3P Learning

2022 ANNUAL REPORT

3P Learning Limited

ABN 50 103 827 836

FY22 Highlights

UNDERLYING[1] EBITDA
$13.8m
+46%
vs pcp[2]

REVENUE
$97.2m
+69%
vs pcp[2]

B2C BILLINGS[3]
$38.8m
+13%
vs pcp[2]

B2B ARR
$64.4m
+0%
vs pcp[2]

UNDERLYING CASH FLOW FROM OPERATIONS BEFORE TAX

$22.6m

- $31.1m cash balances
- $10.0m annualised synergies realised

CUSTOMERS

>5.5m

- B2B Licences 4.4m (-4%) vs pcp[2]
- B2B Distributor Licences[4] 0.9m (-13%) vs pcp[2]
- B2C Licences 313k (11% growth) vs pcp[2]

PRODUCT DEVELOPMENT

$27.6m

- $22.1m product development expense
- $3.1m Writing Legends investment - capitalised
- $1.5m investment in other products - capitalised
- $0.9m Canadian Reading Eggs[5] distribution rights re-acquired expensed

1. "Underlying" is a non-statutory measure and is the primary reporting measure used by the CEO, CFO and Board of Directors for assessing the performance of our business.
2. pcp: prior comparison period which was prior to the merger with Blake eLearning Pty Ltd (Blake) and is compared to FY21.
3. Billings are reported 'gross' before commissions are deducted by Apple or Google and exclude Workbooks. FY21 is based on Blake unaudited management accounts.
4. B2B Distributor Licences acquired as part of the merger with Blake.
5. Re-acquired effective 1 January 2022.

3P LEARNING OVERVIEW

3P Learning's Reach

3PL is a global market leader in edtech programs for reading, writing and mathematics that are engaging, motivational, and effective for students as well as easy-to-use for teachers.

5.5M+
STUDENTS

17K+
SCHOOLS

179
COUNTRIES

218M
LESSONS COMPLETED

360+
EMPLOYEES

Mathletics

Reading eggs

Writing LEGENDS
A community of writers in every room

Mathseeds

Purpose and Values

Better Ways To Learn - Our Purpose at 3P Learning

At 3P, we are passionate about better ways to learn.
We want every child to learn the fundamental skills required for academic success, and to develop a lifelong love of learning.

At 3P, 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.

At 3P, 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, results in Progress.

At 3P, 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.

3PL'S VALUES

- Create Lifelong Learners
- Find Better Ways
- Make it Happen
- Be Authentic
- Thrive Together

Corporate Social Responsibility

3PL is committed to creating a positive impact on our society and environment. Our company purpose: 'Better Ways to Learn' means that our people and products are uniquely placed to improve the lives of students, teachers, schools and communities.

3P's Giving Back initiatives identify and enable projects that can achieve this. They focus on the contribution we make to education, both locally and globally. Giving Back has four tiers:

1. Working with partners

3P works with our customers to enhance their impact.

Continued support of the Click Foundation in South Africa in FY22, with free or subsidised licences of our products. The Click Foundation is not only addressing the literacy crisis in Africa but equipping young learners with the technological skills required for future success. We have been able to reach more than 300 000 students in under-privileged schools in South Africa this year.

2. Supporting schools in need

3P grants licences and support directly to schools in need.

In FY22 this pilot initiative offered product licenses to students displaced by the war in Ukraine and to students in need from a school in India.

3. Supporting employees —'passion projects'

3P grants licences to employees' education-focused projects.

In FY22, we launched this program whereby employees can give up to 50 product licenses to an education project of their choice in their community. This program can be linked with employee "3P Days"—additional annual leave to participate in activities that resonate with an employee's individual purpose and passions.

4. Supporting employees —'workplace giving'

3P matches charitable donations by employees.

Heading into FY23, 3PL will expand the Giving Back program, using the Click Foundation model with partners in other regions to launch a global workplace giving program.

Chairman’s Letter to Shareholders

I am pleased to report that 3PL in the 2021-22 financial year has delivered revenue of $97.2M, at the top end of our previously issued guidance, and underlying EBITDA within guidance at $13.8M.

This is the first full year of trading since the significant acquisition of the Blake eLearning business in May of 2021. Integrating the Blake business has proceeded well, and we have extracted about $10M in annual cost savings from the combined business. We have also done a lot of work to align cultures and developed an ambitious product plan that we believe will set us up for strong growth in the medium term.

By acquiring Blake, 3PL gained a much larger exposure to the direct-to-consumer market, which now makes up about 40% of our overall sales. This market received a significant boost during the height of worldwide Covid lockdowns. The good news is that not only have we maintained these Covid lockdown sales numbers, we have increased them by 13%. And we have done this while maintaining our overall gross margins from this part of the business by being disciplined in our marketing expenditures, rather than “buying” market share.

The revenue in our direct-to-schools business increased 8%, while Annual Recurring Revenue has basically been flat, which we think is a good result in a year where we made significant changes to our sales teams. We also stopped actively selling the ReadiWriter and Spellodrome programs to focus on our main three programs. While two of our three “hero” products, Reading Eggs and Mathseeds, grew sales, the third, Mathletics, decreased by a modest amount. We expect to grow sales materially again in Mathletics, in 2023-24 financial year, when we release a significant rebuild of the program.

The overarching strategy of 3PL is to really help students acquire the key academic skills of reading, writing and maths (3Rs). We want to focus our energies on anything that can significantly improve outcomes in these areas, especially in grades PreK-8. This is why we are making a significant investment in our writing skills program called Writing Legends, that we plan to release in the second half of the 2022-2023 financial year. We think Writing Legends can become the fourth of our “hero” products in the next few years.

The other areas that we believe can improve outcomes in the 3Rs are assessment, to give teachers immediate feedback on what is working for each student, and services to assist with professional development of teachers.

We think integrating these types of programs with our key skills programs will further improve learning outcomes. We will look at entering these areas in the next three years through a combination of strategic acquisition and organic development.

In our last presentation we mentioned possible opportunities in the Corporate Social Responsibility (CSR) area, and with deals at the Ministry of Education (MOE) level. We do not believe the previously announced deal with the Middle East MOE will proceed, despite considerable investment of time and effort over the last three years.

We still see potential for more modest deals in the CSR area, with typical deal value in the hundreds of thousands, rather than millions. We will continue exploring opportunities in these areas, but in a way that won’t divert us from our ambitious product roadmap and doing what we know and do best: selling to schools and parents.

Chairman's Letter to Shareholders

For the year ahead we expect double-digit growth in both revenue and underlying EBITDA. We expect revenue to be in the $111M to $115M range, and underlying EBITDA in the $15M to $18M range. Cash generation, before investments, is expected to be equal or exceed the FY23 underlying EBITDA range. This is underpinned by good growth in the consumer business and revenue in our schools business no longer impacted by the merger-related revenue recognition treatment.

As mentioned in previous presentations, there was a change in revenue recognition of Blake school sales post-merger which had the effect of decreasing revenue by around $10M in FY21-22 and increasing it by around the same amount in FY22-23. The underlying sales to schools in FY22-23 are only expected to grow in single-digits. We are expecting much better growth in schools once we release Writing Legends and Mathletics New Courses in FY23-24.

I am happy with what 3PL has achieved in the last 12 months since it combined with Blake.

We are building a lot of great new programs that we think will make a real difference to learning outcomes in the key academic skills. Most of these new programs won't be seen until FY23-24 so I'm pleased we can still expect good growth in sales and EBITDA in the meantime.

Yours sincerely

Matthew Sandblom
Executive Chairman

A message from the CEO

In the first full financial year since acquiring Blake eLearning, we have successfully merged the two businesses into one, creating a strong vision for product, our people, and further enhancing 3PL's opportunities for growth.

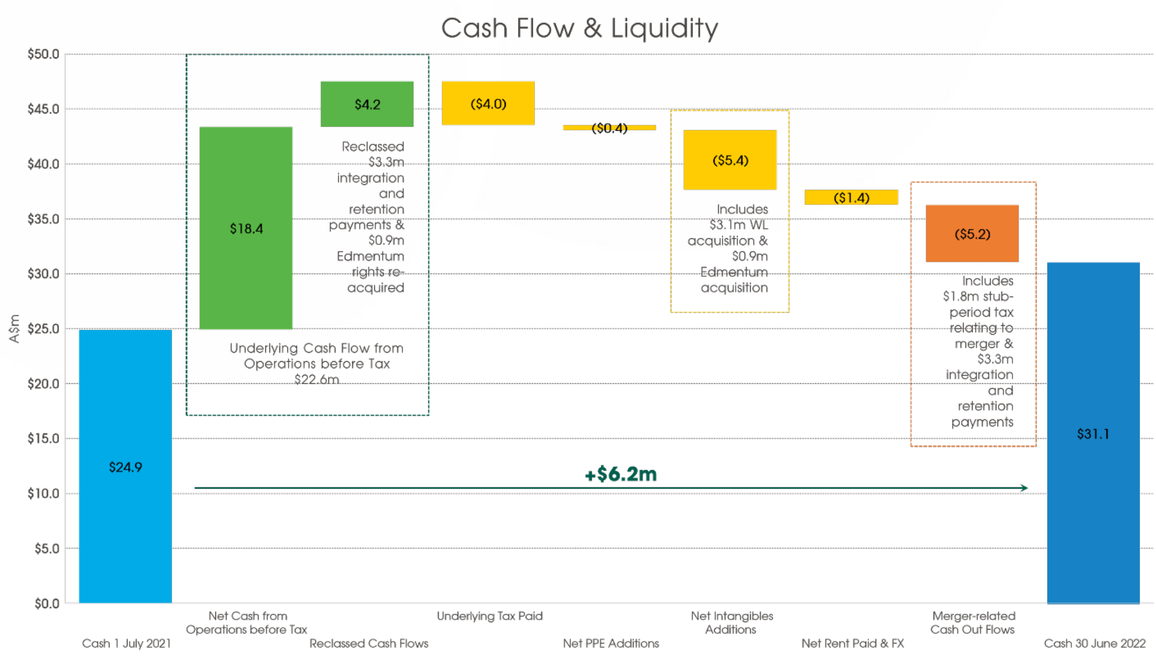
After completing the operational integration work, we focused on developing product strategy, sunsetting lower performers and expanding our hero products offering into Reading, Writing and Maths with the acquisition of Writing Legends.

On the people side, we introduced the first stage of our ESG program and built strong People & Culture engagement with our updated purpose statement, *Better Ways to Learn,* and company values.

It is a credit to our team's talent, passion and dedication that, while undergoing this significant transformation, we also delivered the financial performance goals we set out to achieve, including annualised synergy savings of $10M.

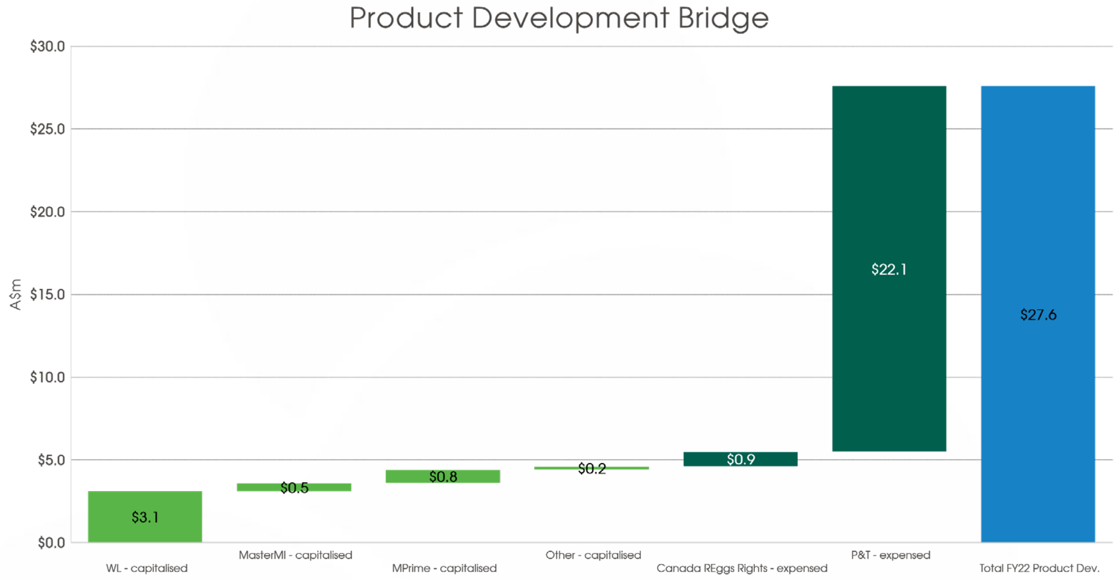
As mentioned in our Chairman's Letter to Shareholders, we finished FY22 with revenue of $97.2M, at the upper end of market guidance. Underlying EBITDA of $13.8M was at the mid-point of market guidance.

Underlying cash generation before tax was also strong at $22.6M for the year, as shown below, with closing cash balance of $31.1M at 30 June 2022.



This includes product development costs of $27.6M.
We capitalised $3.1M investment in Writing Legends and $1.5M in Mathseeds Prime and Master Math Island, which are new products. The remaining $23M was expensed in FY22, as detailed in this Product Development Bridge.

A message from the CEO



Performance across our operating segments in FY22 was as follows:

1. *B2C: Double-digit revenue growth*

   B2C delivered another solid year with 13% gross billings growth (17% net billings growth), underpinning revenue of $39.3M. Net billings contribution margin was 53%, including all direct sales and marketing costs, and commission paid to Apple and Google.

   Australia and US were our strongest markets and, together with the UK, accounted for 76% of the year's billings. Our direct Website channel improved 18% on last year, reflecting our continued investment in direct-to-consumer digital marketing expertise. Google was our fastest growing channel at 29%, albeit from a smaller base.

2. *B2B: Single-digit revenue growth, steady ARR, more profitable*

   Revenue from B2B this year was $57.9M, which was 8% higher than last year, with ARR steady at $64.4M.
   This was a good result given the restructure of our US sales team, and the more focused product suite sunsetting ReadiWriter and Spellodrome to concentrate development on Mathletics and Writing Legends. Exit ARPU was 6% higher at $12.40.

3. *Emerging markets and CSR deals*

   We followed up potential opportunities with Ministries of Education in the Middle East and the Americas during FY22 but have not been successful.

   These whole-of-country deals take time and include significant customisation of our products. Without tangible financial commitment, they take up resources that can be better deployed elsewhere.
   We will continue seeking opportunities in this space but will direct more of our efforts to CSR deals aligned with 3P events such as World Maths Day, that provide more certainty.

A message from the CEO

Key initiatives for FY23 – People, Product, Position and Profitability

For FY23 and beyond our focus will be on four key areas:

- *People*
  Developing our in-house capability and talent, as well as attracting and retaining high performers for all key roles.

- *Product*
  Building educational programs that are engaging, motivational, and effective for students as well as easy to use for teachers so we have a platform for future success.

- *Position*
  Expanding our products and services to position 3PL as the premier company for the core academic skills of Reading, Writing and Maths.

