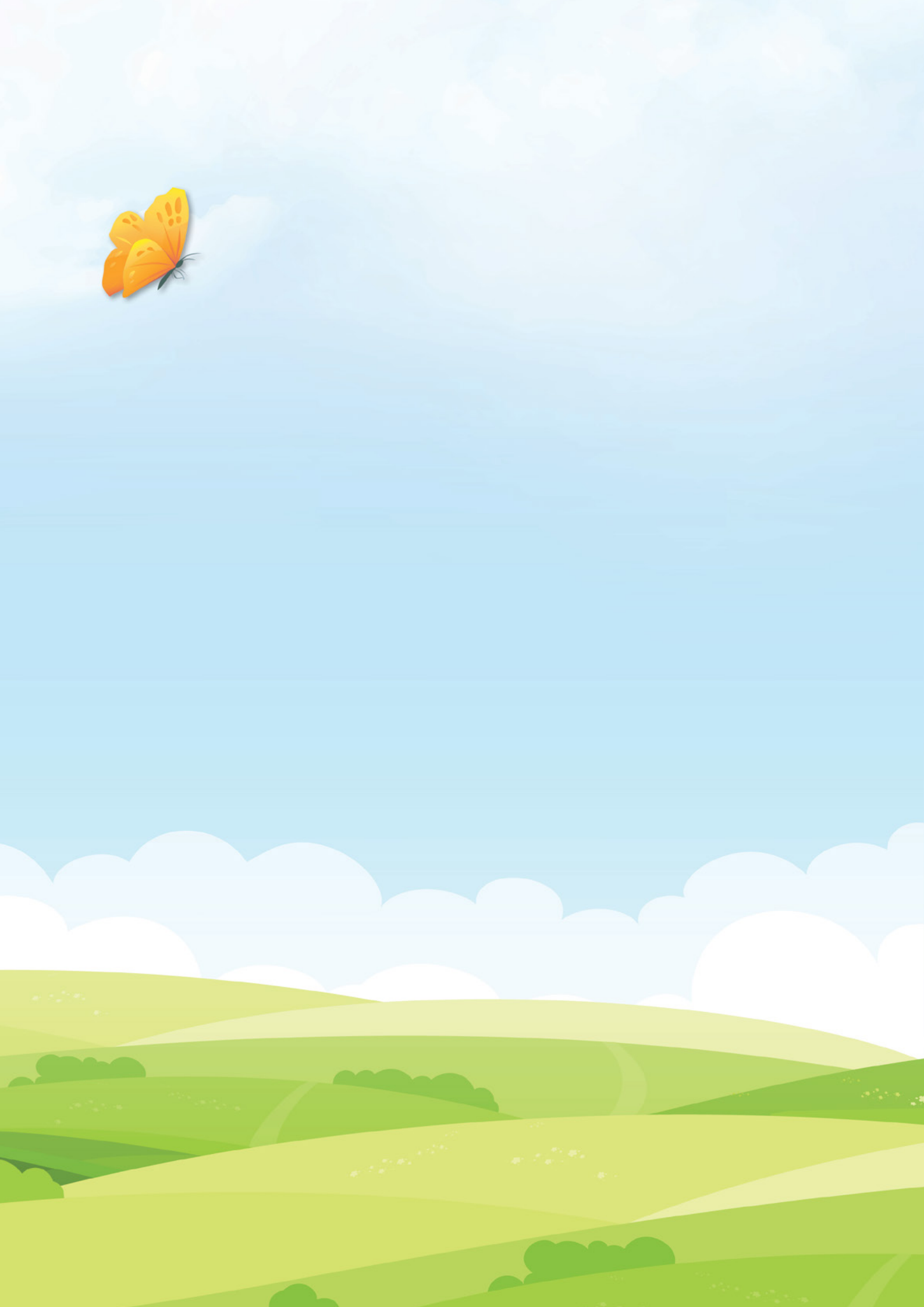




2024 ANNUAL REPORT



3P Learning Limited
ABN 50 103 827 836



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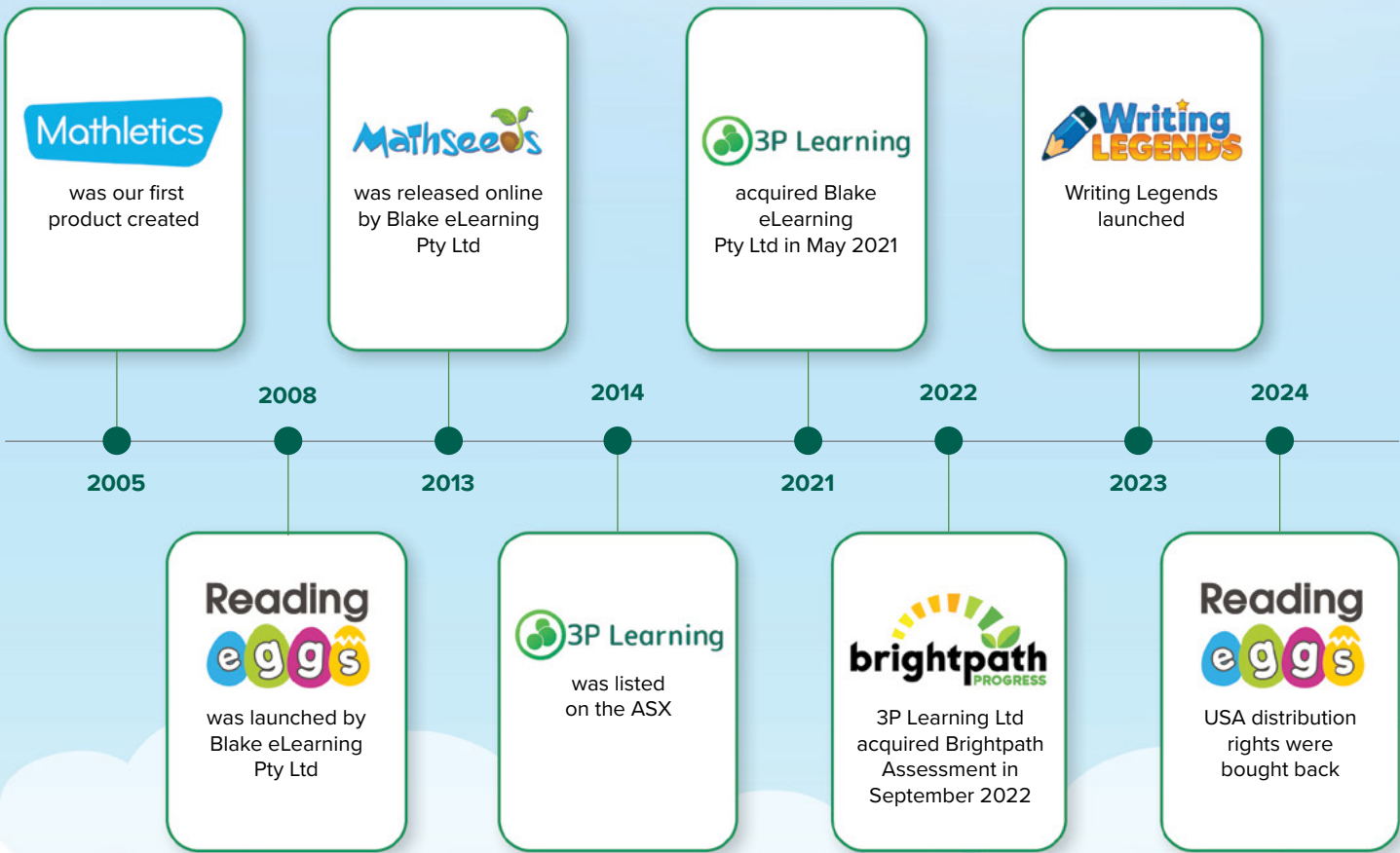
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Organisational Overview

3P Learning Limited (3P Learning) is a global market leader in EdTech programs for reading, writing, mathematics and assessment that are engaging, motivational and effective for students, as well as easy to use for parents and teachers. We have designed and developed award-winning educational resources, including Mathletics, Reading Eggs, Mathseeds, Brightpath Progress and Writing Legends. Our programs combine solid educational underpinnings with cutting-edge technology and engaging content to make learning enjoyable and effective. Through fostering a love for learning, we strive to empower educators and inspire students to become confident, independent and lifelong learners.

Our History





3P Learning's Reach

Our world-leading programs harness the best elements of online learning, supporting educators and parents and motivating children to succeed in the three essential areas of reading, writing and maths. With interactive and engaging activities that match each student's individual ability, our programs are designed to reward and motivate children to keep learning and improving.



5M+
students



18k+
schools



217M+
lessons
completed



390+
employees



170+
Countries



ESSA certification



In financial year 2024, Mathseeds and Mathletics met the rigorous Level II and Reading Eggs met Level III evidence certification under the Every Student Succeeds Act (ESSA) in the United States. This milestone shows the effectiveness of our programs for educators seeking reliable, research-backed educational tools. Under ESSA, educational programs are evaluated to ensure they meet high standards of evidence and effectiveness.

2024 EdTech Awards Finalist



Recently, Mathseeds was named as a finalist in the Maths Solutions category of the prestigious EdTech Awards 2024. The EdTech Awards is the world's largest recognition program for education technology and celebrates the most exceptional products, leaders and trendsetters transforming the education landscape. With a rigorous judging process evaluating criteria like pedagogical workability, efficacy, support, value and potential impact, the EdTech Awards sets a high bar for finalist selection.

ISTE Seal of Alignment



In a significant achievement, Mathletics has been awarded the prestigious ISTE Seal of Alignment. This recognition from the International Society for Technology in Education serves as a hallmark of high-quality product design in educational solutions. The rigorous evaluation process, conducted by trained ISTE reviewers, assessed Mathletics against stringent criteria including user experience, product usability and alignment with ISTE Standards. This seal verifies that Mathletics excels in promoting critical technology skills, supporting appropriate technology use, and incorporating sound digital pedagogy. The award further solidifies Mathletics' position as a leading educational technology solution in the market.

Product Overview



Mathsee

Teaching children
foundational maths and
problem-solving skills

Ages 3–9



**Writing
LEGENDS**

Where children learn
to write with confidence
and success

Ages 6–12

Reading

eggs

Learning to read made
fun and rewarding for
young children

Ages 2–13



Mathletics

Improving student engagement
and achievement in
mathematics

Ages 5–16



**brightpath
PROGRESS**

Writing and maths assessment
that makes progress visible

Ages 6–16





Top 3 Releases in FY24

1

Mathletics

The brand-new Student Centre took student engagement and motivation to incredible new heights. The new certificate system was also launched, celebrating students' hard work and encouraging them to reach new Achievement Levels. New Courses (Fractions for Years 3–6) was also released in Australia, an entirely new learning journey specifically designed for the Australian Curriculum v9.0.

2

Writing Legends

Brewing for almost two years, Writing Legends was introduced to APAC schools in August 2023 and in EMEA later in the year. The program helps students in Years 1–6 build the skills, confidence and motivation they need to become strong writers. The release of Writing Legends completes our '3 Essentials' product suite, covering the academic skills of reading, writing and maths.

3

Brightpath Progress

FY24 was the year we focused on building our assessment pillar internationally, launching Brightpath Writing in EMEA and getting ready for the upcoming rollout of trials for Brightpath Writing and Maths in AMER. Meanwhile, reading assessment is brewing in the background, set to complete the final piece of our product suites.

	Achieved in FY24	What's coming FY25
	Read Aloud Fluency feature, USA district interface upgrade, USA district reporting to standards	USA district student-level reporting, 3 Essentials cross-program SSO and reporting, WACG accessibility compliance, Map 13 new lessons 121-130, update Reading Eggspress lessons.
	Global: Student Centre, certificate system, avatar and store, teacher Assign & Review and admin reporting, live chat widget in teacher dashboard APAC: New Courses Units: Fractions, Decimals and Percentages Years 3–6 and results reporting	3 Essentials cross-program SSO, rostering and cross-program reporting. APAC: New Courses Units: Number and Algebra Years 3–6, Replace Learnosity with internal content authoring tool Years 3–6 Global: Teacher dashboard and reporting updates, Live Mathletics and Activity courses rebuild
	APAC & EMEA: release of completely rebuilt Writing Legends student and teacher site, 650 Exciting Writing Ideas, Maps 1 to 10	3 Essentials cross-program SSO, rostering and cross-program reporting APAC & EMEA: Lessons for Years 3–5 continue, Long Writes feature for essay writing
	EMEA: Writing assessment	Build reading assessment
	APAC & EMEA release: Year 4	3 Essentials cross-program SSO, rostering and cross-program reporting. Slow-release APAC: Year 5

What's coming in FY25



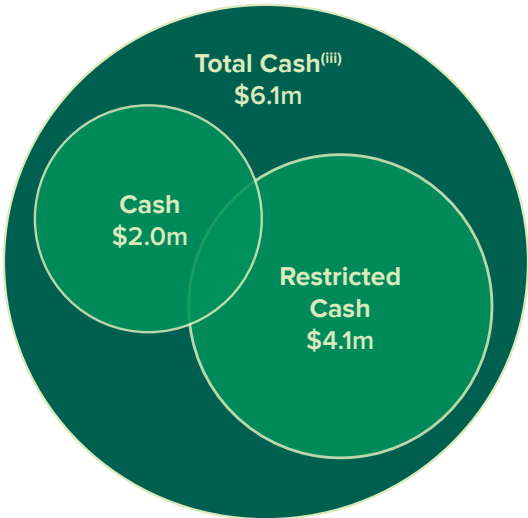
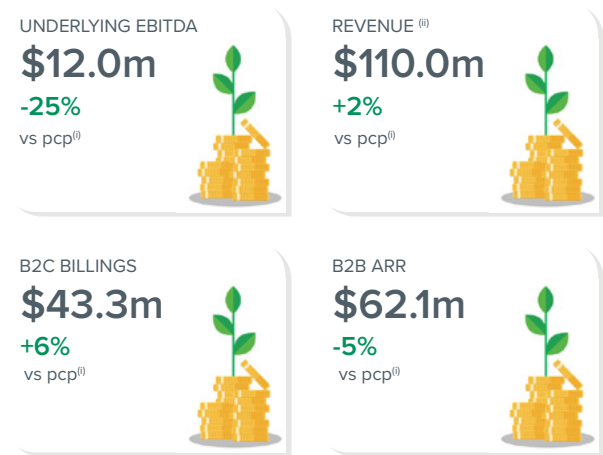
After achieving significant milestones in product development and releases in FY24, we are now poised to introduce our most comprehensive offering to the market in FY25.

3 Essentials is a complete package designed to equip schools with an integrated solution for reading, writing and maths. This unmatched, value-driven solution is a pivotal part of our long-term strategy, aiming to support educators and students in mastering these three crucial subject areas, which underpin all academic achievement for students.

With the launch of 3 Essentials, we are committed to driving exceptional growth and fulfilling our motto: Better Ways to Learn.

Performance

FY24 Performance

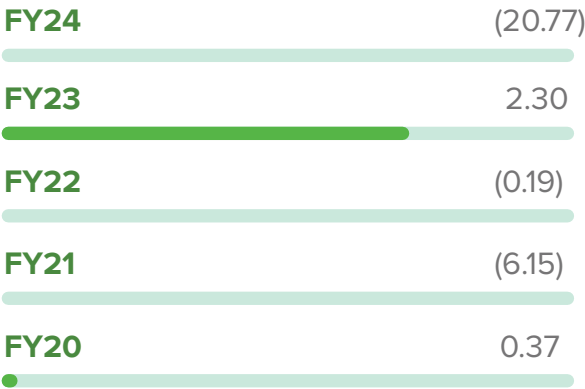


(i). pcp - prior comparison period which is FY23.

(ii). Revenue consists of revenue and other income.

(iii). Net cash at 30 June 2024 is \$5.1m and is calculated as;
\$2.0m cash plus \$4.1m restricted cash less \$1.0m external borrowings.

Statutory EPS (cents)



Share price



Market capitalisation

No. of shares on issue	FY20	FY21	FY22	FY23	FY24
	139.4m	276.4m	276.4m	276.4m	272.9m
Market Cap	\$119.8m	\$362.0m	\$342.7m	\$304.0m	\$272.9m

Chairman's Letter to Shareholders



Reviewing the 2023-24 financial year overall, I am pleased to report that we delivered some significant product releases that will position us well for future growth, while at the same time we maintained tight control over costs. However, sales growth in the schools market was hard to achieve, especially in North America, so we have delivered \$110m in sales and \$12m in Underlying EBITDA. These results are just under the lower end of our previous guidance of \$112m to \$115m for Revenue and \$13m to \$15m for Underlying EBITDA.

Over the last three years we have invested a considerable amount in new products like Writing Legends and Brightpath Progress. We have also invested in significant improvements in Mathletics and Reading Eggs.

The 2023-24 year saw major releases for Writing Legends and New Mathletics. However, these releases covered only parts of the curriculum and many schools wanted to see full curriculum coverage before making buying commitments. Most of the remaining curriculum releases for these programs will happen in the 2024-25 FY which will put us in a much better position to convince decision-makers to adopt our programs.

We also decided that, with a bigger range of programs to sell to each school, we needed to rethink our sales model and team structure.

The strategy that we have been working towards has been to have the best programs to help students learn the essential academic skills of reading, maths and writing for students aged 4–12 years old. Previously our sales teams focused on individual program sales to schools, but now we need to focus on selling them the complete package of programs.

To do this we need to make using our programs as a suite as easy as possible, with single sign-on, navigation and integrated reporting. We also need to move away from focusing on ARPU (Average Revenue Per User) and instead target the total sales that we are getting from each school. What matters is not whether we have increased Mathletics ARPU from \$16 to \$18, but whether the school has increased their total spend with us from \$4,000 to \$6,000 for all programs.

In July 2024, we launched the 3 Essentials suite of programs to Australian and New Zealand schools with plans to roll out similar suites of programs in the United Kingdom and North America over the next 12 months. We have also restructured our APAC sales team to greatly increase the number of frontline sales positions who are responsible for both renewal and new business. These were previously separate teams, but the reality is the biggest new business opportunities are selling existing customers a bigger suite of programs.

We believe that the 3 Essentials strategy gives us the best chance of achieving significant growth in the schools market in the years to come. Our sales to schools in the last few years have hardly grown; this is not an acceptable outcome considering the significant product investment we have made in this area. We expect these changes to show good growth in the rate of Annual Recurring Revenue in the second half of the 2024-25 year and then in the actual recognised revenue in the 2025-26 FY.

We have achieved modest growth in the direct to parents (B2C) part of the business in the 2023-24 FY, as well as a good increase in the gross margins due to very tight cost control.

This is a good result in the face of very tight consumer spending as parents were buffeted by high mortgage, rent and utilities costs. We see further modest growth in the 24-25 financial year in this market, which could be boosted further in the second half by some joint marketing efforts with partners selling related services such as tutoring.

With the implementation of the 3 Essentials product suite and new sales model, we have decided not to release guidance for the 2024-25 financial year.

We believe this approach is the best way to achieve significant growth in the schools market, but until we fully test it in the APAC market over the next 12 months, we won't know what level of growth is likely. And even if this new suite is well received by schools, only a few months of extra revenue will be recognised in the 2024-25 financial year (from February 2025 onwards).

Chairman's Letter to Shareholders

The 2024-25 financial year is a pivotal one for the 3PL business. We need to demonstrate that the considerable investment in new and improved programs has been justified by a significant increase in sales. Otherwise, we need to invest less and push for a greater level of profitability.

It is also the first full year where we will be directly selling the Reading Eggs program into the US market, after buying the rights back from our distributor at the start of the 2024 calendar year. Again, we need to demonstrate that the investment we have made in the US can pay off by increasing sales beyond what the distributor was achieving, and in a cost-effective way.

As a significant shareholder I want to see the 3PL business move from an investment stage to a growth stage and I'm impatient to make this happen. The key to this is growing the schools business by making our programs the go-to solutions for all the key academic skills for primary school students. The 3PL team is very focused on delivering on this strategy over the next 24 months.

Yours sincerely



Matthew Sandblom
Executive Chairman





Strategic Priorities

3P Learning is dedicated to long-term growth globally. In addition to offering our full suite of award-winning reading, writing, mathematics and assessment programs, we've identified the following key opportunities for growth in FY25, including our complete solution sell – 3 Essentials.

3 Essentials will finally offer schools all the essential learning programs they need to drive success across the three core academic areas of reading, writing and maths. After 20 years of development, this integrated offering, namely Reading Eggs, Mathletics and Writing Legends, means no more separate logins and the ability for schools to manage class information and simple reports from one place.

B2B key drivers for growth



Revenue growth through 3 Essentials

- Prioritise selling complete online solutions for reading, writing and maths to schools.
- Enhance product, marketing and sales strategies to emphasise the overall value proposition.
- Introduce new features such as single sign-on and consolidated reporting across programs and overall navigation to delight users faster.



USA market expansion

- Concentrate marketing spend in targeted states and gain traction in OK, PA, GA and IN.
- Focus on critical product improvements for the market, including districts dashboards and reporting.
- Evaluate profitability models to analyse acquisition and retention costs for sustainable growth based on each child's age.



Customer retention – improved profitability and efficiency

- Review and simplify business processes to enhance profitability and efficiency across all regions.
- Restructure sales and marketing teams to own the customer journey, focusing on upselling and customer satisfaction.
- Simplify pricing models and administration tasks to streamline operations and reduce churn.

B2C key drivers for growth



Improve user experience – first touch points

- Enhance critical touch points such as free trial registration and initial program usage.
- Showcase gamification elements early on to boost user engagement from the start.
- Refresh the user experience of most-used lessons, placement tests and overall navigation to delight users faster.



Improve parent dashboard and reporting

- Redesign parent dashboard and reports with a mobile-first approach, with clear visual representations of child progression.
- Provide detailed insights into specific skills learned, strengths, weaknesses and next steps for parents.
- Tailor the dashboard for first-time users, emphasising starting points based on each child's age.



Grow revenue in the homeschool market by focusing on ESA funding

- Research and pursue ESA funding opportunities, becoming an approved vendor for funding redemption in the USA.
- Offer teacher features to homeschoolers through a premium subscription option.
- Explore partnerships with homeschool associations, online schools and tutoring services to expand market reach.



From the CEO

As we outlined in last year's Annual Report, our key priorities in FY24 focused on transitioning from B2B product build to go-to-market stage, starting with APAC and EMEA, and strengthening our strategic position in AMER through the reacquisition of the Reading Eggs US schools distribution rights from Edmentum. We also aimed for progressively higher returns from FY25 and beyond, given that our investment in product development has now peaked.

Although we achieved our B2B product and US strategy objectives, our revenue for FY24 was \$110m, 2% higher than last year's \$107.4m, but lower than our revenue guidance range of \$112m to \$115m. This translated into an Underlying EBITDA result of \$12m, which was also below our guidance range of \$13m to \$15m.

We reviewed expenditure in the second half of the year, prioritising higher-growth initiatives and reducing costs in low priority areas, to achieve annualised savings of \$5m from March 2024, with full effect in FY25. This will help us keep our overall FY25 cost base at similar levels to FY24 and improve profitability.

Underlying cashflow from operations before tax was \$11m, closely aligned to Underlying EBITDA. We finished the year with \$5.1m Net Cash, but that included \$20.5m paid to Edmentum in April 2024, and \$4.5m invested in our previously announced 3PL Share Buyback program.

Product Development and B2B Sales

On the product front, we launched new B2B programs Writing Legends and Brightpath Maths, and continued releasing significant improvements to Reading Eggs, Mathletics and Mathseeds, including the APAC and EMEA release of Mathseeds Prime for school Year 4.

Initial market response to the progressive product release was positive, which augurs well for future sales growth, but we still need to complete the product roll-out during FY25 to fully realise this potential.

New sales and retention efforts in B2B, however, were only enough to cover churn this year. As a result, B2B revenue was \$66.9m, \$0.2m higher than last year.

As Matthew mentioned in the Chairman's Letter section, the low growth in B2B revenue over the past three years, and having a bigger range of products to sell, has prompted us to review our product, sales and marketing model for B2B and launch 3 Essentials in APAC in July 2024.





