

ASX Announcement | 26 July 2021
Quarterly Activities Report & Appendix 4C

OpenLearning grows platform revenue by 162%, launches new program and eyes \$7.5bn online lifelong learning market

Investment Highlights:

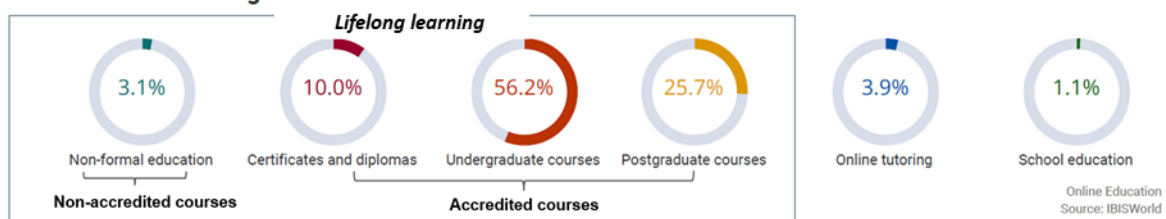
- Key components of OpenLearning's growth strategy are now in place, cementing its position as a leading lifelong learning platform in Australia and Southeast Asia, focusing on platform subscription and program delivery offerings.
- Platform revenues, which includes Platform Subscription and Program Delivery, grew strongly by 162% year-on-year (YoY) to \$0.721m in Q2 FY21 (and by 75% quarter-on-quarter (QoQ)).
- Program delivery revenue surged to \$0.368m from just \$0.04m in the prior quarter, bolstered by the successful start and completion of the UNSW Transition Program Online's (TPO) first intake.
- August TPO intake has already exceeded that in March, with another couple of weeks remaining for prospective students to enrol. Early interest seen in the September and November intakes.
- To grow the addressable market of the TPO, OpenLearning and UNSW Global are working to enable more universities to accept students who complete the TPO into their universities.
- Development underway on a new program that will commence in October 2021 and tap into growing demand for technology skills amongst corporates and working professionals.
- Annualised recurring revenue (ARR)¹ from Platform Subscriptions as at June 2021 was \$1.449m, 27% higher on a YoY basis.
- Cash receipts from customers in Q2 FY21 rose by 5% YoY to \$0.996m.
- Cash on hand of \$5.744m as at 30 June 2021.

Sydney, Australia, 26 July 2021: Global lifelong learning platform **OpenLearning Limited** ('OpenLearning' or 'the Company') (ASX: OLL) is pleased to provide its Appendix 4C cash flow statement for the quarter ended 30 June 2021 (Q2 FY21), along with the following financial and operational update.

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

The Australian online education market is expected to grow 8.2% and reach \$7.9b in 2021, according to IBISWorld's latest forecast.² Lifelong learning, which includes both non-accredited courses and accredited courses, accounts for 95%, or \$7.5b, of the country's online education market.

Products & Services Segmentation



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

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

² Online Education in Australia - Market Size 2007–2027: <https://www.ibisworld.com/au/market-size/online-education/>

With over 2.9m learners, thousands of courses and partnerships with 184 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 its expansion into Indonesia is now underway. With the recent COVID-19 outbreaks in these countries, the Company is seeing increased interest in short courses and micro-credentials for up-skilling while higher education providers have been impacted by COVID-19 restrictions.

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:

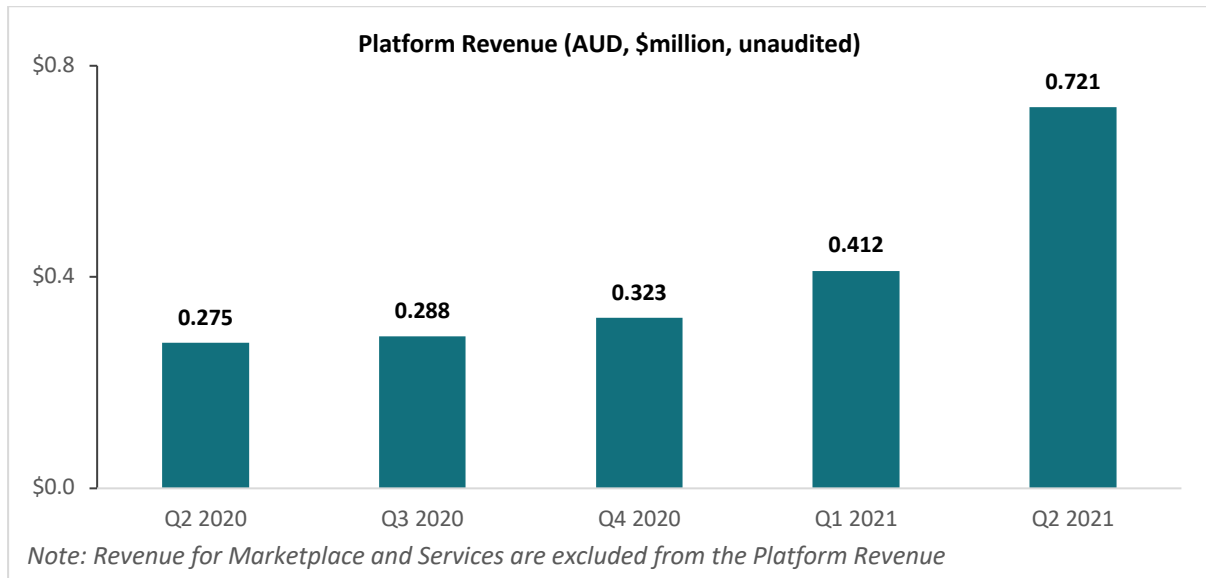
- **Platform Subscription:** OpenLearning provides its innovative learning platform and tools (e.g. BEST Network, OpenCreds) on a Software-as-a-Service (SaaS) model to enable education institutions to deliver courses online.
- **Program Delivery:** OpenLearning partners with top institutions to deliver 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.

Platform Revenues grow 162% from the prior year

OpenLearning's Platform revenue is derived from two products: 1) Platform Subscription and 2) Program Delivery.

Headline Q2 FY21 Platform revenue grew strongly by 162% YoY (and 75% QoQ) to \$0.721m and represented a step change in revenue growth for the Company. Within this total, Platform Subscription revenue was \$0.353m and Program Delivery was \$0.368m.

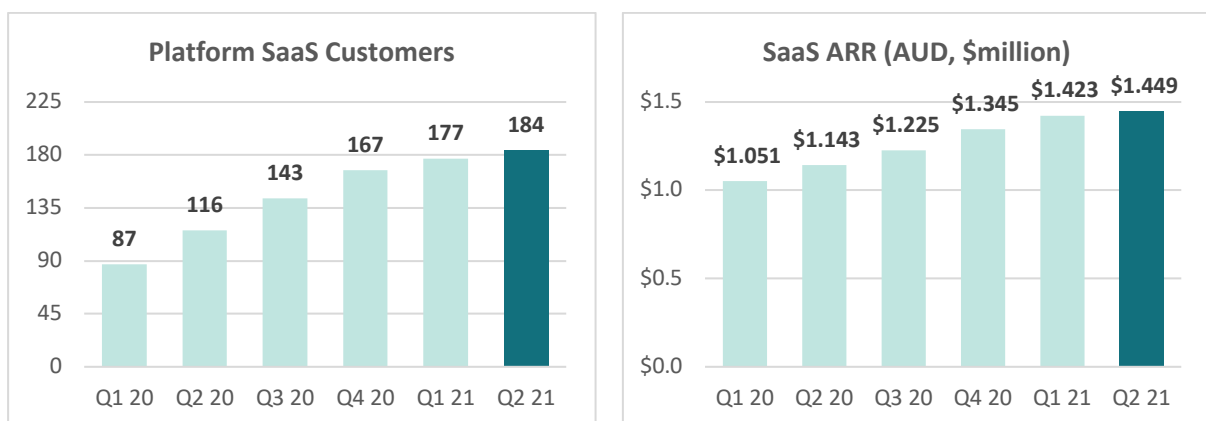
The significant growth in Platform Revenue driven by the successful commencement and completion of the first intake of the TPO with the majority of revenue accrued in Q2 FY21.



Platform Subscription: This segment is comprised of the recurring Software-as-a-Service (SaaS) revenue from education providers that pay to access and utilise the OpenLearning platform, including the BEST Network. SaaS revenue totalled \$0.353m in Q2 FY21, a YoY increase of 28%.