- *Profitability*
  Achieving our people, product, and positioning goals to increase topline revenue while keeping a close eye on costs to further improve profitability and cash generation.

It's been an outstanding team effort to bring our combined talent and expertise under one roof to deliver *Better Ways to Learn* and a solid financial result for FY22.
In the year ahead, I look forward to even greater innovation and success for the benefit of our customers, our shareholders, and all lifelong learners.

Yours sincerely

Jose Palmero
Chief Executive Officer

Contents

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 2022.

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 - Non-Executive Chairman (appointed on 28 May 2021); Executive Chairman (appointed on 24 August 2021, effective on 25 August 2021)
Mark Lamont
Katherine Ostin (appointed on 6 August 2021)
Allan Brackin (appointed on 6 August 2021)
Belinda Rowe (appointed on 20 September 2021)
Samuel Weiss (resigned on 17 September 2021)
Claire Hatton (resigned on 24 September 2021)

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.

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

Review of operations
Business overview
The Group is a global leader in online education and adaptive and collaborative learning. The Group's suite of mathematics and literacy 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 360 educators, engineers, product designers and other personnel around the world, servicing schools and parents in more than 100 countries. Today, the Group is trusted by almost 6 million students in over 17,000 schools across the world. The Group's mission is to create the teaching moments that inspire learning.

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

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Loss before income tax benefit	**(1,182)**	**(11,778)**
Administrative expenses - buyback of distributor rights	873	-
Depreciation and amortisation expense	11,937	8,313
Employee expense - restructure and integration	1,494	2,450
Finance costs	189	237
Impairment expense	-	4,818
Interest income	(67)	(115)
Professional fees - corporate advisory costs	508	5,476
Underlying EBITDA*	**13,752**	**9,401**

* Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding corporate advisory, restructure and integration costs specifically associated with the acquisition of Blake eLearning Pty Ltd and costs associated with the buyback of distribution rights.

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 profit after income tax expense, has been provided to meet 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.

Revenue
Total revenue for the year ended 30 June 2022 was $97,221,000 (30 June 2021: $57,448,000). The acquisition of Blake eLearning Pty Ltd ('Blake' or 'Acquisition') occurred on 28 May 2021 with $3,453,000 revenue contribution for 28 May 2021 to 30 June 2021. The year ended 30 June 2022 includes a full year of Blake revenue.

Performance
The loss for the Group after providing for income tax and non-controlling interest amounted to $536,000 (30 June 2021: loss 9,369,000).

Depreciation and amortisation have increased as a result of the Acquisition which has resulted in a higher asset base.

During the year, a distributor in the Canadian market relinquished their exclusive distribution rights to the Group for $873,000.

Corporate advisory costs, and integration and restructuring costs associated with the Acquisition were $2,002,000 (30 June 2021: $7,926,000). Integration activities have been completed with approximately $10,000,000 in synergies achieved since the Acquisition.

In the previous year, an impairment expense of $4,818,000 was recognised on the ReadiWriter product suite which was sunset following a product strategy reset to focus on 'hero products'.

As at 30 June 2022, the Group has $31,127,000 (30 June 2021: $24,906,000) of cash and cash equivalents and no debt. Surplus cash to operating requirements are placed on term deposit with third party deposit institutions to maximise interest income.

Segment review
Segment revenue for the year is as follows:

	30 June 2022 $'000	30 June 2021 $'000	Change $'000	Change %
Business-to-School ('B2B')	57,933	53,671	4,262	7.9%
Business-to-Consumer ('B2C')	39,288	3,777	35,511	940.2%
Corporate	67	115	(48)	(41.7%)
Total Revenue	97,288	57,563	39,725	69.0%

Segment Underlying EBITDA is as follows:

	30 June 2022 $'000	30 June 2021 $'000	Change $'000	Change %
Business-to-School ('B2B')	7,475	11,164	(3,689)	(33.0%)
Business-to-Consumer ('B2C')	9,202	1,680	7,522	447.7%
Corporate	(2,925)	(3,443)	518	(15.0%)
Total Underlying EBITDA	13,752	9,401	4,351	46.3%

B2B segment
Revenue in the B2B segment has increased by $4,262,000. The Acquisition contributed increased revenue of $11,494,000. This was offset by a change in revenue recognition on Blake products sold to schools from the date of acquisition. Revenue recognition from acquisition date was recorded on a straight-line basis over the service period consistent with licence revenue, whereas previously it was recorded at the point of sale consistent with net commission revenue. Underlying EBITDA has decreased by $3,689,000 driven by increased product and technology costs due to the Acquisition offset by realised synergies in sales and marketing costs, and the flow on impact from increase in revenue.

B2C segment
Revenue in B2C has increased by $35,511,000 due to the contribution from the Acquisition. Underlying EBITDA has increased by $7,522,000 due to increased revenue offset by increased sales and marketing costs in the B2C market for the previous Blake business.

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 industry and there are a large number of online education participants targeting the school K-12 segment, many 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 legislation relating to managing information security and safeguarding customer and student data remains a paramount key consideration and impacts the way the Group approaches everything it does and the decisions it makes. The Group takes the storage of this data incredibly seriously and place the highest priority on ensuring its security.

Revenue risk: The K-12 market is driven by the 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 or any regulatory changes which impact online education or online sales.

Commercial contractual risk: The Group may from time to time enter into agreements with a foreign government body. These contracts have the potential to be material and therefore there are increased liability risks through events such as breach of contract, claims, disputes or litigation and increased business risk such as failure to build strong relationships or failure to meet contractual objectives. As at 30 June 2022, no such material contracts were in place.

Exchange rate risk: Volatility in exchange rates can impact the Group's ability to maintain or grow margins, however, 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 British Pound). The Board believes that natural hedges presently mitigate any exchange rate volatility risk for the Group to an economically acceptable level.

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

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2022 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.

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 mathematics and literacy. 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.

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

Information on directors

Name:	Matthew Sandblom
Title:	Executive Chairman (appointed on 24 August 2021, effective on 25 August 2021) previously Non-Executive Chairman (appointed on 28 May 2021)
Qualifications:	BA Economics
Experience and expertise:	Matthew is an education entrepreneur with over 30 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.
Other current directorships:	No other ASX listed entity
Former directorships (last 3 years):	None
Interests in shares:	136,970,000

Name:	Mark Lamont
Title:	Independent Non-Executive Director
Qualifications:	BA., Dip Ed
Experience and expertise:	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. Non-Executive Director of Education Services Australia Limited since January 2017; Chair of EduGrowth Limited since January 2019; Chair of Typsy Group Pty Ltd since October 2021.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Member of the People and Culture Committee
Interests in shares:	None

Name:	Katherine Ostin
Title:	Non-Executive Director (appointed on 6 August 2021)
Qualifications:	B.Com, GAICD, Chartered Accountant, F Fin
Experience and expertise:	Katherine has diverse and deep experience in audit and risk management, having been a senior audit partner at KPMG from 2005 to 2017 prior to her NED career since 2018.
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; Non-Executive Director of Alex Corporation Limited and Alex Bank Pty Ltd since February 2021.
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.
Special responsibilities:	Chair of the Audit and Risk Committee and Member of the People and Culture Committee
Interests in shares:	None

Name:	Allan Brackin
Title:	Non-Executive Director (appointed on 6 August 2021)
Qualifications:	Bachelor of Applied Science
Experience and expertise:	Allan has over 35 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.
Other current directorships:	Non-Executive Director of Sovereign Cloud Holdings Limited (ASX: SOV) since 16 October 2020 and Non-Executive Director of Integrated Research Limited (ASX: IRI) since 1 February 2021.
Former directorships (last 3 years):	Chair of GBST Holdings Limited (ASX: GBT) - delisted on 7 November 2019; Chair of RPMGlobal Holdings Limited (ASX: RUL) - resigned on 30 June 2020; Chair of Sensera Limited (ASX: SE1) - resigned on 20 October 2020 and Chair of OptiComm Ltd (ASX: OPC) - delisted on 23 November 2020.
Special responsibilities:	Member of the Audit and Risk Committee and Member of the People and Culture Committee
Interests in shares:	222,895

Name:	Belinda Rowe
Title:	Non-Executive Director (appointed on 20 September 2021)
Qualifications:	Bachelor of Arts Monash University, AFA (Advertising Federation Australia) Graduate, GAICD
Experience and expertise:	Belinda is a very experienced business leader and successful marketing executive. Her extensive professional experiences lies in marketing communications, content, media and digital marketing technologies. She led media and marketing communications businesses for Zenith and Publics Media globally based in the UK, and held many senior notes 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.
Other current directorships:	Non-Executive Director of HT&E Limited since 5 February 2019; Non-Executive Director of Temple & Webster Group Ltd since 26 February 2021; Director of Soprano Design Limited since September 2020 and Non-Executive Director of Sydney Swans Limited since September 2021.
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the People and Culture Committee and Member of the Audit and Risk Committee
Interests in shares:	None

Name:	Samuel Weiss (resigned on 17 September 2021)
Title:	Independent Non-Executive Director
Qualifications:	AB, MS, FAICD
Experience and expertise:	Significant experience as a Senior Executive and as a Non-Executive Director in education, technology and consumer products companies in Australia, North America, Europe and Asia.
Other current directorships:	Non-Executive Director of Altium Limited (ASX: ALU) - since January 2007
Former directorships (last 3 years):	Non-Executive Director of Citadel Group Limited (ASX: CGL) - from 15 May 2019 to 31 October 2019
Special responsibilities:	Former Chair of the Audit and Risk Committee and former Member of the People and Culture Committee
Interests in shares:	Not applicable as no longer a director

Name:	Claire Hatton (resigned on 24 September 2021)
Title:	Independent Non-Executive Director
Qualifications:	BSc, MBA, GAICD
Experience and expertise:	Over 20 years of global experience in strategy, sales, marketing and operations. Significant experience in the digital and technology market. Previously held senior roles at Google, Travelport and Zuji.com.
Other current directorships:	None during appointment period. Non-Executive Director of Tyro Payments Limited (ASX: TYR) since January 2022 and Lifestyle Communities Ltd (ASX: LIC) since May 2022.
Former directorships (last 3 years):	None
Special responsibilities:	Former Chair of the People and Culture Committee and former Member of the Audit and Risk Committee
Interests in shares:	Not applicable as no longer a director

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

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

Company secretary

Elizabeth Wang (B. Com, LLB, GradDipACG, MAICD) is the company secretary and legal counsel since 16 July 2020. Elizabeth is an experienced company secretary and lawyer and has held various similar positions in the listed space for the past decade.

Joyce Li (BA Communications, LLB, LLM) was appointed as the joint company secretary with effect from 31 January 2022 and brings her experience working with listed companies and corporate governance.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		People and Culture Committee		Audit and Risk Committee	
	Attended	Held*	Attended	Held*	Attended	Held*
Matthew Sandblom [(1)]	7	7	1	1	-	-
Mark Lamont	7	7	6	6	5	5
Katherine (Kathy) Ostin [(2)]	7	7	5	5	4	4
Allan Brackin [(2)]	7	7	5	5	4	4
Belinda Rowe [(3)]	6	6	4	4	3	3
Samuel Weiss [(4)]	1	1	2	2	2	2
Claire Hatton [(5)]	1	1	2	2	2	2

* Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

(1) Matthew Sandblom attended the People and Culture Committee meeting as an invitee.
(2) Kathy Ostin and Allan Brackin started attending meetings from their appointment date on 6 August 2021.
(3) Belinda Rowe started attending meetings from her appointment date on 20 September 2021.
(4) Samuel Weiss resigned as a director of the Company and stepped down from his committee positions on 17 September 2021.
(5) Claire Hatton resigned as a director of the Company and stepped down from her committee positions on 24 September 2021.

Shares under option

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

Shares under performance and share appreciation rights
Unissued ordinary shares of 3P Learning Limited under performance and share appreciation rights at the date of this report are as follows:

Grant date	Vesting date	Exercise price	Share appreciation rights
21/12/2020	31/08/2023	$0.00	110,913
07/02/2022	31/08/2024	$0.00	1,687,327
03/06/2022	31/08/2024	$0.00	181,419
			1,979,659

No person entitled to exercise the performance and share appreciation rights had or has any right by virtue of the performance and share appreciation right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of 3P Learning Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Shares issued on the exercise of performance and share appreciation rights
There were no ordinary shares of 3P Learning Limited issued on the exercise of performance and share appreciation rights during the year ended 30 June 2022 and up to the date of this report.

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. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, 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 Ernst & Young during the financial year and up to the date of this report.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 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.

Non-audit services
Details of the amounts paid or payable of $84,000 (2021: $12,875) to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Letter from People and Culture Committee Chair

Dear Shareholder

On behalf of the board, it is my pleasure to present our Remuneration Report for the year ended 30 June 2022 (‘FY22’).

This year the Company reports on our completion of the integration of Blake eLearning, achieved through the dedication of our executive leaders and the passionate individuals who form our diverse teams at 3P Learning.

The Board also recognises your support in the changes to Company’s corporate structure and the changes to the Company’s non-executive directors.

In FY22 the People and Culture Committee (P&CC) saw the departure of Ms Claire Hatton (as prior Chairperson of the P&CC) and Mr Samuel Weiss, and the introduction of Mr Allan Brackin, Ms Kathy Ostin and myself to this committee. In this Remuneration Report you will find information about the changes that had been delivered by the prior P&CC committee in the interests of Shareholders, and which have transitioned and will continue to be extended within the ongoing focus of this committee.

Executive changes

Matthew Sandblom was appointed Executive Chairman effective 25 August 2021. This followed his initial appointment as Chairman and Non-Executive Director following the merger with Blake eLearning on 28 May 2021, and was a change determined by the Board to reflect his involvement in the day-to-day operations of the Company. As a substantial shareholder of the Company, and due to commercial arrangements that pre-dated the merger, Mr Sandblom requested that he receive a nominal fee of $1 in relation to his appointment. Alongside these changes, the Board confirmed the appointment of a non-executive director as Senior Independent Director (Allan Brackin) to lead the Board in the absence of the Chair should a matter that triggers a conflict need to be addressed by the Board.

During the year Jose Palmero formally transitioned from Interim CEO to CEO with no changes to his agreed fixed and variable remuneration. This report sets out the performance outcomes to Jose’s annual short term incentive (‘STI’) cash payment with an ‘at target; value equivalent of 50% of his fixed annual remuneration, and a long term incentive (‘LTI’) equity package with an ‘at target’ value equivalent to 50% of his fixed annual remuneration.

Anton Clowes was appointed Chief Financial Officer on 26 April 2022 following the departure of Dimitri Aroney. Anton is eligible for incentives under the FY22 STI and LTI arrangements on a pro-rata basis from the date of his appointment, and the outcomes are noted in the report. Anton’s appointment followed a process overseen by the Board to identify the skills and experience that would bring both the leadership and technical excellence required to support the Company’s growth and strategic goals.

Board changes in FY22

Mr Samuel Weiss and Ms Claire Hatton resigned from the Board and its committees on 17 and 24 September 2021 respectively. The Company also confirmed the appointment of Mr Allan Brackin and Ms Kathy Ostin on 6 August 2021, and myself from 20 September 2021, as independent non-executive directors.

