



# Appendix 4D and Half-Year Financial Report

For the half-year ended 31 December 2020

**3P Learning Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

|                   |  |
|-------------------|--|
| Name of entity:   | 3P Learning Limited                      |
| ABN:              | 50 103 827 836                           |
| Reporting period: | For the half-year ended 31 December 2020 |
| Previous period:  | For the half-year ended 31 December 2019 |

**2. Results for announcement to the market**

|   |      |          | <b>\$'000</b> |
|---|------|----------|---------------|
| Revenues from ordinary activities   | up   | 3.6% to  | 24,003        |
| Loss from ordinary activities after tax attributable to the owners of 3P Learning Limited | down | 18.9% to | (1,523)       |
| Loss for the half-year attributable to the owners of 3P Learning Limited                  | down | 18.9% to | (1,523)       |

*Dividends*

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

*Comments*

The loss for the Group after providing for income tax amounted to \$1,523,000 (31 December 2019: \$1,878,000).

Refer to 'Review of operations' in the Directors' Report for detailed commentary.

**3. Net tangible assets**

|  | <b>Reporting period Cents</b> | <b>Previous period Cents</b> |
|--|-------------------------------|------------------------------|
| <b>Net tangible assets per ordinary security</b> | <b>1.17</b>                   | <b>(0.54)</b>                |

Net tangible assets calculations exclude right-of-use assets and include lease receivables and lease liabilities.

For 31 December 2020, the balance of right-of-use assets amounting to \$1,972,000 (31 December 2019: \$3,385,000) has been excluded from the calculation of net tangible assets, however lease receivables of \$1,592,000 (31 December 2019: \$1,984,000) and lease liabilities of \$3,804,000 (31 December 2019: \$5,585,000) arising in a similar way have been included. Excluding right-of-use assets, lease receivables and lease liabilities, net tangible assets per ordinary security as at 31 December 2020 are 2.75 cents (31 December 2019: 1.99 cents).

**4. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-Year Financial Report.

**5. Attachments**

*Details of attachments (if any):*

The Half-Year Financial Report of 3P Learning Limited for the half-year ended 31 December 2020 is attached.

## 6. Signed

As authorised by the Board of Directors



Signed \_\_\_\_\_

Samuel Weiss  
Chairman  
Sydney

Date: 22 February 2021

# 3P Learning Limited

**ABN 50 103 827 836**

## **Half Year Financial Report - 31 December 2020**

**3P Learning Limited**  
**Contents**  
**31 December 2020**

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**3P Learning Limited**  
**Directors' report**  
**31 December 2020**

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 half-year ended 31 December 2020.

### **Directors**

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

Samuel Weiss (Chairman)  
Rebekah O'Flaherty (Chief Executive Officer)  
Roger Amos  
Claire Hatton  
Mark Lamont

### **Principal activities**

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

### **Significant changes in the state of affairs**

On 14 August 2020, IXL Learning Inc ('IXL') proposed to acquire 100% of the issued shares of the Company for a cash price of \$1.35 per share by way of a Scheme of Arrangement. The shareholders of the Company did not approve the proposal on 20 November 2020. The agreement with IXL was subsequently terminated on 24 November 2020.

On 18 November 2020, Think and Learn Private Limited ('BYJU') proposed to acquire 100% of issued shares of the Company for a cash price of \$1.50 per share. After completion of their due diligence towards the end of 2020, BYJU did not provide a firm proposal for the Group's consideration.

On 20 November 2020, Blake eLearning Pty Ltd ('Blake') issued an unsolicited proposal of a potential merger between Blake and the Group.

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

### **Review of operations**

The loss for the Group after providing for income tax amounted to \$1,523,000 (31 December 2019: \$1,878,000).

Total revenue for the half-year ended 31 December 2020 was \$23,924,000 (31 December 2019: \$23,010,000). The Asia Pacific ('APAC') segment revenue increased by \$904,000 from the prior half-year due to more customers choosing to accelerate the timing of their renewals which normally takes place in the second half of the financial year. Revenue in the United States of America, Canada and South America ('Americas') segment decreased by \$77,000 compared to the prior half-year as a result of foreign exchange fluctuations. EBITDA in the Americas segment improved by \$1,015,000 compared to the prior year because of lower employee benefits expense and a reduction to short term occupancy cost. Europe, Middle-East and Africa ('EMEA') revenue increased by \$87,000 as a result of an improvement to market conditions resulting from COVID-19 pandemic which drove a movement to hybrid learning.