The annual recurring revenue (ARR) from the Platform Subscription grew to \$1.449m in Q2 FY21, an increase of 27% YoY. SaaS ARR growth slowed as a result of the Company's push to transition more clients to usage-based pricing and away from legacy fixed price contracts that came up for renewal during Q2 FY21. This move had a negative impact on accrued revenue and ARR in the quarter, but it is expected to have a positive impact on revenue and gross margins over the medium term.

Platform SaaS customers continued to rise, growing 59% YoY to 184 (with ARR in excess of \$500/year).



Program Delivery: This segment comprises programs delivered in partnership with top institutions for a large accessible market. Currently it includes the UNSW Transition Program Online (TPO), which welcomed its first cohort of students in March 2021. In Q2 FY21, revenue increased 9-fold as the majority of the revenues from the first intake were recognised in this quarter.

The TPO is a highly scalable four-month preparation program that provides prospective international students with direct-entry into UNSW, a global top 50 university. The program relies on 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. As such, OpenLearning expects the revenue contribution of this program will continue its strong growth over the coming quarters from three upcoming intakes.

Enrolments in the upcoming August intake for the TPO have already exceeded the March intake with another couple of weeks remaining for prospective international students to enrol. The Company is seeing early interest in the September and November intakes with students already submitting applications.

To further grow the addressable market of the TPO, the Company is working closely with UNSW Global to enable other universities in Australia and overseas, primarily in the U.K., to accept students who complete the TPO into their universities. This has the potential to significantly increase the appeal of the program to international students who may want to study in another country or university. The Company is in late stage discussions with four overseas universities to accept students from the TPO before the end of 2021.

Exciting new program targeting technology upskilling now under development

OpenLearning commenced development of a new program in 2Q FY21 that will tap into growing demand for technology skills amongst corporates and working professionals. This is after identifying a gap in the market for a high-quality program in computer science that provides both fundamental problem-solving and computational thinking skills as well as programming, data science, cloud computing and related skills.

The new program, named CS101 (short for 'computer science 101'), is being developed in collaboration with technology industry experts and will involve partnerships with both leading technology companies and multiple universities/higher education institutions. The program will not have any pre-requisites or entry criteria, making it accessible to a broad range of prospective learners worldwide.

The CS101 program is comprised of three short courses that will be developed as OpenCreds and be priced at \$1,500 per person per course with introductory discounts being offered. At this stage all of the revenue will be retained by OpenLearning and it will fully manage the delivery of the program with partners benefiting by way of brand awareness, job placement and pathways for learners into qualifications. Once operating, the revenue from CS101 will be categorised under Program Delivery.

Program development has progressed quickly, and the initial cohort of the first course is set to begin in October 2021. More information on the program is available on the website: <https://www.cs101.com/>.

User metrics continue to climb

In Q2 FY21, OpenLearning added over 0.1m registered learners to reach 2.93m across all geographies, while enrolments grew by 0.197m to 4.86m, as a result of learners enrolling in more courses. These gains ensured OpenLearning retained its status as one of Australia and Southeast Asia's largest lifelong learning platforms.

While OpenLearning's platform has continued to grow enrolments and learners, the Company is steadfastly prioritising growing revenue per user rather than maximising the number of learners.

SaaS agreement with Afterpay gives OpenLearning entrée to top-tier corporates

In a further demonstration of the flexibility of OpenLearning's 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.

SaaS agreement with the University of Wollongong demonstrates platform appeal

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.

Cash receipts continue to rise YoY and mix shifts to platform revenue

OpenLearning reported quarterly cash receipts from customers of \$0.996m in Q2 FY21, an increase of 5% YoY. This included receipts of \$0.463m from Platform Subscription and \$0.259m from Program Delivery as a result of some students paying fees for upcoming intakes of the TPO in advance.

Overall, Q2 FY21 receipts were 25% below the record level reported in the prior quarter, in large part reflective of softer Marketplace receipts of \$0.161m, and the timing of the cohorts for the TPO, with no cohorts starting in Q2 FY21. The next cohorts start in August, September and November (most students pay their fees closer to the start date). Sales of courses through OpenLearning's payment gateway are recorded in the Marketplace segment, these sales only represent a small proportion of courses delivered on OpenLearning as most courses do not charge through OpenLearning's payment gateway. Receipts from Learning Services were stronger at \$0.113m in Q2 FY21.