The mandate for the appointments of the non-executive directors followed a review by the then P&CC to boost the Board skillset considered valuable to the delivery of 3P’s strategy, goals and governance. The objective was to establish a board with the mix of skills, experience and personal attributes to enable it to effectively fulfil its roles and responsibilities, and to support the achievement of the strategic goals of 3P Learning.

The Board has considered our performance this financial year and reflected on our delivery of strategic impact and oversight for the Company and its shareholders. As a Board, we access the significant knowledge in education, education pedagogy and education technology of Matthew Sandblom as Executive Chairman, and Mark Lamont as independent non-executive director. Allan Brackin brings his experience as a seasoned director with over 35 years’ experience in building revenue growth and market value in private and public companies in the technology sector. Kathy complements the Board with her strong financial, audit and risk advisory background and experience in delivering outcomes in a broad sector of industries. My contribution brings executive and board experience in international marketing, communication, media and digital businesses.

The Board’s insight gained in FY22 confirms our belief that the contribution of each director will continue to support and drive the success of 3P Learning in FY23 and beyond.

Remuneration Strategy

Our key focus area for FY22 has been the alignment of 3P Learning's remuneration and incentive model as a newly integrated business, in order to support our strategic goals. Our model needs to enable our business objectives, deliver shareholder returns and ensure we are offering competitive remuneration packages to attract and retain talented executives.

The changes that were implemented in FY22 incorporated the following:
The addition of Business Expansion, and People & Culture KPIs, to the Short-Term Incentive Plan for Executives, as well as performance component for our broader employee base. These components are in addition to the achievement of defined Revenue and EBITDA targets; and
The introduction of share appreciation rights as the instrument underpinning our Executive Long Term Incentive Plan. These reward the Executive on the cumulative performance achievements of the Company over a three-year period. The measures of the LTI Plan remain unchanged, namely Revenue and EPS.

In addition, the vesting conditions for the performance rights issued under the FY20 and FY21 LTI Equity Incentive Plans were also reviewed this year in accordance with the plan rules. The Board considered the original vesting targets and hurdles for revenue and earnings per share targets, which had been set in FY20, and utilised its discretion to adjust the hurdles having regard to the merger and integration of Blake eLearning.

As we move into FY23, it is our intention to retain the current design of the FY22 STI and LTI Plans, and to place an increased focus on developing a further scheme that encourages greater share ownership by a broader cohort of 3P talent. We will also continue to build on our remuneration strategy where we identify improvements and additions that can be made to further drive high performance.

Our Company Purpose and Values

One of our key focus areas for this integration year has been the development and launch of our company purpose “Better Ways To Learn”, and a refreshed set of company values. These were developed from the “ground up” and included stakeholders representing our Board, leadership team and customers, and most importantly, 120 of our people from around the world. Our values ‘Create Lifelong Learners”, “Make It Happen”, “Find Better Ways”, “Be Authentic” and “Thrive Together” strongly resonate with our people and reflect how we work every day at 3P Learning. They also reflect what our many stakeholders experience and expect when working with us.

We look forward to continuing to build our purpose and values into everything that we do in FY23.

Diversity and Inclusion

Embracing diversity and inclusion is also central to how we work and how we seek to create “Better Ways To Learn” at 3P Learning. We believe that the more perspectives we are open to, the more that our company and our product can thrive. This is also at the heart of our new company value “Be Authentic”.

Since 2017, the Board has set the target of 50% gender diversity at the Board level, the senior leadership team level, as well as across the organisation globally. At an aggregated level, women comprised 58% of our employees globally as at 30 June 2022. At the Board level, 40% of directors were female. At the senior leadership team level, 56% were women and 44% are men respectively, which has increased from 50% female representation in the previous year. This is a result that we are very proud of and one that we will continue to champion in FY23.

Our Change Journey

At the time of the merger in late FY21, we set out a three-stage change plan. Stage1, Resolve Uncertainty, which was our first critical priority and this underpinned much of the restructuring work that was required in the early days. Stage 2, Rebuild Energy and Momentum, followed this as we brought the two companies together culturally through a range of initiatives, and focussed our sights squarely on the future. Stage 3, Ramp Up High Performance, is now well advanced and is our key focus area in FY23.

The genuine commitment and dedication shown by our people has been exceptional during FY22 and has provided an important foundation for strong company performance this year. This achievement should not be understated, considering this integration was largely completed during the global pandemic, where face to face contact was limited for many months. We look forward to further building on this achievement in FY23.

Our people will be the key to the achievement of our ambitious and exciting strategic goals in the year, and years ahead. We have a clearly defined people and culture strategy that guides our focus and we have a keen eye on attracting and retaining the great talent that we need to deliver strong outcomes for our investors. In FY23, we will also build on an exciting program of work that we have commenced around “Giving Back” which a key pillar of our ESG agenda. I look forward to updating you on this in due course.

We are excited about the year ahead, and again, we thank you for your continued support of 3P Learning.

Belinda Rowe
Chair of People & Culture Committee

22 August 2022
Sydney

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 2022 (the **Group**). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

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

- Non-executive directors (**NEDs**)
- Executive director and certain senior executives (collectively the **Executives**).

Overview

Section	
1	Key management personnel changes
2	Overview of executive remuneration
3	Performance and executive remuneration outcomes in FY22
4	Non-executive directors' remuneration
5	Service Agreements
6	Share-based compensation
7	Additional disclosures relating to key management personnel
8	Other transactions with KMP and their related parties

1. Key management personnel (KMP) Changes

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(i)	Appointed 6 August 2021
Katherine Ostin	Non-executive Director	Appointed 6 August 2021
Belinda Rowe	Non-executive Director	Appointed 20 September 2021
Sam Weiss	Non-executive Director	Ceased on 17 September 2021
Claire Hatton	Non-executive Director	Ceased on 24 September 2021
Executive Director		
Matthew Sandblom	Executive Chairman(ii)	Full financial year (Appointed as Executive Chairman effective 25 August 2021)
Other KMP		
Jose Palmero	Chief Executive Officer (CEO)(iii)	Full financial year
Anton Clowes	Chief Financial Officer	Appointed 26 April 2022
Former KMP		
Dimitri Aroney	Chief Financial Officer	Ceased on 26 April 2022(iv)

(i) On appointment of an Executive Chairman, the non-executive directors nominated and appointed Allan Brackin as Senior Independent Director.
(ii) Matthew Sandblom served as Non-Executive Chairman between 28 May 2021 to 24 August 2021 after which he was appointed Executive Chairman effective 25 August 2021.
(iii) Jose Palmero was appointed interim CEO on 28 May 2021 upon the completion of the Blake eLearning acquisition. On 24 August 2021, the Board waived the interim period and effective 25 August 2021, Jose was appointed CEO on an ongoing basis.
(iv) Dimitri Aroney ceased to be a member of KMP effective 26 April 2022 and ceased employment on 1 July 2022.

Following the review and nomination processes applied by the People and Culture Committee (**P&CC**) and the Board, the Company welcomed the appointments of non-executive directors Allan Brackin and Katherine (Kathy) Ostin on 6 August 2021, and Belinda Rowe on 20 September 2021. These appointments were confirmed in annual general meeting with shareholders in November 2021. The Company also acknowledged the contributions of Sam Weiss and Claire Hatton during the year and prior to their cessation as KMP in September 2021.

In relation to the executive KMP, Jose Palmero transitioned from serving under his appointment as interim CEO following the Blake eLearning acquisition in May 2021 to be appointed CEO on 25 August 2021. Anton Clowes was appointed as Chief Financial Officer (CFO) on 26 April 2022, and Dimitri Aroney ceased to be a member of KMP effective 26 April 2022.

The focus of this report is on 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.

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, its 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
- fairness for all stakeholders
- simple to understand and administer
- motivating to executives
- 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, is 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 Period the P&CC considered the FY22 Long Term Incentive grants. The appropriate long-term incentives and performance targets were considered by the P&CC and Board for the leadership team comprised of the CEO, CFO and non-KMP executives for the next phase of the Company.

External remuneration consultants (Ernst & Young) were engaged by the Company during the reporting period to provide advice that was independent and free from undue influence from any KMP, in relation to the general design and implementation of the Company's FY22 Long Term Incentive offer. The consultant did not make any remuneration recommendations in relation to any KMP. The Company also engaged external advisors to advise on the valuations of the share-based payments and tax related matters. The total incurred cost for remuneration-related advice throughout the financial period was $40,150.

Our executive remuneration policy and structures

In light of the Group's remuneration philosophy, the Board considers the measures and levels of fixed remuneration and variable remuneration consisting of short-and long-term incentives. Review of executive remuneration levels are conducted annually by the P&CC and agreed by the Board to determine the optimal mix between fixed and 'at risk' incentive components for the CEO. The remuneration of other the executive KMP is reviewed with input from the P&CC and Board by the CEO, and approved by the Board.

For the period from 25 August 2021, Matthew Sandblom was appointed Executive Chairman and entered a services agreement with a term of 12 months for his services as KMP. The remuneration is capped annually to $100,000 and does not contain any variable STI or LTI remuneration. Any remuneration arrangements with the Executive Chairman under his services agreement are reviewed by the P&CC and agreed by the Board (excluding the Executive Chairman). As no STI or LTI remuneration is payable, the following sections on remuneration for executive KMP do not apply to the Executive Chairman.

Details for each of the individual components for remuneration for other executive KMP in both FY21 and FY22 were as follows:

	Fixed	Variable or 'At Risk' Performance Based	
Remuneration Structure	**Fixed remuneration** *Attracts and retains high performance talent*	**Short term incentive (STI)** *Rewards current year performance*	**Long term incentive (LTI)** *Rewards longer term sustainable performance*
FY2021	• Fixed salary set by reference to appropriate benchmark information and experience of individuals • Includes superannuation and salary-sacrifice non-monetary benefits	• 25 - 50% of fixed remuneration at target STI • Increased focus on revenue growth • Weighting of group performance targets: - revenue (70%); - underlying EBITDA (30%)	• 25 - 50% of fixed remuneration at target LTI • Grant of performance rights • Encourage greater executive ownership of the Company
FY2022		• 25 - 50% of fixed remuneration at target STI • Increased focus on revenue growth, business expansion and people leadership • Weighting of group performance targets: - revenue (up to 40%); - underlying EBITDA targets (up to 40%) - functional achievements of business expansion, and people and culture KPIs (20%)	• 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

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.

Remuneration of KMP is determined or reviewed with reference to available market data including benchmarks to comparable roles in similar companies and is reviewed annually by the P&CC.

The fixed remuneration for the CEO is reviewed annually by the P&CC and following consideration of performance against annual key performance indicators set at the start of the financial period. Any changes to CEO fixed remuneration requires Board approval. The fixed remuneration of KMP reporting to the CEO is reviewed by the CEO on consultation with the P&CC, and approved by the Board.

Performance based remuneration

The 'at risk' performance-based remuneration components for eligible 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 Short-Term Incentive (**STI**) plan provides eligible 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 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 FY22 Target STI is designed to deliver strong and sustainable performance and 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 key performance indicators (**KPI**).

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

In comparison, the STI program in FY21 similarly focused on sustainable performance and continuing growth by retaining talent and rewarding performance.

How is performance measured?

The financial performance measures that are set for eligible Executives are based on a range of profit, revenue and business expansion or people leadership targets.

For the current year the Board considers the financial measures to be appropriate as they are aligned with the Group's objective of delivering profitable growth and improved shareholder returns. The inclusion of business expansion and people leadership targets also provide focus on the delivery of integration and business plans aligned to initiatives that build and sustain longer term shareholder returns.

In comparison, the FY21 performance measures were solely linked to profit and revenue growth. The weighting of the performance measures was based on the financial performance objectives in place at the beginning of that year.

A summary of the performance measures and weightings in the two prior years are as follows to highlight these changes:

		Revenue	Underlying EBITDA	Business Expansion	People & Culture
CEO	**2022**	**30%**	**30%**	**20%**	**20%**
	2021	70%	30%	-	-
KMP	**2022**	**40%**	**40%**	**-**	**20%**
	2021	70%	30%	-	-
Non-KMP	**2022**	**40%**	**40%**	**-**	**20%**
executives	**2022**	**-**	**-**	**100%^**	**-**
	2021	70%	30%	-	-

^In 2022, performance measures for certain non-KMP executives consist of a range of business targets developed to align with their responsibilities.

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

When is it paid?

The STI award is determined 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 this assessment of performance. The STI award is wholly paid in cash within 4 months after the end of the performance period.

Deferral terms

Payment of STI is not deferred.

Long-Term Incentive

The objective of the Long-Term Incentive (**LTI**) Plan is to link the long-term reward for KMP and non-KMP executives to the creation of shareholder value through the allocation of an equity award which are subject to specific performance conditions.

In FY22 the Board reviewed the LTI Plans in place and engaged remuneration consultants to consider the equity instruments that would achieve the objectives of aligning exceptional performance with medium to long term growth and shareholder value. Among the factors considered by the Company was the focus on the strategic goals that will follow on from the integration of Blake eLearning, and the appropriate measures and incentive to drive performance and execution of these strategic goals over that longer term. When setting the opportunity to be awarded shares in accordance with the remuneration policy, the Board considered that the combination of the vesting conditions that would 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. The 3P Learning Equity Incentive Plan Rules were updated to clarify terms for the issue of Share Appreciation Rights as an Award (defined under the Rules).

How is it paid?	The 3P Learning Equity Incentive Plan Rules (**Rules**) 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 (**SAR**), while in prior years performance rights had been granted. Subject to the Rules, and in circumstances where the relevant vesting conditions are met: • in relation to SARs, the eligible executive can exercise their vested SARs during the Exercise Period to be allocated Company shares, and • in relation to Performance rights, the relevant number of ordinary shares will be issued to eligible executives.
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. In relation to SARs, the number of rights 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. If the participant commenced their role within the financial year, the LTI opportunity is calculated on a pro-rata based on their commencement date.
How is performance measured?	Historically, all grants of Awards under the LTI Plan have been weighted equally between revenue and Earnings Per Share (**EPS**) targets and generally had a three-year vesting (performance) period. The Board considers the combination of revenue and EPS thresholds 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. During the current year, the Board granted SARs with performance measures based on the aggregate performance over the 3-year performance period. The Board considered that using the aggregate performance period (rather than measuring performance in the third year) would engage the desired focus on growing shareholder value over the period, and in the fast-changing environment of education technology. The EPS and revenue measures for the SARs are based on: • Aggregate EPS measures over the three-year period of FY22, FY23 and FY24 period (50% weighting) • the Company's aggregate revenue over the three-year period of FY22, FY23 and FY24 (50% weighting)

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

Performance level	% of Target incentive awarded
Below threshold	Nil
Between Threshold and Target	Between 50% and 100%*
Target	100%
Between Target and Maximum	Between 100% and 120%*
Maximum	120%

*Straight line vesting applies between these performance levels.

These arrangements differ to the measures for the Performance Rights issued in prior LTI Plans.

Under the FY21 LTI Plan, the Board considered a combination of EPS and revenue thresholds that may be awarded at Threshold (80%), Target (100%) or Stretch (150%). The number of performance rights awarded is calculated by dividing the dollar value of LTI award opportunity by the value per right. The value per right is determined on a face value basis using a twenty-day VWAP.