From the CEO

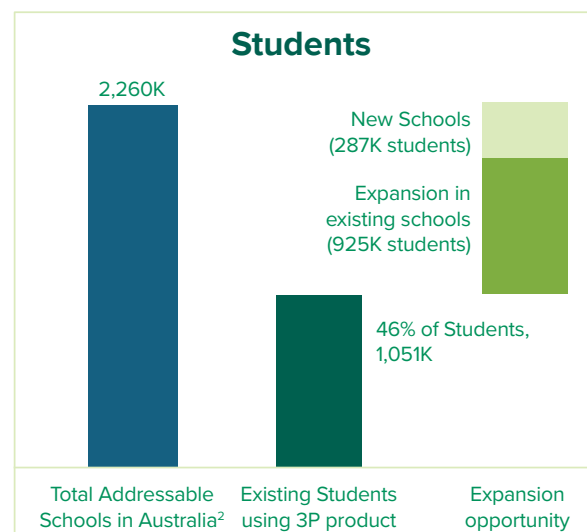
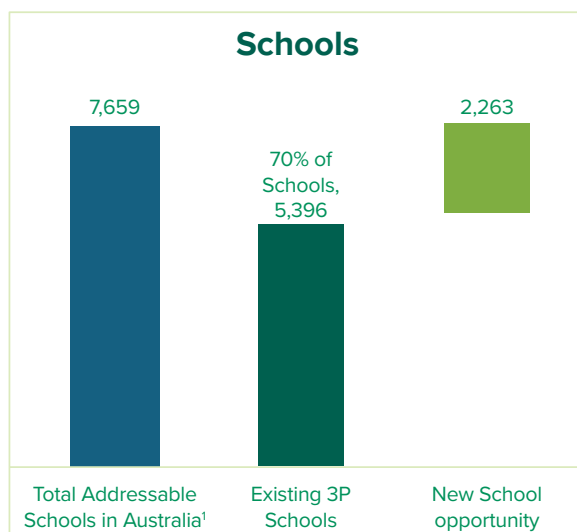
Essentials – Opportunity

3 Essentials will present our reading, writing and maths programs on a unified landing page, with single sign-on, simplified rostering system, and usage and progress reports across all programs.

This integrated B2B solution is our best value offering to date, giving us the opportunity to cement our leading market position in APAC, and to increase our chances of success in other markets.



In Australia for example, 70% of primary schools have a paid subscription to at least one 3PL program, but that only covers 46% of students in K–6. This large, installed customer base will be our focus to expand our presence in existing schools with 3 Essentials and win new customers.



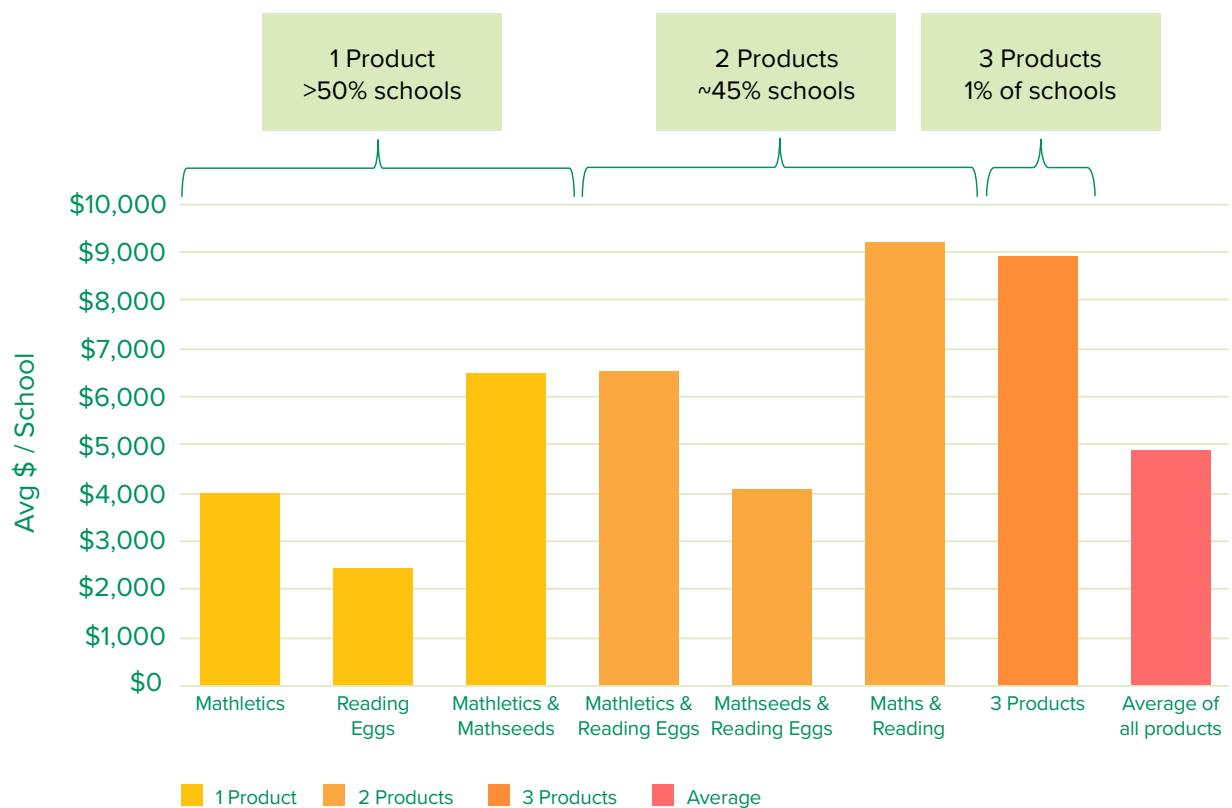
Data Source: Australian Curriculum Assessment and Reporting Authority

1. Total number of primary and combined schools in 2023.

2. Total number of primary school students in 2023.

From the CEO

Similarly, of those subscribed schools, 46% already have two or three of our programs. That leaves 54% of customers with only one program (either reading or maths), which presents clear cross-sell opportunities.



We have started marketing 3 Essentials to APAC schools in July 2024, and will extend it to EMEA from November 2024. Main program features will be delivered by February 2025, in time for back-to-school in APAC and EMEA's selling season.

US Strategy

We completed the agreement to reacquire the US schools distribution rights from Edmentum in December 2023, with operational handover in early February 2024. This was an investment of \$20.5m, funded by internal cash reserves, and enabling us to distribute our programs directly to all major markets.

The transition went well, and we are now servicing Reading Eggs customers from about 4,300 schools in the US directly.

Our challenge for FY25 and beyond is to continue building on that momentum to increase sales with Reading Eggs customers in the US and Canada, and manage distribution costs to achieve a good return on this strategic investment.

B2C

B2C delivered billings of \$43.3m this year, and revenue of \$43.1m, both 6% higher than last year, which was a good result given the tougher economic environment for parents and families subscribing to our programs.

Highlights for B2C included:

- Billings up across all platforms and geographies.
- Record \$4m billings month in November.
- Net billings contribution margin was 52%, up from 51% last year.
- Google Play Store and App Store were up 17% and 9% respectively on last year.
- Average revenue per subscriber was up 11% on last year.



From the CEO

Key Priorities for FY25 and Beyond

For B2B, our priorities are to deliver billings growth in FY25 from selling the 3 Essentials package in APAC and EMEA initially, while for AMER we will focus on growing our existing Reading Eggs user base in the US and Canada and cross-selling Mathletics and Mathseeds until we have the market-ready 3 Essentials package. We will also review and simplify our sales team structure, business process, pricing and administration tasks to streamline operations and reduce churn.

For B2C, we expect similar market dynamics to those we experienced in FY24. Nevertheless, we will focus on growing the homeschooler market in the US, exploring partnerships with relevant associations, online schools and tutoring services, and then extend that to other key markets where possible.

For the past three years, our team has been steadily putting together a comprehensive solution of online learning and assessment programs catering for the essential academic skills of reading, writing and maths, for the major B2B and B2C English-speaking markets.

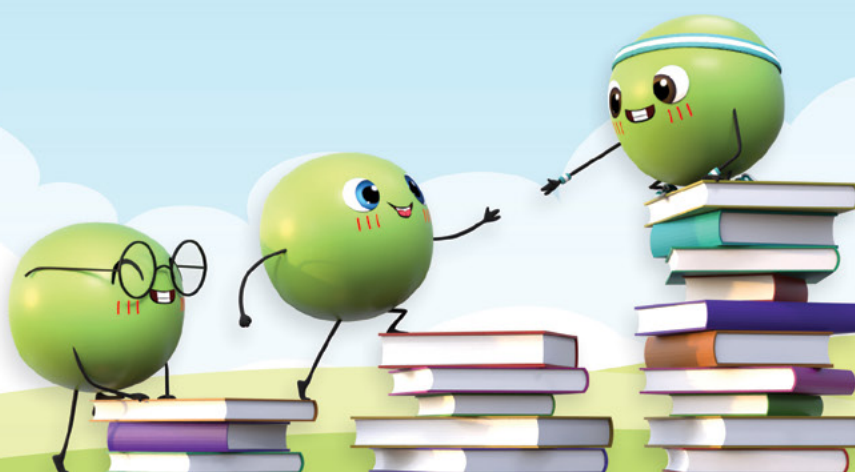
This required considerable investment, hard work and commitment, but it's enabled us to offer the compelling 3 Essentials package to complement our award-winning programs.

We look forward to expanding our presence and impact in markets, so that we can continue helping students, learners, teachers and educators reach their potential.

It's been a busy year for all at 3PL, so a big thank you to our team, our Board, shareholders and customers for your continued support and feedback.

Yours sincerely

Jose Palmero



Business Model

By strategically investing in financial, intellectual, human and social capital, 3P Learning consistently generates value for its stakeholders, encompassing shareholders, employees, communities and customers. Our commitment to improving educational outcomes worldwide aligns with our mission to deliver Better Ways to Learn.

Capital	Input	Business activity	Outputs	Outcomes
Financial	- Equity financing - Internally generated cash flows - Debt funding	- Product development - Fund operational costs - Invest in growth opportunities	- Loss after tax of \$57.0m (FY23: \$6.3m profit); - Total cash and restricted cash of \$6.1m (FY23: \$27.0m). - Total borrowings of \$1.0m (FY23: nil). - See Performance section	- Strategy and vision are supported and value created for shareholders - Strategic acquisitions made to grow product offering and market share in the USA
Intellectual and technology	We invested \$23.9m (FY23: \$25.6m) in existing product enhancements and \$3.6m (FY23: \$2.6m) in new product development	Research and development of new and existing products	- Launch of several new products - See What's New in FY24 section	Completion of the award-winning product suites for classroom and home solutions
People and culture	- Just under 400 unique individuals - Value and purpose - Governance structure	Collaborate in a high-performance culture and hybrid working environment	Retain high performers and talent	- Motivated and engaged workforce - Innovation and productivity
Social	Community initiatives and partnerships	- Community engagement through educational programs - Partnering with organisations	- Implementation of 'Read to Learn' program - Provision of 2,628 free product licences to schools in need - See People and Corporate Social Responsibility section	- High employee satisfaction and company stability - Enhanced educational opportunities - Strengthened relationships with stakeholders and communities

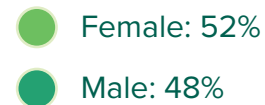
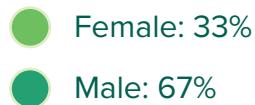
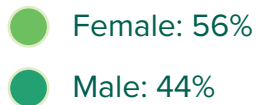


People and Corporate Social Responsibility

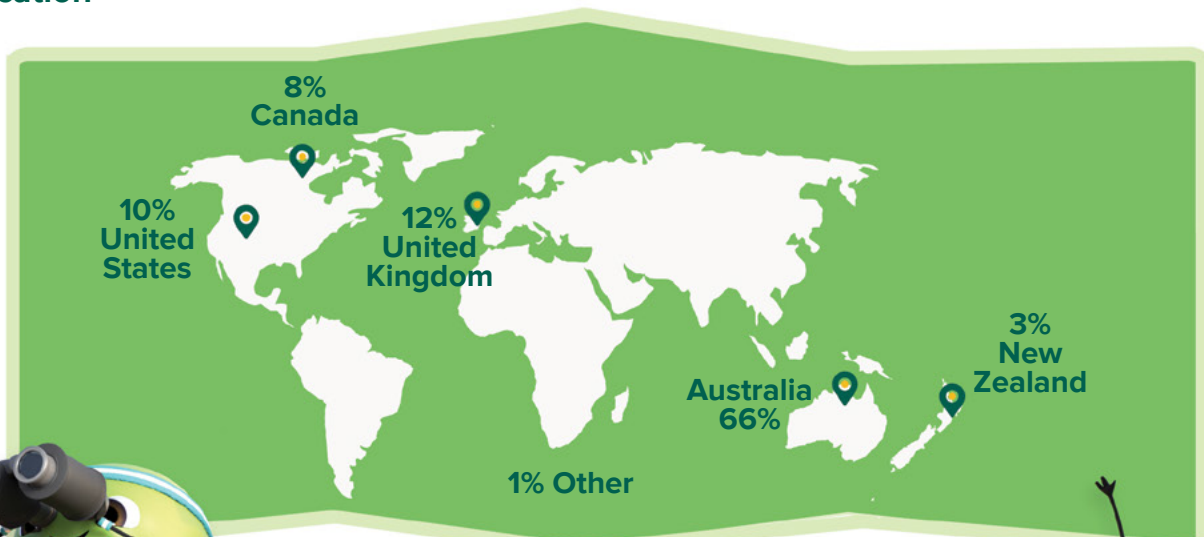
Our Diversity

Our team at 3P Learning comprises an experienced Board of Directors, a strong leadership team and just under 400 unique individuals. 3P Learning values cognitive, cultural and individual diversity. We undertake initiatives that are designed to support and facilitate our commitment to an inclusive and diverse workplace. The range of initiatives we undertake include flexible working, employee feedback, learning and development opportunities and more.

Gender



Location



People and Corporate Social Responsibility

Community

3P Learning is committed to creating a positive impact in our communities as we pursue our company purpose: Better Ways to Learn. Our people are uniquely placed to improve the lives of students, teachers, schools and communities. We recognise the opportunity and privilege 3P Learning has to engage in positive Community, Environmental, Social and Governance outcomes.

Digital Environment

We are mindful of privacy and data security for our customers as we navigate and operate in the digital environment. Our commitment to digital safety begins at the Board, and its Audit and Risk Committee, and extends to all staff interactions with our customers. 3P Learning products are designed to limit and safeguard information as we deliver our education programs. We also work with regulatory bodies to ensure a safe online learning space (e.g. maintaining certifications from kidSAFE in relation to our Reading Eggs product).

We do not sell personal data.

Giving Back

3P Learning's Giving Back initiatives focus on the contribution we want to make to education, both locally and globally. Staff volunteer their time to serve on the Giving Back Committee and lead the initiatives described below. The Giving Back program in 2024 is comprised of four tiers:

1. Working with partners

3P Learning continues to work with Click Foundation Learning, an NGO in South Africa, as part of its 'Read to Learn' program. In South Africa, 78% of children cannot read for meaning and 58% of households do not own a book, nor have access to a computer. Our Reading Eggs product has assisted the building of core reading and comprehension skills to address this literacy crisis. This partnership delivers vital learning outcomes for students as well as exposure to the digital environments that are foundational for their future success. It has resulted in over 200,000 students accessing Reading Eggs annually, with Click Foundation Learning creating over 700 jobs for youth and the installation of more than 18,000 computers.

2. Supporting schools in need

During the year to 30 June 2024, our Giving Back team received 13 new requests from schools or outreach groups and offered 2,628 free licences to 3P Learning products to help students access our learning programs for reading and maths. We recognise that the work of teachers and education is the heart of a community and the schools and learning groups we help are challenged by social and economic barriers to learning.

Since 2022, this program has connected with just under 30 schools and groups to date and utilised approximately 4,776 licences, contributing to the foundational skills of learners in our communities.

In addition to the licences, we provide support and training to teachers to ensure the programs are used effectively and can make impactful change. Our participating schools and outreach groups exchange regular feedback with our team of volunteers.





People and Corporate Social Responsibility

Here are some quotes from participants we supported in this initiative:

"[In Education] determining success is not primarily data driven as there are a number of other factors that we feel we benefit from; increased love of reading, positive increase in mental health, passion, a way of regulating emotions, an escape to a safe space, increase reading at home, motivation, ambition and a way of forming a positive relationship with families."

"[Due to the area of our school], children can be influenced into easily making the wrong life choices. By allowing children access to Reading Eggs, it is providing our children with an interest that is going to help them to widen their horizons."

"We have seen a huge increase in progress in reading and strongly believe this is with the support of Reading Eggs both in and out of school. With this increase in reading ability, it has allowed children easy access to other areas of the curriculum that they may have previously found difficult and is breaking down barriers."

"We are so excited to see the progress that the students are making, especially our very weak students who had little to no phoneme knowledge. On assessing these learners, the progress is astounding. When assessing sight word knowledge in our early readers, marked improvements are also noted."

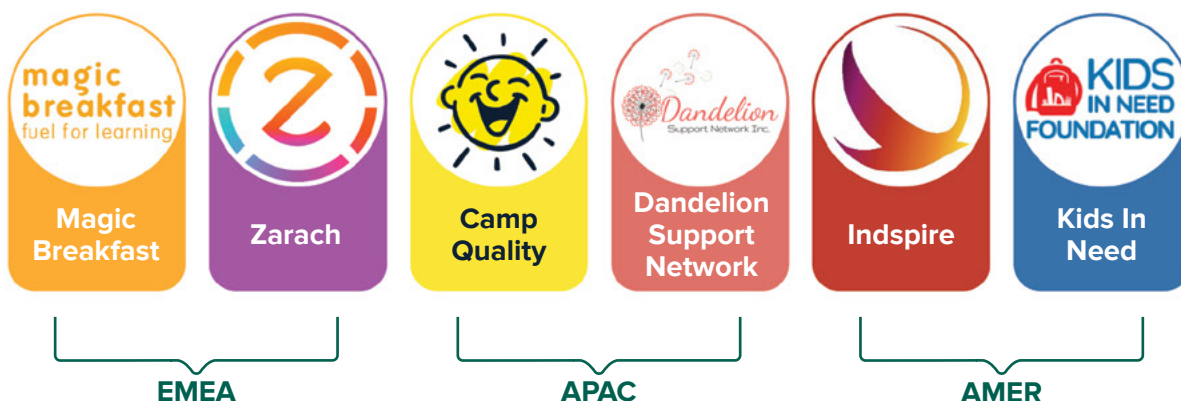
3. Supporting employees' passion projects

We support employee passion projects, where an employee can partner with and allocate product licences to an organisation linked to education.

4. Supporting employees through workplace giving

3P Learning's Workplace Giving scheme matches an employee's personal donations to select charities. We are pleased to confirm the charities selected by our employees that will be supported by this program in the upcoming year.

FY24 Workplace Giving Charities



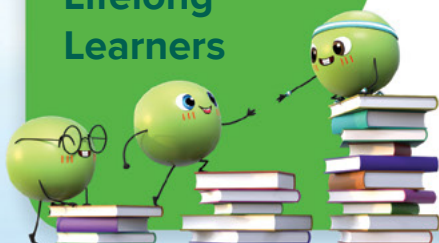
Children at Tong Len school in the foothills of the Himalayas use Reading Eggs, provided as part of our Giving Back Program, to enhance their reading skills.



Our Values and Purpose

Our Values

Create Lifelong Learners



Values Statement

We are a team who cares deeply about creating something special; we are purpose-driven and passionate about our work, as well as the success of all who we work with – our customers, our partners and each other.

Our Purpose at 3P Learning

At 3P Learning, we are passionate about better ways to learn.

We want every child to learn the fundamental skills required for academic success (the three essentials of reading, writing and maths) and to develop a lifelong love of learning.

Find Better Ways



Discovering better ways to learn, work, create and live is the foundation of our culture. We strive to keep looking forward. We are always evolving, imagining more and being better at all that we do.

At 3P Learning, we are passionate about making a difference.

We recognise that literacy and numeracy are core life skills. We create learning programs that make a real difference in the lives of children, parents and teachers.

Make It Happen



We are a results-focused team who love to succeed. We are fast, flexible and set to achieve ambitious goals. We thrive on going further than we thought was possible.

At 3P Learning, we are passionate about positive learning experiences.

Our programs are motivating and engaging, where learning is fun, playful and most of all, successful. We strive to make learning a joyful experience and believe that Practice and Play result in Progress.

Be Authentic



We are true to ourselves. We are respectful, courageous, unique and honest. We value diverse perspectives. We keep it real and we bring this to life in our actions and mindset to help us to achieve more.

At 3P Learning, we bring our passion for Better Ways to Learn into everything we do.

We continuously improve our programs and our technology so that learning with our programs is something to look forward to.

Thrive Together



We are one global team, made of many. We are truly connected and empowered to succeed as individuals. We grow together, are stronger together and we trust one another.



Governance

3P Learning's Corporate Governance framework empowers our focus in delivering long-term product excellence and creating and maintaining shareholder value. Our governance helps us fulfill our purpose of building Better Ways to Learn by guiding how we deliver our five company values daily to customers, offering a program of choice to schools and parents. This approach ensures the creation and maintenance of long-term shareholder value and aligns with the expectations of our stakeholders.

Our passion to build Better Ways to Learn connects our Board to our shareholders, our governance and processes to our people, and our market-leading products to our customers.

Board of Directors

The role of the Board is to provide leadership and set the strategic objectives of 3P Learning. The Board oversees the performance of management in implementing 3P Learning's objectives to achieve 3P Learning's ambitions.

Audit and Risk Committee

The role of the Audit and Risk Committee is to oversee the integrity of 3P Learning's financial reporting and effective risk management systems. This Board Committee reviews and appoints the external auditors.

People and Culture Committee

The role of the People and Culture Committee is to oversee the remuneration framework for directors and key management personnel and the alignment of remuneration matters with the strategy of 3P Learning and shareholder interests. This Committee also reviews nominations and the performance of the Board, Directors and CEO.

The 3P Learning Board and executive leadership team are committed to workplace diversity in its broadest sense and consider this diversity and inclusiveness a strength of the business and an investment in the creation of a sustainable business capable of delivering long-term shareholder value.



Governance

The number of meetings of 3P Learning's Board of Directors ("**the Board**") and of each Board Committee held during the year ended 30 June 2024 and the number of meetings attended by each director were:

	Full board		People and Culture Committee		Audit and Risk Committee	
	Held	Attend	Held	Attend	Held	Attend
Matthew Sandblom	7	7	-	-	-	-
Mark Lamont	7	7	5	5	4	4
Katherine Ostin	7	7	5	5	4	4
Allan Brackin	7	7	5	5	4	4
Belinda Rowe	7	7	5	5	4	4
Craig Coleman	7	7	-	-	-	-

Board committees

The Board's two standing committees facilitate and assist the Board in fulfilling its responsibilities. Other committees may be established from time to time with specific responsibilities as delegated by the Board.

