
Exchange difference	–	–	–	–	(7,308)	–	(7,308)
At 31 December 2020	–	–	–	–	54,187	–	54,187
Net carrying amount	37,096	24,500	–	–	307,055	163,240	531,891

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.

Notes to the Financial Statements (Continued)

13. Intangible assets (continued)

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 and trademarks and Goodwill are allocated to the cash-generating unit which is based on the Group's reporting geographical segment in Australia.

14. Right-of-use assets

The Group's leases comprise of lease of office premises. These leases have lease terms of between 2 to 3 years.

	2021	2020
	\$	\$
i) AASB 16 related amounts recognised in the balance sheet		
Right-of-use assets		
Leased office premises	478,581	488,289
Accumulated depreciation	(369,376)	(207,963)
Exchange difference	929	3,235
Total right-of-use assets	110,134	283,561
Movement in carrying amounts:		
Leased office premises:		
At 1 January	283,561	349,405
Additions / (Lease modification)	(9,708)	107,120
Depreciation expense	(164,648)	(176,199)
Exchange difference	929	3,235
Net carrying amount	110,134	283,561

	2021	2020
	\$	\$
ii) AASB 16 related amounts recognised in the statement of profit or loss		
Depreciation charge related to right-of-use assets	164,648	176,199
Interest expense on lease liabilities	4,679	8,684
Short-term leases expense	8,788	11,766
Low-value asset leases expense	27,430	26,395
Total cash outflows for leases	208,035	206,592

15. Trade and other payables

	GROUP	
	2021	2020
	\$	\$
CURRENT		
Trade payables	701,379	361,117
Other payables and accrued expenses	359,821	597,094
	1,061,200	958,211
a. Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables:		
– total current	1,061,200	958,211
Financial liabilities as trade and other payables	1,061,200	958,211

Trade and other payables are non-interest bearing.

16. Provisions

	GROUP	
	2021	2020
	\$	\$
Current:		
Provision for annual leave	342,757	224,333

Notes to the Financial Statements (Continued)

17. Share capital

	31 DECEMBER 2021	31 DECEMBER 2020
	\$	\$
197,358,300 (31 Dec 2020: 164,024,967) fully paid ordinary shares	32,495,431	29,595,431

17.1 Movements in ordinary shares

	GROUP			
	2021		2020	
	NO. OF SHARES	\$	NO. OF SHARES	\$
Issued and fully paid ordinary shares:				
At 1 January	164,024,967	32,195,761	139,666,641	25,477,155
Issuance of shares during the year :				
– placement of shares	33,333,333	3,100,000	–	–
– public offering of shares	–	–	21,212,495	5,939,499
– exercise of share options	–	–	3,145,831	629,166
– Fair value adjustment on shares issued	–	–	–	149,941
At 31 December	197,358,300	35,295,761	164,024,967	32,195,761
Equity issuance costs				
At 1 January	–	(2,600,330)	–	(2,243,961)
Costs arising from equity issuance	–	(200,000)	–	(356,369)
At 31 December	–	(2,800,330)	–	(2,600,330)
Total ordinary shares at 31 December	197,358,300	32,495,431	164,024,967	29,595,431

17.2 Movements in unquoted options over ordinary shares

EXERCISE PERIOD	EXERCISE PRICE PER SHARE	NUMBER ON ISSUE AT 1 JAN 2021	ISSUED/ (LAPSED)	NUMBER ON ISSUE AT 31 DEC 2021
On or before 9 December 2021	\$0.20	27,687,476	(27,687,476)	–
On or before 9 December 2022*	\$0.20	2,793,333	–	2,793,333
On or before 9 December 2022*	\$0.30	5,000,000	–	5,000,000
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		35,480,809	(26,437,476)	9,043,333

* Exercise of the options is subject to escrow periods.

17.3 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.

None of these performance rights vested during the financial year 2021.

18. Reserves

	GROUP	
	2021	2020
	\$	\$
Foreign currency translation reserve	(30,967)	(10,170)
Common control reserve	1,650,477	1,650,477
Share option reserve	454,816	1,773,116
	2,074,326	3,413,423

(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.

(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.

Notes to the Financial Statements (Continued)

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.

GROUP	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets – cash flows realisable								
Trade and other receivables	316,154	373,406	–	–	–	–	316,154	373,406
Cash and short-term deposits	4,588,563	8,595,069	–	–	–	–	4,588,563	8,595,069
Total anticipated inflows	4,904,717	8,968,475	–	–	–	–	4,904,717	8,968,475
Financial liabilities due for payment								
Trade and other payables	1,061,200	958,211	–	–	–	–	1,061,200	958,211
Lease liabilities	124,998	192,831	–	128,934	–	–	124,998	321,765
Total expected outflows	1,186,198	1,151,042	–	128,934	–	–	1,186,198	1,279,976
Net inflow/(outflow) on financial instruments	3,718,519	7,817,433	–	(128,934)	–	–	3,718,519	7,688,499

64

(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.

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.