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.

In relation to SARs, subject to the Plan and once vesting conditions are met, the rights 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 within five years of the original grant date. The value of the shares allocated is based on the number of rights validly exercised multiplied by the difference between the Market Price of the shares at the date of exercise and the notional exercise price ($1.35). Shares are issued within 30 days following the exercise date.

Under prior LTI Plans, the Performance Rights have a 3-year vesting (performance) period. Once the Performance Rights vest, and subject to the terms of the plan, the Company will issue or allocate the performance rights to the Executives.

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

Any shares issued in accordance with the 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).

Deferral terms

SARs will vest at the end of the three-year performance period subject to vesting conditions, and the eligible Executive may exercise vested SARs during the exercise period.

All Performance Rights will vest at the end of the three-year vesting period subject to certain vesting conditions being met.

What happens if an eligible executive leaves?

If an eligible executive ceases to be an employee of the Company before the vesting date of the SAR or Performance Right by reason of resignation, dismissal, or any other circumstance determined by the Board to be 'Bad Leaver', all the unvested rights lapse on the date of cessation.

	If an eligible executive ceases to be an employee of the Company before the SARs or Performance Rights vest for any reason other than as a Bad Leaver (which may include redundancy, retirement, death or total and permanent disability), the Board may, in its discretion, determine that all or a portion of the relevant rights vest immediately or at some future time. If the Board does not make a determination, the relevant SARs or Performance Rights will remain on-foot, and are tested and vest on the original vesting date to the extent that the applicable vesting conditions have been met.
Is there a clawback provision?	Yes. SARs and Performance Rights may also be forfeited if a 'claw back' event occurs during the performance period. A claw back 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 or Performance Rights 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?	Performance Rights and SARs do not carry a right to vote or to dividends or, in general, a right to participate in other corporate actions such as bonus issues.

3. Performance and executive remuneration outcomes in FY22

The actual remuneration earned by executives in FY22 against the prior year is set out below. This provides shareholders with a view of the remuneration actually paid to executives for performance in FY22 and the value of the LTIs that vested during the period.

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. Those results are not fully comparable due to changes in accounting standards and associated change of accounting policy over that period. Results from FY19 and 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. AASB 16 'Leases' was adopted on 1 July 2019 and effective for the FY20 year, and as such, results from FY18 to FY19 are not prepared on the same basis.

Financial Year	2018	2019	2020	2021	2022
Revenue ($m)	55.4	54.4	55.0	57.4	97.2
Underlying EBITDA ($m)(i)	19.6	12.5(ii)	9.5	9.4	13.8
Statutory EPS (cents)	(13.42)	1.69	0.37	(6.15)	(0.19)
Share Price ($) 30 June	1.25	0.98	0.86	1.31	1.24

(i) Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding corporate advisory, restructure and integration costs specifically associated with the acquisition of Blake eLearning Pty Ltd and costs associated with the buyback of distribution rights.
(ii) In this reporting period the result is the same as Statutory EBITDA.

Executive remuneration

Details of statutory remuneration (Australian Accounting Standards ('AAS')) for Executive KMP, for the years ended 30 June 2022 and 30 June 2021, are set out below:

	Salary	Cash STI[i]	Other[ii]	Post-employment benefits (Super-annulation)	Accounting value of LTI awards and additional incentives	Termination Payments	Other long-term benefit[ii]	Total	Performance Related	Equity Based
	$	$	$	$	$	$	%	$	%	%
Current Executive KMP										
M Sandblom (Executive Chairman) [iii]										
2022	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**-**
2021	-	-	-	- -	-	-	-	-	-	-
J Palmero (Chief Executive Officer)[iv]										
2022	**573,214**	**210,000**	**25,145**	**23,568**	**134,402**	**-**	**11,833**	**978,162**	**35%**	**14%**
2021	43,715	-	33,900	1,964	-	-	36,998	116,577	-	-
A Clowes (Chief Financial Officer)[v]										
2022	**58,712**	**15,822**	**4,486**	**4,583**	**3,501**	**-**	**-**	**87,104**	**22%**	**4%**
2021	-	-	-	-	-	-	-	-	-	-
Former Executive KMP										
R O'Flaherty (Former Chief Executive Officer)[vi]										
2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2021	594,551	325,000[vii]	(21,342)	25,000	(131,252)	650,000[viii]	-	1,441,957	13%	(9%)
D Aroney (Former Chief Financial Officer)[ix]										
2022	**218,059**	**(3,733)**	**6,774**	**24,825**	**222,092**[x]	**-**	**(22,417)**	**445,600**	**(5%)**	**(4%)**
2021	265,684	28,865[xi]	20,421	24,957	77,908[x]	-	7,717	425,552	11%	5%

(i) Cash STI is physically paid after the end of the financial year to which it relates but is allocated to the earning year.
(ii) Represents the net movement of annual leave and long service leave entitlement respectively.
(iii) Matthew Sandblom was appointed Non-Executive Chairman from 28 May 2021 to 24 August 2021, and executive Chairman effective from 25 August 2021. Matthew receives fees for service under a consultancy services agreement.
(iv) Jose Palmero was appointed CEO on 25 August 2021. This followed his appointment as interim CEO between 28 May 2021 and 24 August 2021.
(v) Anton Clowes became a member of KMP effective 26 April 2022.
(vi) Rebekah O'Flaherty resigned as Managing Director and CEO on 9 April 2021. She remained with the Company until 10 June 2021 to assist with the integration following the acquisition of Blake eLearning. Rebekah's existing LTI entitlements remain on foot and will be tested in accordance with the LTI plan.
(vii) In accordance with her executive service agreement at the time, Rebekah O'Flaherty received $325,000, being the value of her unpaid award under the Company's short term incentive plan as a result of the Scheme Meeting being convened in relation to IXL Learning Inc. on 20 November 2021.
(viii) Termination benefit included in lieu of notice.
(ix) Dimitri Aroney ceased to be a member of KMP effective 26 April 2022 and ceased employment on 1 July 2022.
(x) Includes pro-rata of retention incentive of $241,251 (FY21 $58,749) and decrease in accounting value of LTI awards of $19,159 (FY21 increase $19,159).
(xi) $28,865 was accrued for Dimitri Aroney in relation to his potential FY21 STI award.

In line with general market practice a (non-AAS) presentation of pay with respect to the FY22 and FY21 reporting periods are provided in the table below, to give shareholders a more informative picture of actual remuneration outcomes that have vested within the financial year.

	Salary	Cash STI	Post-employment benefits (Super-annuation)	LTI and additional incentives vested	Termination Payments	Total Remuneration
	$	$	$	$	$	$
Current Executive KMP						
M Sandblom (Executive Chairman)						
2022	**1**(i)	**-**	**-**	**-**	**-**	**1**
2021	-	-	-	-	-	-
J Palmero (Chief Executive Officer)						
2022	**573,214**	**-**	**23,568**	**-**	**-**	**596,782**
2021	43,715	-	1,964	-	-	45,679
A Clowes (Chief Financial Officer)(ii)						
2022	**58,712**	**-**	**4,583**	**-**	**-**	**63,295**
2021	-	-	-	-	-	-
Former Executive KMP						
R O'Flaherty (Former Chief Executive Officer)(iii)						
2022	**-**	**-**	**-**	**-**	**-**	**-**
2021	787,821	325,000(iv)	25,000	-	650,000(v)	1,787,821
D Aroney (Former Chief Financial Officer)(vi)						
2022	**218,059**	**25,132**	**24,825**	**240,000**(vii)	**-**	**508,016**
2021	265,684	-	24,957	-	-	290,641

(i) Matthew Sandblom receives fees for service under a consultancy services agreement.
(ii) Anton Clowes became a member of KMP effective 26 April 2022.
(iii) Rebekah O'Flaherty resigned as Managing Director and CEO on 9 April 2021. She remained with the Company until 10 June 2021 to assist with the integration following the acquisition of Blake eLearning. Rebekah's existing LTI entitlements remain on foot and will be tested in accordance with the LTI plan.
(iv) In accordance with her executive service agreement at the time, Rebekah O'Flaherty received $325,000, being the value of her unpaid award under the Company's short term incentive plan as a result of the Scheme Meeting being convened in relation to IXL Learning Inc. on 20 November 2021.
(v) Termination benefit included in lieu of notice.
(vi) Dimitri Aroney ceased to be a member of KMP effective 26 April 2022 and ceased employment on 1 July 2022.
(vii) Payment reflects the component of the $300,000 retention payment awarded in FY21 that was paid during FY22. The remaining $60,000 was paid in FY23.

Short term incentives

STI for the 2022 financial year
The target STI opportunity for the financial year ended 30 June 2022 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 and CFOs are members of KMP to participate in the STI Program for FY22. As at 30 June 2022 there were four other non-KMP level senior executives that were also participants, bringing the total number of senior executive participants to 6. The STI remuneration for Dimitri Aroney included the amount paid during the year out of the total retention bonus of $300,000 awarded in FY21.

Specific information relating to the STI component to the CEO and CFOs for FY22 is set out below.

Executive KMP	Position/Title	Actual STI payment	Retention payment(i)	Accrued STI payment	% of Target STI Payable
Jose Palmero	CEO	-	-	210,000	80%
Anton Clowes	CFO	-	-	15,822	100%
Dimitri Aroney(ii)	Former CFO	-	240,000	-	0%

(i) This payment reflects the component of the $300,000 retention payment awarded in FY21 that was paid during the reporting period. The remaining $60,000 was paid in FY23.
(ii) Dimitri Aroney ceased to be a member of KMP effective 26 April 2022 and the percentage of the Target STI is based on the STI Plan excluding the retention bonus.

CEO Performance measure	FY22 – At Target	FY22 Performance	% of Target Incentive Award(i)	Weighting
Revenue	$94.8m	$97.2m	30%	30%
Underlying EBITDA(ii)	$13.8m	$13.8m	30%	30%
Business expansion	New business targets	Not met	0%	20%
People and Culture	People and Culture measures(iii)	Met	20%	20%

CFO Performance measure	FY22 – At Target	FY22 Performance	% of Target Incentive Award(i)	Weighting
Revenue	$94.8m	$97.2m	40%	40%
Underlying EBITDA(ii)	$13.8m	$13.8m	40%	40%
People and Culture	People and Culture measures(iii)	(Board discretion)	20%	20%

(i) This is based on the metrics outlined under 'How much can an eligible Executive earn?' earlier in this report and pro-rated for that portion of the reporting period that the relevant executive was employed.
(ii) Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding corporate advisory, restructure and integration costs specifically associated with the acquisition of Blake eLearning Pty Ltd and costs associated with the buyback of distribution rights.
(iii) The People and Culture targets reflected measures to focus executives on company culture and employee engagement outcomes. 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. The heightened focus on engagement was an important part of leading Company outcomes in an environment of significant integration activities during the year.

Long term incentives

Who are the participants of the LTI?
The CEO and other C-level senior executives are eligible to participate in the LTI plan. As at 30 June 2022 there are 6 participants.

The former Managing Director and CEO, Rebekah O'Flaherty whose appointment ceased on 9 April 2021 is a participant. In FY21 the Board had determined that Rebekah's cessation of employment constituted a 'good leaver' and that her long-term incentive arrangements which existed prior to her termination remained on-foot and would be tested in accordance with the plan.

The participation of the former CFO Dimitri Aroney (who ceased to be a member of KMP on 26 April 2022) ended on 1 July 2022 following the cessation of his employment and his long-term incentive arrangements ceased on the same date.

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 FY22 will be disclosed in August 2024 after the applicable performance period.

2020 LTI Award – Performance condition outcomes based on FY22 results
The grant of Performance Rights under the Company's LTI plan was made in FY20, with performance conditions to be tested with respect to the audited FY22 full year results.

The defined EPS and Group Revenue performance measures each account for 50% of the potential award of Performance Rights. In accordance with the LTI arrangement, 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 outcomes for the relevant Group Revenue and EPS targets were assessed. Based on the financial results for FY22, no LTI Awards vested during the reporting period and the following outcomes are expected for LTI grants awarded in FY20:

Performance measure	FY22 At Target	FY22 Performance	Outcome	% of Target Incentive Awarded	Weighting
Revenue	$118.5m(i)	$97.2m	Below threshold	0%	50%
EPS	$0.077	($0.19)	Below Threshold	0%	50%

(i) The FY20 LTI plan was approved by shareholders in October 2019 in relation to KMP. The FY22 performance hurdles were then established with a Revenue Target of $82.3m, and following the events of the merger with Blake eLearning, this was revised in August 2022 to take into account those events.

The former CEO and one non-KMP executive were the only executives that held FY20 LTI awards. As a result of the FY22 performance thresholds not being reached, the relevant performance rights under the FY20 LTI plan will lapse in August 2022.

Additional payments awarded in FY22

No additional payments were awarded in FY22 to executive KMP.

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. Non-executive directors have not been granted or issued equity as part of their remuneration. 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' fees and payments are reviewed annually by the P&CC.

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. 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 2022 and 30 June 2021.

Fee applicable	FY	Chair ($)	Member ($)
Board	**2022**	**185,000**	**95,000**
	2021	185,000	95,000
Audit and Risk Committee	**2022**	**20,000**	**10,000**
	2021	20,000	10,000
People and Culture Committee	**2022**	**20,000**	**10,000**
	2021	20,000	10,000

As at 30 June 2022, the Company has an Executive Chairman of the Board. Matthew Sandblom served as Non-Executive Chairman from 28 May 2021 to 24 August 2021, and was subsequently appointed as Executive Chairman on 25 August 2021. During his appointment as Non-Executive Chairman, Matthew requested that he receive a nominal fee of $1.

Non-executive director remuneration in 2021 and 2022

Details of the remuneration for the independent non-executive directors for the financial years ended 30 June 2022 and 30 June 2021 are set out in the table below.

Name		Fees and allowances $	Post-employment benefits $	Total $
Current non-executive directors				
M Lamont	**2022**	**115,000**	**11,500**	**126,500**
	2021	115,000	10,925	125,925
K Ostin(i)	**2022**	**112,161**	**11,216**	**123,377**
	2021	-	-	-
A Brackin(ii)	**2022**	**103,674**	**10,367**	**114,041**
	2021	-	-	-
B Rowe(iii)	**2022**	**98,077**	**9,808**	**107,885**
	2021	-	-	-
Former non-executive directors				
M Sandblom(iv) Non-executive Chairman from 28 May 2021 to 24 August 2021; Executive Chairman from 25 August 2021	**2022**	**1**	**-**	**1**
	2021	-	-	-
S Weiss(v) Non-executive Chairman until 28 May 2021	**2022**	**30,263**	**3,026**	**33,289**
	2021	248,333	23,592	271,925
C Hatton(vi)	**2022**	**31,250**	**3,125**	**34,375**
	2021	125,000	11,875	136,875
R Amos(vii)	**2022**	**-**	**-**	**-**
	2021	114,583	10,885	125,468
Total	**2022**	**490,426**	**49,042**	**539,468**
	2021	602,916	57,277	660,193

(i) Ms Ostin was appointed on 6 August 2021.
(ii) Mr Brackin was appointed on 6 August 2021.
(iii) Ms Rowe was appointed on 20 September 2021.
(iv) As an incoming substantial shareholder of the Company, Mr Sandblom requested that he receive a nominal fee of $1 in relation to his appointment as Chairman and then Non-Executive Director from his commencement on 28 May 2021. Mr Sandblom was appointed Executive Chairman effective 25 August 2021.
(v) In FY21, the Board (excluding Mr Weiss) approved a one-off additional payment of $50,000 to Mr Weiss to reflect his significant responsibilities and duties leading up to the completion of the Blake acquisition and for the period in which he acted in the capacity of an interim CEO between 12 April 2021 to 28 May 2021 as a result of Ms Rebekah O'Flaherty's resignation on 9 April 2021. The additional payment was made on 15 June 2021. Mr Weiss resigned on 17 September 2021.
(vi) Ms Hatton resigned on 24 September 2021.
(vii) Mr Amos resigned on 28 May 2021.