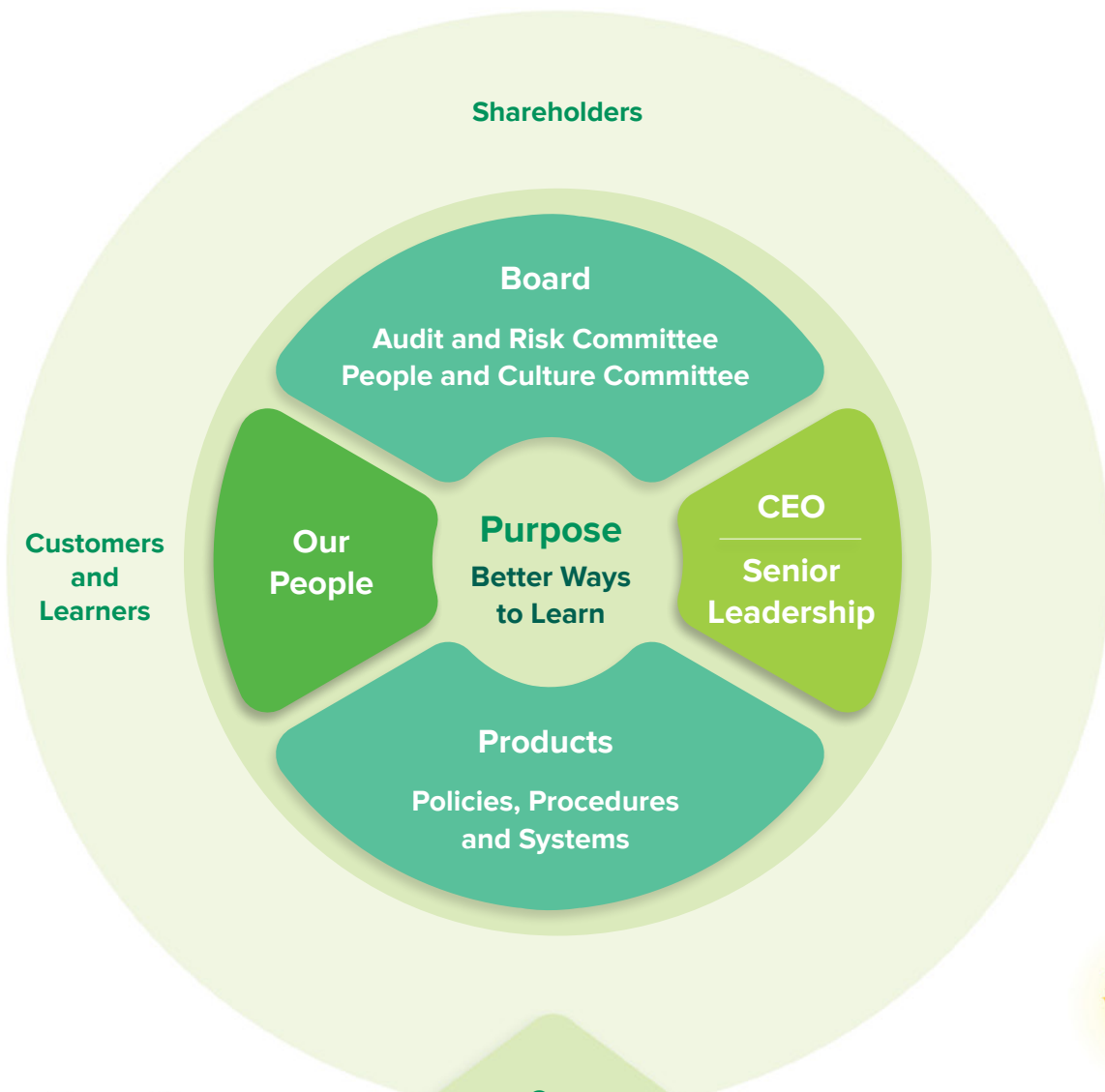
The composition of the committees throughout the financial year ended 30 June 2024 was as follows:

Committee	Members	Independent	Non-executive
People and Culture Committee	Belinda Rowe (Chair)	✓	✓
	Allan Brackin	✓	✓
	Katherine Ostin	✓	✓
	Mark Lamont	✓	✓

Committee	Members	Independent	Non-executive
Audit and Risk Committee	Katherine Ostin (Chair)	✓	✓
	Allan Brackin	✓	✓
	Belinda Rowe	✓	✓
	Mark Lamont	✓	✓



Governance Structure



Reading
eggs

Writing
LEGENDS

brightpath
PROGRESS

Our
Values

Create Lifelong
Learners

Find Better Ways

Make It Happen

Be Authentic

Thrive Together

Mathsee's

Mathletics

Mathsee's
PRIME



Board of Directors



Matthew Sandblom



Mark Lamont

Title	Executive Chairman	Independent Non-Executive Director
	Matthew has been a Director of the Company since May 2021 and was appointed Executive Chairman from 25 August 2021.	Mark has been a Non-Executive Director of the Company since March 2018.
Qualifications	BA Economics	Bachelor of Arts, Dip Ed
Experience and expertise	Matthew is an education entrepreneur with over 35 years of experience building successful companies. He started his first company, Pascal Press, in 1989 to publish school workbooks and study guides. Since then he has founded or co-founded many successful companies including Blake Education, Clickview, 3P Learning and Blake eLearning. Matthew is driven by the idea of producing resources for students that deliver on the promise that they provide better ways to learn than other products. He was a major shareholder of 3P Learning until its IPO in 2014 and is currently a major shareholder of 3P Learning.	Mark has deep experience in the global education and EdTech sectors with particular expertise in internet applications, international markets and strategic planning. Previously he held key executive roles at myinternet Limited and Follett Corporation (USA).
Other current directorships	No other ASX listed entity.	No other ASX listed entity. Chair of EduGrowth Limited since January 2019; and Chair of Typsy Group Pty Ltd since October 2021.
Former Directorships (last 3 years)	N/A	Non-Executive Director of Education Services Australia Limited to 29 February 2024.
Special responsibilities	N/A	Member of the Audit and Risk Committee Member of the People and Culture Committee
Interests in shares	136,138,446	None



Board of Directors



Katherine Ostin



Allan Brackin

Title	Independent Non-Executive Director	Independent Non-Executive Director
	Kathy has been a Non-Executive Director of the Company since 6 August 2021.	Allan has been a Non-Executive Director of the Company since 6 August 2021 and has been the Company's Senior Independent Director since 25 August 2021.
Qualifications	BCom, GAICD, Chartered Accountant, F Fin	Bachelor of Applied Science
Experience and expertise	Kathy has diverse and deep experience in audit and risk management, having been a senior audit partner at KPMG from 2005 to 2017 before transitioning to her NED career in 2018.	Allan has over 40 years of experience in the technology industry and has a proven track record as a business builder and adviser, with experience in business strategy, sales and marketing, process re-engineering, change management, financial management and merger and acquisition activity along with governance. Previously Allan was the CEO and Managing Director of Volante Group Ltd, founder and CEO of AAG Technology Services, Chair of Opticomm Ltd and Chair of GBST Ltd and Chair of RPM Global Limited.
Other current directorships	Non-Executive Director of Capral Limited (ASX: CAA) since 17 June 2020; Non-Executive Director of Dusk Group Ltd (ASX: DSK) since 16 September 2020; Next Science Limited (ASX: NXS) since 24 October 2023; Elanor Commercial Property Fund (ASX: ECF); and Elanor Investors Group (ASX: ENN) since 1 January 2024.	No other ASX listed entities.
Former Directorships (last 3 years)	Non-Executive Director of Swift Media Ltd (ASX: SW1) resigned on 18 November 2021; and Non-Executive Director of eftpos Payments Australia Ltd resigned on 4 February 2022.	Non-Executive Director of Sovereign Cloud Holdings Limited (ASX: SOV) to October 2022; and Integrated Research Limited (ASX: IRI) to September 2023.
Special responsibilities	Chair of the Audit and Risk Committee Member of the People and Culture Committee	Member of the Audit and Risk Committee Member of the People and Culture Committee
Interests in shares	None	322,895

Board of Directors



Belinda Rowe



Craig Coleman

Title	Independent Non-Executive Director	Non-Executive Director
	Belinda has been a Non-Executive Director of the Company since 20 September 2021.	Craig has been a Non-Executive Director of the Company since 16 November 2022.
Qualifications	Bachelor of Arts, AFA (Advertising Federation Australia) Graduate, GAICD	BCom
Experience and expertise	Belinda is a very experienced business leader and a successful marketing executive. Her extensive professional experience lies in marketing communications, content, media and digital marketing technologies. She led media and marketing communications businesses for Zenith and Publicis Media globally based in the UK and held many senior roles in the marketing industry, including as CEO of ZenithOptimedia for 10 years in Australia and as Director Brand & Marcoms for O2 Telefonica in the UK.	Craig is co-founder and Managing Partner of Viburnum Funds Pty Ltd, a private and public equities fund manager. Previously, he was Managing Director and a Non-Executive Director of ASX-listed Home Building Society Limited, and prior to this he held senior executive positions and directorships with ANZ, as well as Non-Executive Director of Etrade Australia Limited.
Other current directorships	Non-Executive Director of Arn Media Ltd (ASX: A1N) since 5 February 2019; Non-Executive Director of Temple & Webster Group Ltd (ASX: TPW) since 26 February 2021; Non-Executive Director of Sydney Swans Limited since September 2021; and Non-Executive Director of Sky New Zealand (ASX: SKT) since 1 March 2023.	Non-Executive Director of Universal Biosensors Inc (ASX: UBI) since 7 August 2017; Non-Executive Chair of Sports Entertainment Group Ltd (ASX: SEG) since 15 November 2017; and Non-Executive Director of GTN Limited (ASX: GTN) since 7 June 2024.
Former Directorships (last 3 years)	Soprano Design Ltd (resigned 2023)	N/A
Special responsibilities	Chair of the People and Culture Committee Member of the Audit and Risk Committee	N/A
Interests in shares	17,000	53,696,928 (indirectly, being the shares held by Viburnum Funds Pty Ltd and other related entities)



Board of Directors

Please note that in the previous tables, 'Other current directorships' refer to the current directorships for listed entities only, and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' refer to directorships held in the last three years for listed entities only, and excludes directorships of all other types of entities, unless otherwise stated.

Skill matrix

3P Learning seeks to achieve a range of skills, experience and expertise on the Board, together with the level of competence and understanding required to deal with current and emerging business issues to oversee 3P Learning's strategic objectives and performance.

The table below provides a summary of the skills identified and highlights the areas where each Director has significant professional expertise.

Skill / Experience	Matthew Sandblom	Mark Lamont	Katherine Ostin	Allan Brackin	Belinda Rowe	Craig Coleman
Extensive public company board and/or C-level experience		✓	✓	✓	✓	✓
Significant experience in developing effective corporate strategy	✓	✓	✓	✓	✓	✓
Significant experience in accounting and finance, and capital management	✓		✓	✓		✓
Strong experience in identifying key risks to the organisation and legal compliance		✓	✓	✓	✓	✓
Experience in M&A activity and investor relations	✓	✓	✓	✓	✓	✓
Expertise in sales and marketing to consumer and B2B	✓	✓ <i>B2B only</i>	✓		✓	
Expertise and significant experience in digital, e-commerce, software enterprise leadership and management	✓	✓	✓	✓	✓	
Distinguished career in education and education technology products	✓	✓				
Significant global business experience (more than three countries)	✓	✓	✓	✓	✓	✓
Experience with labour, environmental, social and governance (ESG) initiatives		✓	✓		✓	

Risks and Opportunities

The Board recognises that the proactive identification and engagement of risk is a crucial part to delivering 3P Learning's Group strategy. Risk management enables the Board and Senior Leadership to make effective decisions and navigate our strategic goals. The ability to identify and appropriately manage risks is key to building long-term shareholder value.

The Audit and Risk Committee is responsible for the Risk Management Framework of 3P Learning and overseeing the implementation of effective risk management systems and processes. Within these frameworks, the Committee monitors the risks that drive innovation and strategic objectives and monitors the risk actions to safeguard operations on an ongoing basis. The Committee has overseen the continuous development of a risk policy and risk management plan as reviewed and approved by the Board from time to time.

The committee has satisfied itself that the processes and procedures followed in terms of identifying, managing and reporting on risks are adequate. It should be noted that the risk factors discussed in this table below are not exhaustive, but rather address those risks which are most relevant to 3P Learning.

Key Risk

Key Response

Key Opportunity

3P Learning operates in a highly competitive and global industry. There are many online education participants targeting the school K-12 segment, each with significant resources and access to capital.

3P Learning is aware of activities of competitors and engages with market participants. Extensive market research is conducted, and 3P Learning has developed core solutions referred to as 3 Essentials.

3P Learning is dedicated to differentiating our products, thereby creating increased value for our customers.

3P Learning's technology platforms and systems might be disrupted by new technologies or become obsolete, which could affect 3P Learning's reputation, ability to generate income and financial performance.

Legacy components are actively identified and either retired or modernised.

Knowledge sharing of key legacy system and building for the future ensures that the technology platforms are continually maintained, operate at a high efficiency and serve as a source of information for other innovations.

As a technology-focused education business, compliance with privacy and data security, safeguarding customer and student data and managing information security are paramount considerations that influence 3P Learning's approach to all aspects of its operations and decision-making.

3P Learning seeks to manage privacy and system security risks through its risk management framework, which includes a periodic review of the nature and severity of the risks and the effectiveness of controls and mitigants put in place to manage these risks.

Communicating and delivering on our commitments to ensure the privacy and safekeeping of our personal information builds on our relationship with our people and our customers and trust in our product solutions in a rapidly changing digital community.

3P Learning is cognisant of the industry in which it operates and of the need to meet legal, community and customer expectations in relation to privacy of personal information and cybersecurity, as these risks have the ability to impact students, 3P Learning's reputation, sales and consequently shareholder value.

3P Learning has a privacy compliance framework applied to monitor and assess processes, and data breach response plans are developed and implemented.

Measures to respond to this key risk also include training/education for staff, applied to monitor and assess, technical, administrative and physical security measures, audits and testing both internally and by independent advisors.

Competition risks

Technology risks

Privacy and data security risks



Risks and Opportunities

Key Risk

The market in which 3P Learning operates is impacted by schools' ability to fund the purchase of education technology for their students. A significant decline in school funding, changes to schools' purchasing decision processes, or education regulatory changes in any market could result in reduced demand for 3P Learning's products. Sales made directly to consumers may also be impacted by general economic performance of a region.

Key Response

3P Learning sells products to B2B and B2C across multiple regions. This diversified footprint thereby reduces the exposure and reliance to funding, policies or economic changes experienced in any particular markets.

Key Opportunity

By operating in B2B and B2C markets across multiple regions 3P Learning has exposure to larger markets and increased growth opportunities.

Volatility in exchange rates can impact the Group's ability to maintain or grow margins.

Within our global operations, foreign exchange is managed on a weekly basis. In addition, the Board is of the view that natural hedges presently mitigate any exchange rate volatility risk for 3P Learning to an economically acceptable level.

3P Learning utilises the natural hedge advantage to engage in more proactive and strategic financial management practices.

3P Learning can also expand operations in foreign markets with favourable economic conditions.

3P Learning's delivery of products and services operates in digital and web-based environments with vendors, customers and our technology solutions exposed to changing cyber security needs, cyber risks and threats.

3P Learning's product and technology teams review both the content and technology delivery of our programs and services regarding potential cyber risks. 3P Learning seeks to safeguard the value of our digital and IP assets to our shareholders and our learners as overseen through our risk management framework.

Innovation and the needs of our customers are ever aligning with the growing maturity of learning and working with digital tools. The growth of these markets for future-fit education applications is a key opportunity for 3P Learning.

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3P Learning Limited

Directors' report

30 June 2024

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "**Group**") consisting of 3P Learning Limited (referred to hereafter as the "**Company**" or "**parent entity**") and the entities it controlled at the end of, or during, the year ended 30 June 2024.

1. Directors

The following persons were Directors of 3P Learning Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Matthew Sandblom	Executive Chairman and Director
Allan Brackin	Non-Executive Director
Mark Lamont	Non-Executive Director
Katherine Ostin	Non-Executive Director
Belinda Rowe	Non-Executive Director
Craig Coleman	Non-Executive Director

2. Principal activities

The Group operates within the education technology sector. During the financial year, the principal continuing activities of the Group consisted of the development, sales and marketing of educational software and ebooks to schools and to parents of school-aged students, delivered via a Software-as-a-Service subscription model.

3. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

4. Capital structure

The Group initiated an on market share buy-back program up to a maximum value of \$10.0 million which commenced in August 2023. The buy-back is for a period of 12 months, ending 22 August 2024. The Group considers the acquisition of shares at prevailing prices to be effective capital management while retaining financial flexibility to fund accretive organic and inorganic opportunities as part of our growth strategy. At 30 June 2024, the Group had bought back 3,577,648 of the Company's shares at \$4.5 million, excluding transaction costs.

5. Review of operations

Business overview

The Group is a global leader in online education and adaptive and collaborative learning. The Group's 3 Essentials suite of reading, writing and maths products are designed to facilitate dynamic and engaging learning experiences for educator and learner alike, to address the complex challenges faced by teachers and students in the modern classroom and at home.

The Group has over 390 educators, engineers, product designers and other personnel around the world, servicing schools and parents in over 170 countries. Today, the Group is trusted by more than 5 million students in over 18,000 schools globally. The Group's mission is to create the teaching moments that inspire learning.

3P Learning Limited

Directors' report

30 June 2024

5. Review of operations (continued)

Business overview (continued)

A summary of revenue and other income for the year ended 30 June 2024 is set-out below:

	2024 \$ '000	2023 \$ '000
Licence fees	105,604	102,685
Copyright licence fees	3,062	2,843
Other revenue	1,283	1,374
Total revenue	109,949	106,902
Other income	95	389
Gain on disposal of fixed assets	-	97
Total other income	95	486
Total revenue and other income	110,044	107,388

Total revenue for the year ended 30 June 2024 was \$109.9 million (30 June 2023: \$106.9 million).

Licence fees revenue increased by \$2.9 million to \$105.6 million, up 2.8% on prior year reflecting billings growth in the B2C segment.

A reconciliation of statutory loss before income tax benefit for the year to underlying earnings before interest, tax, depreciation and amortisation (Underlying "EBITDA") is as follows:

	2024 \$ '000	2023 \$ '000
Statutory (loss)/profit before income tax benefit	(66,159)	3,945
Buy-back of distributor rights	19,628	-
Corporate advisory costs	238	133
Depreciation and amortisation expense	10,945	9,476
Finance costs	235	180
Impairment losses	45,148	-
Interest income	(590)	(203)
Restructure and integration costs	2,168	1,367
Unrealised foreign exchange loss	391	964
Underlying EBITDA	12,004	15,862

Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding buy-back of distributor rights, corporate advisory costs, impairment losses, restructure and integration costs, and unrealised foreign exchange losses and gains.

The Directors have provided Underlying EBITDA after careful consideration of the requirements and guidelines contained in ASIC's Regulatory Guide 230 "Disclosing non-IFRS financial information". Underlying information, including this reconciliation to net loss after income tax benefit, meets the demands from users of the financial reports for information to better understand aspects of the Group's performance. The Directors believe that Underlying EBITDA is the most appropriate measure of the maintainable earnings of the Group and thereby best reflects the core drivers of, and ongoing influences upon, those earnings.

3P Learning Limited

Directors' report

30 June 2024

5. Review of operations (continued)

Buy-back of distributor rights

On 21 December 2023, Blake eLearning Pty Ltd, a wholly owned subsidiary, entered into a binding agreement with Edmentum Inc. to re-acquire the US schools Distribution Rights for Reading Eggs ("**Rights**") effective 2 February 2024.

The Rights cost totalled \$20.5 million (USD 13.3 million), including a foreign exchange rate loss of \$0.8 million. These Rights, prior to being assigned in perpetuity to Edmentum Inc. in 2010, were an "internally generated intangible asset" which cannot be capitalised under Australian Accounting Standards irrespective of how the costs are incurred, e.g. paid to a third party (Edmentum Inc.). As a result, the total Rights cost has been expensed in full during the year.

Impairment losses

The Blake acquisition on 28 May 2021 gave rise to goodwill of \$166.9 million, which was allocated to the B2B and B2C cash-generating units ("**CGUs**") resulting in \$87.3 million goodwill allocated to the B2C CGU. In testing for impairment in the previous financial year (at 30 June 2023), the recoverable amount of the B2C CGU exceeded its carrying amount by \$6.6 million. The financial statements for the year ended 30 June 2023 noted that the recoverable amount of the B2C CGU was particularly sensitive to changes in the underlying assumptions.

During the current year, the cash flow projections included in the value in use models for the B2C CGU were adjusted downwards for slightly higher than expected customer churn and bearish macroeconomic factors. The discount rate of 11.5% (30 June 2023: 11.0%) and terminal growth rate of 2.5% (30 June 2023: 3.0%) have been updated for current market conditions. As a result, the carrying amount of the B2C CGU at 30 June 2024 was determined to be higher than the recoverable amount and a goodwill impairment of \$44.5 million (30 June 2023: nil) was recognised. For additional information regarding the impairment, refer to note 14.

Segment review

Segment revenue and other income for the year is as follows:

	2024 \$ '000	2023 \$ '000	Change \$ '000	Change %
Business-to-School (B2B)	66,924	66,657	267	0.4%
Business-to-Consumer (B2C)	43,120	40,731	2,389	5.9%
Total revenue and other income	110,044	107,388	2,656	2.5%

Segment Underlying EBITDA is as follows:

	2024 \$ '000	2023 \$ '000	Change \$ '000	Change %
Business-to-School (B2B)	5,040	12,570	(7,530)	(59.9%)
Business-to-Consumer (B2C)	9,190	5,595	3,595	64.3%
Corporate	(2,226)	(2,303)	77	3.3%
Total Underlying EBITDA	12,004	15,862	(3,858)	(24.3%)

Directors' report

30 June 2024

5. Review of operations (continued)

Segment review (continued)

B2B segment

Revenue and other income in the B2B segment increased by \$0.3 million to \$66.9 million due to increased copyright licence fees. An average performance across the regions has been partially offset by prior year other income of \$0.3 million for the release of United Kingdom and South African Value Added Tax liabilities acquired in the Blake acquisition.

Underlying EBITDA of \$5.0 million in B2B has decreased by \$7.5 million due to significant people investment across sales and marketing, product and technology departments for all products, as well as go-to-market costs for new products, and direct operational costs incurred due to the re-acquisition of the Rights. Following the re-acquisition of the Rights, the historical distribution costs continue to unwind in line with the subscription period with no change to accounting revenue. However, from a cost perspective, the Group invested in 20 full-time equivalent employees and additional marketing costs to facilitate the Rights acquisition.

B2C segment

Revenue and other income in the B2C segment increased by \$2.4 million due to growth in Reading Eggs and Mathseeds billings, as well as new pricing introduced in January 2023.

Underlying EBITDA of \$9.2 million increased by \$3.6 million due to the shift of investment in product and technology from B2C to B2B, including New Mathletics and Writing Legends.

Group performance

Loss before income tax was \$66.2 million (30 June 2023: profit of \$3.9 million). The loss for the Group after providing for income tax and non-controlling interest amounted to \$57.0 million (30 June 2023: profit of \$6.3 million).

As at 30 June 2024, the Group has \$2.0 million (30 June 2023: \$14.0 million) of cash and cash equivalents and borrowings of \$1.0 million (30 June 2023: nil). At 30 June 2024, \$4.1 million (30 June 2023: \$6.0 million) of restricted cash (refer to note 12 for details) is held as security for the Group merchant banking arrangements. The aggregate of cash and cash equivalents, term deposits and restricted cash is \$6.1 million (30 June 2023: \$27.0 million). The reduction in cash is primarily due to the \$20.5 million re-acquisition of the Rights and the \$4.5 million buy-back of the Company's shares.

The Group commenced an on-market buy-back of its ordinary shares up to a maximum value of \$10.0 million (excluding transaction costs) on 23 August 2023 for a period up to 12 months ("**buy-back**"). In accordance with the ASX Listing Rules, the prices paid for shares purchased under the buy-back will be no more than 5% above the volume-weighted average price of the Company's shares over the five trading days prior to purchase. The buy-back is limited to a maximum of 10% of the smallest number of voting shares on issue during the last 12 months, as permitted under the *Corporations Act 2001* (Cth), and therefore did not require shareholder approval.

Shares bought back are cancelled on acquisition, so that the total number of shares on issue will reduce accordingly, and this would result in a consequential adjustment to the voting power of remaining shareholders. During the year the Company bought back 3,577,648 ordinary shares at a cost of \$4.5 million (excluding transaction costs). As at 30 June 2024, the number of ordinary shares on issue was 272,906,522, down by 3,577,648 ordinary shares on issue as at 30 June 2023. The Company reserves the right to vary, suspend or terminate the buy-back at any time, subject to and in accordance with applicable legal requirements. There can be no certainty that the Company will buy back any or all of the shares announced under the buy-back.

5. Review of operations (continued)

Material business risks

The material business risks faced by the Group that are likely to have an effect on the financial prospects of the Group are outlined below:

Competition risks: The Group operates in a highly competitive and global industry. There are many online education participants targeting the school K–12 segment, each with significant resources and access to capital.

Technology risks: The Group's technology platforms and systems might be disrupted by new technologies or become obsolete, which could affect the Group's reputation, ability to generate income and financial performance.

Privacy and data security risks: As a technology-focused education business, compliance with privacy and data security, safeguarding customer and student data and managing information security are paramount considerations that influence the Group's approach to all aspects of its operations and decision-making. The Group is cognisant of the industry in which it operates and of the need to meet legal, community and customer expectations in relation to privacy of personal information and cybersecurity, as these risks have the ability to impact students, the Group's reputation, sales and consequently shareholder value.

Revenue and economic risks: The market in which the Group operates is impacted by schools' ability to fund the purchase of education technology for their students. A significant decline in school funding, changes to schools' purchasing decision processes, or education regulatory changes in any market could result in reduced demand for the Group's products. Sales made directly to consumers may also be impacted by general economic performance of a region.

Exchange rate risks: Volatility in exchange rates can impact the Group's ability to maintain or grow margins.

Cyber and digital environment risks: The Group's delivery of products and services operates in digital and web-based environments with vendors, customers and our technology solutions exposed to changing cyber security needs, cyber risks and threats.

6. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

7. Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

8. Likely developments and expected results of operations

The Group's growth is expected to be supported by the continuing trend of schools, teachers, parents and students seeking more engaging and interactive online learning resources with proven pedagogical efficacy.

The Group expects to continue to focus its product development and distribution efforts on the core areas of reading, writing and maths. The Group also expects to continue to invest in its scalable internal sales and marketing to support its growth in both existing and new territories.

9. Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

10. Information on Directors

Information and meetings of the Directors are included in the Board of Directors section on page 22 of the Annual Report.

3P Learning Limited

Directors' report

30 June 2024

11. Company secretary

Joyce Li (BA Communications, LLB, LLM) continues in office as the company secretary and brings her experience working with listed companies and corporate governance.

12. Shares under option

There were no unissued ordinary shares of 3P Learning Limited under option outstanding at the date of this report.

13. Shares under share appreciation rights

Unissued ordinary shares of the Company under share appreciation rights at the date of this report are as follows:

Grant date	Vesting date	Exercise price	No. of rights
07/02/2022	31/08/2024	\$0.00	1,687,327
03/06/2022	31/08/2024	\$0.00	181,419
17/10/2022	31/08/2025	\$0.00	1,883,868
29/09/2023	29/09/2028	\$0.00	1,753,870 ⁽ⁱ⁾
			<u>5,506,484</u>

i. Share appreciation rights of 1,753,870 outstanding under this grant at 30 June 2024 consist of 2,080,842 share appreciation rights granted on 29 September 2023 and 326,972 share appreciation rights forfeited in June 2024.