The QoQ volatility in cash receipts from customers aligns with OpenLearning's prior warning that such receipts would likely fluctuate on a quarterly basis during FY21 as the result of the Program Delivery producing revenue and costs associated with program intakes throughout the year.

Cash outflows higher, in part reflecting increased investment in the business

Operating cash outflows widened to (\$1.516m) in Q2 FY21, which included \$0.203m in license fees paid to UNSW Global for the first intake of the TPO. A cash outflow from investing activities of \$0.127m was also reported. This represented investment in developing new OpenCreds under the OpenCreds Investment Fund, the final phase of initial course setup costs for the TPO and some of the course/program setup costs for CS101, which is expected to be spread over a few quarters.

The Q2 FY21 cashflow numbers align with the Company's prior guidance that continued investment in sales/marketing and program delivery would occur in FY21.

OpenLearning's cash on hand remained strong at \$5.744m as at 30 June 2021.

OpenLearning Group CEO & Managing Director Adam Brimo said: "This past quarter saw the delivery of key initiatives, resulting in a step change in platform revenue. OpenLearning is now enabling the delivery of both accredited qualifications and non-accredited short courses/micro-credentials, opening up the \$7.5b online lifelong learning market. The UNSW Transition Program Online came into its own in the June quarter, with the completion of the first cohort and strong collaboration between UNSW Global and OpenLearning. We are pleased to welcome the University of Wollongong and Afterpay to OpenLearning, along with more education providers in Malaysia and Indonesia. The development of a new technology upskilling program, CS101, is a milestone for OpenLearning and taps into huge domestic and global demand evident across all professions. With our program catalogue continuing to expand, we are excited about our growth prospects over the coming quarters as we further strengthen our presence in the lifelong learning market."

Ends.

Authorised by:

Adam Brimo

Group CEO & Managing Director

Stay up to date with OpenLearning news as it happens:

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

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

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

For further information, please contact:

Company

Justyn Stedwell

Company Secretary

P: +61 3 8395 5446

E: investors@openlearning.com

Investor Relations

Julia Maguire

The Capital Network

P: +61 8999 3699

E: julia@thecapitalnetwork.com.au

About OpenLearning

OpenLearning Limited is a software as a service company that provides a scalable online learning platform to education providers and a global marketplace of world-class courses for learners of all levels.

OpenLearning's platform enables the delivery of project-based, social learning to encourage interaction among users and foster a community of collaborative learners. The Company's unique service provides a complete learning environment for all types of online education - from short courses through to micro-credentials and online degrees.

With more than 2.93m learners worldwide across over thousands of courses provided by 184 education providers, OpenLearning is at the forefront of a new wave of online education delivery.

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

Annexure

Use of funds

In accordance with ASX Listing Rule 4.7C, the Company provides the following information:

The June 2021 quarter is a period which is covered by the Use of Funds Statement as outlined in the Company's Replacement Prospectus dated 12 November 2019.

A summary of expenditure during the quarter and to date since listing is set out below.

Use of Proceeds under Prospectus	Funds allocated under Prospectus ³	Funds expended in Q2 FY21	Funds expended between admission and 30 June 2021
Enhancing Course Quality/Design Services ⁴	\$771,569	(\$126,514)	(\$489,971)
Customer Onboarding/Support ⁵	\$492,767	(\$25,529)	(\$310,355)
Marketing and expansion of sales network ⁶	\$3,951,397	(\$578,677)	(\$3,487,020)
R&D ⁷	\$1,276,377	(\$106,032)	(\$721,087)
Expenses associated with the IPO ⁸	\$665,976	-	(\$628,859)
Working Capital ⁹	\$2,104,447	(\$901,582)	(\$5,901,149)
Total	\$9,262,533	(\$1,738,333)	(\$11,538,441)
Add: Receipts from customers between admission and 30 June 2021		\$995,553	\$6,020,990
Less: Product manufacturing and operating costs as disclosed in Appendix 4C ¹⁰		(\$697,833)	(\$2,555,926)
Less: Other costs (including course providers) as disclosed in Appendix 4C		(\$185,336)	(\$1,340,933)
Net funds expended between admission and 30 June 2021		(\$1,625,949)	(\$9,414,310)

During Q2 FY21 the following payments were made to related parties and their associates as disclosed in Item 6 of the Appendix 4C.