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 but may then be eligible for re-election.

During the reporting period, the Board determined that the Chairman, Matthew Sandblom, has an active role in the day-today management of the Company particularly in the areas of Strategy and Product. Consequently, the Board agreed that Matthew's title be changed to 'Executive Chairman' on 24 August 2021 as this better reflects his current roles and responsibilities. The appointment as Executive Chairman took effect on 25 August 2021, and there is no fixed term to his appointment. In addition to his letter of appointment as a director, Matthew entered a standard service agreement to provide his services as an executive KMP. The details of Matthew's service agreement as at 30 June 2022 is provided below:

Name:	Matthew Sandblom
Title:	Educational Technology Strategic Advisor
Agreement commenced:	25 August 2021
Term of agreement:	12 months with option to extend.
Details:	Matthew is entitled receive a fee of $300 per hour plus GST up to $100,000 per annum The fee is in consideration for providing company strategy, product strategy and education technology strategy advice. Either party may terminate the service agreement by giving 60 days' notice in writing or earlier termination for a material breach of contract.

During the reporting period, the remuneration 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 2023 on the same terms.

Remuneration and other terms of employment for executives are formalised in employment agreements. The CEO and CFO do not have a fixed term contract with the Company. Details of the CEO's and CFO's employment agreements as at 30 June 2022 are as follows:

Name:	Jose Palmero
Title:	Chief Executive Officer
Agreement commenced:	28 May 2021*
Term of agreement:	Open ended
Details:	Jose will receive a fixed annual remuneration of $525,000, inclusive of statutory superannuation. Jose will be eligible to receive an annual STI package with a target STI of 50% of his fixed annual remuneration, as determined by the Board. Payment of the cash bonus will depend on the Group's performance and Jose's achievement of certain key performance indicators or at the discretion of the Board. As part of a LTI package, Jose may be entitled to receive an equity-based award under the LTI plan with a value equivalent to 50% of his fixed annual remuneration. Either party may terminate the employment contract by giving six months' notice in writing. The Company may terminate Jose's employment contract 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 Jose's employment contract immediately by notice in writing and without payment in lieu of notice. *On 24 August 2021, the Board resolved that Jose period as Interim CEO be waived and that effective 25 August 2021, he would become CEO on an ongoing basis.

Name:	Anton Clowes
Title:	Chief Financial Officer
Agreement commenced:	26 April 2022
Term of agreement:	Open ended
Details:	Anton will receive annual fixed remuneration of $350,000 inclusive of statutory superannuation. Anton will be eligible to receive an annual short-term incentive with a target STI of 25% of his fixed annual remuneration, as determined by the Board. Payment of the cash bonus will depend on the Group's performance and Anton's achievement of certain key performance indicators or at the discretion of the Board. As part of a long-term incentive package Anton may be entitled to receive an equity-based award under the LTI plan with a value equivalent to 25% of his fixed annual remuneration. Either party may terminate the employment contract by giving three months' notice in writing. The Company may terminate Anton's employment contract 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 Anton's employment contract 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 2022.

Options
No options were issued to KMP as part of compensation during the year ended 30 June 2022. No NEDs held options during the year. No options (comprising of former year option plans) vested with nil intrinsic value during the financial year ended 30 June 2022. The Company note that the 2,867,647options were lapsed during the financial year ended 30 June 2022. No options were on issue as at 30 June 2022.

Performance Rights
No performance rights were issued to KMP as part of compensation during the year ended 30 June 2022 and no additional performance rights have been granted to any KMP since the end of the reporting period.
No performance rights have been issued to NEDs to date.

The Company notes that 93,381 Performance Rights lapsed in July 2022, and 509,175 Performance Rights under the LTI in relation to the FY20 will lapse in August 2022.

Share Appreciation Rights
The Company issued 935,008 SARs to KMP during the year ended 30 June 2022. 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 *	Vesting Date	Expiry Date
Jose Palmero	753,589	7 February 2022	$0.679	-	August 2024	If vested, 5 years from Grant Date
Anton Clowes	181,419	3 June 2022	$0.679	-	August 2024	If vested, 5 years from Grant Date

*The value of the shares allocated is based on the number of rights validly exercised multiplied by the difference between the Market Price of the shares at the date of exercise and the notional exercise price ($1.35).

7. Additional disclosures relating to key management personnel

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 the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Non-Executive Directors					
Mark Lamont	-	-	-	-	-
Allan Brackin	-	-	222,895		222,895
Kathy Ostin	-	-	-	-	-
Belinda Rowe	-	-	-	-	-
Executive KMP					
Matthew Sandblom(i)	137,220,000		-	(250,000)	136,970,000
Jose Palmero(ii)	-	-	-	-	-
Anton Clowes	-	-	4,535	-	4,535
	137,220,000	-	227,430	(250,000)	137,197,430

(i) During the year Matthew Sandblom gifted 2,000,000 ordinary shares to an Australian charitable trust, Blake Beckett Trust. As Matthew is the director and sole shareholder of the corporate trustee of the Blake Beckett Trust that holds the shares as trustee for Blake Beckett Trust, there is a net nil change in the number of shares in relation to that transaction.
(ii) As Jose does not hold a direct interest in shares of 3P Learning or through entities that he controls, the figures above have been disclosed as nil. However, for transparency, Jose has an economic interest in 6,850,000 3PL Shares implicitly through his 50% ownership status in the BeL Unit Trust, which holds 13,700,000 units.

Former Directors and KMP

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year(i)
Non-Executive Directors					
Sam Weiss(ii)	637,277	-	-	-	n/a
Claire Hatton(iii)	41,526	-	-	-	n/a
Executive KMP					
Dimitri Aroney(iv)	7,121	-	-	-	n/a
	685,924	-	-	-	n/a

(i) As individuals have ceased to be KMP at the end of the year the balance of ordinary shares are shown as n/a.
(ii) Sam Weiss ceased to be a non-executive director effective 17 September 2021.
(iii) Claire Hatton ceased to be a non-executive director effective 24 September 2021.
(iv) Dimitri Aroney ceased to be a member of KMP effective 26 April 2022 and ceased employment on 1 July 2022.

Other share-based holdings

The number of share appreciation rights, performance rights and options 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:

	Award	Balance at beginning of year	Rights granted	Vested	Expired / forfeited / lapsed	Balance at end of year
Jose Palmero	Share Appreciation Rights	-	753, 589	-	-	753, 589
Anton Clowes	Share Appreciation Rights	-	181,419	-	-	181,419

The following information is relevant to the number of performance rights and options held by former KMP during the financial year:

	Award	Balance at beginning of year	Rights granted	Vested	Expired / forfeited / lapsed	Balance at end of year
Rebekah O'Flaherty	Options	2,867,647	-	-	(2,867,647)(i)	nil
	Performance Rights	509,175	-	-	-	509,175(ii)
Dimitri Aroney	Performance rights	93,381	-	-	-	93,381(iii)

(i) 2,867,647 options lapsed in FY22 with respect to FY19 LTI plan.
(ii) 509,175 performance rights in relation to the FY20 LTI Plan will lapse in August 2022.
(iii) 93,381 performance rights in relation to the FY21 LTI Plan lapsed on 1 July 2022 on cessation of his employment.

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 is subject to normal publishing terms and conditions. During the year, $208,132 was incurred in relation these services and $27,172 is payable as at 30 June 2022.

Payment for transition services
The Group entered into a Transition Services Agreement with Kalaci in May 2021, as part of the acquisition of Blake for a period of up to 12 months for the purpose of sharing common administrative costs for a limited period of time following completion of the Blake acquisition. The agreement provided for an option to extend the services on a month-to-month basis, if required to prevent any material disruption to the business. The agreement has extended to transition services related to integration during the year. The agreement is currently ongoing and reviewed monthly and extended on this basis. During the year, $880,196 was incurred in relation to these services and $36,559 is payable as at 30 June 2022.

Lease of office premise from Matthew Sandblom
The Group leases an office premise at 655 Parramatta Road, Leichhardt NSW 2040, from Matthew Sandblom. As at 30 June 2022, the lease continues month to month under the original terms of the lease. The terms of the lease were 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 at the time 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, $398,000 was paid and no amount is payable as at 30 June 2022.

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 3PL products. This arrangement was on foot prior to 3PL's acquisition of Blake eLearning in May 2021, and remains ongoing on normal commercial terms and conditions. During the year, $70,250 was incurred in relation to these services and no amount is payable as at 30 June 2022.

Payment for consultancy services from Matthew Sandblom
The Group has 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)(i). Under the consultancy agreement, the Group will pay an hourly retainer of $300 per hour up to a cap of $100,000 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 2022 for a period of 12 months.

(i) The FY2021 Remuneration Report disclosed that the services agreement with Matthew was engaged through Pascal Education Services Pty Limited and that disclosure is now amended in this report.

This concludes the remuneration report, which has been audited.

Officers of the Company who are former partners of Ernst & Young

There are no officers of the Company who are former partners of Ernst & Young.

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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Matthew Sandblom
Executive Chairman

22 August 2022
Sydney

Building a better working world

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Auditor's Independence Declaration to the Directors of 3P Learning Limited

As lead auditor for the audit of the financial report of 3P Learning Limited for the financial year ended 30 June 2022, 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

RRobinson

Renay Robinson
Partner
22 August 2022

3P Learning Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Revenue	5	97,221	57,448
Other income		42	-
Interest income		67	115
Expenses			
Administrative expenses - buyback of distributor rights		(873)	-
Administrative expenses and foreign exchange	6	(3,517)	(4,077)
Deferred contract costs	6	(3,999)	(1,016)
Depreciation and amortisation expenses	6	(11,937)	(8,313)
Employee expenses	6	(47,226)	(34,971)
Employee expenses - restructure and integration		(1,494)	(2,450)
Finance costs	6	(189)	(237)
Impairment of assets	6	-	(4,818)
Marketing expenses	6	(18,225)	(2,534)
Occupancy expenses		(1,306)	(654)
Professional fees - corporate advisory costs		(508)	(5,476)
Professional fees - other		(2,352)	(1,139)
Technology costs		(6,886)	(3,656)
Loss before income tax benefit		(1,182)	(11,778)
Income tax benefit	7	619	2,408
Loss after income tax benefit for the year		(563)	(9,370)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(431)	596
Other comprehensive income for the year, net of tax		(431)	596
Total comprehensive income for the year		(994)	(8,774)
Loss for the year is attributable to:			
Non-controlling interest		(27)	(1)
Owners of 3P Learning Limited		(536)	(9,369)
		(563)	(9,370)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(27)	(1)
Owners of 3P Learning Limited		(967)	(8,773)
		(994)	(8,774)
		Cents	**Cents**
Basic earnings per share	37	(0.19)	(6.15)
Diluted earnings per share	37	(0.19)	(6.15)

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 30 June 2022

	Note	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000 (Restated)*
Assets			
Current assets			
Cash and cash equivalents	8	31,127	24,906
Trade and other receivables	9	7,335	11,667
Inventories		277	282
Lease receivables	10	595	739
Deferred contract costs	11	1,807	594
Other assets	12	2,793	2,163
Income tax receivable	7	1,648	-
Total current assets		45,582	40,351
Non-current assets			
Plant and equipment	13	671	652
Intangibles	14	200,947	206,964
Right-of-use assets	15	1,503	1,612
Lease receivables	10	-	538
Deferred contract costs	11	632	103
Other assets	12	283	352
Deferred tax	7	8,119	5,867
Total non-current assets		212,155	216,088
Total assets		257,737	256,439
Liabilities			
Current liabilities			
Trade and other payables	16	11,188	10,718
Contract liabilities	17	43,463	35,780
Lease liabilities	19	1,121	1,627
Provisions	20	3,625	4,323
Income tax payable	7	121	2,607
Total current liabilities		59,518	55,055
Non-current liabilities			
Contract liabilities	17	2,657	4,191
Lease liabilities	19	1,039	1,497
Provisions	20	639	854
Total non-current liabilities		4,335	6,542
Total liabilities		63,853	61,597
Net assets		193,884	194,842
Equity			
Issued capital	21	216,589	216,589
Reserves	22	8,055	8,450
Accumulated losses		(30,743)	(30,207)
Equity attributable to the owners of 3P Learning Limited		193,901	194,832
Non-controlling interest		(17)	10
Total equity		193,884	194,842

* Refer to note 33 for detailed information on restatement of comparatives.

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 year ended 30 June 2022

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020	34,494	7,954	(20,838)	-	21,610
Loss after income tax benefit for the year	-	-	(9,369)	(1)	(9,370)
Other comprehensive income for the year, net of tax	-	596	-	-	596
Total comprehensive income for the year	-	596	(9,369)	(1)	(8,774)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 21)	182,095	-	-	-	182,095
Share-based payments (note 36)	-	(100)	-	-	(100)
Acquisition of a subsidiary in Blake eLearning Pty Ltd (note 33)	-	-	-	11	11
Balance at 30 June 2021	216,589	8,450	(30,207)	10	194,842

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021	216,589	8,450	(30,207)	10	194,842
Loss after income tax benefit for the year	-	-	(536)	(27)	(563)
Other comprehensive income for the year, net of tax	-	(431)	-	-	(431)
Total comprehensive income for the year	-	(431)	(536)	(27)	(994)
Transactions with owners in their capacity as owners:					
Share-based payments (note 36)	-	36	-	-	36
Balance at 30 June 2022	216,589	8,055	(30,743)	(17)	193,884

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 year ended 30 June 2022

	Note	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Cash flows from operating activities			
Receipts from customers		110,057	72,221
Payments to suppliers and employees*		(91,377)	(69,408)
Interest received		53	134
Interest and other finance costs paid		(189)	(237)
Income taxes paid		(5,780)	(1,415)
Net cash from operating activities	35	12,764	1,295
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(189)	3,605
Payments for plant and equipment		(440)	(321)
Payments for intangibles		(4,673)	(5,532)
Proceeds from subleases		774	553
Net cash used in investing activities		(4,528)	(1,695)
Cash flows from financing activities			
Share issue transaction costs		-	(115)
Repayment of lease liabilities	35	(2,075)	(1,694)
Net cash used in financing activities		(2,075)	(1,809)
Net increase/(decrease) in cash and cash equivalents		6,161	(2,209)
Cash and cash equivalents at the beginning of the financial year		24,906	27,083
Effects of exchange rate changes on cash and cash equivalents		60	32
Cash and cash equivalents at the end of the financial year	8	31,127	24,906

* Includes $3,301,000 of one-off integration and retention payments arising from the acquisition of Blake eLearning Pty Ltd.