No person entitled to exercise the performance and share appreciation rights had or has any right by virtue of the performance and share appreciation rights to participate in any share issue of the Company or of any other body corporate. For details of share appreciation rights issued and forfeited during the year, refer to note 21.

14. Shares issued on the exercise of share appreciation rights

There were no ordinary shares of the Company issued on the exercise of share appreciation rights during the year ended 30 June 2024 and up to the date of this report.

15. Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001* (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

16. Indemnity and insurance of auditor

To the extent permitted by law, the Company has agreed to indemnify its auditors, KPMG, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify KPMG during the financial year and up to the date of this report.

3P Learning Limited

Directors' report

30 June 2024

17. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

18. Non-audit services

No amounts (2023: nil) were paid or are payable to the auditor for non-audit services during the financial year as outlined in note 30 of the financial statements.

19. Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

20. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001* (Cth).

On Behalf of the Directors



Matthew Sandblom
Executive Chairman

16 August 2024
Sydney

Remuneration report

30 June 2024

Letter from People and Culture Committee Chair

Dear Shareholder

On behalf of the Board of 3P Learning, I am pleased to present the Company's Remuneration Report for the financial year ended 30 June 2024.

During the course of this year, we have delivered a number of exciting product releases, following the significant investment made in product development over the last 3 years. Our revenue closed lower than we hoped at \$110m and we finished the year with \$12m in EBITDA, with a continued focus on effective cost management and reduction.

Strategically, FY24 has been a year to reflect, reset and accelerate our strategic vision. Our ambition is to own the three education essentials of reading, maths, and writing for students aged 4-12 years old and to own the customer end to end with the acquisition of the US schools Distribution Rights for Reading Eggs. To do this, we have restructured our workforce to ensure the right capabilities are in place to support the step change in our strategy. This has included a reorganisation of our Technology team to accelerate focus on key product deliverables and a sizeable restructure of our APAC Sales team, who are the first to take 3 Essentials to market in FY25 to maximise cross sell and expansion into schools.

We have consolidated the senior leadership of Marketing and Sales into a new Chief Revenue Officer role, to oversee both our B2B and B2C businesses. This role is designated as key management personnel. Lynda Pendino, previously the Chief Marketing Officer, has moved into this role and will hyperfocus on the go-to-market strategy for 3 Essentials in FY25. Jenna Pipchuk, who held the role of Chief Sales Officer has departed from the business.

Despite the impact of organisational change, our engagement results continue to be strong, having increased year on year, and our voluntary turnover is steady. Our people continue to see significant value in our company purpose, approach to diversity and inclusion, flexible working, people leadership and social responsibility, all of which scored 87% or higher in our FY24 employee survey.

Our commitment to diversity and inclusion continues, including our equal gender representation targets at a Board, senior leadership and whole of company level. At the close of FY24, we clearly met our gender diversity targets in our senior leadership and whole of company cohorts.

Our Giving Back program has continued to evolve in FY24. We are proud to continue our partnership with the Click Foundation in South Africa and to commence 13 new projects with schools in need across the world. Our workplace giving program this year has a focus on supporting charities with a focus on children's wellbeing including Camp Quality and the Dandelion Network in APAC, Magic Breakfast and Zarach in EMEA and Indspire and the Kids In Need Foundation in the Americas.

We reviewed parental leave benefits in all regions during FY24 and have introduced more compelling paid parental leave offerings in all countries in which we operate. We have also continued to shape our approach to learning and development and will build further on this in the year ahead, with a particular focus on our leaders of the future at all levels.

Our executive remuneration has continued to be aligned with measures that support shareholder outcomes via aggregate earnings per share and aggregate group revenue targets in our Long-Term Incentive Plan, and group revenue and Underlying EBITDA targets in our Short-Term Incentive Plan.

FY24 Remuneration Outcomes

- Key management personnels received an increase in fixed remuneration. These increases were approved by the board and within the 3.5% salary pool increase.
- In relation to Short-Term Incentives for the CEO and CFO, they are made up of group financial and non-financial targets (refer to section 2). The incentives will not be paid as financial targets were not achieved.
- In relation to Long-Term Incentives, Share Appreciation Rights were granted in FY22 to select executives including key management personnels, with performance measures over a 3 year period. This equity plan has been weighted equally between revenue and underlying earnings per share (EPS). Revenue was not achieved for the Long-Term Incentive, however EPS was achieved.
- There were no changes to the existing Board fee base or Committee fees.

Remuneration report

30 June 2024

Letter from People and Culture Committee Chair

FY25 Remuneration Strategy

We do not propose to make significant changes to the design of our executive remuneration structures. We believe their design to be favourable to the performance outcomes that shareholders are seeking. This remuneration structure was introduced in FY22 and FY24 performance means it's the first time that we will assess the outcomes of the Long-Term Incentive Plan in line with this construct.

Our people and culture strategy for FY25 is aligned strongly with our strategic direction, and the work that we have done this year has been essential to ensure a strong foundation from which to work in the year ahead.

The talent that we have at 3P is second to none and our team has worked hard to create, build, market and sell our amazing products to the world in FY24. We are excited about the potential of 3 Essentials and look forward to updating you on our success in FY25 and beyond.



Belinda Rowe
Chair of People and Culture Committee
16 August 2024
Sydney

3P Learning Limited

Remuneration report

30 June 2024

Remuneration report (audited)

The Directors of 3P Learning Limited present the Remuneration Report ("**the Report**") for the Company and its controlled entities for the year ended 30 June 2024 ("**the Group**"). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001* (Cth).

The Report details the remuneration arrangements for the Company's key management personnel ("**KMP**") comprised of:

- Non-executive Directors ("**NEDs**"); and
- Executive Director, Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and Chief Revenue Officer ("**CRO**") (collectively "**the Executives**").

Overview

The remuneration report is presented under the following headings:

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1. Key management personnel

The KMP of the Group are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group. The table below outlines the KMP of the Group and their movements during the financial year.

Name	Position	Term as KMP
Non-Executive Directors		
Mark Lamont	Non-executive Director	Full financial year
Allan Brackin	Non-executive Director	Full financial year
Katherine Ostin	Non-executive Director	Full financial year
Belinda Rowe	Non-executive Director	Full financial year
Craig Coleman	Non-executive Director	Full financial year
Executive Director		
Matthew Sandblom	Executive Chairman	Full financial year
Other KMP		
Jose Palmero	Chief Executive Officer (CEO)	Full financial year
Anton Clowes	Chief Financial Officer (CFO)	Full financial year
Lynda Pendino	Chief Revenue Officer (CRO)	1 May 2024

The Board welcomed the promotion of Lynda Pendino on 1 May 2024 as CRO. Lynda previously held the role of Chief Marketing Officer.

The focus of this report is the remuneration arrangements and outcomes for the KMP listed in the table above. It also outlines information about the remuneration policy and arrangements for the Group's senior executive team more broadly.

Remuneration report

30 June 2024

2. Overview of executive remuneration

Overview of 3P Learning remuneration policy and structures

The People and Culture Committee ("P&CC") is responsible for developing, reviewing, making recommendations, and providing assistance and advice to the Board on the remuneration arrangements for the Company's Directors and executives and in relation to key employment policies and practices. The performance of the Group depends on the quality of its Directors and senior executives.

The Company's remuneration philosophy is to attract, retain and motivate exceptional performance and high-quality talent.

The Group's executive reward framework is based on objectives to:

- align senior executive rewards with achievement of strategic objectives and the delivery of shareholder value;
- provide competitive remuneration packages that recognise both individual and organisational performance.

The remuneration framework, and any potential changes to that framework, are assessed on the following guiding principles:

- alignment to long-term value creation and strategy;
- fairness for all stakeholders;
- simple to understand and administer;
- motivating to executives; and
- encouraging of executive ownership and accountability to the Company and its stakeholders.

The P&CC and the Board have structured an executive remuneration framework that is market competitive; designed to retain and motivate the Company's leadership team; and sets a standard for transparency and good corporate governance.

The determination of non-executive Director and executive remuneration is separately addressed below.

During the financial year the Company did not engage remuneration consultants to advise on remuneration policy or the structure or level of executive remuneration. During the financial year, the fixed and variable remuneration levels and structure of executive KMP remuneration were reviewed. CEO remuneration was increased by 2% and CFO remuneration was increased by 3% in line with a business review. The variable incentives were developed against global financial targets and individual performance metrics to align with strategic plans and measurable targets. The fees for non-executive Directors were maintained at the same level as the prior year, subject only to the increase in statutory superannuation.

Our executive remuneration policy and structures

In light of the Group's remuneration philosophy, the Board considers the levels of fixed (base) remuneration and variable remuneration consisting of Short and Long-Term Incentives. The guiding principles of the remuneration framework are applied when considering the measures and targets for variable remuneration, alongside the Company's strategy and long-term shareholder value. The appropriate performance targets for Short and Long-Term Incentives are reviewed by the P&CC, and approved by the Board for the relevant executives.

Review of executive remuneration levels are conducted annually by the P&CC and are approved by the Board as follows:

- The remuneration of the CEO is reviewed by the P&CC to determine the optimal mix between fixed and "at risk" incentive components, and the appropriate measures and performance targets, prior to Board review and approval.
- The remuneration of the CFO, CRO and other non-KMP executives are reviewed by the CEO and P&CC in relation to the appropriate fixed remuneration and performance measures and incentives, and are approved by the Board.

The variable Short-Term Incentive ("STI") and Long-Term Incentive ("LTI") remuneration offered is set out below.

The Executive Chairman receives remuneration under a services agreement. The services agreement provides that the Executive Chairman may receive remuneration capped at \$100,000 and does not include variable STI or LTI remuneration. Since his appointment, the Executive Chairman has elected to receive a nominal fee of \$1 per annum.

The following sections on remuneration for executive KMP do not apply to the Executive Chairman.

Remuneration report

30 June 2024

2. Overview of executive remuneration (continued)

Details for each of the individual components for remuneration for executive KMP in both FY24 and FY23 are as follows:

Remuneration Structure	Fixed	Variable or "At Risk" Performance Based	
	Fixed remuneration <i>Attracts and retains high performance talent</i>	STI <i>Rewards current year performance</i>	LTI <i>Rewards longer term sustainable performance</i>
FY24 & FY23	- Fixed salary reviewed against benchmarks, market peers and experience - Includes superannuation and salary sacrifice non-monetary benefits	25-50% of fixed remuneration at target STI - Focus on revenue, Underlying EBITDA, key strategic projects and people leadership - Weighting of group "at target" performance targets: - revenue (up to 40%)*; - Underlying EBITDA targets (up to 40%)*; - key strategic projects (up to 50%); and - people and culture KPIs (up to 20%). * "Stretch targets" can apply.	25-50% of fixed remuneration at target LTI - Grant of share appreciation rights - Encourage greater executive ownership of the Company, strengthen alignment with long-term growth of the Company

Remuneration report

30 June 2024

2. Overview of executive remuneration (continued)

Elements of executive remuneration

Fixed remuneration

The fixed remuneration component consists of base salary, superannuation and other non-monetary benefits and is designed to reward the executive's scope of their role and responsibilities, their skills, experience and qualification, and individual and group performance.

The fixed remuneration of the CEO is reviewed by the P&CC annually for performance against annual key performance indicators ("KPIs") set at the start of the financial year, as well as available market data including benchmarks to comparable roles in similar companies. The fixed remuneration of the CEO is approved by the Board.

The fixed remuneration of the CFO, CRO and non-KMP executives reporting to the CEO is reviewed by the CEO annually with consultation with the P&CC, and approved by the Board.

During the year, the fixed remuneration of the CEO was increased by 2% and the CFO remuneration was increased by 3%, as compared to the prior financial year.

Performance based remuneration

The "at risk" performance based remuneration components for eligible Executives and non-KMP executives align reward with the achievement of annual and longer term objectives of the Group, and the optimisation of shareholder value over the short and long term.

Short-Term Incentive

The STI plan provides eligible Executives and non-KMP executives with the opportunity to earn an annual incentive award which is delivered in cash. The key objectives of the STI program are to drive and reward outstanding performance against annual strategic financial and operational performance objectives, promote effective management of capital, and position the Company to continuously achieve in future years.

How is it paid?

100% of an STI award is paid in cash after the assessment of annual performance.

How much can an eligible Executive earn?

Eligible Executives and non-KMP executives have a target STI opportunity of up to 25% of fixed remuneration while the CEO has a target STI opportunity of up to 50% of fixed remuneration.

The FY24 target STI is designed to deliver strong performance and sustainable growth by motivating talent and rewarding performance. Participants have the opportunity to earn up to 100% of the STI target for achieving the target under each KPI.

For performance that significantly exceeds targets, the Board and CEO may consider increasing the target award above 100% (i.e. stretch targets). The Board retains the discretion to adjust STI outcomes up or down to reflect the achievement of results consistent with strategic priorities and alignment with shareholder value.

Remuneration report

30 June 2024

2. Overview of executive remuneration (continued)

How is performance measured?

The financial performance measures that are set for eligible Executives and non-KMP executives are based on a range of profit, revenue, key strategic project and people leadership targets.

For the current year, the Board considers the financial measures (revenue and Underlying EBITDA) to be appropriate as they are aligned with the Group's objective of delivering profitable growth and improved shareholder returns. The inclusion of key strategic projects and people leadership targets also refreshed the delivery focus for the Company's strategic plans and initiatives in relation to the three "R"s: Reading, wRiting and aRithmetic (maths) to build and sustain longer term shareholder returns. No amount is payable unless at least one of the financial metric is achieved.

Summary of the performance measures and weightings for the "at target" FY24 STI plan:

	Financial year	Revenue	Underlying EBITDA	Key Strategic Projects	People and Culture
CEO	2024	35%	35%	20%	10%
CFO	2024	40%	40%	0%	20%
CRO ⁽ⁱ⁾	2024	40%	Not applicable	50%	10%
Non-KMP executive	2024	40%	30%-40%	0%-20%	10%-20%

- i. The performance measures for the CRO disclosed are the measures and weightings set during the year for her non-KMP executive capacity and prior to her appointment as KMP on 1 May 2024. No changes were made to these measures after her appointment as the CRO.

The performance measures for non-KMP executives consist of a range of business KPIs developed to align with their responsibilities. Stretch targets for financial KPIs can also apply.

If the participant commenced their role during the financial year, any STI payment that is made will be on a pro rata basis from their commencement date.

When is it paid?

The STI award is finalised and paid after the release of the Company's full financial year results in August, following a review of performance over the year against the STI financial and non-financial performance measures by the CEO (and in the case of the CEO, by the Board).

The Board approves the final STI award based on the assessment of performance. The STI award is wholly paid in cash within two months after the end of the performance period.

Deferral terms

Payment of STI is not deferred.

Long-Term Incentive

To align with the creation of shareholder value, the Company's LTI Plan aims to reward KMP and non-KMP executives through the allocation of an equity award that is subject to specific performance conditions.

The LTI Plan has been developed with the objectives of aligning exceptional performance with medium to long-term growth and shareholder value. The plan sets the appropriate measures and incentive to drive performance and execution of the Company's strategic goals over that longer term. The LTI Plan provides participants the opportunity to be awarded rights that may be exercised as issued shares subject to a combination of the vesting conditions. Those conditions were determined to be appropriate to align the performance objectives of the Company for growth and shareholder value, while balancing the terms that would attract, motivate and reward talented executives for performance over the performance period.

Remuneration report

30 June 2024

2. Overview of executive remuneration (continued)

How is it paid?

The 3P Learning Equity Incentive Plan Rules ("**Plan Rules**"), the incentive offer and the vesting conditions will determine the number of rights that vest, and how the incentive is paid, to eligible Executives.

During the current year, eligible Executives were granted Share Appreciation Rights ("**SARs**"). Subject to the Plan Rules, and in circumstances where the relevant vesting conditions are met, the eligible Executive can exercise their vested SARs during the Exercise Period to be allocated Company shares.

How much can an eligible Executive earn?

The eligible Executive has a target LTI opportunity of up to 25% of fixed remuneration, while the CEO has a target LTI opportunity of up to 50% of fixed remuneration.

The number of SARs issued was calculated by dividing the dollar value of LTI award opportunity by the value per share appreciation right and was determined by an independent valuer. The value per SARs is determined as the growth in share price from the notional exercise price to the share price at the date of exercise. The notional exercise price under the FY24 LTI plan is \$1.12.

If the participant commenced their role within the financial year, the LTI opportunity is calculated on a pro rata basis based on their commencement date.

How is performance measured?

3P Learning's long term Equity Plans have been weighted equally between revenue and underlying earnings per share ("**EPS**") targets, and generally had a three-year vesting (performance) period.

The EPS measure under the FY24 LTI Plan is calculated after allowing for underlying adjustments for buy-back of distributor rights, corporate transaction costs, depreciation and amortisation arising on purchase price accounting, integration costs, non-cash impairment losses, and retention bonuses.

The Board continues to consider the combination of revenue and EPS thresholds form an appropriate balance to ensure that "top line" growth is pursued over the medium to long term, whilst growth in earnings and a focus on shareholder value is maintained in each financial year.

The Board applied performance measures based on the aggregate performance over the three-year performance period for the SARs granted during the financial year under the Plan Rules. The Board considered that using the aggregate performance period (rather than measuring performance in the third year) would create the desired focus on growing shareholder value over the period in the rapidly changing environment of education technology.

The EPS and group revenue measures for the FY24 LTI SARs are based on:

- aggregate EPS measures over the three-year period of FY24, FY25 and FY26 (50% weighting); and
- the Company's aggregate group revenue over the three-year period of FY24, FY25 and FY26 (50% weighting).

Remuneration report

30 June 2024

2. Overview of executive remuneration (continued)

The proportion of SARs that may be awarded on the Company's performance over the aggregate three-year period is determined based on the following:

Performance level	% of Target incentive awards
Below Threshold	nil
Between Threshold and Target	Between 50% and 100% ⁽ⁱ⁾
At Target	100%
Between Target and Maximum	Between 100% and 120% ⁽ⁱ⁾
Maximum	120%

- i. Vesting will occur on a straight line basis between two relevant vesting percentages.

In accordance with the Plan Rules and incentive offer, the Board retains discretion to adjust vesting conditions to ensure participants are not subject to a material disadvantage or obtain a windfall gain where there are circumstances which may impact the appropriateness of the original vesting conditions.

When is it paid?

Awards granted under the LTI plan will only vest upon satisfaction of certain vesting conditions that are defined by the Board. The performance measures against each vesting condition are assessed by the Board following the relevant full financial year at the end of the performance period.

Subject to the Plan Rules and once vesting conditions are met, the SARs are vested. Executives can elect to exercise any vested SARs during their exercise period to be issued shares in the Company. The exercise period for the SARs is usually within five years of the original grant date.

Any SARs which do not meet their vesting conditions at the end of the performance period will lapse.

Any shares issued in accordance with the exercise of rights issued under the Plan as described above will rank equally in all respects with other ordinary shares in the Company (except in regard to any rights attaching to such other shares by reference to a record date prior to the date of their allocation or transfer).

Vested SARs that have not been exercised during the exercise period will lapse.

What happens if an eligible Executive leaves?

If an eligible Executive ceases to be an employee of the Company, the following occurs in the applicable circumstances:

SARs have not vested, and:

- The Executive ceases to be an employee of the Company by reason of resignation, dismissal or in any other circumstance determined by the Board to be a "Bad Leaver", all unvested SARs lapse on the date of cessation; or
- the Executive is not a "Bad Leaver", the Board may, in its discretion, determine that all or a portion of the SARs vest immediately or at some future time. If no determination is made, the relevant SARs remain on foot, and are tested and vest on the original vesting date to the extent that the applicable vesting conditions have been met.

SARs have vested, and:

- the Executive's employment ends other than as a result of termination for cause, the Executive has the lesser of 90 days from cessation or the period before the expiry of the vesting period to exercise the SARs; or
- the Executive's employment is terminated for cause, the vested SARs lapse immediately.

Remuneration report

30 June 2024

2. Overview of executive remuneration (continued)

Is there a malus and clawback provision?

Yes. The SARs may be forfeited if a "clawback" event occurs during the performance period. Such an event includes circumstances where an Executive has engaged in fraud, dishonesty or gross misconduct; where the financial results that led to the equity award are subsequently shown to be materially misstated; or where the behaviour of a senior Executive brings the Company into disrepute or impacts the Company's long-term financial strength.

What happens if there is a change of control?

Where a change of control event occurs prior to the SARs vesting, the Board may, in its discretion, determine whether all or a number of those rights lapse at the time of the change of control event or at a future point in time, or vest at the time of the change of control event or at a future point in time.

Are eligible Executives entitled to dividends?

No.

3. Performance and Executive remuneration outcomes in FY24

The actual remuneration earned by Executives in FY24 against the prior year is set out below. This provides shareholders with a view of the remuneration actually paid to these executives for performance in FY24 and the value of the LTIs that vested during the period if applicable.

Overview of Company performance

The table below shows the Group's performance history, the Company's share price and the effect on shareholder value over the past five financial years. The results shown are not fully comparable due to the acquisition of Blake eLearning Pty Ltd ("**Blake**"), changes in accounting standards and associated changes to accounting policy over that period. On 28 May 2021, the Group acquired Blake and since then the contribution from Blake is included in the results.

Results from FY20 are restated due to change of accounting policy regarding customisation and configuration costs incurred in relation to Software-as-a-Service arrangements. These arrangements which were previously capitalised were restated and recognised as an expense in profit or loss during FY20.

Financial year	2024	2023	2022	2021	2020
Revenue (\$'m)	109.95	106.90	97.20 ⁽ⁱⁱ⁾	57.40	55.00
Underlying EBITDA (\$'m) ⁽ⁱ⁾	12.00	15.86	13.10 ⁽ⁱⁱⁱ⁾	9.40	9.50
Statutory EPS (cents)	(20.77)	2.30	(0.19)	(6.15)	0.37
Share price (\$) 30 June ^(iv)	1.00	1.10	1.24	1.31	0.86
Share buy-back (\$'m) ^(iv)	4.45	-	-	-	-

- The Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory, and restructure and integration costs, specifically associated with the acquisition of Blake and Pairwise Pty Ltd ("**Brightpath**"), costs associated with the buy-back of distribution rights during the relevant period and impairment losses.
- Following the acquisition of Blake on 28 May 2021, Blake contributed revenue from 28 May 2021 to 30 June 2021 in FY21. The year ended 30 June 2022 includes a full year of Blake revenue therefore revenue increased materially compared to previous financial years.
- Unrealised foreign exchange gains and losses were previously included in Underlying EBITDA in FY22. The unrealised foreign exchange gains and losses are excluded from Underlying EBITDA in FY23 and the FY22 comparative year has been restated.
- The Group initiated an on-market share buy-back program up to a maximum value of \$10.0 million which commenced on 23 August 2023. The buy-back is for a period of 12 months, ending 22 August 2024. The Group considers the acquisition of shares at prevailing prices to be effective capital management while retaining financial flexibility to fund accretive organic and inorganic opportunities as part of our growth strategy. As at 30 June 2024, the Group had bought back 3,577,648 shares worth \$4.5 million, excluding transaction costs.

3P Learning Limited

Remuneration report

30 June 2024

3. Performance and Executive remuneration outcomes in FY24 (continued)

Executive remuneration

Details of statutory remuneration (Australian Accounting Standards (AAS)) for Executive KMP, for the years ended 30 June 2024 and 30 June 2023 are set out below:

	Salary \$	Cash STI ⁽ⁱ⁾ \$	Other ⁽ⁱⁱ⁾ \$	Post employ- ment benefits (super- annuation) \$	Accounting value of LTI awards and additional incentives ⁽ⁱⁱⁱ⁾ \$	Other long term benefit ⁽ⁱⁱ⁾ \$	Total \$	Perform- ance related %	Equity based %
Current Executive KMP									
Matthew Sandblom (Executive Chairman)									
2024	1	-	-	-	-	-	1	0%	0%
2023	1	-	-	-	-	-	1	0%	0%
CEO									
2024	526,844	-	(13,480)	27,399	209,904	11,149	761,816	28%	28%
2023	518,083	-	(17,975)	25,292	54,242	12,975	592,617	9%	9%
CFO									
2024	333,000	-	14,974	27,500	65,438	-	440,912	15%	15%
2023	322,500	-	22,315	27,500	49,019	-	421,334	12%	12%
CRO^(iv)									
2024	63,767	6,035	7,627	4,566	10,965	8,155	101,115	17%	11%
2023	-	-	-	-	-	-	-	-	-
Total remuneration for executive KMP									
2024	923,612	6,035	9,121	59,465	286,307	19,304	1,303,844	22%	22%
2023	840,584	-	4,340	52,792	103,261	12,975	1,013,952	10%	10%

i. Cash STI is paid after the end of the financial year to which it relates but is allocated to the earning year.

ii. Other and other long term benefits represent the net movement of annual leave and long service leave entitlements respectively.

iii. The accounting value of LTI awards and additional incentives is the calculated movement in the value of the FY22 - FY24 plans. As an outcome of the Group's performance during this reporting period, 50% of the FY22 LTI award to the executive will vest in FY25.

iv. The CRO became a member of KMP effective 1 May 2024. Therefore the CRO's salary and other benefits where applicable are proportioned.