Loss before income tax benefit was \$2,571,000 (31 December 2019: \$2,089,000). Performance for the year was impacted by improvement in revenue and a reduction in marketing, technology and occupancy costs, which was offset by an increase in foreign exchange losses, depreciation and amortisation expense, employee benefits expense and corporate advisory costs.

Due to the impact of COVID-19 and periodic Government-mandated school lockdowns throughout the first half of the financial period, the contractual obligations under the Ministry of Education ('MOE') agreement in the Middle East were deferred. The Group and the MOE have agreed to extend the term of the agreement to reflect this and accordingly, no payment has been received to date. The services to the MOE are now expected to be delivered, and collection of the agreement proceeds to occur, in the financial year 2021 and 2022. The Group recognises that any continued uncertainty driven by COVID-19 could again impact the timing of delivery of services under this agreement.

Management have concluded that this is not a 'highly seasonal' business as considered by AASB 134 'Interim Financial Reporting'.

**3P Learning Limited**  
**Directors' report**  
**31 December 2020**

**Matters subsequent to the end of the financial half-year**

On 21 January 2021, the Group entered into a non-binding term sheet to pursue a merger with Blake eLearning Pty Ltd ('Blake'), under which the Group will acquire 100% of the equity of Blake in exchange for 137 million shares in the Group subject to satisfactory due diligence by both parties and entry into definitive transaction documents.

No other matter or circumstance has arisen since 31 December 2020 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.

**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.

**Auditor's independence declaration**

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors.



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Samuel Weiss  
Chairman

22 February 2021



Ernst & Young  
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Sydney NSW 2000 Australia  
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## Auditor's Independence Declaration to the Directors of 3P Learning Limited

As lead auditor for the review of the half-year financial report of 3P Learning Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 3P Learning Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Robinson' in a cursive script.

Renay C Robinson  
Partner  
22 February 2021



**3P Learning Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2020**

|  | Note | 31 Dec 2020<br>\$'000 | Consolidated<br>31 Dec 2019<br>\$'000 |
|--|------|-----------------------|---------------------------------------|
| <b>Revenue</b>   | 4    | 23,924                | 23,010                                |
| Other income   |      | 7                     | 68                                    |
| Interest revenue calculated using the effective interest method  |      | 79                    | 151                                   |
| <b>Expenses</b>  |      |                       |                                       |
| Employee benefits expense  |      | (14,324)              | (14,095)                              |
| Depreciation and amortisation expense  |      | (5,920)               | (5,578)                               |
| Professional fees - corporate advisory costs   |      | (983)                 | -                                     |
| Professional fees - other  |      | (507)                 | (701)                                 |
| Technology costs   |      | (1,743)               | (1,754)                               |
| Marketing expenses   |      | (868)                 | (1,020)                               |
| Occupancy expenses   |      | (292)                 | (627)                                 |
| Administrative expenses and foreign exchange   | 5    | (1,812)               | (1,395)                               |
| Finance costs  | 5    | (132)                 | (148)                                 |
| <b>Loss before income tax benefit</b>  |      | (2,571)               | (2,089)                               |
| Income tax benefit   |      | 1,048                 | 211                                   |
| <b>Loss after income tax benefit for the half-year attributable to the owners of 3P Learning Limited</b> |      | (1,523)               | (1,878)                               |
| <b>Other comprehensive income</b>  |      |                       |                                       |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                     |      |                       |                                       |
| Foreign currency translation   |      | 1,048                 | 128                                   |
| Other comprehensive income for the half-year, net of tax   |      | 1,048                 | 128                                   |
| <b>Total comprehensive income for the half-year attributable to the owners of 3P Learning Limited</b>    |      | (475)                 | (1,750)                               |
|  |      | <b>Cents</b>          | <b>Cents</b>                          |
| Basic earnings per share   | 13   | (1.09)                | (1.35)                                |
| Diluted earnings per share   | 13   | (1.09)                | (1.35)                                |