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 financial year (collectively referred to as the 'Group'). 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:

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 financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Net current asset deficiency

As at 30 June 2022, the Group was in a net current liability position of $13,936,000 (2021: $14,704,000) of which $43,463,000 (2021: $35,780,000) are contract liabilities that are expected to be recognised as revenue in the next financial year with no further cash outflows to the Group. Accordingly, the financial statements continue to be prepared on a going concern basis.

Basis of preparation

These general purpose 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, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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

Critical accounting estimates
The preparation of the 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 financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3P Learning Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Note 2. Significant accounting policies (continued)

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.

Operating segments
Operating segments are presented on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is 3P Learning Limited'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.

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.

Revenue recognition
The Group recognises revenue as follows:

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.

Note 2. Significant accounting policies (continued)

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. 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.

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 persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable.

Net commission revenue
The Group recognises commission revenue pursuant to a distribution agreement at the point of time when it sells a third party's online products to customers which provide these customers with access to the third party's intellectual property as it exists at any given time. Revenue from the sale of third party products is recorded on a net basis when the performance obligations in relation to the online product are completed, consistent with an agency relationship.

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.

Interest
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest includes interest income related to subleases classified as a finance lease.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period'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 periods, where applicable.

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; or
- 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.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is 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.

Note 2. Significant accounting policies (continued)

3P Learning Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

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

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.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

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.

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

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 2. Significant accounting policies (continued)

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. 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.

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 & 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.

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.

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.

Lease receivables:
For rental income from a sublease classified as a finance lease, a lease receivable is recognised at an amount equal to the net investment in the lease. Subsequent to initial measurement, the lease receivable is decreased by the sublease payment received, increased by interest revenue (unwinding of discounting), less any allowance for expected credit losses.

Note 2. Significant accounting policies (continued)

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.

Product development
Research costs are expensed in the period in which they are incurred. Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing controlled systems and meets the definition of 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.

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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.

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.

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; 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.

Finance costs
Finance costs are expensed in the period in which they are incurred.

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.

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.

Note 2. Significant accounting policies (continued)

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.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using the Binomial option pricing 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.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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.

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.

Note 2. Significant accounting policies (continued)

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 either 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.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of 3P Learning Limited, 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.

Goods and Services Tax ('GST') and other similar taxes
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.

Note 2. Significant accounting policies (continued)

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.

Comparatives

Comparatives in the statement of profit or loss and other comprehensive income, and the statement of financial position, the statement of cash flows and notes to the financial statement have been realigned to the current year's presentation. There has been no effect on the profit for the year due to the realignment.

New Accounting Standards and Interpretations not yet mandatory or early adopted

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 2022. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the Group's financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, 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.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. 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. Refer to note 14 for further information.

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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 36 for further information.

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, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, 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 lives, or technically obsolete or non-strategic assets that have been abandoned or sold.

Income tax
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 many 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 period in which such determination is made.

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

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.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, 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.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into three operating segments based on end-users or customers: Business-to-School ('B2B'), Business-to-Customer ('B2C') and Corporate. 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.

The CODM reviews underlying EBITDA (earnings before interest, tax, depreciation and amortisation), which is EBITDA adjusted for interest revenue, restructure and integration costs, corporate advisory costs and costs associated with the buyback of distribution rights. 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.

Change in the operating segments:
On 28 May 2021, the Group acquired Blake eLearning Pty Ltd and its controlled entities. As a result of this significant acquisition, the Group reviewed and aligned the reporting segments into B2B, B2C and Corporate in line with the internal reports provided to the CODM. Accordingly, 30 June 2021 comparative segment disclosures have been realigned to the current year's presentation.

Note 4. Operating segments (continued)

Products and services
Refer to note 5 for information on the Group's products and services.

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

Major customers
There are no major customers that contributed more than 10% of revenue to the Group recognised for the year ended 30 June 2022 and 30 June 2021.

Operating segment information

Consolidated - 30 June 2022	B2B $'000	B2C $'000	Corporate $'000	Total $'000
Revenue				
Sales to external customers	57,933	39,288	-	97,221
Interest income	-	-	67	67
Total revenue	57,933	39,288	67	97,288
Underlying EBITDA	7,475	9,202	(2,925)	13,752
Administrative expenses - buyback of distributor rights				(873)
Depreciation and amortisation				(11,937)
Employee expense - restructure and integration				(1,494)
Finance costs				(189)
Interest income				67
Professional fees - corporate advisory costs				(508)
Loss before income tax benefit				(1,182)
Income tax benefit				619
Loss after income tax benefit				(563)

Consolidated - 30 June 2021	B2B $'000	B2C $'000	Corporate $'000	Total $'000
Revenue				
Sales to external customers	53,671	3,777	-	57,448
Interest income	-	-	115	115
Total revenue	53,671	3,777	115	57,563
Underlying EBITDA	11,164	1,680	(3,443)	9,401
Depreciation and amortisation				(8,313)
Employee expense - restructure and integration				(2,450)
Finance costs				(237)
Impairment of assets				(4,818)
Interest income				115
Professional fees - corporate advisory costs				(5,476)
Loss before income tax benefit				(11,778)
Income tax benefit				2,408
Loss after income tax benefit				(9,370)

Note 5. Revenue

Disaggregation of revenue

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

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Licence fees	92,750	37,673
Net commission revenue	-	16,277
Copyright licence fees	2,885	3,234
Other revenue	1,586	264
Revenue	97,221	57,448

Revenue from external customers by geographic regions based on customer location is $49,319,000 (2021: $35,469,000) in Asia-Pacific ('APAC'), $26,396,000 (2021: $8,972,000) in United States of America, Canada and South America ('Americas') and $21,506,000 (2021: $13,007,000) in Europe, Middle-East and Africa ('EMEA'). The relationship between the disaggregated revenue information set out above and the segment information is explained below:

The segment revenue disclosed in note 4 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 revenue 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 generated in the B2B and B2C operating segments. In the prior period, the Group in its capacity as an agent, earned net commission revenue from the sale and distribution of third-party (Blake eLearning Pty Ltd) products. Net commission revenue was recognised at a point in time. Subsequent to the acquisition on 28 May 2021 of Blake eLearning Pty Ltd, the sale of these products is now recognised over time within licence fees.

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 $35,780,000 (2021: $23,877,000). Contract liabilities are generally incurred at the beginning of the contract period. Refer to note 17 for details on contract liabilities.

Note 6. Expenses

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Fixtures and fittings	110	107
Computer equipment	240	158
Office equipment	27	29
Right-of-use assets	918	905
Total depreciation	1,295	1,199

Note 6. Expenses (continued)

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Amortisation		
Product development*	7,982	6,862
Intellectual property	155	8
Patents and trademarks	14	20
Customer contracts and distributor relationships	2,491	224
Total amortisation	10,642	7,114
Total depreciation and amortisation	11,937	8,313
Deferred contract costs	3,999	1,016
Impairment of assets		
Intangibles - product development**	-	4,818
Finance costs		
Interest and finance charges paid/payable on borrowings facility	83	96
Interest and finance charges paid/payable on lease liabilities	106	141
Finance costs expensed	189	237
Net foreign exchange (gain)/loss		
Net foreign exchange (gain)/loss	(444)	697
Net loss on disposal		
Net loss on disposal of property, plant and equipment	160	134
Leases		
Short-term lease payments	534	70
Marketing expenses		
Advertising expenses	13,068	2,355
Commission paid on application sales	4,183	-
Other marketing expenses	974	179
Total marketing expenses	18,225	2,534
Employee expenses		
Salaries and wages	38,423	28,082
Bonus and commission	4,500	3,644
Superannuation	4,303	3,245
Total employee expenses	47,226	34,971

* The useful life of certain Mathletics modules were re-assessed, and as a result, an accelerated depreciation charge of $837,000 (2021: $731,000) was recognised.

** Following a product strategy reset to focus on 'hero product', an impairment expense of $4,818,000 was recognised on the ReadiWriter product suite in the previous financial year.

Note 7. Income tax

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Income tax benefit		
Current tax	1,797	1,542
Deferred tax - origination and reversal of temporary differences	(2,252)	(3,759)
Adjustments in respect of current income tax for the previous year	(164)	(191)
Aggregate income tax benefit	(619)	(2,408)
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets	(2,252)	(3,759)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(1,182)	(11,778)
Tax at the statutory tax rate of 30%	(355)	(3,533)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	20	1,374
Impact of foreign tax rate	(152)	(113)
Current year tax benefit not recognised	298	511
Research and development tax offset	(314)	(412)
Foreign exchange fluctuation	48	(44)
	(455)	(2,217)
Adjustments in respect of current income tax for the previous year	(164)	(191)
Income tax benefit	(619)	(2,408)

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Tax losses not recognised relating to various tax jurisdictions		
Unused tax losses for which no deferred tax asset has been recognised	51,829	48,065
Potential tax benefit at statutory tax rates	12,814	12,022

Unrecognised tax benefits includes $8,398,000 unused capital losses on disposal of investments (2021: $8,398,000).

Note 7. Income tax (continued)

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000 (Restated)
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Accrued expenses	2,532	2,821
Contract liabilities	9,914	8,158
Intangibles	(8,811)	(10,499)
Leases	21	64
Plant and equipment	(62)	(39)
Research and development credits	3,124	3,942
Royalty asset	1,284	1,168
Unrealised foreign exchange fluctuation	117	252
Deferred tax asset	8,119	5,867
Movements:		
Opening balance	5,867	6,753
Credited to profit or loss	2,252	3,759
Additions through business combinations (note 33)	-	(4,645)
Closing balance	8,119	5,867

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Income tax receivable	1,648	-

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Income tax payable	121	2,607

Note 8. Cash and cash equivalents

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Current assets		
Cash at bank and in hand	21,127	20,906
Short-term deposits	10,000	4,000
Total cash and cash equivalents	31,127	24,906

Note 9. Trade and other receivables

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000 (Restated)
Current assets		
Trade receivables	6,750	10,161
Less: Allowance for expected credit losses	(148)	(190)
	6,602	9,971
Other receivables	718	1,696
GST receivable	15	-
Total trade and other receivables	7,335	11,667

Allowance for expected credit losses
The Group has recognised a gain of $42,000 (2021: loss of $110,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2022.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 30 June 2022 %	Expected credit loss rate 30 June 2021 %	Carrying amount 30 June 2022 $'000	Carrying amount 30 June 2021 $'000	Allowance for expected credit losses 30 June 2022 $'000	Allowance for expected credit losses 30 June 2021 $'000
Not overdue	0.55%	0.48%	5,890	7,673	32	37
0 to 3 months overdue	2.61%	0.50%	437	2,011	11	10
3 to 6 months overdue	20.93%	5.02%	372	298	78	15
More than 6 months overdue	52.47%	71.59%	51	179	27	128
			6,750	10,161	148	190

The expected credit loss rate across the Group for each subsidiary has remained consistent. The movement in percentages of expected loss rates have shifted due to a change in the mix of aged receivables between each subsidiary.

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

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Opening balance	190	80
Additional provisions recognised	-	123
Receivables written off during the year as uncollectable	-	(9)
Unused amounts reversed	(42)	(4)
Closing balance	148	190

Note 10. Lease receivables

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Current assets		
Lease receivables	595	739
Non-current assets		
Lease receivables	-	538
Total lease receivables	595	1,277

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Opening balance	1,277	1,758
Addition	-	283
Net cash receipt from subleases	(774)	(553)
Exchange differences	60	(205)
Interest income	32	51
Other changes	-	(57)
Closing balance	595	1,277

Minimum lease receivables in future financial years are as follows:

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
One year or less	604	769
Between one to two years	-	546
Total commitments	604	1,315
Less: Future interest income	(9)	(38)
Total lease receivables	595	1,277

Note 11. Deferred contract costs

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Current assets		
Deferred contract costs	1,807	594
Non-current assets		
Deferred contract costs	632	103
	2,439	697

Reconciliation of deferred contract costs:
A reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Opening balance	697	216
Additions	5,741	1,485
Exchange differences	-	12
Deferred contract costs (refer note 2 and note 6)	(3,999)	(1,016)
Closing balance	2,439	697

Note 12. Other assets

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Current assets		
Prepayments	2,748	2,120
Term deposits	45	43
	2,793	2,163
Non-current assets		
Prepayments	283	352
Total other assets	3,076	2,515

Note 13. Plant and equipment

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Non-current assets		
Furniture & fittings - at cost	1,092	1,398
Less: Accumulated depreciation	(909)	(1,153)
	183	245
Computer equipment - at cost	3,258	3,295
Less: Accumulated depreciation	(2,844)	(2,938)
	414	357
Office equipment - at cost	285	252
Less: Accumulated depreciation	(211)	(202)
	74	50
Total plant and equipment	671	652

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

Consolidated	Furniture and fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Balance at 1 July 2020	405	176	70	651
Additions	71	242	8	321
Additions through business combinations (note 33)	-	101	2	103
Disposals	(119)	-	(2)	(121)
Exchange differences	(5)	(4)	1	(8)
Depreciation expense	(107)	(158)	(29)	(294)
Balance at 30 June 2021	245	357	50	652
Additions	90	300	50	440
Disposals	(44)	-	-	(44)
Exchange differences	2	(3)	1	-
Depreciation expense	(110)	(240)	(27)	(377)
Balance at 30 June 2022	183	414	74	671

Note 14. Intangibles

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000 (Restated)
Non-current assets		
Goodwill - at cost	171,293	171,340
Product development - at cost	41,865	37,382
Less: Accumulated amortisation and impairment	(15,474)	(7,493)
	26,391	29,889
Intellectual property - at cost	579	489
Less: Accumulated amortisation	(155)	(8)
	424	481
Patents and trademarks - at cost	2,015	1,924
Less: Accumulated amortisation	(1,850)	(1,836)
	165	88
Customer contracts and distributor relationships - at cost	5,410	5,410
Less: Accumulated amortisation	(2,736)	(244)
	2,674	5,166
Total intangibles	200,947	206,964

Reconciliations

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

Consolidated	Goodwill $'000	Product develop-ment $'000	Intellectual property $'000	Patents and trademarks $'000	Customer contracts and distributor relation-ships $'000	Total $'000
Balance at 1 July 2020	4,315	9,586	-	96	-	13,997
Additions	-	5,519	-	12	-	5,531
Additions through business combinations (note 33)	166,894	26,464	489	-	5,410	199,257
Exchange differences	131	-	-	-	(20)	111
Impairment of assets	-	(4,818)	-	-	-	(4,818)
Amortisation expense	-	(6,862)	(8)	(20)	(224)	(7,114)
Balance at 30 June 2021 (restated)	171,340	29,889	481	88	5,166	206,964
Additions*	-	4,484	98	91	-	4,673
Exchange differences	(47)	-	-	-	(1)	(48)
Amortisation expense	-	(7,982)	(155)	(14)	(2,491)	(10,642)
Balance at 30 June 2022	171,293	26,391	424	165	2,674	200,947

* The product development additions above includes total amount capitalised of $3,088,000 for Writing Legends programs.