Remuneration report

30 June 2024

3. Performance and Executive remuneration outcomes in FY24 (continued)

In line with general market practice, a (non-AAS) presentation of remuneration with respect to the FY24 and FY23 reporting periods is provided in the table below, to give shareholders a more informative picture of actual remuneration outcomes within the financial year. The table below represents the total cash remuneration paid to Executive KMP during FY24 and FY23.

	Salary ⁽ⁱ⁾ \$	Cash STI ⁽ⁱⁱ⁾ \$	Post-employment benefits (super- annuation) \$	LTI and additional incentives exercised ⁽ⁱⁱⁱ⁾ \$	Total remuneration \$
Current Executive KMP					
Matthew Sandblom (Executive Chairman) ^(iv)					
2024	1	-	-	-	1
2023	1	-	-	-	1
CEO					
2024	526,844	-	27,399	-	554,243
2023	518,083	210,000	25,292	-	753,375
CFO					
2024	333,000	-	27,500	-	360,500
2023	322,500	15,822	27,500	-	365,822
CRO ^(v)					
2024	63,767	-	4,566	-	68,333
2023	-	-	-	-	-
Total remuneration for executive KMP					
2024	923,612	-	59,465	-	983,077
2023	840,584	225,822	52,792	-	1,119,198

i. The salary is aligned with the salary in the statutory remuneration table.

ii. Cash STI is paid in the outlined financial year however the payment relates to the result of the previous financial year.

iii. As an outcome of the Group's performance during this reporting period, 50% of the FY22 LTI award to the Executive will vest in FY25. The LTI will be paid in equity settled awards, and will be shown when exercised by the individual at the prevailing price and adjusted for any change in value up until the point of exercise.

iv. Matthew Sandblom receives fees for service under a consultancy services agreement.

v. The CRO became a member of KMP effective 1 May 2024.

Remuneration report

30 June 2024

3. Performance and Executive remuneration outcomes in FY24 (continued)

Short-term incentives

STI for the 2024 financial year

The target STI opportunity for the financial year ended 30 June 2024 was an amount equal to 25% for eligible Executives' fixed remuneration and 50% in the case of the CEO.

Who are the participants of the STI?

The CEO, CFO and CRO are members of KMP who participated in the STI Program for FY24. As at 30 June 2024 there were three other non-KMP executives that were also participants, bringing the total number of senior executive participants to six.

Specific information relating for the STI component for the CEO, CFO and CRO for FY24 is set out below.

Executive KMP	Position/Title	Actual STI payment	Accrued STI payment	% of Target STI payable
Jose Palmero	CEO	-	-	0%
Anton Clowes	CFO	-	-	0%
Lynda Pendino	CRO	-	6,035 ⁽ⁱ⁾	40%

- i. The CRO became a member of KMP effective 1 May 2024. Therefore the CRO's salary and other benefits where applicable are proportioned.

CEO Performance measure	FY24 - At Target	FY24 Performance ⁽ⁱ⁾	% of Target incentive award ⁽ⁱⁱ⁾	Weighting
Revenue	\$115m	Not met	0%	30%
Underlying EBITDA ⁽ⁱⁱⁱ⁾	\$14m	Not met	0%	30%
Key Project - Growth	Internal growth target	Met	0%	10%
Key Project - Product	Product delivery targets	Met	0%	20%
People Leadership	People and Culture measures ^(iv)	Met	0%	10%

CFO Performance measure	FY24 - At Target	FY24 Performance ⁽ⁱ⁾	% of Target incentive award ⁽ⁱⁱ⁾	Weighting
Revenue	\$115m	Not met	0%	40%
Underlying EBITDA ⁽ⁱⁱⁱ⁾	\$14m	Not met	0%	40%
People and Culture	People and Culture measures ^(iv)	Met	0%	20%

CRO Performance measure	FY24 - At Target	FY24 Performance ⁽ⁱ⁾	% of Target incentive award ⁽ⁱⁱ⁾	Weighting
Revenue	\$115m	Not met	0%	40%
Key Project - Growth	Internal growth target	Met	80%	50%
People Leadership	People and Culture measures ^(iv)	Met	0%	10%

- i. The CEO, CFO and CRO met measures designed to assess leadership goals in relation to People and Culture that drive initiatives to enable corporate performance goals. The CEO also met specific measures in relation to growth and product delivery projects that were aligned with the FY24 Product strategy in B2B and B2C. However as the revenue and Underlying EBITDA targets were not achieved, the incentive targets were not awarded for these performance measures. The CRO's specific performance measures reflect her role prior to her appointment as KMP from 1 May 2024. The targets and measures as non-KMP align with strategic delivery of the company's objectives.
- ii. This is based on the "at target" metrics outlined under "How much can an eligible Executive earn?" discussed earlier in this report.
- iii. The Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory, and restructure and integration costs, specifically associated with the acquisition of Blake and Brightpath, and costs associated with the buy-back of distribution rights during the relevant period and impairment losses.
- iv. The People and Culture targets reflected measures to focus executives on company culture and employee engagement. The measures are selected based on improving % ratings on key engagement criteria from internal surveys periodically used by the Company to gather feedback from employees. The data and feedback collated through the survey enabled performance to be measurable, and discretion may be applied by the Board following a review of specific activities and performance for the Executive.

Remuneration report

30 June 2024

3. Performance and Executive remuneration outcomes in FY24 (continued)

Long-term Incentives

Who are the participants of the LTI?

The CEO, CFO, CRO and other non-KMP executives are eligible to participate in the LTI plan. As at 30 June 2024 there are six participants.

Performance conditions and disclosure of targets

The publication of prospective revenue and EPS targets for future performance periods would require the disclosure of commercially sensitive information. Accordingly, the Company will not disclose prospective targets but will disclose historic targets and the Company's performance against those targets. The hurdles for the SARs granted in FY24 will be disclosed in August 2026 after the applicable performance period.

2022 LTI Award – Performance condition outcomes

The grant of SARs under the Company's LTI plan was made in FY22, with performance conditions to be tested with respect to the audited FY24, FY23 and FY22 full year results (the "FY22 LTI Years").

The EPS and Group revenue performance measures each account for 50% of the vesting conditions of the SARs. In accordance with the LTI terms and arrangement, in FY22 the Board exercised its discretion to adjust the revenue vesting condition having regard to:

- the remuneration philosophy of the Company; and
- the acquisition of Blake on 28 May 2021 which has had a significant growth impact on the Company.

The EPS in relation to the SARs granted under the Company's FY22 LTI plan is referring to statutory EPS adjusted for amortisation related to purchase price accounting, corporate advisory costs, costs associated with the buy-back of distribution rights during the relevant period, impairment losses and restructure and integration costs.

The outcomes for the relevant revenue and EPS targets are assessed based on the financial results for the FY22 LTI Years. A number of SARs will vest as an outcome of the Company's FY22 LTI Years and the following outcomes relate to the LTI grants awarded in FY22:

Performance measure	Cumulative target	FY22 LTI Years outcome	Outcome	% of Target incentive awarded	Weighting
Revenue	\$344.1m	\$314.1m	Below threshold	0%	50%
EPS	\$0.116	\$0.127	Stretch	120%	50%

The participants of the FY22 LTI plan were eligible to achieve the award of 1,868,746 SARs in aggregate. As an outcome of the FY22 LTI Years 934,373 SARs have vested and 934,373 have lapsed after the reporting period.

During the exercise period the difference between the market price and the notional exercise price of the Company's shares multiplied by the number of SARs validly exercised will determine a value of the Company's shares issued to the plan participant. The notional exercise price of the SARs awarded under the FY22 LTI is \$1.35. Vested rights that are not exercised during the exercise period will lapse.

Under the terms of the offer, the Board exercised its discretion to extend the exercise period of five years from the original grant date in FY22 by one year. This change was made having considered the alignment with shareholder interests and Company's remuneration strategy.

Additional payments awarded in FY24

No additional payments were awarded in FY24 to executive KMP.

Remuneration report

30 June 2024

4. Non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. To preserve independence and impartiality, non-executive Directors do not receive performance-related compensation and are not eligible to participate in the Company's equity incentive plan. Non-executive Directors have not been granted or issued equity as part of their remuneration.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was in 2017 when shareholders set the aggregate remuneration at \$900,000 per annum for the non-executive Directors. Board and committee fees, as well as statutory superannuation contributions made on behalf of the non-executive Directors, are included in the aggregate fee pool.

The table below shows the structure and level of non-executive Director fees (exclusive of superannuation) for the financial years ended 30 June 2024 and 30 June 2023.

Fee applicable	Financial year	Chair \$	Member \$
Board	2024	185,000	95,000
	2023	185,000	95,000
Audit and risk committee	2024	20,000	10,000
	2023	20,000	10,000
People and culture committee	2024	20,000	10,000
	2023	20,000	10,000

Non-executive Director remuneration in 2024 and 2023

Details of the remuneration for the non-executive Directors for the financial years ended 30 June 2024 and 30 June 2023 are set out below.

Name	Financial year	Fees and allowances \$	Post- employment benefits \$	Total \$
Current non-executive Directors				
Mark Lamont	2024	115,000	12,650	127,650
	2023	115,000	12,075	127,075
Katherine Ostin	2024	125,000	13,750	138,750
	2023	125,000	13,125	138,125
Allan Brackin	2024	115,000	12,650	127,650
	2023	115,000	12,075	127,075
Belinda Rowe	2024	125,000	13,750	138,750
	2023	125,000	13,125	138,125
Craig Coleman ⁽ⁱ⁾	2024	1	-	1
	2023	1	-	1
Total remuneration for current non-executive Directors	2024	480,001	52,800	532,801
	2023	480,001	50,400	530,401

i. Craig Coleman elected to receive nominal remuneration during the financial year.

Remuneration report

30 June 2024

5. Service agreements

Non-executive Directors do not have fixed term contracts with the Company. On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation. Non-executive Directors retire by whichever is the longer period: the third annual general meeting following their appointment or the third anniversary date of appointment. They may then be eligible for re-election.

During the reporting period, the Board continued to determine that the Executive Chairman, Matthew Sandblom, has an active role in the day-to-day management of the Company, particularly in the areas of Strategy and Product.

Under his letter of appointment as a Director there is no fixed term and he retires by whichever is the longer period: the third annual general meeting following his appointment or the third anniversary of appointment. Under a service agreement Matthew is entitled to receive remuneration of \$300 per hour plus GST up to \$100,000 per annum. During the reporting period, the remuneration elected to be received by the Executive Chairman under this agreement is \$1 with no further amounts accruing or payable. The service agreement with Matthew has been extended for 12 months to August 2025 on the same terms. The appointment and termination details as at 30 June 2024 are as follows:

Name:	Matthew Sandblom
Title:	Educational Technology Strategic Advisor
Agreement commenced:	25 August 2021
Term of agreement:	12 months with option to extend
Termination details:	Either party may terminate on 60 days' notice Company may terminate earlier upon material breach of contract.

Other executive KMP have entered into ongoing employment agreements setting out their duties and remuneration. Details of the CEO's, CFO's and CRO's minimum notice period under these agreements are as follows:

Name	Position held	Contract effective date	Terms of agreement	Notice period ⁽ⁱ⁾
Jose Palmero	CEO	28 May 2021	Ongoing	6 months
Anton Clowes	CFO	26 April 2022	Ongoing	3 months
Lynda Pendino	CRO	1 May 2024	Ongoing	3 months

- i. The Company may also terminate the employment contracts by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Company may terminate the employment contracts immediately by written notice and without payment in lieu of notice.

6. Share-based compensation

Issue of shares

No shares were issued to Directors or any other KMP as part of compensation during the year ended 30 June 2024.

3P Learning Limited

Remuneration report

30 June 2024

6. Share-based compensation (continued)

Share Appreciation Rights

The Company issued 1,108,422 SARs to KMP during the year ended 30 June 2024. No additional SARs have been granted to any KMP since the end of the reporting period. No SARs have been issued to NEDs to date.

Name	Number	Accounting grant date	Accounting fair value	Exercise price ⁽ⁱ⁾	Vesting date	Expiry date
Jose Palmero	674,535	29 September 2023	\$0.49	\$0.00	June 2026	If vested, 5 years from Grant Date
Anton Clowes	219,371	29 September 2023	\$0.49	\$0.00	June 2026	If vested, 5 years from Grant Date
Lynda Pendino	214,516	29 September 2023	\$0.49	\$0.00	June 2026	If vested, 5 years from Grant Date

- i. There is a nil exercise price. The value of the shares allocated is based on the number of SARs validly exercised multiplied by the difference between the market price of the shares at the date of exercise and the notional exercise price \$1.12 in accordance with the FY24 LTI plan.

Performance Rights and Options

No performance rights or options were issued to KMP during the year ended 30 June 2024 and no performance rights or options have been granted to any KMP since the end of the reporting period.

The Company notes that 110,913 Performance Rights under the FY21 LTI Plan lapsed in August 2023. There are no performance rights or options on issue as at 30 June 2024.

7. Additional disclosures relating to KMP

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

Ordinary shares	Balance at beginning of year	Received as part of remuneration	Additions	Disposals/ other	Balance at end of year
<i>Non-executive Directors</i>					
Mark Lamont	-	-	-	-	-
Allan Brackin	322,895	-	-	-	322,895
Kathy Ostin	-	-	-	-	-
Belinda Rowe	-	-	17,000	-	17,000
Craig Coleman ⁽ⁱ⁾	53,696,928	-	-	-	53,696,928
<i>Executive KMP</i>					
Matthew Sandblom ⁽ⁱⁱ⁾	136,124,360	-	14,086	-	136,138,446
Jose Palmero ⁽ⁱⁱⁱ⁾	-	-	-	-	-
Anton Clowes	10,936	-	-	(10,936)	-
Lynda Pendino ^(iv)	-	-	-	-	-

- i. The balance at the start of the year reflects his indirect interest held through Viburnum Funds Pty Ltd of which he is shareholder and Director, and/or Viburnum Funds Pty Ltd related entities.
- ii. Interests in shares are held indirectly. Refer to the ASX Appendix 3Y for the nature of the interests held.
- iii. No holding in shares or interests in shares through entities he controls. Jose is a unitholder of the BeL Unit Trust, whose holding in shares is disclosed to the ASX by the Executive Chairman.
- iv. No holding in shares or interests in shares through entities she controls. Lynda is a unitholder of the BeL Unit Trust.

3P Learning Limited

Remuneration report

30 June 2024

7. Additional disclosures relating to KMP (continued)

Other share-based holdings

The number of SARs held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

Executive KMP	Award	Balance at beginning of year	Rights granted	Vested ⁽ⁱⁱ⁾	Expired/ forfeited/ lapsed ⁽ⁱⁱ⁾	Balance at end of year
Jose Palmero	SARs	1,484,587	674,535	-	-	2,159,122
Anton Clowes	SARs	416,845	219,371	-	-	636,216
Lynda Pendino ⁽ⁱ⁾	SARs	463,050	214,516	-	-	677,566

- i. This reflects the SARs held under the LTI Plan issued in FY22, FY23 and FY24. For Lynda Pendino this also includes SARs issued prior to 1 May 2024 as a non-KMP executive.
- ii. As an outcome of the Group's performance during this reporting period, 50% of the FY22 LTI award to the executive will vest in FY25, and the other 50% will lapse in FY25.

8. Other transactions with KMP and their related parties

Payment for publishing and distribution services

Since FY21 the Group has entered into a Publishing and Distribution Agreement with Kalaci Pty Ltd (trading as Pascal Press) ("**Kalaci**"), a company which both Matthew Sandblom and Jose Palmero have a beneficial economic interest. Under the agreement, Kalaci receives a share of the net receipts received by Blake from orders placed by Blake customers, and Blake receives a share of the net receipts received by Kalaci from its sales of various Blake products to Kalaci customers. The terms of the agreement were negotiated on arm's-length terms at the time of the Blake acquisition in May 2021 and are subject to normal publishing terms and conditions. During the year, an expense of \$266,030 was incurred and an income of \$161,877 was earned in relation to these services. As at 30 June 2024, \$58,407 is payable and \$24,180 is receivable in relation to these services.

Payment for office management and personnel services

The Group completed the services under the Transition Services Agreement with Kalaci commencing in May 2021. For certain necessary services identified, an office management and personnel services agreement was entered in November 2023. Common services, utilities and personnel shared in the operations at the Company's head office in Leichhardt have been reviewed on an arm's-length basis. During the year, an expense of \$120,856 was incurred and an income of \$56,742 was earned in relation to these services. As at 30 June 2024, \$6,495 is receivable in relation to these services.

Lease of office premise from Matthew Sandblom

The Group leases an office premise at 655 Parramatta Road, Leichhardt NSW 2040, from Matthew Sandblom. Presently the lease continues on a month-to-month basis under the original terms of the lease. The lease was negotiated on arm's-length terms at the time of the Blake acquisition and is subject to normal commercial terms and conditions. An independent valuation was completed in March 2021 to determine the market rent of \$410,000 per annum, and further ensured the lease is on arm's-length terms and at comparable market rate. During the year, an expense of \$398,000 was paid and \$945,890 is payable as at 30 June 2024. The amount payable represents the lease liability outstanding as of 30 June 2024.

Payment for software licence fees

The Group has a commercial agreement with ClickView, a company that operates a video technology platform and of which Matthew Sandblom is a shareholder. Under the agreement, the Group is granted a licence to use ClickView's video storage, management and delivery technology to deliver 3P Learning Limited products. This arrangement was on foot prior to 3P Learning Limited's acquisition of Blake in May 2021, and remains ongoing on normal commercial terms and conditions. During the year, an expense of \$71,517 was incurred in relation to these services and \$20,455 is payable as at 30 June 2024.

Remuneration report

30 June 2024

8. Other transactions with KMP and their related parties (continued)

Payment for consultancy services from Matthew Sandblom

The Group entered a consultancy agreement to engage Matthew Sandblom for his services to the Company. The agreement is with a company of which Matthew is Director and shareholder (ACN 608 009 007). Under the consultancy agreement, the Group will pay an hourly retainer of \$300 per hour up to a cap of \$100,000 per annum for strategic advisory services over the consultancy period. During the year, Matthew elected to receive a nominal fee of \$1 under this agreement. This agreement was renewed in August 2024 for a period of 12 months.

This concludes the remuneration report, which has been audited.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of 3P Learning Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of 3P Learning Limited for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Daniel Robinson

Partner

Sydney

16 August 2024

3P Learning Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

		2024	2023
	Note	\$ '000	\$ '000
Revenue	3	109,949	106,902
Other income		95	486
Total revenue and other income		110,044	107,388
Expenses			
Administrative expenses	4	(4,611)	(5,090)
Buy-back of distributor rights	5	(19,628)	-
Corporate advisory costs		(238)	(133)
Deferred contract costs	11	(10,411)	(5,691)
Depreciation and amortisation expenses	6	(10,945)	(9,476)
Employee benefits expense	19	(54,783)	(51,577)
Impairment losses	14	(45,148)	-
Marketing expenses	7	(16,087)	(19,626)
Occupancy expenses		(765)	(844)
Professional fees		(3,114)	(1,899)
Restructure and integration costs		(2,168)	(1,367)
Technology costs		(8,660)	(7,763)
Total operating (loss)/profit		(66,514)	3,922
Interest income calculated using the effective interest method		590	203
Finance costs		(235)	(180)
(Loss)/profit before income tax benefit		(66,159)	3,945
Income tax benefit	8	9,139	2,400
(Loss)/profit after income tax for the year		(57,020)	6,345
Other comprehensive (loss)/income			
<i>Items that will be reclassified to profit or loss</i>			
Foreign currency translation		(335)	251
Other comprehensive (loss)/income for the year, net of tax		(335)	251
Total comprehensive (loss)/income for the year		(57,355)	6,596
(Loss)/income attributable to:			
Owners of 3P Learning Limited		(57,062)	6,370
Non-controlling interest		42	(25)
		(57,020)	6,345
Total comprehensive (loss)/income attributable to:			
Owners of 3P Learning Limited		(57,397)	6,621
Non-controlling interest		42	(25)
		(57,355)	6,596
		Cents	Cents
Basic earnings per share	9	(20.77)	2.30
Diluted earnings per share	9	(20.77)	2.30

The accompanying notes form part of these financial statements.

3P Learning Limited

Consolidated statement of financial position

As at 30 June 2024

	Note	2024 \$ '000	2023 \$ '000
Assets			
Current assets			
Cash and cash equivalents	25	1,970	14,010
Term deposits	26	-	7,000
Trade and other receivables	10	6,194	8,393
Inventories		353	410
Deferred contract costs	11	2,402	2,690
Other assets	12	7,938	9,586
Income tax receivables	8	250	685
Total current assets		19,107	42,774
Non-current assets			
Plant and equipment	13	1,176	1,304
Intangible assets	14	154,934	205,813
Right-of-use assets	15	1,962	1,472
Deferred contract costs	11	696	911
Other assets	12	183	300
Deferred tax assets	8	20,629	10,161
Total non-current assets		179,580	219,961
Total assets		198,687	262,735
Liabilities			
Current liabilities			
Trade and other payables	16	7,026	7,472
Borrowings	24	1,000	-
Contract liabilities	17	42,282	45,625
Lease liabilities	15	888	686
Provisions	18	3,960	3,891
Income tax payables	8	59	83
Total current liabilities		55,215	57,757
Non-current liabilities			
Contract liabilities	17	2,038	2,861
Lease liabilities	15	1,198	855
Provisions	18	866	613
Total non-current liabilities		4,102	4,329
Total liabilities		59,317	62,086
Net assets		139,370	200,649
Equity			
Issued capital	22	212,135	216,589
Reserves	23	8,670	8,475
Accumulated losses		(81,435)	(24,373)
Equity attributable to the owners of 3P Learning Limited		139,370	200,691
Non-controlling interest		-	(42)
Total equity		139,370	200,649

The accompanying notes form part of these financial statements.

3P Learning Limited

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Issued capital \$ '000	Reserves \$ '000	Accumulated losses \$ '000	Non- controlling interests \$ '000	Total equity \$ '000
Balance at 1 July 2023	216,589	8,475	(24,373)	(42)	200,649
Loss after income tax benefit for the year	-	-	(57,062)	42	(57,020)
Other comprehensive loss for the year, net of tax	-	(335)	-	-	(335)
<i>Transactions with owners in their capacity as owners</i>					
Share based payment transactions	-	530	-	-	530
Shares bought back during the year	(4,454)	-	-	-	(4,454)
Balance at 30 June 2024	212,135	8,670	(81,435)	-	139,370
Balance at 1 July 2022	216,589	8,055	(30,743)	(17)	193,884
Profit after income tax benefit for the year	-	-	6,370	(25)	6,345
Other comprehensive income for the year, net of tax	-	251	-	-	251
<i>Transactions with owners in their capacity as owners</i>					
Share based payment transactions	-	169	-	-	169
Balance at 30 June 2023	216,589	8,475	(24,373)	(42)	200,649

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	2024 \$ '000	2023 \$ '000
Cash flows from operating activities:			
Receipts from customers		104,915	104,336
Payments to suppliers and employees		(93,523)	(93,436)
Interest received		590	125
Interest and other finance costs paid		(235)	(184)
Income taxes (paid)/received		(717)	15
Payments for buy-back of distributor rights		(20,471)	-
Payments for corporate advisory, and restructure and integration costs		(2,750)	(2,140)
Net cash (used)/generated from operating activities	27	(12,191)	8,716
Cash flows from investing activities:			
Payment for purchase of business, net of cash acquired ⁽ⁱ⁾	36	-	(8,507)
Purchase of plant and equipment	13	(474)	(1,190)
Payments for intangibles	14	(3,752)	(2,884)
Proceeds from subleases		-	56
Withdrawal/(investment) in term deposits ⁽ⁱⁱ⁾	26	7,000	(7,000)
Payment of holding deposit	12	(64)	(250)
Proceeds/(investment) in restricted cash ⁽ⁱⁱⁱ⁾	12	1,866	(5,435)
Net cash received/(used) in investing activities		4,576	(25,210)
Cash flows from financing activities:			
Repayment of lease liabilities	27	(791)	(635)
Proceeds from borrowings		3,000	-
Repayment of borrowings		(2,000)	-
Share buy-back payments		(4,454)	-
Net cash used in financing activities		(4,245)	(635)
Effects of exchange rate changes on cash and cash equivalents		(180)	12
Net decrease in cash and cash equivalents held		(12,040)	(17,117)
Cash and cash equivalents at beginning of year		14,010	31,127
Cash and cash equivalents at end of financial year	25	1,970	14,010

i. In the prior year, net cash paid for business combination of \$8.5 million comprises \$9.0 million payment less acquired cash balances of \$0.5 million.

ii. Short-term deposits with a maturity date of more than 3 months are classified as term deposits; refer to note 26.

iii. Restricted cash is classified as other assets; refer to note 12.