2021	NET FINANCIAL ASSETS/(LIABILITIES) IN AUD			
GROUP	USD	SGD	OTHER	TOTAL AUD
Functional currency of entity:				
Australian dollar	30,135	1,398	–	31,533
Statement of financial position exposure	30,135	1,398	–	31,533

2020	NET FINANCIAL ASSETS/(LIABILITIES) IN AUD			
GROUP	USD	SGD	OTHER	TOTAL AUD
Functional currency of entity:				
Australian dollar	33,091	22,970	–	56,061
Statement of financial position exposure	33,091	22,970	–	56,061

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 2021		
+0.5% in interest rates	22,943	22,943
-0.5% in interest rates	(22,943)	(22,943)
Year ended 31 December 2020		
+0.5% in interest rates	42,975	42,975
-0.5% in interest rates	(42,975)	(42,975)

Notes to the Financial Statements (Continued)

20. Interests in subsidiaries

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PROPORTION (%) OF OWNERSHIP INTEREST	
			2021	2020
			%	%
Held by the Company				
OLG Australia Investors Pte Ltd	Investment holding	Singapore	100	100
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

* 63.89% held via OLG Australia Investors Pte Ltd.

66

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; and
- (e) Corporate Overheads.

2021	AUSTRALIA	SOUTH EAST ASIA	GLOBAL PLATFORM	GLOBAL SERVICES	CORPORATE OVERHEADS	TOTAL
	\$	\$	\$	\$	\$	\$
Revenue:						
External sales	2,741,436	555,027	211,079	–	–	3,507,542
Segment results:						
Web-hosting and other direct costs	(847,879)	(15,568)	–	(991,994)	–	(1,855,441)
Employees benefit expenses	(2,429,197)	(817,583)	–	(1,763,546)	(835,900)	(5,846,226)
Depreciation and amortisation	(212,518)	(38,675)	–	(36,744)	(297)	(288,234)
Promotional and advertising	(445,945)	(20,642)	–	(475)	(28,835)	(495,897)
Professional services	(244,963)	(37,248)	–	(539,913)	(312,413)	(1,134,537)
General and administration	(136,761)	(21,710)	–	(278,790)	(354,055)	(791,316)
Segment profit/(loss)	(1,470,541)	(381,107)	211,079	(3,736,151)	(1,349,360)	(6,726,080)
Segment assets	3,592,693	577,927	–	–	2,351,700	6,522,320
Segment liabilities	1,435,977	553,722	–	–	406,980	2,396,679

2020	AUSTRALIA	SOUTH EAST ASIA	GLOBAL PLATFORM	GLOBAL SERVICES	CORPORATE OVERHEADS	TOTAL
	\$	\$	\$	\$	\$	\$
Revenue:						
External sales	1,285,587	509,996	93,053	–	–	1,888,636
Segment results:						
Web-hosting and other direct costs	–	(16,102)	–	(574,750)	–	(590,852)
Employees benefit expenses	(1,494,810)	(775,945)	–	(1,513,646)	(919,262)	(4,703,663)
Depreciation and amortisation	(141,420)	(89,320)	–	(22,829)	–	(253,569)
Promotional and advertising	(238,458)	(9,122)	–	–	(122,837)	(370,417)
Professional services	(295,882)	(57,157)	–	(443,420)	(188,752)	(985,211)
General and administration	(174,777)	(106,806)	–	(262,575)	(212,371)	(756,529)
Segment profit/(loss)	(1,112,536)	(540,262)	93,053	(2,309,975)	(1,754,545)	(5,624,265)
Segment assets	4,075,580	846,714	–	–	5,196,185	10,118,479
Segment liabilities	1,269,959	636,458	–	–	240,913	2,147,330

Notes to the Financial Statements (Continued)

22. Cash flow information

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

	GROUP	
	2021	2020
	\$	\$
Loss after tax	(6,726,080)	(5,624,265)
Non-cash flows in loss for the year:		
Depreciation and amortisation	288,234	253,569
Write-off / Loss on disposal of furniture, fittings and equipment	–	1,422
Unrealised exchange (gain) / loss	(43,355)	23,332
Gain on lease modification	(15,241)	–
Share-based payment	1,369	131,643
Changes in assets and liabilities:		
Decrease in trade and other receivables	39,461	125,032
Increase in trade and other payables	446,114	100,419
Net cash flows used in operating activities	(6,009,498)	(4,988,848)

68

23. Events after the reporting period

During the financial year, the Company undertook a pro-rata non-renounceable entitlement issue of 1 share for every 6 shares held by shareholders registered at record date at an issue price of \$0.093 per share. The prospectus for this entitlement issue also contains an offer to Alchemy Tribridge Sapphire Pty Ltd of 6,422,908 options exercisable at \$0.093 per share on or before 30 September 2022.

The pro-rata non-renounceable entitlement issue closed after the financial year end on 14 January 2022. As a result, the Company issued 17,026,099 shares raising \$1,583,427 from eligible shareholders. The Company intends to place to institutional investors the shortfall amount of \$1,475,626 arising from the entitlement issue.