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**3P Learning Limited**  
**Statement of financial position**  
**As at 31 December 2020**

|                                      | Note | 31 Dec 2020<br>\$'000 | Consolidated<br>30 June 2020<br>\$'000 |
|--------------------------------------|------|-----------------------|--|
| <b>Assets</b>                        |      |                       |  |
| <b>Current assets</b>                |      |                       |  |
| Cash and cash equivalents            |      | 15,021                | 27,083                                 |
| Trade and other receivables          | 6    | 11,427                | 9,520                                  |
| Lease receivables                    |      | 702                   | 565                                    |
| Income tax receivable                |      | 284                   | -                                      |
| Other assets                         |      | 2,207                 | 1,591                                  |
| <b>Total current assets</b>          |      | <b>29,641</b>         | <b>38,759</b>                          |
| <b>Non-current assets</b>            |      |                       |  |
| Plant and equipment                  |      | 451                   | 651                                    |
| Intangibles                          | 7    | 22,180                | 20,865                                 |
| Right-of-use assets                  |      | 1,972                 | 2,841                                  |
| Lease receivables                    |      | 890                   | 1,193                                  |
| Deferred tax                         |      | 5,882                 | 4,758                                  |
| Other assets                         |      | 165                   | 48                                     |
| <b>Total non-current assets</b>      |      | <b>31,540</b>         | <b>30,356</b>                          |
| <b>Total assets</b>                  |      | <b>61,181</b>         | <b>69,115</b>                          |
| <b>Liabilities</b>                   |      |                       |  |
| <b>Current liabilities</b>           |      |                       |  |
| Trade and other payables             | 8    | 6,264                 | 8,181                                  |
| Contract liabilities                 |      | 20,365                | 23,877                                 |
| Lease liabilities                    |      | 1,587                 | 1,615                                  |
| Income tax payable                   |      | 53                    | 161                                    |
| Provisions                           |      | 1,729                 | 1,778                                  |
| <b>Total current liabilities</b>     |      | <b>29,998</b>         | <b>35,612</b>                          |
| <b>Non-current liabilities</b>       |      |                       |  |
| Contract liabilities                 |      | 2,423                 | 3,292                                  |
| Lease liabilities                    |      | 2,217                 | 3,229                                  |
| Provisions                           |      | 766                   | 715                                    |
| <b>Total non-current liabilities</b> |      | <b>5,406</b>          | <b>7,236</b>                           |
| <b>Total liabilities</b>             |      | <b>35,404</b>         | <b>42,848</b>                          |
| <b>Net assets</b>                    |      | <b>25,777</b>         | <b>26,267</b>                          |
| <b>Equity</b>                        |      |                       |  |
| Issued capital                       | 10   | 34,494                | 34,494                                 |
| Reserves                             |      | 8,987                 | 7,954                                  |
| Accumulated losses                   |      | (17,704)              | (16,181)                               |
| <b>Total equity</b>                  |      | <b>25,777</b>         | <b>26,267</b>                          |

*The above statement of financial position should be read in conjunction with the accompanying notes*

**3P Learning Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2020**

| <b>Consolidated</b>  | <b>Issued capital<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Accumulated losses<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--|----------------------------------|----------------------------|--------------------------------------|--------------------------------|
| Balance at 1 July 2019                                       | 34,374                           | 8,049                      | (17,731)                             | 24,692                         |
| Loss after income tax benefit for the half-year              | -                                | -                          | (1,878)                              | (1,878)                        |
| Other comprehensive income for the half-year, net of tax     | -                                | 128                        | -                                    | 128                            |
| Total comprehensive income/(loss) for the half-year          | -                                | 128                        | (1,878)                              | (1,750)                        |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |                            |                                      |                                |
| Contributions of equity, net of transaction costs            | 69                               | (69)                       | -                                    | -                              |
| Share-based payments   | -                                | 92                         | -                                    | 92                             |
| <b>Balance at 31 December 2019</b>                           | <b>34,443</b>                    | <b>8,200</b>               | <b>(19,609)</b>                      | <b>23,034</b>                  |