3P Learning Limited

Notes to the consolidated financial statements

For the year ended 30 June 2024

1 General information

The consolidated financial statements cover 3P Learning Limited as a Group consisting of 3P Learning Limited (the "**Company**" or "**parent entity**") and the entities it controlled at the end of, or during, the financial year (collectively referred to as the "**Group**").

3P Learning Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

655 Parramatta Road
Leichhardt NSW 2040

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the consolidated financial statements.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The consolidated financial statements were authorised for issue, in accordance with a resolution of Directors on 16 August 2024. The Directors have the power to amend and reissue the consolidated financial statements.

Comparatives are consistent with prior years, unless otherwise stated.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("**AASB**") and the *Corporations Act 2001* (Cth), as appropriate for for-profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IASB**").

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 1.3.

Net current asset deficiency

As at 30 June 2024, the Group was in a net current liability position of \$36.1 million (2023: \$15.0 million) of which \$42.3 million (2023: \$45.6 million) are contract liabilities that are expected to be recognised as revenue in the next financial year with no further cash outflows to the Group. The Group also incurred net loss of \$57.0 million, out of which \$45.1 million relates to non-cash impairment losses. As at 30 June 2024, management has assessed the Group's ability to meet its obligations, continue its operations and realise its assets in the ordinary course of business and determined that the financial statements continue to be prepared on a going concern basis.

Notes to the consolidated financial statements

For the year ended 30 June 2024

1.2 Material accounting policies

Parent entity information

In accordance with the *Corporations Act 2001* (Cth), these consolidated financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3P Learning Limited as at 30 June 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Notes to the consolidated financial statements

For the year ended 30 June 2024

1.2 Material accounting policies (continued)

Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the Group's consolidated financial statements.

AASB 18 Presentation and Disclosure in Financial Statements was issued in June 2024 and replaces AASB 101 Presentation of Financial Statements. The new standard introduces new requirements for the consolidated statement of profit or loss and other comprehensive income, including:

- new categories for the classification of income and expenses into operating, investing and financing categories; and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the consolidated statement of cash flows. The new standard is effective for annual periods beginning on or after 1 January 2027 and will first apply to the Group for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses. However, there will likely be changes in how the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position line items are presented as well as some additional disclosures in the notes to the financial statements. The Group is in the process of assessing the impact of the new standard.

Notes to the consolidated financial statements

For the year ended 30 June 2024

1.2 Material accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The Group adopted Disclosure of Accounting Policies (Amendments to AASB 101 and IFRS Practice Statement 2) effective for annual reporting periods starting after 1 January 2023. The amendments did not result in any changes to the accounting policies and accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to information disclosed in Note 1.2 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

The Group has also adopted Deferred Tax related to Asset and Liabilities arising from a Single Transaction (Amendments to AASB 112) effective for annual reporting periods starting after 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences, e.g. leased and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented. The change in accounting policy is reflected in the Group's consolidated financial statements as at and for the year ended 30 June 2024. It has no material impact on the consolidated financial statements.

Change in accounting policy

The Group changed its accounting policy relating to deferred contract costs, which is the cost to obtain a contract.

The Group previously elected to apply the optional practical expedient for B2C service provider costs. This allowed the Group to immediately expense the B2C service provider costs (included under marketing expenses) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

During the current year the Group changed the accounting policy to no longer apply the practical expedient. Service provider costs are capitalised and expensed over the period of the customer contract.

The aggregate effect of the change in accounting policy on the consolidated financial statements for the year ended 30 June 2024 of an additional \$0.3 million was capitalised to deferred contract costs to increase the deferred contract costs asset and reduce the deferred contract costs expense in the consolidated statement of profit or loss and other comprehensive income; refer to note 11. Management has determined that the change in accounting policy does not result in a material impact, therefore the comparative year result is not restated.

1.3 Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management based its judgements, estimates and assumptions on historical experience and on other factors, including expectations of future events which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

Notes to the consolidated financial statements

For the year ended 30 June 2024

1.3 Critical accounting estimates and judgements (continued)

Judgements:

- Lease extension options: refer to note 15;

Estimates and assumptions:

- Income tax: refer to note 8;
- Recovery of deferred tax assets: refer to note 8;
- Allowance for expected credit losses: refer to note 10;
- Estimation of useful lives of assets: refer to note 13;
- Goodwill: refer to note 14;
- Product development costs: refer to note 14;
- Impairment of non-financial assets other than goodwill: refer to note 14; and
- Business combinations: refer to note 36.

2 Operating segments

Identification of reportable segments

The Group is organised into two operating segments based on end-users or customers: Business-to-School ("**B2B**") and Business-to-Consumer ("**B2C**"). Items not attributable to individual segments are shown as Corporate expenses. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors ("**Board**") and Chief Executive Officer (who are identified as the Chief Operating Decision Makers ("**CODM**")) in assessing performance and in determining the allocation of resources. The CODM review Underlying EBITDA representing earnings before interest, tax, depreciation and amortisation, excluding buy-back of distributor rights, corporate advisory costs, impairment losses, restructure and integration costs, and unrealised foreign exchange losses and gains.

Other than the underlying adjustments above, the accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements. The information reported to the CODM is on a monthly basis. The CODM do not regularly review segment assets and segment liabilities. Refer to consolidated statement of financial position for assets and liabilities.

Products and services

Refer to note 3 for information on the Group's products and services.

Major customers

There are no major customers that contributed more than 10% of revenue to the Group recognised for the year ended 30 June 2024 or 30 June 2023.

Notes to the consolidated financial statements

For the year ended 30 June 2024

2 Operating segments (continued)

Operating segment information

	B2B	B2C	Total Segment	Corporate	Total Group
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
30 June 2024					
Revenue					
Sales to external customers	66,844	43,105	109,949	-	109,949
Other income	80	15	95	-	95
Total revenue and other income	66,924	43,120	110,044	-	110,044
Underlying EBITDA⁽ⁱ⁾	5,040	9,190	14,230	(2,226)	12,004
Buy-back of distributor rights					(19,628)
Corporate advisory costs					(238)
Depreciation and amortisation expenses					(10,945)
Impairment losses					(45,148)
Restructure and integration costs					(2,168)
Unrealised foreign exchange loss					(391)
Total operating loss					(66,514)
Interest income					590
Finance costs					(235)
Loss before income tax benefit					(66,159)
Income tax benefit					9,139
Loss after income tax benefit					(57,020)
	B2B	B2C	Total Segment	Corporate	Total Group
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
30 June 2023					
Revenue					
Sales to external customers	66,410	40,492	106,902	-	106,902
Other income	247	239	486	-	486
Total revenue and other income	66,657	40,731	107,388	-	107,388
Underlying EBITDA⁽ⁱ⁾	12,570	5,595	18,165	(2,303)	15,862
Corporate advisory costs					(133)
Depreciation and amortisation expenses					(9,476)
Restructure and integration costs					(1,367)
Unrealised foreign exchange loss					(964)
Total operating profit					3,922
Interest income					203
Finance costs					(180)
Profit before income tax benefit					3,945
Income tax benefit					2,400
Profit after income tax benefit					6,345

i. Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding buy-back of distributor rights, corporate advisory costs, impairment losses, restructure and integration costs, and unrealised foreign exchange losses and gains.

Notes to the consolidated financial statements

For the year ended 30 June 2024

2 Operating segments (continued)

Material accounting policy - operating segment

Operating segments are presented on the same basis as the internal reports provided to the CODM. The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

3 Revenue

Revenue from contracts with customers is disaggregated into the following categories:

	2024 \$ '000	2023 \$ '000
Licence fees	105,604	102,685
Copyright licence fees	3,062	2,843
Other revenue	1,283	1,374
Total revenue	109,949	106,902

Revenue by geographic regions

Asia-Pacific (APAC)	58,500	56,410
North and South America (AMER)	29,955	29,319
Europe, Middle East and Africa (EMEA)	21,494	21,173
Total revenue	109,949	106,902

The relationship between the disaggregated revenue information set out above and the segment information is explained below:

The segment revenue disclosed in note 2 is based on the end users or customers. The Group's main revenue generating activity is the worldwide sale of online educational programs via licence fees and the sale of these products are recognised over time within licence fees.

The Group generates licence fees in the B2B and B2C operating segments. Copyright licence fees and ancillary revenue streams are generated only in the B2B operating segment. Other revenue includes the sale of workbooks, ebooks and professional learning in the B2B and B2C operating segments.

Licence fees are recognised over time. All other revenue streams are recognised at a point in time.

The revenue recognised in the year that was included in the contract liabilities balance at the beginning of the period was \$45.6 million (2023: \$45.9 million). Contract liabilities are generally incurred at the beginning of the contract period. Refer to note 17 for details on contract liabilities.

Notes to the consolidated financial statements

For the year ended 30 June 2024

3. Revenue (continued)

Material accounting policy - revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the "expected value" or "most likely amount" method, depending on which method the Group expects to better predict the amount of consideration it will receive.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as contract liabilities in the form of a separate refund liability.

Revenue where performance obligations are not met is recognised as contract liabilities. The current contract liabilities are revenue expected to be recognised within one year. A majority of the non-current contract liabilities are expected to be recognised within three years. Refer to note 17.

Licence fees

The Group recognises revenue pursuant to software licence agreements upon the provision of access to its customers of the Group's intellectual property as it exists at any given time during the period of the licence. Revenue is therefore recognised over the duration of the agreement or for as long as the customer has been provided access, when it is probable that the Group will collect the consideration in exchange for access to the software licence specified in the agreements.

Copyright licence fee

Copyright licence fee revenue is earned in relation to the Group's material and resources when they are reproduced by third parties. Revenue is recognised when the Group's entitlement is assessed by the copyright agency.

4 Administrative expenses

	2024 \$ '000	2023 \$ '000
Bad debts provision reversal	(82)	(25)
Copyright agency fees	546	538
Insurance expenses	550	811
Merchant fees	842	866
Net foreign exchange loss	387	749
Other operating expenses	1,655	1,550
Travel expenses	713	601
Total administrative expenses	4,611	5,090

Notes to the consolidated financial statements

For the year ended 30 June 2024

5 Buy-back of distributor rights

	2024	2023
	\$ '000	\$ '000
Buy-back of distributor rights	19,628	-

On 21 December 2023, Blake eLearning Pty Ltd, a wholly owned subsidiary, entered into a binding agreement with Edmentum Inc. to re-acquire the US schools Distribution Rights for Reading Eggs effective 2 February 2024.

The Rights cost totalled \$20.5 million (USD 13.3 million), including a foreign exchange rate loss of \$0.8 million. These Rights, prior to being assigned in perpetuity to Edmentum Inc. in 2010, were an "internally generated intangible asset" which cannot be capitalised under Australian Accounting Standards irrespective of how the costs are incurred, e.g. paid to a third party (Edmentum Inc.). As a result, the total Rights cost has been expensed in full during the year.

6 Depreciation and amortisation expenses

	2024	2023
	\$ '000	\$ '000
Amortisation of other intangible assets	2,078	1,283
Amortisation of other intangible assets from business combinations	7,405	6,792
Depreciation of right-of-use assets	874	887
Depreciation of plant and equipment	588	514
Total depreciation and amortisation expenses	10,945	9,476

7 Marketing expenses

	2024	2023
	\$ '000	\$ '000
Advertising expenses	14,144	13,634
Commission paid on applicable sales	-	4,505
Other marketing expenses	1,943	1,487
Total marketing expenses	16,087	19,626

In the prior year, the Group elected to apply the optional practical expedient approach on commission paid for applicable B2C services provider costs. From 1 July 2023, the Group no longer applies the optional practical expedient. The B2C service provider costs were capitalised and included in the movement and reconciliation of deferred contract costs; refer to note 11. Management has determined that the change in accounting policy does not result in a material impact, therefore the comparative year result is not restated.

8 Taxation

8.1 The major components of tax income comprise:

	2024	2023
	\$ '000	\$ '000
Current tax		
Income tax - current year	1,807	345
Income tax - recognised in current tax for prior years	(478)	88
Deferred tax		
Origination and reversal of temporary differences	(10,468)	(2,833)
Total income tax benefit	(9,139)	(2,400)

Notes to the consolidated financial statements

For the year ended 30 June 2024

8 Taxation (continued)

Reconciliation of income tax to accounting profit:

	2024	2023
	\$ '000	\$ '000
(Loss)/profit before income tax	(66,159)	3,945
Statutory tax rate	30.0%	30.0%
Tax expense/(benefit) at the statutory tax rate	(19,848)	1,184
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses - impairment losses	13,544	-
Other non-deductible expenses	311	63
Impact of foreign tax rates	267	1,219
Current year tax benefit not recognised	-	45
Research and development tax offset	(243)	(239)
Foreign exchange fluctuations	(106)	30
Non-assessable income	-	(72)
Assessed losses recognised	(2,586)	(4,718)
	(8,661)	(2,488)
Adjustments in respect of current income tax for the previous year	(478)	88
Income tax benefit	(9,139)	(2,400)

Tax losses not recognised relating to various tax jurisdictions

	2024	2023
	\$ '000	\$ '000
Unused tax losses for which no deferred tax asset has been recognised	31,822	36,828
Potential tax benefit at statutory tax rates	9,013	10,167

Unrecognised tax benefits includes \$8.4 million unused capital losses on disposal of investments (2023: \$8.4 million). No expiry dates are applicable to the unused tax losses.

Material accounting policy - income tax expense/(benefit)

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior years, where applicable.

8.2 Current tax assets/(liabilities)

	2024	2023
	\$ '000	\$ '000
Income tax receivables	250	685
Income tax payables	(59)	(83)

Material accounting policy - current tax assets/(liabilities)

Current tax is the amount of income taxes payable/(recoverable) in respect of the taxable profit/(loss) for the year and is measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Notes to the consolidated financial statements

For the year ended 30 June 2024

8 Taxation (continued)

Critical accounting judgements, estimates and assumptions - current tax assets/(liabilities)

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the year in which such determination is made.

8.3 Deferred tax assets/(liabilities)

	Opening balance \$ '000	Charged to income \$ '000	Closing balance \$ '000
30 June 2024			
Deferred tax assets/(liabilities)			
Accrued expenses	2,521	4,274	6,795
Contract liabilities	10,337	(347)	9,990
Intangibles	(7,362)	4,023	(3,339)
Lease liabilities	222	194	416
Plant and equipment	(128)	39	(89)
Research and development credits	3,259	970	4,229
Right-of-use assets	(219)	(181)	(400)
Deferred expenses	(987)	120	(867)
Unrealised foreign exchange fluctuation	409	(70)	339
Assessed losses recognised	2,109	1,446	3,555
Balance at 30 June 2024	10,161	10,468	20,629

	Opening balance \$ '000	Charged to income \$ '000	Additions through business combination \$ '000	Closing balance \$ '000
30 June 2023				
Deferred tax assets/(liabilities)				
Accrued expenses	2,532	(19)	8	2,521
Contract liabilities	9,914	388	35	10,337
Intangibles	(8,811)	2,283	(834)	(7,362)
Lease liabilities	323	(101)	-	222
Plant and equipment	(62)	(66)	-	(128)
Research and development credits	3,124	135	-	3,259
Right-of-use assets	(302)	83	-	(219)
Deferred expenses	1,284	(2,271)	-	(987)
Unrealised foreign exchange fluctuation	117	292	-	409
Prior year assessed losses recognised	-	2,109	-	2,109
Balance at 30 June 2023	8,119	2,833	(791)	10,161

Notes to the consolidated financial statements

For the year ended 30 June 2024

8 Taxation (continued)

Material accounting policy - deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits;
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future; or
- The Group has also adopted Deferred Tax related to Asset and Liabilities arising from a Single Transaction (Amendments to AASB 112) effective for annual reporting periods starting after 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences, e.g. leased and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented. The change in accounting policy is reflected in the Group's consolidated financial statements as at and for the year ended 30 June 2024. It has no material impact on the consolidated financial statements.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Previously unrecognised deferred tax assets are recognised to the extent that it has become probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

3P Learning Limited (the "**head entity**") and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Research and development rebates

Research and development rebates are credited against tax expense and are not treated as revenue.

Critical accounting judgements, estimates and assumptions - recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

9 Earnings per share

Reconciliation of earnings to profit or loss

	2024	2023
	\$ '000	\$ '000
(Loss)/profit after income tax	(57,020)	6,345
Non-controlling interest	(42)	25
Earnings used to calculate basic earnings per share (EPS)	<u>(57,062)</u>	<u>6,370</u>

Notes to the consolidated financial statements

For the year ended 30 June 2024

9 Earnings per share (continued)

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS.

	2024 No.	2023 No.
Weighted average number of ordinary shares used in calculating basic EPS	274,797,646	276,484,170
Weighted average number of ordinary shares used in calculating dilutive EPS	274,797,646	276,484,170

Basic and diluted EPS

	2024 Cents	2023 Cents
Basic earnings per share	(20.77)	2.30
Diluted earnings per share	(20.77)	2.30

The Group commenced an on-market buy-back of its ordinary shares up to a maximum value of \$10.0 million (excluding transaction costs) on 23 August 2023. During the year, the Group brought back 3,577,648 ordinary shares at a cost of \$4.5 million (excluding transaction costs). Refer to note 22 for further details of the buy-back.

Material accounting policy - earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

10 Trade and other receivables

	2024 \$ '000	2023 \$ '000
Trade receivables	6,220	8,218
Less: Allowance for expected credit losses	(36)	(118)
Total trade receivables	6,184	8,100
GST receivable	-	225
Other receivable	10	68
Total current trade and other receivables	6,194	8,393

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The Group has recognised a gain of \$82,000 (2023: \$25,000) in profit or loss in respect of changes in the expected credit losses provision of receivables for the year ended 30 June 2024.

Notes to the consolidated financial statements

For the year ended 30 June 2024

10 Trade and other receivables (continued)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables in the consolidated financial statements.

Allowance for expected credit losses

	Expected credit loss rate	Carrying amount \$ '000	Allowance for expected credit losses \$ '000
30 June 2024			
Not overdue	0.4%	4,536	19
Less than 3 months overdue	0.1%	1,442	1
3 to 6 months overdue	0.0%	29	-
More than 6 months overdue	7.5%	213	16
Total		6,220	36

	Expected credit loss rate	Carrying amount \$ '000	Allowance for expected credit losses \$ '000
30 June 2023			
Not overdue	0.5%	6,649	37
Less than 3 months overdue	0.2%	1,242	2
3 to 6 months overdue	0.0%	19	-
More than 6 months overdue	25.7%	308	79
Total		8,218	118

Each subsidiary has a specific expected credit loss rate, based on the future expectations of the region. The movement in percentages of expected loss rates changed due to a change in the composition of aged receivables in each subsidiary. The rates shown in the table above represent the consolidated effective credit loss rate for the year and the change from prior year reflects a change in the distribution of aged receivables across different subsidiaries.

Movements in the allowance for expected credit losses are as follows:

	2024 \$ '000	2023 \$ '000
Opening balance	118	148
Amount used	-	-
Unused amounts reversed	(82)	(25)
Exchange differences	-	(5)
Closing balance	36	118

Material accounting policy - trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the consolidated financial statements

For the year ended 30 June 2024

10 Trade and other receivables (continued)

Material accounting policy - trade and other receivables (continued)

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and other receivables is derecognised when, and only when, the contractual rights to the cash flows from the trade and other receivables expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the trade and other receivables are transferred to another party. On derecognition, the difference between the carrying amount and the sum of consideration received is recognised in profit or loss.

Critical accounting judgements, estimates and assumptions - allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

11 Deferred contract costs

	2024 \$ '000	2023 \$ '000
Current assets		
Deferred contract costs	2,402	2,690
Non-current assets		
Deferred contract costs	696	911
Total deferred contract costs	3,098	3,601

Reconciliation of deferred contract costs

	2024 \$ '000	2023 \$ '000
Opening balance	3,601	2,439
Additions	9,908	6,853
Deferred contract costs	(10,411)	(5,691)
Closing balance	3,098	3,601

Material accounting policy - deferred contract costs

Deferred contract costs represent capitalised distributor commissions incurred to obtain customer contracts. When those costs support the delivery of goods and services in the future and are expected to be recovered, they are deferred in the statement of financial position and expensed on a basis consistent with the transfer of goods and services to which these costs relate. The Group expenses deferred contract costs over the term that reflects the expected period of the benefit.

Material accounting policy - costs to obtain a contract

The Group has elected to apply the optional practical expedient for sales commissions paid to employees for contracts obtained from external customers in relation to B2B sales. This allows the Group to immediately expense sales commissions (included under employee expenses) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

Notes to the consolidated financial statements

For the year ended 30 June 2024

11 Deferred contract costs (continued)

Change in accounting policy - costs to obtain a contract

The Group previously elected to apply the optional practical expedient for B2C service provider costs. This allowed the Group to immediately expense the B2C service provider costs (included under marketing expenses) because the amortisation period of the asset that the Group otherwise would have used is one year or less. During the current year the Group changed the accounting policy to no longer apply the practical expedient. Service provider costs are capitalised and expensed over the period of the customer contract. The aggregate effect of the change in accounting policy on the consolidated financial statements for the financial year ended 30 June 2024 of an additional \$0.3 million was capitalised to deferred contract costs to increase the deferred contract costs asset and reduce the deferred contract costs expense in the consolidated statement of profit or loss and other comprehensive income. Management has determined that the change in accounting policy does not result in a material impact, therefore the comparative year result is not restated.

12 Other assets

	2024 \$ '000	2023 \$ '000
Current assets		
Prepayments	3,439	3,285
Holding deposit	359	295
Restricted cash	4,140	6,006
Total current assets	7,938	9,586
Non-current assets		
Prepayments	183	300

Restricted cash refers to security deposits held by Westpac Banking Corporation and National Australia Bank in relation to merchant banking facilities.

13 Plant and equipment

	Furniture and fittings \$ '000	Office equipment \$ '000	Computer equipment \$ '000	Total \$ '000
Year ended 30 June 2024				
Opening balance	503	124	677	1,304
Additions	12	15	447	474
Disposals	-	-	(5)	(5)
Depreciation expenses	(98)	(31)	(459)	(588)
Foreign exchange movements	(4)	(1)	(4)	(9)
Closing balance	413	107	656	1,176
Year ended 30 June 2024				
Cost	697	205	1,717	2,619
Accumulated depreciation	(284)	(98)	(1,061)	(1,443)
Balance at the end of the year	413	107	656	1,176

Notes to the consolidated financial statements

For the year ended 30 June 2024

13 Plant and equipment (continued)

	Furniture and fittings \$ '000	Office equipment \$ '000	Computer equipment \$ '000	Total \$ '000
Year ended 30 June 2023				
Opening balance	183	74	414	671
Additions	456	79	655	1,190
Disposals	(40)	(7)	(27)	(74)
Depreciation expenses	(104)	(30)	(380)	(514)
Foreign exchange movements	8	8	15	31
Closing balance	503	124	677	1,304
Year ended 30 June 2023				
Cost	693	194	1,299	2,186
Accumulated depreciation	(190)	(70)	(622)	(882)
Balance at the end of the year	503	124	677	1,304

Material accounting policy - plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Furniture and fittings	Three to seven years
Computer equipment	Two to three years
Office equipment	Three to five years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Critical accounting judgements, estimates and assumptions - estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold.

Notes to the consolidated financial statements

For the year ended 30 June 2024

14 Intangible assets

	Patents and trademarks \$ '000	Intellectual property \$ '000	Customer contracts and distributor relationships \$ '000	Goodwill \$ '000	Product development \$ '000	Total \$ '000
Year ended 30 June 2024						
Opening balance	265	430	4,182	177,052	23,884	205,813
Additions	47	67	-	-	3,638	3,752
Amortisation expenses	(36)	(182)	(1,809)	-	(7,456)	(9,483)
Impairment loss	-	-	-	(44,520)	(628)	(45,148)
Closing balance	276	315	2,373	132,532	19,438	154,934
Year ended 30 June 2024						
Cost	386	792	8,190	177,052	43,126	229,546
Accumulated amortisation and impairment	(110)	(477)	(5,817)	(44,520)	(23,688)	(74,612)
Balance at the end of the year	276	315	2,373	132,532	19,438	154,934

	Patents and trademarks \$ '000	Intellectual property \$ '000	Customer contracts and distributor relationships \$ '000	Goodwill \$ '000	Product development \$ '000	Total \$ '000
Year ended 30 June 2023						
Opening balance	165	424	2,674	171,293	26,391	200,947
Additions	117	172	-	-	2,595	2,884
Additions through business combinations	-	-	2,780	5,759	1,518	10,057
Amortisation expenses	(17)	(166)	(1,272)	-	(6,620)	(8,075)
Closing balance	265	430	4,182	177,052	23,884	205,813
Year ended 30 June 2023						
Cost	340	725	8,190	177,052	40,238	226,545
Accumulated amortisation	(75)	(295)	(4,008)	-	(16,354)	(20,732)
Balance at the end of the year	265	430	4,182	177,052	23,884	205,813

Notes to the consolidated financial statements

For the year ended 30 June 2024

14 Intangible assets (continued)

Impairment testing of intangible assets - current financial year

The goodwill acquired through business combinations has been allocated to the following cash-generating units ("CGU"):

	2024 \$ '000	2023 \$ '000
B2B	89,784	89,784
B2C	42,748	87,268
Total	132,532	177,052

During the prior year, the acquisition of Brightpath on 30 September 2022 gave rise to an additional goodwill of \$5.8 million (refer to note 36 for further details). Goodwill acquired through business combinations is allocated to the lowest level within the entity at which the goodwill is monitored, being the two cash generating units, B2B and B2C.