Salaries and fees paid to Directors	Amount
Fees to Kevin Barry as Non-Executive Director and Chairman	\$13,834
Fees to David Buckingham as Non-Executive Director	\$10,951
Fees to Beverley Oliver as Non-Executive Director	\$10,951
Fees and salary to Spiro Pappas as Non-Executive Director	\$26,662
Fees to Maya Hari (non-resident) as Non-Executive Director	\$13,965
Salary to Adam Brimo as Executive Director, Managing Director and Group CEO	\$45,877
Total	\$122,240

³ Includes cash at bank of \$1,262,533 held by the Company prior to admission, in addition to \$8m raised in the initial public offering.

⁴ Costs associated with course/program development including the Transition Program Online, OpenCreds Investment Fund and CS101.

⁵ Costs associated with improving customer onboarding and support and related systems/processes.

⁶ Increasing headcount of the sales, marketing and partnerships teams, sales automation and technical work to support lead generation.

⁷ Continued improvements in the OpenLearning platform above and beyond 'business-as-usual' software development work, which the Company does not consider R&D and is captured under Working Capital.

⁸ All costs attributable to the IPO.

⁹ Includes general costs associated with the management and operation of the business including administration expenses, ongoing software development, management salaries, directors' fees, rent and other associated costs as a result of new projects that required increased investment in software development, project management and overheads.

¹⁰ Includes expenditure directly related to generating revenue and in line with the costs disclosed in Appendix 4C, including staff costs for Learning Services division, revenue share to course providers in the Marketplace division; web hosting and support costs for the Platform.

Appendix 4C

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

Name of entity

OPENLEARNING LIMITED

ABN

18 635 890 390

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	996	2,326
1.2 Payments for		
(a) research and development	(106)	(203)
(b) product manufacturing and operating costs	(698)	(1,065)
(c) advertising and marketing	(154)	(253)
(d) leased assets	(8)	(16)
(e) staff costs	(1,137)	(2,361)
(f) administration and corporate costs	(280)	(631)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	39
1.8 Other (see note 6)	(132)	(333)
1.9 Net cash from / (used in) operating activities	(1,516)	(2,493)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(7)
(d) investments	-	-
(e) intellectual property	-	(7)
(f) other non-current assets (see note 7)	(127)	(342)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(127)	(356)

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,388	8,595
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,516)	(2,493)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(127)	(356)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(1)	(2)
4.6	Cash and cash equivalents at end of period	5,744	5,744

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,116	1,259
5.2	Call deposits	4,600	6,100
5.3	Bank overdrafts	-	-
5.4	Other (balances with online payment providers)	28	29
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,744	7,388

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

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

Current quarter \$A'000
122
-

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

Item 6.1: This sum of \$122,000 consists of salaries paid to executive directors and fees paid to non-executive directors plus related super contributions.

7. Financing facilities

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

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

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

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

7.5 **Unused financing facilities available at quarter end**

-

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

Not Applicable.

8. Estimated cash available for future operating activities

\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,516)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,744
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	5,744
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4

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

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

Answer: Not Applicable.

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

Answer: Not Applicable.

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

Answer: Not Applicable.

Compliance statement

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

Date: 26/07/2021

Authorised by: Justyn Stedwell
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
6. Included in item 1.8 'Other' are payments to education providers of \$185,000 for the current quarter and \$402,000 for the year-to-date period. There was also a receipt of \$100,000 included in item 1.8 related to the prior year cash flow boost incentive, the appeal application which was allowed in the current quarter.
7. Included in item 2.1(f) 'Payments to acquire other non-current assets' are payments to recipients of the OpenCreds Investment Fund, payments to build the Transition Program Online and OpenCreds courses, and payments to develop a computer science programme. These payments are capitalised in the balance sheet pending completion of the courses and amounted to \$127,000 for the current quarter and \$342,000 for the year-to-date period.