| <b>Consolidated</b>  | <b>Issued capital<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Accumulated losses<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--|----------------------------------|----------------------------|--------------------------------------|--------------------------------|
| Balance at 1 July 2020                                       | 34,494                           | 7,954                      | (16,181)                             | 26,267                         |
| Loss after income tax benefit for the half-year              | -                                | -                          | (1,523)                              | (1,523)                        |
| Other comprehensive income for the half-year, net of tax     | -                                | 1,048                      | -                                    | 1,048                          |
| Total comprehensive income/(loss) for the half-year          | -                                | 1,048                      | (1,523)                              | (475)                          |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |                            |                                      |                                |
| Share-based payments   | -                                | (15)                       | -                                    | (15)                           |
| <b>Balance at 31 December 2020</b>                           | <b>34,494</b>                    | <b>8,987</b>               | <b>(17,704)</b>                      | <b>25,777</b>                  |

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

3P Learning Limited  
Statement of cash flows  
For the half-year ended 31 December 2020

|  | 31 Dec 2020<br>\$'000 | Consolidated<br>31 Dec 2019<br>\$'000 |
|--|-----------------------|---------------------------------------|
| <b>Cash flows from operating activities</b>                            |                       |                                       |
| Receipts from customers  | 22,582                | 19,355                                |
| Payments to suppliers and employees                                    | (27,730)              | (26,488)                              |
| Interest received  | 98                    | 131                                   |
| Interest and other finance costs paid                                  | (132)                 | (148)                                 |
| Income taxes paid  | (772)                 | (798)                                 |
| <b>Net cash used in operating activities</b>                           | <b>(5,954)</b>        | <b>(7,948)</b>                        |
| <b>Cash flows from investing activities</b>                            |                       |                                       |
| Payments for plant and equipment                                       | (54)                  | (85)                                  |
| Payments for intangibles   | (5,829)               | (4,925)                               |
| Proceeds from sub-leases   | 248                   | 254                                   |
| <b>Net cash used in investing activities</b>                           | <b>(5,635)</b>        | <b>(4,756)</b>                        |
| <b>Cash flows from financing activities</b>                            |                       |                                       |
| Repayment of lease liabilities   | (754)                 | (671)                                 |
| <b>Net cash used in financing activities</b>                           | <b>(754)</b>          | <b>(671)</b>                          |
| Net decrease in cash and cash equivalents                              | (12,343)              | (13,375)                              |
| Cash and cash equivalents at the beginning of the financial half-year  | 27,083                | 25,766                                |
| Effects of exchange rate changes on cash and cash equivalents          | 281                   | 73                                    |
| <b>Cash and cash equivalents at the end of the financial half-year</b> | <b>15,021</b>         | <b>12,464</b>                         |

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. General information

The 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 half-year. The financial statements are presented in Australian dollars, which is 3P Learning Limited's functional and presentation currency.

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:

Level 18, 124 Walker Street  
North Sydney NSW 2060

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 financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2021.

## Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. The application of the Conceptual Framework did not have a material impact on the Group's financial statements.

### Net current asset deficiency

As at 31 December 2020, the Group was in a net current liability position of \$357,000 (30 June 2020: net current asset position of \$3,147,000) of which \$20,365,000 (30 June 2020: \$23,877,000) are contract liabilities which are expected to be recognised as revenue in the next 12 months with no further cash outflows to the Group. Further, there is \$10,000,000 (30 June 2020: \$10,000,000) of the working capital debt facility available. Accordingly, the financial statements continue to be prepared on a going concern basis.

### Note 3. Operating segments

#### Identification of reportable operating segments

The Group is organised into geographic operating segments: Asia-Pacific ('APAC'), the United States of America, Canada and South America ('Americas') and Europe, Middle-East and Africa ('EMEA'). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis. The CODM does not regularly review segment assets and segment liabilities. Refer to statement of financial position for assets and liabilities.

#### Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

#### Major customers

There are no major customers that contributed more than 10% of revenue to the Group recognised for the half-year ended 31 December 2020 and 31 December 2019.