Goodwill impairment - B2C CGU

The Blake acquisition on 28 May 2021 gave rise to goodwill of \$166.9 million which was allocated to the B2B and B2C CGUs based on the expected value-in-use for each CGU, resulting in \$87.3 million goodwill allocated to the B2C CGU.

In testing for impairment at 30 June 2023, the recoverable amount of the B2C CGU exceeded its carrying amount by \$6.6 million. The financial statements ended 30 June 2023 noted that the recoverable amount of the B2C CGU was particularly sensitive to changes in the underlying assumptions. In particular, changes to the following underlying assumptions were deemed to be reasonably possible, and would have resulted in an impairment of the B2C CGU goodwill balance at 30 June 2023:

- A 6.5% reduction in the forecast EBITDA, including the terminal year, would reduce headroom to nil.
- An increase in the post-tax discount rate to 11.5% (from 11.0%) would reduce headroom to nil.

During the current year the B2C segment achieved modest growth in revenue and Underlying EBITDA. However, this growth was below the Group's previous expectations and as a result the forward-looking cash flow projections included in the value in use models for the B2C CGU were adjusted downwards for slightly higher than expected customer churn and bearish macroeconomic factors. The discount rate of 11.5% (30 June 2023: 11.0%) and terminal growth rate of 2.5% (30 June 2023: 3.0%) have been updated for current market conditions.

As a result, the carrying amount of the B2C CGU was determined to be higher than the recoverable amount and a goodwill impairment of \$44.5 million (30 June 2023: nil) was recognised.

The impairment was fully recognised against goodwill.

Notes to the consolidated financial statements

For the year ended 30 June 2024

14 Intangible assets (continued)

Value in use calculation of CGUs

In assessing the value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Key estimates and judgments:

	2024 \$ '000	2023 \$ '000
B2B segment		
Compound annual growth rate in revenue (years 1-5)	6.5%	7.9%
Compound annual growth rate in expenses (years 1-5)	4.3%	3.5%
Discount rate (post tax)	11.5%	11.0%
Discount rate (pre tax)	16.2%	14.6%
Terminal growth rate	2.5%	3.0%
	2024 \$ '000	2023 \$ '000
B2C segment		
Compound annual growth rate in revenue (years 1-5)	5.2%	8.0%
Compound annual growth rate in expenses (years 1-5)	4.8%	4.7%
Discount rate (post tax)	11.5%	11.0%
Discount rate (pre tax)	16.1%	14.0%
Terminal growth rate	2.5%	3.0%

Sensitivity of assumptions

Management have made judgements and estimates in respect of impairment testing of goodwill. The calculation of value in use for the two CGUs is most sensitive to the following assumptions:

- Revenue growth
- Expense growth
- Discount rates
- Terminal growth rates.

Revenue growth

Revenue projections have been constructed with reference to the FY24 results and a five-year forward plan. The earlier years are estimated through specific billing assumptions based on the current customer base. The years thereafter are based on expected future growth rates.

Expense growth

Management forecasts operating costs based on the current structure of the business, adjusted for inflationary increases but not reflecting unplanned future restructuring and cost-saving measures.

Notes to the consolidated financial statements

For the year ended 30 June 2024

14 Intangible assets (continued)

Discount rates

The discount rate is calculated based on the weighted average cost of capital ("**WACC**"). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investments by the CGU's investors. The cost of debt is derived from the interest rate of the Group's loan facility.

Terminal growth rate

The terminal growth rate was determined based on management's estimate of the long-term compounded annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

B2B sensitivity - reasonably possible changes of assumptions

For the B2B CGU, any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount.

B2C sensitivity - reasonably possible changes of assumptions

Following the impairment taken in the current period, any adverse change in key assumptions will result in further impairment. Holding all other assumptions constant, the following changes or higher key inputs could result in changes in the recoverable amount of the CGU. If there was a decrease of 1 percentage point in the compound annual growth rate in revenue (year 1-5), it would result in a further impairment of \$12.6 million and a 1 percentage point increase in the compound annual growth rate in expenses (year 1-5) would result in further impairment of \$11.4 million. A 1 percentage point increase in the discount rate would result in a further impairment of \$4.4 million. A 1 percentage point decrease in the terminal growth rate would result in a further impairment of \$3.3 million.

Impairment of other non-financial assets

In December 2023, the Group launched the Master Maths Island app for use on iOS devices. The app is related to the B2C CGU. The economic performance of the app has been below the initial expectations of Management, which is an indicator of impairment. At 30 June 2024 the expected recoverable amount is lower than the carrying value and the remaining carrying amount of \$0.6 million was fully impaired. The impairment is fully recognised against the carrying amount of other non-financial assets.

Material accounting policy - intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and an expense is recognised in the statement of comprehensive income in the year in which the expenditure is incurred.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Notes to the consolidated financial statements

For the year ended 30 June 2024

14 Intangible assets (continued)

Material accounting policy - intangible assets (continued)

Product development

Research costs are expensed in the year in which they are incurred. Costs incurred for the development of software code that enhances, modifies, or creates additional capability to existing controlled systems, and meets the definition and recognition criteria are recognised as intangible software assets. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the internal development and their costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of three years. Amortisation of the asset begins when development is complete and the asset is available for use.

Capitalised development costs, including acquired product development, are amortised on a straight-line basis over the period of the expected benefit, being their finite useful life of three to five years.

Intellectual property

Significant costs associated with acquired intellectual property rights are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of up to five years.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of three to ten years.

Customer contracts and distributor relationships

Customer contracts and distributor relationships acquired are amortised over the period in which the related benefits are expected to be realised, being their finite useful life of between one and two years for customer contracts and five years for distributor relationships. Customer contracts acquired in the Brightpath acquisition are amortised over twelve years.

Material accounting policy - impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Critical accounting judgements, estimates and assumptions - goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Notes to the consolidated financial statements

For the year ended 30 June 2024

14 Intangible assets (continued)

Critical accounting judgements, estimates and assumptions - impairment of non-financial assets other than goodwill

The Group assesses the impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

Critical accounting judgements, estimates and assumptions - product development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, as with the nature of Software-as-a-Service delivery model, key judgements are required in determining whether incremental product enhancements will provide additional future economic benefit.

15 Leases

The Group as a lessee

The Group leases office premises under agreements of between one to six years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases office equipment under agreements of between one to three years.

15.1 Reconciliation of right-of-use assets

	Office premises \$ '000	Office equipment \$ '000	Total \$ '000
Year ended 30 June 2024			
Opening balance	1,415	57	1,472
Depreciation expenses	(831)	(43)	(874)
Additions	1,312	86	1,398
Lease modification	(15)	-	(15)
Exchange differences	(19)	-	(19)
Closing balance	1,862	100	1,962

	Office premises \$ '000	Office equipment \$ '000	Total \$ '000
Year ended 30 June 2023			
Opening balance	1,401	102	1,503
Depreciation expenses	(842)	(45)	(887)
Additions	813	-	813
Exchange differences	43	-	43
Closing balance	1,415	57	1,472

Notes to the consolidated financial statements

For the year ended 30 June 2024

15 Leases (continued)

15.1 Reconciliation of right-of-use assets (continued)

For other AASB 16 lease-related disclosures, refer to the following:

- Consolidated statement of cash flows for repayment of lease liabilities;
- Note 6 for details of amortisation expenses;
- Note 15.2 for details of lease liabilities at the beginning and end of the reporting period;
- Note 27 for the total cashflows related to leases; and
- Note 28 for the maturity analysis of lease liabilities.

Material accounting policy - right-of-use assets

The determination of whether a contract or part of a contract is or contains a lease is based on the substance of the arrangement at inception date. It will be considered as a lease if it conveys the right to use an asset (the underlying asset) for a period in exchange for consideration.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred. Refer to note 15.2.

Lessor accounting

As a lessor, the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

15.2 Lease liabilities

	2024	2023
	\$ '000	\$ '000
Current liabilities		
Lease liabilities	888	686
Non-current liabilities		
Lease liabilities	1,198	855
Total lease liabilities	2,086	1,541

Notes to the consolidated financial statements

For the year ended 30 June 2024

15 Leases (continued)

Refer to note 28 for maturity analysis of lease liabilities.

The following are the amounts recognised in profit or loss:

	2024	2023
	\$ '000	\$ '000
Depreciation of right-of-use assets	874	887
Interest expense on lease liabilities	125	94
Expenses relating to short-term leases	44	240
Total amounts recognised in profit or loss	1,043	1,221

Material accounting policy - lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be paid under residual value guarantees; exercise price of a purchase option when the exercise of the option is reasonably certain to occur; and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term or certainty of a purchase option; and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Critical accounting judgments, estimates and assumptions - lease liabilities

The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options if these options are available. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

16 Trade and other payables

	2024	2023
	\$ '000	\$ '000
Trade payables	2,588	2,821
GST payable	156	-
Accrued expenses	3,862	4,633
Other payables	420	18
Total trade and other payables	7,026	7,472

Material accounting policy - trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the consolidated financial statements

For the year ended 30 June 2024

16 Trade and other payables (continued)

Material accounting policy - trade and other payables (continued)

Trade and other payables is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. Trade and other payables is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of trade and other payables, the difference between the carrying amount extinguished or transferred to another party and the consideration paid, including any non-cash asset transferred or liabilities assumed, is recognised in profit or loss.

17 Contract liabilities

	2024 \$ '000	2023 \$ '000
Current liabilities		
Contract liabilities	42,282	45,625
Non-current liabilities		
Contract liabilities	2,038	2,861
Total contract liabilities	44,320	48,486

Contract liabilities represent income billed in advance from the contracts with customers pertaining to licence revenue which is recognised over the period of the licence. During the prior year, contract liabilities of \$0.1 million were acquired from the business combination (refer note 36). At the reporting date, \$0.4 million (2023: \$0.8 million) of the previously acquired contract liabilities was recognised as revenue.

Material accounting policy - contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

18 Provisions

	2024 \$ '000	2023 \$ '000
Current		
Employee benefits provisions	3,952	3,709
Lease make good provisions	-	96
Other provisions	8	86
Total current provisions	3,960	3,891
Non-current		
Employee benefits provisions	691	550
Lease make good provisions	175	49
Other provisions	-	14
Total non-current provisions	866	613
Total provisions	4,826	4,504

Notes to the consolidated financial statements

For the year ended 30 June 2024

18 Provisions (continued)

Employee benefits provisions

Employee benefits comprise provisions for annual leave and long service leave. Where an obligation is presented as current, the Group does not have an unconditional right to defer settlement for more than 12 months.

Lease make good provisions

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Other provisions

The provision represents storage costs. The prior year provision represents storage costs and costs related to the Brightpath acquisition.

Movements in provisions

Movements in each class of provision during the current financial year are set out below:

	Lease make good provisions \$ '000	Other provisions \$ '000	Total \$ '000
Year ended 30 June 2024			
Opening balance	145	100	245
Additional provisions recognised	23	-	23
Amounts used	-	(13)	(13)
Amounts released	-	(79)	(79)
Unwinding of discount	7	-	7
Closing balance	175	8	183

	Lease make good provisions \$ '000	Other provisions \$ '000	Total \$ '000
Year ended 30 June 2023			
Opening balance	344	21	365
Additional provisions recognised	93	79	172
Amounts used	(262)	-	(262)
Amounts released	(50)	-	(50)
Exchange differences	13	-	13
Unwinding of discount	7	-	7
Closing balance	145	100	245

Notes to the consolidated financial statements

For the year ended 30 June 2024

18 Provisions (continued)

Material accounting policy - provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event; it is probable the Group will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

19 Employee benefits expense

	2024	2023
	\$ '000	\$ '000
Bonus and commission expenses	2,937	2,817
Salaries and other short-term benefits	49,598	45,869
Staff costs capitalised	(3,314)	(2,105)
Superannuation expenses	5,562	4,996
Total employee benefits expense	54,783	51,577

Material accounting policy - employee benefits

Short-term employee benefits

Employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. This also includes share-based payment. Refer to note 21.

Other long-term employee benefits

Employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, the experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

20 Key management personnel disclosures

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2024	2023
	\$	\$
Short-term employee benefits	1,438,073	1,337,898
Post-employment benefits	112,265	103,192
Share-based payments	286,307	103,261
Total	1,836,645	1,544,351

Notes to the consolidated financial statements

For the year ended 30 June 2024

21 Share-based payments

The share-based payment expense for the year was \$0.5 million (2023: \$0.2 million).

An equity incentive plan was established by the Group, whereby the Group may, at the discretion of the Board, grant share appreciation rights ("**SARs**") over ordinary shares in the Company (awards) to certain key management personnel and employees of the Group. The awards are granted and vested in accordance with performance guidelines established by the Board.

Share appreciation rights

During the year, 2,080,842 share appreciation rights were granted at a fair value of \$0.49 per right (2023: 1,996,529, at fair value of \$0.45 per right). The share appreciation rights were granted with no exercise price and the fair value was determined based on the market value of the Company's share price on the grant date. Vesting of share appreciation rights are subject to predetermined revenue and earnings per share growth target.

Set out below are summaries of share appreciation rights granted under the plan:

2024 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
7 February 2022	31 August 2024	\$0.00	1,687,327	-	-	-	1,687,327
3 June 2022	31 August 2024	\$0.00	181,419	-	-	-	181,419
17 October 2022	17 October 2027	\$0.00	1,883,868	-	-	-	1,883,868
20 February 2023	17 October 2027	\$0.00	112,661	-	-	(112,661)	-
29 September 2023 ⁽ⁱ⁾	29 September 2028	\$0.00	-	2,080,842	-	(326,972)	1,753,870
			3,865,275	2,080,842	-	(439,633)	5,506,484

		Notional exercise price ⁽ⁱⁱ⁾	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
Valuation model inputs							
17 October 2022	17 October 2027	\$1.25	\$0.00	36.0%	0.0%	3.4%	\$0.45
20 February 2023	17 October 2027	\$1.25	\$0.00	36.0%	0.0%	3.4%	\$0.45
29 September 2023	29 September 2028	\$1.12	\$0.00	40.3%	0.0%	3.8%	\$0.49

- Share appreciation rights issued during the year include 92,052 from a total of 204,713 that relate to the prior year but were issued during the year ended 30 June 2024.
- The notional exercise price is the predetermined price at which a plan participant can exercise their right to receive the difference between the market value of the Company's shares at the time of exercise and the notional exercise price. The contractual exercise price is \$0.00.

Notes to the consolidated financial statements

For the year ended 30 June 2024

21 Share-based payments (continued)

Share appreciation rights (continued)

2023 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21 December 2020	31 August 2023	\$0.00	110,913	-	-	(110,913)	-
7 February 2022	31 August 2024	\$0.00	1,687,327	-	-	-	1,687,327
3 June 2022	31 August 2024	\$0.00	181,419	-	-	-	181,419
17 October 2022	17 October 2027	\$0.00	-	1,883,868	-	-	1,883,868
20 February 2023 ⁽ⁱⁱⁱ⁾	17 October 2027	\$0.00	-	112,661	-	-	112,661
			1,979,659	1,996,529	-	(110,913)	3,865,275

Valuation model inputs		Notional exercise price ⁽ⁱⁱ⁾	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
17 October 2022	17 October 2027	\$1.25	\$0.00	36.0%	0.0%	3.4%	\$0.45
20 February 2023	17 October 2027	\$1.25	\$0.00	36.0%	0.0%	3.4%	\$0.45

- i. At 30 June 2023 share appreciation rights of 92,052 were not yet issued from the total of 204,713 that were to be issued.
- ii. The notional exercise price is the predetermined price at which a plan participant can exercise their right to receive the difference between the market value of the Company's shares at the time of exercise and the notional exercise price. The contractual exercise price is \$0.00.

Material accounting policy - share-based payments

The main form of equity-settled, share-based compensation provided to employees is share appreciation rights.

The cost of the share appreciation rights granted is measured at fair value on grant date and recognised as an employee expense with a corresponding increase in equity over the vesting period. The amount recognised as an expense is adjusted over the period to reflect the number of share appreciation rights for which the related service and non-market vesting conditions are expected to be met but is not adjusted when market performance conditions are not met.

Critical accounting judgments, estimates and assumptions - share-based payments

Fair value of the share appreciation rights is determined using a Black-Scholes-Merton model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Notes to the consolidated financial statements

For the year ended 30 June 2024

22 Issued capital

	2024 \$ '000	2023 \$ '000
Ordinary shares	212,135	216,589
	2024 No.	2023 No.
Number of ordinary shares in issue	272,906,522	276,484,170
Shares issued during the year		
Opening balance	276,484,170	276,484,170
Shares bought back during the year	(3,577,648)	-
Closing balance	272,906,522	276,484,170

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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.

Share buy-back

The Group commenced an on-market buy-back of its ordinary shares up to a maximum value of \$10 million (excluding transaction costs) on 23 August 2023 for a period up to 12 months ("**buy-back**"). In accordance with the ASX Listing Rules, the prices paid for shares purchased under the buy-back will be no more than 5% above the volume-weighted average price of the Company's shares over the five trading days prior to purchase. The buy-back is limited to a maximum of 10% of the smallest number of voting shares on issue during the last 12 months, as permitted under the *Corporations Act 2001* (Cth), and therefore does not require shareholder approval.

Shares bought back are cancelled on acquisition, so that the total number of shares on issue will reduce accordingly, and this would result in a consequential adjustment to the voting power of remaining shareholders. During the year the Company bought back 3,577,648 ordinary shares at a cost of \$4.5 million (excluding transaction costs). As at 30 June 2024, the number of ordinary shares on issue was 272,906,522, down by 3,577,648 ordinary shares on issue as at 30 June 2023. The Company reserves the right to vary, suspend or terminate the buy-back at any time, subject to and in accordance with applicable legal requirements. There can be no certainty that the Company will buy back any or all of the shares announced under the buy-back.

Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company would be seen as value adding.

Notes to the consolidated financial statements

For the year ended 30 June 2024

22 Issued capital (continued)

Capital management (continued)

The Group is subject to certain covenants on its financing arrangements and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged.

Material accounting policy - contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits account

	2024 \$ '000	2023 \$ '000
The franking credits available for subsequent financial years at a tax rate of 30%	321	321

The above available balance is based on the dividend franking account at year-end adjusted for:

- Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; or
- Franking credits that will arise from the receipt of dividends recognised as receivables at the year.

23 Reserves

	2024 \$ '000	2023 \$ '000
Acquisition reserve	(798)	(798)
Foreign currency reserve	238	573
Share-based payment reserve	9,230	8,700
Total reserves	8,670	8,475

Acquisition reserve

The reserve resulted from the acquisition of non-controlling interests in a subsidiary. The acquisition of non-controlling interest is not a business combination but is an equity transaction between owners. Accordingly, the difference between consideration paid and identifiable net assets of the non-controlling interest has been accounted for in the acquisition reserve.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the consolidated financial statements of foreign operations to Australian dollars.

Notes to the consolidated financial statements

For the year ended 30 June 2024

23 Reserves (continued)

Share-based payment reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Acquisition reserve \$ '000	Foreign currency reserve \$ '000	Share-based payment reserve \$ '000	Total \$ '000
Year ended 30 June 2024				
Opening balance	(798)	573	8,700	8,475
Foreign currency translation	-	(335)	-	(335)
Share-based payments	-	-	530	530
Closing balance	(798)	238	9,230	8,670

	Acquisition reserve \$ '000	Foreign currency reserve \$ '000	Share-based payment reserve \$ '000	Total \$ '000
Year ended 30 June 2023				
Opening balance	(798)	322	8,531	8,055
Foreign currency translation	-	251	-	251
Share-based payments	-	-	169	169
Closing balance	(798)	573	8,700	8,475

Material accounting policy - foreign currency translation

The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

Notes to the consolidated financial statements

For the year ended 30 June 2024

23 Reserves (continued)

Material accounting policy - foreign currency translation (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

24 Borrowings

	2024 \$ '000	2023 \$ '000
Bank loans	1,000	-
Total current borrowings	1,000	-

Bank loans

The bank loan facility is subject to variable interest rates, which are based on the bank bill swap rate ("BBSR"), plus a margin. The bank loan facility consists of a revolving facility commitment of \$10.0 million expiring on 27 June 2027. The banking facility is secured by fixed and floating charges over the Group's assets.

Banking facilities

Bank guarantee of \$2.0 million and ancillary facility of \$0.1 million are available to the Group which are subject to a regular review.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

Total facilities

	2024 \$ '000	2023 \$ '000
Bank loans	10,000	10,000
Bank guarantee and ancillary facilities	2,118	2,118
Total	12,118	12,118

Notes to the consolidated financial statements

For the year ended 30 June 2024

24 Borrowings (continued)

Used at the reporting date

	2024	2023
	\$ '000	\$ '000
Bank loans	1,000	-
Bank guarantee and ancillary facilities	-	285
Total	1,000	285

Unused at the reporting date

	2024	2023
	\$ '000	\$ '000
Bank loans	9,000	10,000
Bank guarantee and ancillary facilities	2,118	1,833
Total	11,118	11,833

As at the reporting date, there are no used bank guarantees (2023: \$0.3 million) with the bank.

Material accounting policy - borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

25 Cash and cash equivalents

	2024	2023
	\$ '000	\$ '000
Cash at bank and in hand	1,970	10,010
Short-term deposits	-	4,000
Total cash and cash equivalents	1,970	14,010

Net cash of \$5.1 million at 30 June 2024 consists of \$2.0 million cash and \$4.1 million restricted cash (refer to note 12) offset by \$1.0 million of external borrowings (refer to note 24).

Material accounting policy - cash and cash equivalents

Cash and cash equivalents include cash on hand; deposits held at call with financial institutions; and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

26 Term deposits

	2024	2023
	\$ '000	\$ '000
Term deposits	-	7,000
Total term deposits	-	7,000

Material accounting policy - term deposits

Term deposits relate to short-term, highly liquid investments with original maturities of more than three months. Term deposits are subject to an insignificant risk of changes in values.

Notes to the consolidated financial statements

For the year ended 30 June 2024

27 Cash flow information

Reconciliation of net income to net cash provided by operating activities:

	2024 \$ '000	2023 \$ '000
(Loss)/profit for the year	(57,020)	6,345
Adjustments for:		
Depreciation and amortisation expenses	10,945	9,476
Impairment losses	45,148	-
Share-based payments	530	169
Foreign exchange differences	(151)	492
Net loss/(gain) on disposal of assets	5	(56)
<i>Change in operating assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	1,965	(1,518)
Decrease in deferred tax assets	(10,529)	(2,815)
Increase/(decrease) in deferred contract costs	503	(672)
Increase/(decrease) in other operating assets	6	(652)
Decrease in trade and other payables	(578)	(3,954)
(Decrease)/increase in contract liabilities	(3,981)	1,194
Increase in provision for income tax	658	389
Decrease in employee benefits	(384)	(359)
Increase in other provisions	692	677
Net cash from operating activities	(12,191)	8,716

Changes in liabilities arising from financing activities

	2023 \$ '000	Capital payment \$ '000	Interest payment \$ '000	Addition \$ '000	Foreign exchange movement \$ '000	Interest on capital \$ '000	Termination \$ '000	2024 \$ '000
Lease liabilities	1,541	(791)	(125)	1,360	(24)	125	-	2,086
Borrowing	-	(2,000)	(13)	3,000	-	13	-	1,000
Total liabilities from financing activities	1,541	(2,791)	(138)	4,360	(24)	138	-	3,086

	2022 \$ '000	Capital payment \$ '000	Interest payment \$ '000	Addition \$ '000	Foreign exchange movement \$ '000	Interest on capital \$ '000	Termination \$ '000	2023 \$ '000
Lease liabilities	2,159	(635)	(94)	725	31	94	(739)	1,541
Total liabilities from financing activities	2,159	(635)	(94)	725	31	94	(739)	1,541

Notes to the consolidated financial statements

For the year ended 30 June 2024

27 Cash flow information (continued)

Non-cash financing and investing activities

	2024	2023
	\$ '000	\$ '000
Additions to the right-of-use assets	1,398	813

28 Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks, and ageing analysis for credit risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Risk Committee, which is responsible for managing risk. The committee reports to the Board on its activities.

