

ASX ANNOUNCEMENT

21 January 2021

Non-binding term sheet to merge with Blake

3P Learning Limited ("**3PL**") refers to its announcement on 23 December 2020 regarding the proposal from Blake eLearning Pty Ltd ("**Blake**").

As shareholders will be aware, 3PL's announcement on 23 December 2020 followed statements made on 20 November 2020 by Blake and Viburnum Funds Pty Ltd ("**Viburnum**" – the largest shareholder of 3PL) in relation to an unsolicited proposal from Blake regarding a potential merger between Blake and 3PL ("**3PL and Blake Merger Proposal**").

After consultation with other key shareholders, 3PL has entered into a non-binding term sheet to pursue the 3PL and Blake Merger Proposal under which 3PL will acquire 100% of the equity in Blake in exchange for 137 million shares in 3PL subject to satisfactory due diligence by both parties and entry into definitive transaction documents.

Overview of the 3PL and Blake Merger Proposal

Key terms of the 3PL and Blake Merger Proposal are as follows:

- 3PL will acquire 100% of the equity in Blake.
- The acquisition will be funded via the issuance of 137 million 3PL shares to the owners of Blake, which implies a purchase price of \$185 million assuming a \$1.35 issue price.
- The purchase price assumes Blake will have an appropriate level of working capital at completion and will be adjusted for excess cash, debt or debt-like items.
- On completion of the merger, the owners of Blake will hold 49.5% of the shares issued in 3PL.¹
- Post transaction, Matthew Sandblom (Founder and Executive Chairman of Blake) will join the 3PL Board as Non-Executive Chairman together with Craig Coleman (Executive Chairman of the largest shareholder of 3PL, Viburnum). Up to two existing directors of the 3PL Board will remain on the merged Board and a new independent director will be appointed.
- On completion, Jose Palmero, currently CEO of Blake, will become interim CEO of 3PL.

The 3PL and Blake Merger Proposal is subject to a number of conditions including completion of mutual due diligence to each party's satisfaction, entry into a binding share sale agreement and 3PL shareholder approval as required by the ASX Listing Rules.

¹ Based on 3PL's current fully diluted shares on issue of 139.9 million shares.

3PL, Blake and the owners of Blake have entered into a binding confidentiality and exclusivity agreement (“**Exclusivity Agreement**”) to allow the parties to undertake due diligence and complete the necessary transaction steps. The key terms of the Exclusivity Agreement include:

- mutual confidentiality provisions;
- mutual exclusivity provisions, including no-shop, no-talk, no due diligence and notification obligations;
- a fiduciary out in respect of the no-talk, no-due diligence and notification obligation relating to 3PL; and
- a standstill of up to 12 months on Blake and the Blake owners acquiring shares in 3PL subject to customary exceptions.

About Blake

Blake is a privately owned and Australian headquartered publisher of online education products focused on pre-K to year 7 students. Blake’s core literacy product Reading Eggs was launched in 2008 and is used by over 3.4 million users in 169 countries. In addition, Blake owns several other products including Mathseeds, Reading Eggspress, WordFlyers and Fast Phonics.

Blake has a strong and growing presence in the direct-to-consumer market. It predominantly services the school market through third party distribution arrangements. 3PL and Blake have a long-standing relationship dating to the period prior to the IPO of 3PLearning in 2014 when Blake was a significant shareholder of 3PL. Since then 3PL has distributed Reading Eggs, Mathseeds and WordFlyers to the school market in key geographies including Australia and the UK.

Next steps

3PL expects the due diligence process to take approximately six weeks. Should the parties then enter into a binding agreement to implement the 3PL and Blake Merger Proposal the transaction will be subject to 3PL shareholder approval at a general meeting.

3PL will update the market as soon as it has additional information to share with investors in relation to the 3PL and Blake Merger Proposal. Shareholders should note there is no certainty that the 3PL and Blake Merger Proposal will result in a binding transaction. 3PL shareholders do not need to take any action at this time.

BYJU’S Proposal

After completion of their due diligence towards the end of 2020, BYJU’S has not provided a firm proposal for 3PL’s consideration. Given the Exclusivity Agreement referred to above with Blake, 3PL will cease further engagement with BYJU’S at this time.

This announcement has been authorised for release by the Chairman of 3PL.

For further information, please contact:

3P Investor Relations
investors@3plearning.com

Sam Weiss
sam.weiss@3plearning.com