#### Operating segment information

| Consolidated - 31 Dec 2020            | APAC<br>\$'000 | Americas<br>\$'000 | EMEA<br>\$'000 | Total<br>\$'000 |
|---------------------------------------|----------------|--------------------|----------------|-----------------|
| <b>Revenue</b>                        |                |                    |                |                 |
| Sales to external customers           | 13,437         | 4,858              | 5,629          | 23,924          |
| Interest revenue                      | 40             | 29                 | 10             | 79              |
| <b>Total revenue</b>                  | <b>13,477</b>  | <b>4,887</b>       | <b>5,639</b>   | <b>24,003</b>   |
| <b>EBITDA*</b>                        | <b>2,756</b>   | <b>14</b>          | <b>632</b>     | <b>3,402</b>    |
| Depreciation and amortisation         |                |                    |                | (5,920)         |
| Interest revenue                      |                |                    |                | 79              |
| Finance costs                         |                |                    |                | (132)           |
| <b>Loss before income tax benefit</b> |                |                    |                | <b>(2,571)</b>  |
| Income tax benefit                    |                |                    |                | 1,048           |
| <b>Loss after income tax benefit</b>  |                |                    |                | <b>(1,523)</b>  |

\* EBITDA for the Group is before interest revenue, after eliminating inter-segment royalty income earned by APAC operating segment of \$2,904,000, and after eliminating inter-segment royalty expense incurred by Americas operating segment of \$1,091,000 and EMEA operating segment of \$1,813,000. The APAC operating segment includes inter-segment royalty income of \$2,904,000, the Americas operating segment includes \$1,091,000 of intersegment royalty expense and the EMEA operating segment includes \$1,813,000 of inter-segment royalty expense.

**Note 3. Operating segments (continued)**

| Consolidated - 31 Dec 2019            | APAC<br>\$'000 | Americas<br>\$'000 | EMEA<br>\$'000 | Total<br>\$'000 |
|---------------------------------------|----------------|--------------------|----------------|-----------------|
| <b>Revenue</b>                        |                |                    |                |                 |
| Sales to external customers           | 12,533         | 4,935              | 5,542          | 23,010          |
| Interest revenue                      | 99             | 40                 | 12             | 151             |
| <b>Total revenue</b>                  | <b>12,632</b>  | <b>4,975</b>       | <b>5,554</b>   | <b>23,161</b>   |
| <b>EBITDA*</b>                        |                |                    |                |                 |
| Depreciation and amortisation         |                | (1,001)            | 659            | 3,486           |
| Interest revenue                      |                |                    |                | (5,578)         |
| Finance costs                         |                |                    |                | 151             |
| <b>Loss before income tax benefit</b> |                |                    |                | <b>(2,089)</b>  |
| Income tax benefit                    |                |                    |                | 211             |
| <b>Loss after income tax benefit</b>  |                |                    |                | <b>(1,878)</b>  |

\* EBITDA for the Group is before interest revenue, after eliminating inter-segment royalty income earned by APAC operating segment of \$3,152,000, and after eliminating inter-segment royalty expense incurred by Americas operating segment of \$1,228,000 and EMEA operating segment of \$1,924,000. The APAC operating segment includes inter-segment royalty income of \$3,152,000, the Americas operating segment includes \$1,228,000 of intersegment royalty expense and the EMEA operating segment includes \$1,924,000 of inter-segment royalty expense.

**Note 4. Revenue**

*Disaggregation of revenue*

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

|                        | 31 Dec 2020<br>\$'000 | Consolidated<br>31 Dec 2019<br>\$'000 |
|------------------------|-----------------------|---------------------------------------|
| Licence fees           | 17,963                | 18,598                                |
| Net commission revenue | 5,676                 | 4,167                                 |
| Copyright licence fees | 120                   | 12                                    |
| Other revenue          | 165                   | 233                                   |
| <b>Revenue</b>         | <b>23,924</b>         | <b>23,010</b>                         |

Revenue from external customers by geographic regions is set out in note 3 operating segments. The relationship between the disaggregated revenue information set out above and the segment information set out in note 3 operating segments is explained below:

The Group's main revenue-generating activity is the worldwide sale of online educational programs via licence fees and net commission revenue. The Group generates revenue from both these categories in all operating segments (geographic regions). Copyright licence fees and ancillary revenue streams are generated only in the APAC operating segment. Other revenue includes the sale of workbooks and professional learning generated in all operating segments.