Risk management processes are established to identify and analyse the risks faced by the Group, the risk exposure of the Group and appropriate procedures, controls and risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign currency risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Notes to the consolidated financial statements

For the year ended 30 June 2024

28 Financial instruments (continued)

To a significant extent, the Group's business currently enjoys natural hedges. The revenue that the Group obtains in a particular foreign currency closely matches the expenses it incurs in that currency (such as the Pound Sterling). The Board believes that natural hedges presently mitigate any exchange rate volatility risk for the Group to an economically acceptable level.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities (unhedged) at the reporting date were as follows:

	US Dollar '000	Euro '000	Pound Sterling '000	New Zealand Dollar '000	Canadian Dollar '000	Other currencies '000
Assets						
30 June 2024	1,587	74	653	182	1,299	604
30 June 2023	7,168	223	1,266	1,003	3,154	1,433
Liabilities						
30 June 2024	443	-	355	8	4	-
30 June 2023	-	-	663	15	12	29

The Group had net assets denominated in foreign currencies of \$3.6 million (assets \$4.4 million less liabilities \$0.8 million) as at 30 June 2024 (2023: \$13.5 million (assets \$14.2 million less liabilities \$0.7 million)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2023: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit/loss before tax for the year would have been \$0.4 million higher/\$0.4 million lower (2023: \$1.4 million higher/\$1.4 million lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

Price risk

The Group is not exposed to any significant price risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the consolidated financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

The majority of schools and consumers pay upfront and the nature of the customer base has a low impact on the Group's credit risk exposure.

Notes to the consolidated financial statements

For the year ended 30 June 2024

28 Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents and available debt facilities) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	2024 \$ '000	2023 \$ '000
Bank loans	9,000	10,000
Bank guarantee and ancillary facilities	2,118	1,833
Total	11,118	11,833

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2024	Weighted average interest rate %	1 year or less \$ '000	Between 1 and 2 years \$ '000	Between 2 and 5 years \$ '000	Over 5 years \$ '000	Remaining contractual maturities \$ '000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables		2,588	-	-	-	2,588
Other payables		420	-	-	-	420
		3,008	-	-	-	3,008
<i>Interest-bearing - fixed rate</i>						-
Lease liability	6.2%	1,063	814	524	-	2,401
		1,063	814	524	-	2,401
<i>Interest-bearing - variable rate</i>						
Borrowing	6.2%	1,005	-	-	-	1,005
		1,005	-	-	-	1,005
Total non-derivatives		5,076	814	524	-	6,414

Notes to the consolidated financial statements

For the year ended 30 June 2024

28 Financial instruments (continued)

Liquidity risk (continued)

	Weighted average interest rate %	1 year or less \$ '000	Between 1 and 2 years \$ '000	Between 2 and 5 years \$ '000	Over 5 years \$ '000	Remaining contractual maturities \$'000
Consolidated - 30 June 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables		2,821	-	-	-	2,821
Other payables		18	-	-	-	18
		2,839	-	-	-	2,839
<i>Interest-bearing - fixed rate</i>						
Lease liability	4.4%	735	454	469	-	1,658
		735	454	469	-	1,658
Total non-derivatives		3,574	454	469	-	4,497

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. The Group may repay debt when cash is sufficiently available, and this may occur earlier than contractually disclosed above.

29 Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Material accounting policy - fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market or, in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3P Learning Limited

Notes to the consolidated financial statements

For the year ended 30 June 2024

30 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the Company, its network firms and unrelated firms:

	2024	2023
	\$	\$
Audit services		
Audit or review of the financial statements - Ernst & Young (Australia)	-	478,623
Audit or review of the financial statements - KPMG (Australia)	407,550	-
Total	407,550	478,623
Audit services - overseas unrelated firms		
Audit or review of the financial statements	23,223	23,820

31 Commitments

The Group had no commitments as at 30 June 2024 and 30 June 2023.

32 Contingencies

The Group has no bank guarantees as at 30 June 2024 (2023: \$0.3 million) for merchant facilities and operating leases.

In the opinion of the Directors, at 30 June 2024 (30 June 2023: \$1.0 million) a \$1.0 million contingent liability exists in relation to the acquisition of Brightpath. As announced to the Australian Securities Exchange on 30 September 2022, a further payment to the sellers may be due subject to the achievement of certain future 12-month revenue targets for four years from the date of acquisition. This payment will be accrued if deemed probable. As of 30 June 2024, no future contingent payment amounts have been accrued or paid.

33 Related parties

Parent entity

3P Learning Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 20 and the remuneration report included in the Directors' report.

Notes to the consolidated financial statements

For the year ended 30 June 2024

33 Related parties (continued)

Related parties

The Group has a publishing, distribution and transition service agreement with Kalaci Pty Ltd (trading as Pascal Press) and a software licence commercial agreement with Clickview Pty Ltd. Matthew Sandblom is a shareholder of both the companies. The Group also has an ongoing office lease agreement and consultancy agreement with Matthew Sandblom.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2024	2023
	\$	\$
Payment for publishing and distribution services with Kalaci Pty Ltd	266,030	182,537
Income for publishing and distribution services with Kalaci Pty Ltd	161,877	159,559
Payment for operational services with Kalaci Pty Ltd	120,856	335,194
Income for operational services with Kalaci Pty Ltd	56,742	43,318
Lease of office premise from Matthew Sandblom	398,000	398,000
Payment for software licence fees with Clickview Pty Ltd	71,517	55,865
Payment for Director fees to Matthew Sandblom ⁽ⁱ⁾	1	1

i. Terms as agreed between Matthew Sandblom and the Company.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2024	2023
	\$	\$
Current receivables:		
Trade receivables from Director related entities of Matthew Sandblom	30,675	8,756
Current payables:		
Trade payables to Director related entities of Matthew Sandblom	78,862	125,916
Lease liability to Director related entities of Matthew Sandblom	945,890	344,590

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the consolidated financial statements

For the year ended 30 June 2024

34 Parent entity information

	2024 \$ '000	2023 \$ '000
Statement of financial position		
Assets		
Current assets	3,536	18,515
Non-current assets	168,231	218,125
Total assets	171,767	236,640
Liabilities		
Current liabilities	51,865	59,925
Non-current liabilities	657	11,685
Total liabilities	52,522	71,610
Equity		
Issued capital	212,135	216,589
Share-based payment reserve	9,230	8,700
Accumulated losses	(102,120)	(60,259)
Total equity	119,245	165,030
Statement of profit or loss and other comprehensive income		
Loss after income tax	(41,468)	(7,942)
Total comprehensive loss	(41,468)	(7,942)

Impairment of investment in subsidiary

The Blake acquisition on 28 May 2021 gave rise to a non-current asset, investment in subsidiary. During the current year, the Group prepared an impairment assessment to calculate the recoverable amount of the Group's CGUs. The value in use for the investment in Blake was compared to the carrying value of the investment in subsidiary and an impairment loss of \$49.7 million was recorded at the Parent entity level. The impairment loss is eliminated on consolidation.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and its subsidiary are parties to a deed of cross-guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in the subsidiary. Refer to note 37 for further information.

Contingent liabilities

The parent entity has nil bank guarantees as at 30 June 2024 (2023: \$0.1 million) for merchant facilities and operating leases.

In the opinion of the Directors, at 30 June 2024 (30 June 2023: \$1.0 million) a \$1.0 million contingent liability exists in relation to the acquisition of Brightpath. As announced to the Australian Securities Exchange on 30 September 2022, a further payment to the sellers may be due subject to the achievement of certain future 12-month revenue targets for four years from the date of acquisition. This payment will be accrued if deemed probable. As of 30 June 2024, no future contingent payment amounts have been accrued or paid.

Contractual commitments - plant and equipment

The parent entity did not have any commitments for plant and equipment as at 30 June 2024 or 30 June 2023.

3P Learning Limited

Notes to the consolidated financial statements

For the year ended 30 June 2024

34 Parent entity information (continued)

Material accounting policies - parent entity

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1.2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

35 Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.2:

	Principal place of business	Percentage Owned (%) 2024	Percentage Owned (%) 2023
3P International Holdings Pty Ltd	Australia	100%	100%
3P Learning Australia Pty Ltd	Australia	100%	100%
3P Learning Canada Limited	Canada	100%	100%
3P Learning Inc.	United States	100%	100%
3P Learning NZ Limited	New Zealand	100%	100%
3P Learning UK Limited	United Kingdom	100%	100%
Blake eLearning China Pty Limited ⁽ⁱ⁾	China	-%	85%
Blake eLearning Inc.	United States	100%	100%
Blake eLearning Pty Limited	Australia	100%	100%
Blake eLearning UK Limited	United Kingdom	100%	100%
Pairwise Pty Ltd	Australia	100%	100%

- i. During the current financial year, the entity is deregistered. In the prior year, the summarised financial information for subsidiaries that have non-controlling interests has not been provided as they are not material to the Group.

Acquisition of ownership interest and deregister of a subsidiary

During the year, the Group acquired 15% additional interest in Blake eLearning China Pty Limited, which gives the Group full control of Blake eLearning China Pty Limited and therefore the Group structure did not change, although the non-controlling interest decreased. Subsequently, Blake eLearning China Pty Limited was deregistered. As of 30 June 2024, the Group consolidated financial statements ceased to include the net assets and results from Blake eLearning China Pty Limited. The deregistration has a negative net impact of \$42,000 during the current financial year.

3P Learning Limited

Notes to the consolidated financial statements

For the year ended 30 June 2024

36 Business combinations

On 30 September 2022, the parent Company acquired a 100% interest of Pairwise Pty Limited and resulted in 3P Learning Limited obtaining control of Pairwise Pty Limited. The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Acquiree's carrying amount \$ '000	Fair value \$ '000
Purchase consideration:		
Cash		9,000
Total purchase consideration		9,000
Assets or liabilities acquired:		
Cash	493	493
Trade receivables	10	10
Intangible assets	-	4,298
Trade payables	(546)	(546)
Contract liabilities	(120)	(120)
Provisions	(27)	(27)
Deferred tax liabilities	-	(791)
Income tax liabilities	(76)	(76)
Total net identifiable assets	(266)	3,241
Identifiable assets acquired and liabilities assumed	(266)	3,241
Consideration paid		9,000
Less: Identifiable assets acquired		3,241
Goodwill		5,759

Net cash paid for business combination of \$8.5 million comprises of \$9.0 million payment and acquired cash balances of \$0.5 million.

In addition to the \$9.0 million payment made on 30 September 2022 in relation to the acquisition of Brightpath, a \$1.0 million earn-out amount is payable contingent on several financial and non-financial conditions being met. As at 30 June 2024 these conditions were met and an accrual was raised for this amount. The earn-out amount was paid in October 2023.

A further payment to the sellers may be due subject to the achievement of certain future 12-month revenue targets for four years from the date of acquisition. This payment will be accrued if deemed probable. As of 30 June 2024, no future contingent payment amounts have been included in consideration paid. Refer to note 32.

Brightpath was established in 2014 and its assessment software builds on years of research and software development undertaken at the University of Western Australia.

Assessment is a key part of the overall learning solution that will help improve educational outcomes in the foundational academic skills of reading, writing and numeracy. The goodwill of \$5.8 million comprises Brightpath accelerating the Group's entrance into the assessment market by several years with a proven product backed by over 10 years of research.

The purchase price accounting and the allocation of fair value to goodwill and other intangible assets for the acquisition of Brightpath were finalised as at 30 June 2023.

Notes to the consolidated financial statements

For the year ended 30 June 2024

36 Business combinations (continued)

Acquisition related costs

	2023
	\$ '000
Restructure and integration costs	288

Material accounting policy - business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The acquisition method of accounting is used to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. To determine whether a set of activities and assets constitutes a business, the Group has the choice to apply a "concentration test", which is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Alternatively, to determine if a business has been acquired, the Group assesses whether (as a minimum) an input and substantive process has been acquired and whether there is an ability to produce outputs from these.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree, and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Critical accounting judgements, estimates and assumptions - business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, and liabilities and contingent liabilities assumed, are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

3P Learning Limited

Notes to the consolidated financial statements

For the year ended 30 June 2024

37 Deed of cross-guarantee

The following entities are party to a deed of cross-guarantee under which each company guarantees the debts of the others:

3P Learning Limited ("**Parent entity**")
Blake eLearning Pty Ltd

By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare financial statements and Directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a "Closed Group" for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross-guarantee that are controlled by 3P Learning Limited, they also represent the "Extended Closed Group".

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the "Closed Group":

	2024 \$ '000	2023 \$ '000
Statement of profit or loss and other comprehensive income		
Revenue	53,780	50,993
Other income	37,616	13,571
Interest income	546	173
Administrative expenses	(133)	(195)
Buy-back of distributor rights	(19,628)	-
Corporate advisory costs	-	(133)
Deferred contract costs	(9,495)	(4,783)
Depreciation and amortisation expenses	(9,803)	(8,469)
Employee expenses	(31,046)	(29,902)
Finance costs	(161)	(109)
Impairment losses	(45,148)	-
Marketing expenses	(12,576)	(16,086)
Occupancy expenses	(341)	(456)
Professional fees	(2,410)	(1,575)
Restructure and integration costs	(2,047)	(1,243)
Service charges	(5,867)	(1,733)
Technology costs	(8,393)	(7,483)
Loss before income tax	(55,106)	(7,430)
Income tax benefit/(expense)	8,674	(1,345)
Loss after income tax	(46,432)	(8,775)
Total comprehensive loss for the year	(46,432)	(8,775)
Equity - accumulated losses		
Retained earnings:		
Accumulated losses at the beginning of the financial year	(55,691)	(46,916)
Loss after income tax	(46,432)	(8,775)
Accumulated losses at the end of the financial year	(102,123)	(55,691)

Notes to the consolidated financial statements

For the year ended 30 June 2024

37 Deed of cross-guarantee (continued)

	2024 \$ '000	2023 \$ '000
Statement of financial position		
Current assets		
Cash and cash equivalents	959	8,283
Term deposits	-	7,000
Trade and other receivables	2,956	3,430
Deferred contract costs	2,166	2,385
Other assets	6,739	9,100
Total current assets	12,820	30,198
Non-current assets		
Investments	9,899	9,899
Plant and equipment	810	903
Intangibles	141,960	192,159
Right-of-use assets	1,036	450
Deferred contract costs	687	878
Deferred tax	11,312	2,073
Total non-current assets	165,704	206,362
Total assets	178,524	236,560
Current liabilities		
Trade and other payables	40,217	48,683
Borrowings	1,000	-
Contract liabilities	10,697	11,146
Lease liabilities	415	391
Provisions	3,326	2,956
Total current liabilities	55,655	63,176
Non-current liabilities		
Contract liabilities	1,060	1,377
Lease liabilities	634	13
Provisions	512	459
Total non-current liabilities	2,206	1,849
Total liabilities	57,861	65,025
Net assets	120,663	171,535
Equity		
Issued capital	212,135	216,589
Reserves	10,651	10,637
Accumulated losses	(102,123)	(55,691)
Total equity	120,663	171,535

Notes to the consolidated financial statements

For the year ended 30 June 2024

38 Events occurring after the reporting date

The financial report was authorised for issue on 16 August 2024 by the Board.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

3P Learning Limited

Consolidated entity disclosure statement

For the Year Ended 30 June 2024

Set out below is a list of entities that are consolidated in this set of consolidated financial statements as at 30 June 2024 in accordance with the *Corporations Act 2001* (s.295(3A)(a)).

Entity Name	Body corporate, partnership or trust	Place incorporated	% of share capital held directly or indirectly by the Company in the body corporate		Australian or foreign tax resident	Jurisdiction for foreign resident
			2024	2023		
3P International Holdings Pty Ltd	Body corporate	Australia	100%	100%	Australian	Not applicable
3P International Holdings Pty Ltd - SA Branch	Branch	South Africa	100%	100%	Foreign	South Africa
3P Learning Australia Pty Ltd	Body corporate	Australia	100%	100%	Australian	Not applicable
3P Learning Canada Limited	Body corporate	Canada	100%	100%	Foreign	Canada
3P Learning Inc.	Body corporate	United States	100%	100%	Foreign	United States
3P Learning NZ Limited	Body corporate	New Zealand	100%	100%	Foreign	New Zealand
3P Learning UK Limited	Body corporate	United Kingdom	100%	100%	Foreign	United Kingdom
Blake eLearning China Pty Limited	Body corporate	China	-%	85%	Foreign	China
Blake eLearning Inc.	Body corporate	United States	100%	100%	Foreign	United States
Blake eLearning Pty Limited	Body corporate	Australia	100%	100%	Australian	Not applicable
Blake eLearning UK Limited	Body corporate	United Kingdom	100%	100%	Foreign	United Kingdom
Pairwise Pty Ltd	Body corporate	Australia	100%	100%	Australian	Not applicable

Determination of tax residency

Section 295 (3A) of the *Corporations Act 2001* (Cth) requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997* (Cth). The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

Consolidated entity disclosure statement

For the Year Ended 30 June 2024

Determination of tax residency (continued)

Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Branches (permanent establishments)

Foreign branches of Australian subsidiaries are not separate level entities and therefore do not have a separate residency for Australian tax purposes. Generally, the Australian subsidiary that the branch is a part of will be the relevant tax resident, rather than the branch operations.

Additional disclosures on the tax status of Australian subsidiaries having a foreign branch with a taxable presence in that jurisdiction have been provided where relevant.

Directors' declaration

1. In the opinion of the Directors of the Company:
 - a. the consolidated financial statements and notes that are set out on page 59 to 111 and remuneration report in the Directors' report for the year ended 30 June 2024 are in accordance with the *Corporations Act 2001* (Cth), including:
 - i. give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
 - ii. comply with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - b. the Consolidated Entity Disclosure Statement set out on page 112 to 113 as at 30 June 2024 is true and correct; and
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the entities identified in note 37 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross-Guarantee between the Company and the entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* (Cth) from the CEO and CFO for the financial year ended 30 June 2024.
4. The Directors draw attention to note 1.1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.



Matthew Sandblom
Executive Chairman
16 August 2024

Sydney



Independent Auditor's Report

To the shareholders of 3P Learning Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of 3P Learning Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024
- Notes, including material accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Carrying amount of goodwill and other intangible assets
- Revenue recognition and related contract liabilities

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

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.

Carrying amount of goodwill and other intangible assets (\$154.9m)

Refer to Note 14 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The carrying amount of goodwill and other intangible assets is a key audit matter due to the inherent estimation uncertainty associated with auditing the forward-looking assumptions incorporated in the Group's value in use (VIU) models. The Group's VIU models are internally developed and use a range of internal and external data as inputs. The key assumptions in the VIU models include forecast revenue growth, forecast expenses growth, discount rates and terminal growth rate. These forward-looking assumptions may be prone to greater risk for potential bias, error and inconsistent application, therefore necessitating additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. Where the Group has not met prior year forecasts in relation to a specific CGU, we factored this into our assessment of key assumptions and reliability of current forecasts. In addition to the above, the Group recorded an impairment charge of \$44.5m against the B2C CGU goodwill, resulting from higher than expected customer churn and bearish macroeconomics factors, increasing the sensitivity of the model to small changes. This further increased our audit effort in this key	Working with our valuation specialists, our procedures included: • Considering the appropriateness of the VIU method applied by the Group in performing the annual test of goodwill for impairment against the requirements of the accounting standards; • Assessing the integrity of the VIU models used, including the accuracy of the underlying calculation formulas; • Assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models; • Challenging the Group's significant forecast cash flow and growth assumptions when comparing the forecast cash flows to the Board approved plan and strategy. This involved: - applying increased scepticism to forecasts in the areas where previous forecasts were not achieved; - considering any differences between forecast growth rates (including revenue, expenses and terminal growth rates) and published studies of industry trends based on our knowledge of the Group's operations/strategy and their past

audit area.	performance; - Independently developed a discount rate range using publicly available market data for comparable entities, adjusted by risk factors specific to the CGUs; - Considering the sensitivity of the models by varying key assumptions, such as forecast revenue and expenses growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures; - Recalculating the impairment charge against the recorded amount disclosed; and - Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.
Revenue recognition and related contract liabilities (\$109.9m)	
Refer to Note 3 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
The recognition of revenue and related contract liabilities is a key audit matter due to: • the significance of revenue and contract liabilities to the financial statements; and • revenue being a key performance indicator for the Group.	Our procedures included: - Assessing the appropriateness of the Group's accounting policies related to revenue recognition and contract liabilities against the requirements of the accounting standard and our understanding of the business and industry practice; - Testing a sample of revenue transactions and a sample of contract liability balances to underlying documentation such as signed customer contracts, statements from sales agents and cash receipts. This included checking the duration of customer access from the contract to the period of revenue recognition; - Recalculating the contract liability balance at year end based on cash receipts and revenue recognised for the year tested above; - Evaluating the adequacy of disclosures in the financial report using our understanding

	obtained from our testing and against the requirements of Australian Accounting Standards.
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Other Information

Other Information is financial and non-financial information in 3P Learning Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of 3P Learning Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 41 to 57 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Daniel Robinson

Partner

Sydney

16 August 2024

3P Learning Limited

Shareholder information

30 June 2024

The shareholder information set out below was applicable as at 31 July 2024.

Substantial shareholders

The number of substantial shareholders and their associates are set out below:

	Number of shares	% of total shares issued
Shareholders		
Pascal Educational Services Pty Ltd ATF Blake Sandblom Trust	80,200,000	29.39
Pascal Educational Services Pty Ltd ATF BEL Unit Trust	12,787,000	4.69
KPIT Pty Ltd ATF KP Investment Trust	40,850,000	14.97
National Nominee ACF Australian Ethical Investment Limited	21,084,365	7.73
Viburnum Funds Pty Ltd	53,696,928	19.68

Voting rights

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

Ordinary Shares

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.

Options, performance and share appreciation rights

Options, performance and share appreciation rights carry no voting rights.

There are no other classes of equity securities.

Distribution of equity security holders

Analysis of number of equitable holders by size of holding:

	Ordinary shares	
Holding	Number of holders	% of total shares issued
1 - 1,000	352	0.05
1,001 - 5,000	217	0.22
5,001 - 10,000	76	0.22
10,001 - 100,000	119	1.38
100,000 and over	35	98.13
	799	100.00

There were 227 holders of less than a marketable parcel of ordinary shares.

3P Learning Limited

Shareholder information

30 June 2024

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of issued shares
Pascal Educational Services Pty Ltd	80,200,000	29.39
J P Morgan Nominees Australia Pty Limited	49,616,495	18.18
Kpit Pty Ltd	40,850,000	14.97
HSBC Custody Nominees (Australia) Limited	33,502,661	12.28
National Nominees Limited	21,084,365	7.73
Pascal Educational Services Pty Ltd	12,787,000	4.69
Mutual Trust Pty Ltd	11,818,178	4.33
Citicorp Nominees Pty Limited	7,407,511	2.71
BNP Paribas Nominees Pty Ltd	2,611,073	0.96
Blake Beckett Pty Ltd	2,000,000	0.73
Mr Sean Patrick Martin	795,567	0.29
Mutual Appreciation Society Pty Limited	415,740	0.15
Leopard Capital Pty Ltd	404,920	0.15
Lcone Pty Ltd	343,309	0.13
Mantou Republic Pty Ltd	323,301	0.12
Allan Brackin Retirement Fund Pty Ltd	322,895	0.12
Bretton Pty Ltd	300,000	0.11
Mr Jonathan Claude Kenny	288,856	0.11
Mr Kei Yan Cheng	284,280	0.10
Nepean Superannuation Pty Ltd	254,584	0.09
	265,610,735	97.34

Unquoted equity securities

	Number on issue	Number of holders
Share appreciation rights	5,506,484	6

3P Learning Limited

Corporate directory

30 June 2024

Directors	Matthew Sandblom - Executive Chairman and Director Allan Brackin - Non-Executive Director Mark Lamont - Non-Executive Director Katherine Ostin - Non-Executive Director Belinda Rowe - Non-Executive Director Craig Coleman - Non-Executive Director
Chief Executive Officer	Jose Palmero
Chief Financial Officer	Anton Clowes
Company secretary	Joyce Li
Registered office and principal place of business	3P Learning Limited 655 Parramatta Road, Leichhardt NSW 2040 Head office telephone: 1300 850 331
Share register	The Registrar Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Share registry telephone: 1300 554 474
Auditor	KPMG Level 38, Tower 3, 300 Barangaroo Avenue Sydney NSW 2000
Stock exchange listing	3P Learning Limited shares are listed on the Australian Securities Exchange (ASX code: 3PL)
Website	http://www.3plearning.com/
Corporate Governance Statement	The directors and management are committed to conducting the business of 3P Learning Limited in an ethical manner and in accordance with the highest standards of corporate governance. 3P Learning Limited has adopted and has substantially complied with the <i>ASX Corporate Governance Principles and Recommendations</i> (Fourth Edition) ("Recommendations") to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the company's website at: http://www.3plearning.com/investors/governance/



The award-winning team behind



3P Learning Limited

www.3plearning.com

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