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 2021 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



Kevin Barry
Chairman

Dated: 30 March 2022

Independent Auditor's Report



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 2021, 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 2021 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 \$6,726,080 and operating cash outflows of \$6,009,498 during the year ended 31 December 2021. 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.

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

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

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 2021. 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 During the year, the Group has launched a number of new programs as it expands its global reach and partnerships with top institutions. The costs incurred in the development of this programs consist of salaries and wages of staff, technical consultants and subject matter experts involved in program design and other direct costs. Also 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 \$710,130.	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 management assessment of indicators of impairment and agree with management's conclusion that there were no indicators of impairment as at 31 December 2021. • 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.

Independent Auditor's Report (Continued)



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

**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 \$1,433,206 and \$1,611,386, respectively, during the year. The Group's deferred revenue amounted to \$867,724 as at 31 December 2021.

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 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 2021 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.

Independent Auditor's Report (Continued)



**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 2021.

In our opinion, the remuneration report of OpenLearning Limited, for the year ended 31 December 2021, 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.

A handwritten signature in dark ink, appearing to read "Hall Chadwick".

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

A handwritten signature in dark ink, appearing to read "Drew Townsend".

DREW TOWNSEND
Partner
Dated: 30 March 2022

Shareholder Information

The shareholder information set out below was applicable as at 29 March 2022

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	41	6,470	0.00%
1,001 – 5,000	448	1,415,615	0.66%
5,001 – 10,000	335	2,793,872	1.30%
10,001 – 100,000	748	26,534,072	12.38%
100,001 and over	226	183,634,370	85.66%
TOTAL	1,798	214,384,399	100.00%

Based on the price per security, number of holders with an unmarketable holding: 574, with total 1,932,019, amounting to 0.90% of Issued Capital

B. Distribution of Equity Securities - Share Options

Analysis of numbers of option holders by size of holding:

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL SHARE OPTIONS
1 – 1,000	–	–	–
1,001 – 5,000	–	–	–
5,001 – 10,000	–	–	–
10,001 – 100,000	5	250,000	1.62%
100,001 and over	10	15,216,241	98.38%
TOTAL	15	15,466,241	100.00%

C. Distribution of Equity Securities - Performance Rights

Analysis of numbers of Performance Rights holders by size of holding:

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL PERFORMANCE RIGHTS
1 – 1,000	–	–	–
1,001 – 5,000	–	–	–
5,001 – 10,000	–	–	–
10,001 – 100,000	–	–	–
100,001 and over	5	950,000	100.00%
TOTAL	5	950,000	100.00%

Shareholder Information (Continued)

D. 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
ALCHEMY TRIBRIDGE SAPPHIRE PTY LTD	36,379,929	16.97%
MAGNA INTELLIGENT SDN BHD	9,820,058	4.58%
BNP PARIBAS NOMS(NZ) LTD <DRP>	8,340,289	3.89%
MR ADAM MAURICE BRIMO	6,631,117	3.09%
RICHARD BUCKLAND	5,094,288	2.38%
AUSTRALIAN CATHOLIC UNIVERSITY LIMITED	5,000,000	2.33%
MR CLIVE ALYN MAYHEW-BEGG	4,936,871	2.30%
NARRON PTY LTD <YANDLE SUPER FUND A/C>	3,981,809	1.86%
MR DAVID ANDREW COLLIEN	3,556,743	1.66%
ORIENT GLOBAL HOLDINGS PTY LTD <ALNALL A/C>	3,205,444	1.50%
MS MEILIN MU	2,899,891	1.35%
NICOLETTE HARPER	2,720,758	1.27%
FRANK NOEL BEAUMONT	2,367,021	1.10%
MR NICK THEODORAKOPOULOS	2,342,858	1.09%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,333,333	1.09%
MR KENNETH ALAN RISING & MRS MARIA RISING	2,165,180	1.01%
TSIX PTY LTD <TOWNSEND FAMILY A/C>	2,000,000	0.93%
HUNG CAPITAL GROUP PTY LTD	2,000,000	0.93%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,865,776	0.87%
REMB NOMINEES PTY LTD <BAM A/C>	1,849,387	0.86%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	1,837,643	0.86%

As at 29 March 2022, the 20 largest shareholders held ordinary shares representing 51.93% of the issued share capital.

Substantial Shareholders

Substantial holders in the Company are set out below:

NAME	ORDINARY SHARES NUMBER HELD
Alchemy Tribridge Sapphire Pty Ltd and associated entities	36,379,929
Magna Intelligent Sdn Bhd	9,820,058
Clive Mayhew	8,288,754

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.

On-market buy-back

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

Corporate Directory

Directors

Kevin Barry	Non-Executive Chairman
Adam Brimo	Managing Director and Group CEO
Spiro Pappas	Non-Executive Director
David Buckingham	Non-Executive Director
Maya Hari	Non-Executive Director
Benjamin Shields	Non-Executive Director

Joint Company Secretaries

Nova Taylor
Robyn Slaughter

Registered Office

Level 2, 235 Commonwealth Street
Surry Hills NSW 2010

Auditors

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Share Registrar

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

Stock Exchange Listing

Australian Securities Exchange
Code: OLL



openlearning.com