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

The revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the period was \$16,108,000 (31 December 2019: \$17,092,000). Contract liabilities are generally incurred at the beginning of the contract period.

**Note 5. Expenses**

|  | 31 Dec 2020<br>\$'000 | Consolidated<br>31 Dec 2019<br>\$'000 |
|--|-----------------------|---------------------------------------|
| Loss before income tax includes the following specific expenses: |                       |                                       |
| <i>Finance costs</i>   |                       |                                       |
| Interest and finance charges paid/payable on borrowings          | 54                    | 42                                    |
| Interest and finance charges paid/payable on lease liabilities   | 78                    | 106                                   |
| <b>Finance costs expensed</b>                                    | <b>132</b>            | <b>148</b>                            |
| <i>Net foreign exchange loss</i>                                 |                       |                                       |
| Net foreign exchange loss  | 927                   | 288                                   |
| <i>Superannuation expense</i>                                    |                       |                                       |
| Defined contribution superannuation expense                      | 1,519                 | 1,559                                 |

**Note 6. Trade and other receivables**

|  | 31 Dec 2020<br>\$'000 | Consolidated<br>30 June 2020<br>\$'000 |
|--|-----------------------|--|
| <i>Current assets</i>                      |                       |  |
| Trade receivables                          | 11,305                | 9,291                                  |
| Less: Allowance for expected credit losses | (145)                 | (80)                                   |
|  | 11,160                | 9,211                                  |
| <b>Other receivables</b>                   | <b>267</b>            | <b>309</b>                             |
| <b>Total trade and other receivables</b>   | <b>11,427</b>         | <b>9,520</b>                           |



3P Learning Limited  
Notes to the financial statements  
31 December 2020

**Note 7. Intangibles**

|                                  | 31 Dec 2020<br>\$'000 | Consolidated<br>30 June 2020<br>\$'000 |
|----------------------------------|-----------------------|--|
| <i>Non-current assets</i>        |                       |  |
| Goodwill - at cost               | 4,391                 | 4,315                                  |
| Product development - at cost    | 38,682                | 38,172                                 |
| Less: Accumulated amortisation   | (23,255)              | (23,452)                               |
|                                  | 15,427                | 14,720                                 |
| Patents and trademarks - at cost | 1,921                 | 1,912                                  |
| Less: Accumulated amortisation   | (1,829)               | (1,816)                                |
|                                  | 92                    | 96                                     |
| Customer contracts - at cost     | 1,315                 | 1,963                                  |
| Less: Accumulated amortisation   | (940)                 | (1,747)                                |
|                                  | 375                   | 216                                    |
| Software - at cost               | 3,253                 | 3,166                                  |
| Less: Accumulated amortisation   | (1,358)               | (1,648)                                |
|                                  | 1,895                 | 1,518                                  |
| <b>Total intangibles</b>         | <b>22,180</b>         | <b>20,865</b>                          |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| Consolidated                       | Goodwill<br>\$'000 | Product<br>development<br>\$'000 | Patents and<br>trademarks<br>\$'000 | Customer<br>contracts<br>\$'000 | Software<br>\$'000 | Total<br>\$'000 |
|------------------------------------|--------------------|----------------------------------|-------------------------------------|---------------------------------|--------------------|-----------------|
| Balance at 1 July 2020             | 4,315              | 14,720                           | 96                                  | 216                             | 1,518              | 20,865          |
| Additions                          | -                  | 4,987                            | 9                                   | 692                             | 834                | 6,522           |
| Exchange differences               | 76                 | -                                | -                                   | 9                               | -                  | 85              |
| Amortisation expense               | -                  | (4,280)                          | (13)                                | (542)                           | (457)              | (5,292)         |
| <b>Balance at 31 December 2020</b> | <b>4,391</b>       | <b>15,427</b>                    | <b>92</b>                           | <b>375</b>                      | <b>1,895</b>       | <b>22,180</b>   |

During the half-year ending 31 December 2020, the Group derecognised fully amortised product development, customer contracts and software assets with gross value of \$4,471,000, \$131,000 and \$747,000 respectively.