Note 14. Intangibles (continued)

Impairment testing of intangible assets – current financial year:
The Group announced the acquisition of Blake eLearning Pty Limited and its controlled entities on 28 May 2021. Refer to note 33 for further details. The organisational structure was finalised in the second half of the current year, and accordingly the Group reassessed its CGUs ('cash-generating units') to ensure they were aligned with how management monitors and performs decision making, through the Group's reporting structure. Consequently, management replaced the previously reported CGUs of APAC, EMEA and the Americas with identified CGUs of B2B and B2C. 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.

The goodwill acquired through business combinations has been allocated to the following CGUs:

	Consolidated 30 June 2022 $'000
B2B	84,025
B2C	87,268
Total	171,293

The recoverable amount of B2B and B2C CGUs was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on the business plan approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The following key assumptions were used in the discounted cash flow model:

(a) Post-tax discount rate: B2B 10.5% and B2C 10.5%.
(b) Operating cash flow projections are extracted from the most recent approved strategic plans or forecasts that relate to the existing asset base. For each CGU, the cash flow projections for a five-year period have been determined based on expectations of future performance. Key assumptions in the cash flows include sales volume growth and the costs of doing business. These assumptions are based on expectations of market demand and operational performance. Cash flow projections are based on risk-adjusted forecasts allowing for estimated changes in the business, the competitive trading environment, legislation and economic growth.
(c) Terminal growth rate: B2B 3.0% and B2C 3.0%.

For the financial year ended 30 June 2022, the recoverable amount of net assets for all CGUs is greater than the carrying value of the assets and therefore, the goodwill is not considered to be impaired.

Sensitivity
As disclosed in note 3, management have made judgements and estimates in respect of impairment testing of goodwill. Management recognise that cash flow projections, discount rates and growth rates used to calculate the value-in-use of the Group's CGUs may vary from what has been estimated.

B2B
The recoverable amount of the B2B CGU as at 30 June 2022 is based on the above assumptions. Management note that the recoverable amount is particularly sensitive to the post-tax discount rate and an increase of 1% in the post-tax discount rate would result in the recoverable amount being equal to the carrying amount. Any reasonable possible change in the EBITDA or terminal value growth rate would not result in impairment.

B2C
For the B2C 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.

Note 14. Intangibles (continued)

Impairment testing of intangible assets (previous financial year - restated):
In the previous financial year, the CGUs were APAC, EMEA and the Americas. The goodwill acquired through business combinations was allocated to the following CGUs:

	Consolidated 30 June 2021 $'000
APAC	3,012
EMEA	1,434
Unallocated	166,894
Total	171,340

Due to the close proximity of the acquisition date of 28 May 2021 and the date of the prior year financial report, the goodwill of $166,894,000 was not allocated as the CODM was in the process of assessing and determining the appropriate CGUs. In accordance with AASB 3 'Business combination', the Group had 12 months from the date of acquisition to finalise the purchase price accounting and the allocation of fair value to goodwill and other indefinite life intangible assets. As the business combination has been finalised in the current financial year, the goodwill has been allocated in the 30 June 2022 allocation of goodwill as shown above. Refer to note 33 for detailed information on the business combination.

In the previous year, the recoverable amount of APAC and EMEA CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on the business plan approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The following key assumptions were used in the discounted cash flow model:

(a) Post-tax discount rate: APAC 11.1% and EMEA 11.1%.
(b) Operating cash flow projections are extracted from the most recent approved strategic plans or forecasts that relate to the existing asset base. For each CGU, the cash flow projections for a five-year period have been determined based on expectations of future performance. Key assumptions in the cash flows include sales volume growth and the costs of doing business. These assumptions are based on expectations of market demand and operational performance. Cash flow projections are based on risk-adjusted forecasts allowing for estimated changes in the business, the competitive trading environment, legislation and economic growth.
(c) Terminal growth rate: APAC 3.0% and EMEA 3.0%.

Note 15. Right-of-use assets

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Non-current assets		
Right-of-use assets	2,516	3,301
Less: Accumulated depreciation	(1,013)	(1,689)
Total right-of-use assets	1,503	1,612

The Group leases office premises under agreements of between one to five 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 plant and equipment under agreements of between one to three years.

Note 15. Right-of-use assets (continued)

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

Consolidated	Property leases $'000	Other assets $'000	Total $'000
Balance at 1 July 2020	2,776	65	2,841
Additions	48	-	48
Disposals	(381)	-	(381)
Exchange differences	9	-	9
Depreciation expense	(889)	(16)	(905)
Balance at 30 June 2021	1,563	49	1,612
Additions	1,291	134	1,425
Disposals	(584)	(45)	(629)
Exchange differences	13	-	13
Depreciation expense	(882)	(36)	(918)
Balance at 30 June 2022	1,401	102	1,503

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 interest on lease liabilities and other lease expenses;
- note 19 and note 35 for details of lease liabilities at the beginning and end of the reporting period; and
- note 24 for the maturity analysis of lease liabilities.

Note 16. Trade and other payables

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000 (Restated)
Current liabilities		
Trade payables	2,393	1,779
Accrued expenses	8,206	7,878
Goods and service tax	-	230
Other payables	589	831
Total trade and other payables	11,188	10,718

Refer to note 24 for further information on financial instruments.

Note 17. Contract liabilities

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000 (Restated)
Current liabilities		
Contract liabilities	43,463	35,780
Non-current liabilities		
Contract liabilities	2,657	4,191
Total contract liabilities	46,120	39,971

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. The aggregate amount of the transaction price allocated to the performance obligations for current and non-current contract liabilities that are unsatisfied at the end of the reporting period were $43,463,000 and $2,657,000 respectively as at 30 June 2022 (2021: $35,780,000 and $4,191,000 respectively) and are expected to be recognised as revenue as outlined above. As at 30 June 2021, contract liabilities of $12,810,000 were acquired from the business combination (refer note 33). At the reporting date, $11,147,000 (2021: $740,000) of the acquired contract liabilities was recognised as revenue.

Note 18. Borrowings

Bank loans
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 consisted of a $10,000,000 bank loan and a $2,000,000 bank guarantee that each mature on 30 days rolling terms. The banking facilities are secured by fixed and floating charges over the Group's assets.

Banking facilities
Bank guarantee and ancillary facility of $109,000 are available to the Group which is subject to a regular review.

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

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Total facilities		
Bank loans	10,000	10,000
Bank guarantee and ancillary facility	2,109	114
	12,109	10,114
Used at the reporting date		
Bank loans	-	-
Bank guarantee and ancillary facility	1,482	18
	1,482	18
Unused at the reporting date		
Bank loans	10,000	10,000
Bank guarantee and ancillary facility	627	96
	10,627	10,096

As at the reporting date, there are outstanding bank guarantees of $1,482,000 (2021: $1,464,000) with the bank. There are ongoing negotiations with the bank to extend this facility.

Note 19. Lease liabilities

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Current liabilities		
Lease liability	1,121	1,627
Non-current liabilities		
Lease liability	1,039	1,497
Total lease liabilities	2,160	3,124

Refer to note 24 for maturity analysis of lease liabilities.

Refer to note 35 for details of changes in lease liabilities.

Note 20. Provisions

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Current liabilities		
Employee benefits	3,311	3,531
Lease make good	301	139
Other provisions	13	653
	3,625	4,323
Non-current liabilities		
Employee benefits	588	578
Lease make good	43	231
Other provisions	8	45
	639	854
Total provisions	4,264	5,177

Employee benefits
Employee benefits comprise of 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
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 redundancy and storage costs.

Note 20. Provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 30 June 2022	Lease make good $'000	Other provisions $'000
Carrying amount at the start of the year	370	698
Additional provisions recognised	43	1
Amounts used	(75)	(679)
Exchange differences	(5)	1
Unwinding of discount	11	-
Carrying amount at the end of the year	344	21

Note 21. Issued capital

	Consolidated			
	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 $'000	30 June 2021 $'000
Ordinary shares - fully paid	276,484,170	276,484,170	216,589	216,589

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2020	139,484,170	34,494
Issue of shares to vendors of Blake eLearning Pty Ltd at a deemed issue price of $1.33 per share (note 33)	28 May 2021	137,000,000	182,210
Share issue transaction costs		-	(115)
Balance	30 June 2021	276,484,170	216,589
Balance	30 June 2022	276,484,170	216,589

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
There is no current on-market share buy-back.

Capital risk 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.

Note 21. Issued capital (continued)

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.

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 from the 30 June 2021 Annual Report.

Note 22. Reserves

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Foreign currency reserve	322	753
Acquisition reserve	(798)	(798)
Share-based payment reserve	8,531	8,495
	8,055	8,450

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

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.

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. Refer to note 26 for further details.

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

Consolidated	Foreign currency reserve $'000	Acquisition reserve $'000	Share-based payment reserve $'000	Total $'000
Balance at 1 July 2020	157	(798)	8,595	7,954
Foreign currency translation	596	-	-	596
Share-based payments	-	-	(100)	(100)
Balance at 30 June 2021	753	(798)	8,495	8,450
Foreign currency translation	(431)	-	-	(431)
Share-based payments	-	-	36	36
Balance at 30 June 2022	322	(798)	8,531	8,055

Note 23. Dividends

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

Franking credits

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	1,798	118

The above amounts represent the balance of the franking account as at the end of the financial year, 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
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 24. 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 of Directors ('Board') have 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, to analyse 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

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 exchange 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.

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 British Pound). The Board believes that natural hedges presently mitigate any exchange rate volatility risk for the Group to an economically acceptable level.

From time to time the Group enters into forward foreign exchange contracts to protect against exchange rate movements on significant contracts with highly probable forecast cash flows.

Note 24. Financial instruments (continued)

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

Consolidated	Assets 30 June 2022 $'000	Assets 30 June 2021 $'000	Liabilities 30 June 2022 $'000	Liabilities 30 June 2021 $'000
US dollars	1,805	1,313	31	-
Euros	142	545	-	-
Pound Sterling	1,270	-	106	857
New Zealand dollars	134	837	1	-
Canadian dollars	455	766	-	-
Other currencies	635	-	2	2
	4,441	3,461	140	859

The Group had net assets denominated in foreign currencies of $4,301,000 (assets $4,441,000 less liabilities $140,000) as at 30 June 2022 (2021: $2,602,000 (assets $3,461,000 less liabilities $859,000)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2021: 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 $430,000 higher/$430,000 lower (2021: $260,000 higher/$260,000 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations.

Price risk
The Group is not exposed to any significant price risk.

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

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) 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.

Note 24. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Bank loans	10,000	10,000
Bank guarantee and ancillary facility	627	96
	10,627	10,096

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 2022	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						
Non-interest bearing						
Trade payables	-	2,393	-	-	-	2,393
Other payables	-	589	-	-	-	589
Interest-bearing - fixed rate						
Lease liability	3.36%	1,170	351	660	122	2,303
Total non-derivatives		4,152	351	660	122	5,285

Consolidated - 30 June 2021	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						
Non-interest bearing						
Trade payables	-	1,779	-	-	-	1,779
Other payables	-	831	-	-	-	831
Interest-bearing - fixed rate						
Lease liability	3.36%	1,723	1,469	61	-	3,253
Total non-derivatives		4,333	1,469	61	-	5,863

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.

Note 25. 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 26. Key management personnel disclosures

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

	Consolidated	
	30 June 2022 $	30 June 2021 $
Short-term employee benefits*	1,840,156	1,952,459
Post-employment benefits	102,019	109,198
Termination benefits	-	650,000
Share-based payments	118,744	(112,093)
Total	2,060,919	2,599,564

* $240,000 was paid during the year out of a total retention bonus awarded to a now former KMP of $300,000 in FY21.

Note 27. Remuneration of auditors

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

	Consolidated	
	30 June 2022 $	30 June 2021 $
Audit services - Ernst & Young (Australia)		
Audit or review of the financial statements	515,691	651,398
Other services - Ernst & Young (Australia)		
Tax services	31,500	12,875
Advisory services	52,500	-
	84,000	12,875
	599,691	664,273
Audit services - overseas unrelated firms		
Audit or review of the financial statements	21,861	9,489

Note 28. Contingencies

The bank has given bank guarantees as at 30 June 2022 of $1,482,000 (2021: $1,482,000) for merchant facility and operating leases.

Note 29. Commitments

The Group had no commitments as at 30 June 2022 and 30 June 2021.

Note 30. Related party transactions

Parent entity
3P Learning Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with 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 office lease agreement with Matthew Sandblom, which has a lease term of 12 months.

The following transactions occurred with related parties:

	Consolidated	
	30 June 2022 $	30 June 2021 $
Other income:		
Other income from director related entities of Matthew Sandblom	38,918	3,324
Service fee income (25%) on workbook sales from director related entities of Matthew Sandblom	175,111	-
Payment for services:		
Occupancy and other expenses paid to director related entities of Matthew Sandblom	1,556,578	331,338

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

	Consolidated	
	30 June 2022 $	30 June 2021 $
Current receivables:		
Trade receivables from director related entities of Matthew Sandblom	26,150	3,324
Current payables:		
Trade payables to director related entities of Matthew Sandblom (2021 includes acquired trade payables of $194,891)	63,731	289,584

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.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 30 June 2022 $'000	Parent 30 June 2021 $'000
Profit/(loss) after income tax	(11,046)	29,650
Total comprehensive income	(11,046)	29,650

Statement of financial position

	Parent 30 June 2022 $'000	Parent 30 June 2021 $'000
Total current assets	37,196	31,518
Total assets	231,283	227,669
Total current liabilities	44,788	29,604
Total liabilities	60,175	45,551
Equity		
Issued capital	216,589	216,589
Share-based payment reserve	8,531	8,495
Accumulated losses	(54,012)	(42,966)
Total equity	171,108	182,118

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 34 for further information.

Contingent liabilities
The parent entity has given bank guarantees as at 30 June 2022 of $1,462,000 (2021: $1,460,000) for merchant facility and operating leases.

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- 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.

Note 32. 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 2:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2022 %	Ownership interest 30 June 2021 %
3P Learning Australia Pty Limited	Australia	100%	100%
Into Science Pty Ltd*	Australia	-	100%
3P International Holdings Pty Ltd	Australia	100%	100%
3P Learning Limited	New Zealand	100%	100%
3P Learning UK Limited	United Kingdom	100%	100%
3P Learning Inc.	United States	100%	100%
3P Learning Canada Limited	Canada	100%	100%
Blake eLearning Pty Ltd	Australia	100%	100%
Blake eLearning Inc.	United States	100%	100%
Blake eLearning UK Limited	United Kingdom	100%	100%
Blake eLearning China Pty Limited**	China	85%	85%

* Entity deregistered on 21 July 2021.

** Summarised financial information for subsidiaries that have non-controlling interests, has not been provided as they are not material to the Group.

Note 33. Business combinations (prior year acquisition - restated)

Blake eLearning Pty Ltd ('Blake')

On 28 May 2021, the Group acquired 100% of the ordinary shares of *Blake eLearning Pty Ltd* and its controlled entities for the total consideration transferred of $182,221,000. The values identified in relation to the acquisition of Blake as at 30 June 2021 were provisional and have now been finalised.

This has resulted in an increase in other receivables by $12,000, decrease in other payables and accruals by $1,345,000; an increase in other payables due to working capital adjustment to vendors amounting to $189,000, an increase in contract liabilities by $507,000, an increase in income tax payable by $569,000 and an increase in deferred tax asset by $563,000. As a result, goodwill on acquisition decreased by $655,000. There was no impact on the comparative period statement of profit or loss and other comprehensive income or the opening retained earnings. The fair value table below and the comparative year statement of financial position as at 30 June 2021 have been adjusted accordingly.

Note 33. Business combinations (prior year acquisition - restated) (continued)

Details of the acquisitions are as follows:

	Fair value $'000
Cash and cash equivalents	3,605
Trade receivables	4,032
Inventories	217
Prepayments	219
Other receivables	423
Plant and equipment	103
Other intangible assets	32,363
Trade payables	(2,393)
Other payables and accruals	(1,545)
Contract liabilities	(12,810)
Provision for income tax	(2,319)
Deferred tax liability	(4,645)
Employee benefits	(1,923)
Net assets acquired	15,327
Goodwill	166,894
Acquisition-date fair value of the total consideration transferred	182,221
Representing:	
3P Learning Limited shares issued to vendor (refer note 21)	182,210
Non-controlling interest	11
	182,221
Acquisition costs expensed to profit or loss (30 June 2021)	4,047
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	182,221
Less: cash and cash equivalents	(3,605)
Less: shares issued by Company as part of consideration (refer note 21)	(182,210)
Less: Non-controlling interest	(11)
Net cash received	(3,605)

Note 34. 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'.

Note 34. Deed of cross guarantee (continued)

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

Statement of profit or loss and other comprehensive income	30 June 2022 $'000	30 June 2021 $'000
Revenue	68,940	21,572
Other income	6,648	63,119
Interest income	22	45
Administrative expenses and foreign exchange	(12,950)	(4,749)
Deferred contract costs	(2,904)	(1,016)
Depreciation and amortisation expenses	(11,803)	(11,584)
Employee expenses	(30,015)	(15,110)
Finance costs	(115)	(263)
Impairment of assets	-	(9,379)
Marketing expenses	(9,619)	(1,428)
Occupancy expenses	(835)	(317)
Professional fees - corporate advisory costs	(2,676)	(7,578)
Professional fees - other	(1,942)	(3,115)
Technology costs	(6,455)	(3,534)
Profit/(loss) before income tax (expense)/benefit	(3,704)	26,663
Income tax (expense)/benefit	(334)	3,329
Profit/(loss) after income tax (expense)/benefit	(4,038)	29,992
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(4,038)	29,992

Equity - accumulated losses	30 June 2022 $'000	30 June 2021 $'000
Accumulated losses at the beginning of the financial year	(42,695)	(72,687)
Profit/(loss) after income tax (expense)/benefit	(4,038)	29,992
Accumulated losses at the end of the financial year	(46,733)	(42,695)

Note 34. Deed of cross guarantee (continued)

Statement of financial position	30 June 2022 $'000	30 June 2021 $'000
Current assets		
Cash and cash equivalents	25,424	19,443
Trade and other receivables	2,123	5,098
Deferred contract costs	1,659	594
Other assets	2,694	2,139
Income tax receivable	1,477	-
	33,377	27,274
Non-current assets		
Investments	899	899
Plant and equipment	352	338
Intangibles	197,277	202,941
Right-of-use assets	309	1,213
Deferred contract costs	633	103
Deferred tax	2,875	2,056
	202,345	207,550
Total assets	235,722	234,824
Current liabilities		
Trade and other payables	31,293	24,971
Contract liabilities	21,365	19,405
Lease liabilities	277	736
Provisions	2,751	2,825
Income tax payable	-	1,750
	55,686	49,687
Non-current liabilities		
Contract liabilities	1,114	1,225
Lease liabilities	59	613
Provisions	476	910
	1,649	2,748
Total liabilities	57,335	52,435
Net assets	178,387	182,389
Equity		
Issued capital	216,589	216,589
Reserves	8,531	8,495
Accumulated losses	(46,733)	(42,695)
Total equity	178,387	182,389

Note 35. Cash flow information

Reconciliation of loss after income tax to net cash from operating activities

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Loss after income tax benefit for the year	(563)	(9,370)
Adjustments for:		
Depreciation and amortisation	11,937	8,313
Impairment of intangibles	-	4,818
Share-based payments	36	(100)
Foreign exchange differences	(170)	525
Net loss on disposal of assets	160	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	4,366	2,330
Increase in deferred tax assets	(2,257)	(3,541)
(Increase)/decrease in deferred contract costs	(1,742)	19
Increase in other operating assets	(569)	(482)
Increase/(decrease) in trade and other payables	447	(992)
Increase/(decrease) in contract liabilities	6,149	(915)
Increase/(decrease) in provision for income tax	(4,123)	127
Increase/(decrease) in employee benefits	(222)	175
Increase/(decrease) in other provisions	(685)	388
Net cash from operating activities	12,764	1,295

Non-cash investing and financing activities

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Additions to the right-of-use assets	1,425	48
Shares issued in relation to business combinations	-	182,210
	1,425	182,258

Note 35. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Lease liabilities $'000
Balance at 1 July 2020	4,844
Net cash used in financing activities	(1,694)
Interest on lease liabilities	141
Acquisition of leases	48
Exchange differences	(151)
Other changes	(64)
Balance at 30 June 2021	3,124
Net cash used in financing activities	(2,075)
Interest on lease liabilities	106
Acquisition of leases	1,425
Exchange differences	209
Other changes	(629)
Balance at 30 June 2022	2,160

Note 36. Share-based payments

The share-based payment expense for the year was $36,000 (2021: credit/reversal of $100,000).

An equity incentive plan has been established by the Group, whereby the Group may, at the discretion of the Board, grant performance rights and options over ordinary shares in the Company ('awards') to certain key management personnel and employees of the Group. The awards are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options/awards granted under the plan:

30 June 2022

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
23/08/2018	23/08/2022	$1.75	691,562	-	-	(691,562)	-
09/11/2018	23/08/2022	$1.75	2,867,647	-	-	(2,867,647)	-
			3,559,209	-	-	(3,559,209)	-
Weighted average exercise price			$1.75	$0.00	$0.00	$1.75	$0.00

30 June 2021

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
02/09/2016	02/09/2020	$1.26	301,740	-	-	(301,740)	-
21/11/2016	02/09/2020	$1.26	577,750	-	-	(577,750)	-
31/08/2017	31/08/2021	$1.42	688,331	-	-	(688,331)	-
09/11/2017	31/08/2021	$1.42	2,644,509	-	-	(2,644,509)	-
23/08/2018	23/08/2022	$1.75	691,562	-	-	-	691,562
09/11/2018	23/08/2022	$1.75	2,867,647	-	-	-	2,867,647
			7,771,539	-	-	(4,212,330)	3,559,209
Weighted average exercise price			$1.55	$0.00	$0.00	$1.39	$1.75

Note 36. Share-based payments (continued)

Outstanding options/awards vested and exercisable as at 30 June 2022: nil (2021: nil).

The weighted average share price during the financial year was $1.36 (2021: $1.23) per ordinary share. The weighted average remaining contractual life of options/awards outstanding at the end of the financial year was nil years (2021: 1.14 years).

Share appreciation rights:
During the year, 2,130,456 share appreciation rights were granted at a fair value of $0.679 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 performance and share appreciation rights granted under the plan:

30 June 2022

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/11/2019	06/09/2022	$0.00	641,760	-	-	(641,760)	-
21/12/2020	31/08/2023	$0.00	293,989	-	-	(183,076)	110,913
07/02/2022	31/08/2024	$0.00	-	1,949,037	-	(261,710)	1,687,327
03/06/2022	31/08/2024	$0.00	-	181,419	-	-	181,419
			935,749	2,130,456	-	(1,086,546)	1,979,659

30 June 2021

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/11/2019	06/09/2022	$0.00	641,760	-	-	-	641,760
21/12/2020	31/08/2023	$0.00	-	293,989	-	-	293,989
			641,760	293,989	-	-	935,749

Performance and share appreciation rights vested and exercisable as at 30 June 2022 was nil (2021: nil). The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.99 years (2021: 1.88 years).

For the share appreciation rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/02/2022	31/08/2024	$1.68	$0.00	36.00%	-	1.71%	$0.679
03/06/2022	31/08/2024	$1.68	$0.00	36.00%	-	1.71%	$0.679

Note 37. Earnings per share

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Loss after income tax	(563)	(9,370)
Non-controlling interest	27	1
Loss after income tax attributable to the owners of 3P Learning Limited	(536)	(9,369)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	276,484,170	152,245,814
Weighted average number of ordinary shares used in calculating diluted earnings per share	276,484,170	152,245,814

	Cents	Cents
Basic earnings per share	(0.19)	(6.15)
Diluted earnings per share	(0.19)	(6.15)

Note 38. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 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.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Matthew Sandblom
Executive Chairman

22 August 2022
Sydney

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working world

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Independent Auditor's Report to the members 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) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Impairment testing of intangible assets

Why significant	How our audit addressed the key audit matter
At 30 June 2022, the Group's consolidated statement of financial position included goodwill and other intangible assets with a carrying value of $200.9 million, representing 78.0% of total assets. During the year ended 30 June 2021, the Group recognised $199.3 million in goodwill and other intangible assets arising from business combinations. The acquired goodwill and other intangible assets were allocated to the Group's CGUs during the year ended 30 June 2022. The Directors have assessed goodwill and other intangible assets for impairment. As disclosed within Note 14 to the financial statements, the assessment of the Group's goodwill and other intangible assets incorporated significant judgements and estimates, based upon conditions existing at 30 June 2022, specifically concerning factors such as forecast cashflows, discount rates, and terminal growth rates. The estimates and assumptions relate to the sustainability of future performance, market and economic conditions. The significant assumptions used in the impairment testing are inherently subjective. This was considered to be a key audit matter due to the value of the intangibles balance relative to the Group's total assets, and the judgement involved in assessing the estimates included in the Group's impairment model.	Our audit procedures included the following: ► Assessed whether the models used by the Directors in their impairment testing of the carrying values of intangible assets met the requirements of the Australian Accounting Standards. ► Assessed the Group's determination of the cash generating units (CGUs) used in the impairment assessment, based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also considered internal reporting of the Group's results to assess how earnings and goodwill are monitored and reported. ► Assessed the Group's allocation of additional goodwill arising from the business combination which occurred in the year ending 30 June 2021, to CGUs used in the impairment assessment. ► Assessed the cash flow forecasts, assumptions and estimates used by the Group, as outlined in Note 16 to the financial statements, by considering the reliability of the Group's historical cash flow forecasts, our knowledge of the business and corroborating data with external information where possible. ► Evaluated the appropriateness of discount and terminal growth rates applied. ► Tested the mathematical accuracy of the impairment testing models including the consistency of relevant data with latest Board approved forecasts. ► Performed sensitivity analysis on key assumptions including discount rates, terminal growth rates and cashflow forecasts for each of the Group's CGUs. ► We involved our valuation specialists in performing these procedures where appropriate. ► Assessed the adequacy of the disclosures relating to intangible assets in the financial statements, including those made with respect to judgements and estimates.

Building a better working world

Revenue recognition

Why significant	How our audit addressed the key audit matter
The Group generated $97.2 million in revenue from customers across its global operations for the year ended 30 June 2022. As disclosed in Notes 2 and 5 to the financial statements, the Group's revenue streams are either recognised over time or at a point in time depending on the identified performance obligations that the Group has to the customer. Given the importance of revenue to the users of the financial statements, specifically as a key performance indicator for the Group, this was considered to be a key audit matter.	Our audit procedures included the following: ► Evaluated the Group's revenue accounting processes and assessed whether the Group's revenue accounting policies complied with the requirements of Australian Accounting Standards. ► Assessed the operating effectiveness of relevant controls in place relating to the recognition and measurement of revenue. ► Selected a sample of revenue transactions and tested whether revenue was correctly calculated and recognised in the correct period. This included testing whether revenue transactions were recognised as deferred revenue at balance date where applicable. ► Assessed the adequacy of the financial report disclosures contained in Notes 2 and 5.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report,but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express 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 and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 27 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of 3P Learning Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

RRobinson

Renay Robinson
Partner
Sydney
22 August 2022

The shareholder information set out below was applicable as at 31 July 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	385	0.10
1,001 to 5,000	253	0.45
5,001 to 10,000	93	0.47
10,001 to 100,000	134	2.76
100,001 and over	37	96.22
	902	100.00
Holding less than a marketable parcel	225	0.03

Equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
PASCAL EDUCATIONAL SERVICES PTY LTD	80,200,000	29.01
J P MORGAN NOMINEES AUSTRALIA TPY LIMITED	49,430,195	17.88
KPIT PTY LTD	40,850,000	14.77
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,018,423	10.86
NATIONAL NOMINEES LIMITED	28,826,480	10.43
PASCAL EDUCATIONAL SERVICES PTY LTD	13,700,000	4.96
MUTUAL TRUST PTY LTD	12,263,944	4.44
BNP PARIBAS NOMS PTY LTD	2,755,555	1.00
BNP PARIBAS NOMINEES PTY LTD	2,477,500	0.90
CITICORP NOMINEES PTY LIMITED	2,195,604	0.79
BLAKE BECKETT PTY LTD	2,000,000	0.72
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	0.12
BRETTON PTY LTD	300,000	0.11
MR JONATHAN CLAUDE KENNY	288,856	0.10
MR KEI YAN CHENG	284,280	0.10
MANTOU REPUBLIC PTY LTD	277,124	0.10
NEPEAN SUPERANNUATION PTY LTD	254,584	0.09
	268,082,081	96.97

Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares issued	752,673	2
Share appreciation rights	1,868,746	6

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Pascal Education Services Pty Ltd ATF Blake Sandblom Trust	80,200,000	29.01
Pascal Education Services Pty Ltd ATF BEL Unit Trust	13,790,000	4.99
KPIT Pty Ltd ATF KP Investment Trust	40,850,000	14.77
National Nominee ACF Australian Ethical Investment Limited	25,505,191	9.22
Viburnum Funds Pty Ltd	50,813,840	18.38

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 rights and share appreciation rights carry no voting rights.

There are no other classes of equity securities.

Directors	Matthew Sandblom - Executive Chairman Mark Lamont - Non-Executive Director Katherine Ostin - Non-Executive Director Allan Brackin - Non-Executive Director Belinda Rowe - Non-Executive Director
Chief Executive Officer	Jose Palmero
Company secretary	Elizabeth Wang 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	Ernst & Young 200 George Street 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 ASX Corporate Governance Principles and Recommendations (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/.

3P Learning

The award-winning team behind

Mathletics

Reading eggs

Mathseeds

3P Learning

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