**Note 8. Trade and other payables**

|                                       | 31 Dec 2020<br>\$'000 | Consolidated<br>30 June 2020<br>\$'000 |
|---------------------------------------|-----------------------|--|
| <i>Current liabilities</i>            |                       |  |
| Trade payables                        | 2,223                 | 2,884                                  |
| Accrued expenses                      | 3,481                 | 4,360                                  |
| Goods and service tax                 | 399                   | 666                                    |
| Other payables                        | 161                   | 271                                    |
| <b>Total trade and other payables</b> | <b>6,264</b>          | <b>8,181</b>                           |

**3P Learning Limited**  
**Notes to the financial statements**  
**31 December 2020**

**Note 9. Borrowings facilities**

*Bank loan facilities*

The bank loan facilities are subject to variable interest rates, which are based on the bank bill swap rate ('BBSY'), plus a margin. The banking facilities consist of a \$10,000,000 bank loan and a \$2,000,000 bank guarantee that each mature on 31 March 2021. The banking facilities are secured by fixed and floating charges over the Group's assets. The Group will extend the facility as required.

Bank guarantee and ancillary facilities of \$110,000 are available under 3P Learning Limited (United Kingdom) is subject to a regular review. The next review is scheduled for January 2021.

*Financing arrangements*

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

|                                       | 31 Dec 2020<br>\$'000 | Consolidated<br>30 June 2020<br>\$'000 |
|---------------------------------------|-----------------------|--|
| Total facilities                      |                       |  |
| Bank loans                            | 10,000                | 10,000                                 |
| Bank guarantee and ancillary facility | 2,110                 | 2,111                                  |
|                                       | <u>12,110</u>         | <u>12,111</u>                          |
| Used at the reporting date            |                       |  |
| Bank loans                            | -                     | -                                      |
| Bank guarantee and ancillary facility | 1,451                 | 1,866                                  |
|                                       | <u>1,451</u>          | <u>1,866</u>                           |
| Unused at the reporting date          |                       |  |
| Bank loans                            | 10,000                | 10,000                                 |
| Bank guarantee and ancillary facility | 659                   | 245                                    |
|                                       | <u>10,659</u>         | <u>10,245</u>                          |

**Note 10. Issued capital**

|                              | 31 Dec 2020<br>Shares | 30 June 2020<br>Shares | 31 Dec 2020<br>\$'000 | Consolidated<br>30 June 2020<br>\$'000 |
|------------------------------|-----------------------|------------------------|-----------------------|--|
| Ordinary shares - fully paid | 139,484,170           | 139,484,170            | 34,494                | 34,494                                 |

**Note 11. Dividends**

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

**Note 12. 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.

**Note 13. Earnings per share**

|   | 31 Dec 2020<br>\$'000 | Consolidated<br>31 Dec 2019<br>\$'000 |
|---|-----------------------|---------------------------------------|
| Loss after income tax attributable to the owners of 3P Learning Limited                   | (1,523)               | (1,878)                               |
|   | <b>Number</b>         | <b>Number</b>                         |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | 139,484,170           | 139,299,555                           |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 139,484,170           | 139,299,555                           |
|   | <b>Cents</b>          | <b>Cents</b>                          |
| Basic earnings per share  | (1.09)                | (1.35)                                |
| Diluted earnings per share  | (1.09)                | (1.35)                                |

**Note 14. Events after the reporting period**

On 21 January 2021, the Group entered into a non-binding term sheet to pursue a merger with Blake eLearning Pty Ltd ('Blake'), under which the Group will acquire 100% of the equity of Blake in exchange for 137 million shares in the Group subject to satisfactory due diligence by both parties and entry into definitive transaction documents.

No other matter or circumstance has arisen since 31 December 2020 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.

3P Learning Limited  
Directors' declaration  
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Samuel Weiss  
Chairman

22 February 2021



**Building a better  
working world**

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## **Independent Auditor's Review Report to the Members of 3P Learning Limited**

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of 3P Learning Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all



significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young


A handwritten signature in black ink that reads 'Robinson' in a cursive style.


Renay C Robinson  
Partner  
Sydney  
22 February 2021

the award-winning team behind



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