3P Learning Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	3P Learning Limited
ABN:	50 103 827 836
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	1.0%	to	54,955
Profit from ordinary activities after tax attributable to the owners of 3P Learning Limited	down	73.8%	to	1,550
Profit for the year attributable to the owners of 3P Learning Limited	down	73.8%	to	1,550

The Group has adopted Accounting Standard AASB 16 'Leases' and AASB Interpretation 23 'Uncertainty over Income Tax Treatments' for the year ended 30 June 2020. The Accounting Standard was adopted using the modified retrospective approach and as such the comparatives have not been restated. Refer note 2 of the financial statements for further details.

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

Comments
The profit for the Group after providing for income tax amounted to $1,550,000 (30 June 2019: $5,911,000).

Refer to 'Operating and financial review' in the Directors' Report for detailed commentary in relation to the results for the year.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.84	3.64

As noted above, the Group has adopted the Accounting Standard AASB 16 ‘Leases’ for the year ended 30 June 2020 using the modified retrospective approach. In accordance with ASIC guidance ‘19-341MR Financial reporting focuses for 31 December 2019’, the 30 June 2020 balance of right-of-use assets amounting to $2,841,000 have been excluded from the calculation of net tangible assets, however lease receivables of $1,758,000 and lease liabilities of $4,844,000 arising in a similar way have been included. Excluding right-of-use assets, lease receivables and lease liabilities arising upon adoption of Accounting Standard AASB 16 'Leases', net tangible assets per ordinary security as at 30 June 2020 are 5.31 cents.

4. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

5. Attachments

The Annual Report of 3P Learning Limited for the year ended 30 June 2020 is attached.

6. Signed

As authorised by the Board of Directors

Signed ____________________________ Date: 14 August 2020

Samuel Weiss
Chairman
Sydney

2020 Annual Report

3P Learning

3P Learning Limited
ABN 50 103 827 836
www.3plearning.com

A message from the CEO

Dear Fellow Shareholders,

The end of this financial year marks the completion of the first year of our 20:22 Accelerate Growth plan after restructuring the business and laying a foundation during the 2017-2019 period so 3P could profitably accelerate sales growth. There is clear evidence that we are now gaining sales momentum and moving the business to an accelerated growth phase.

FY2020 Performance Overview

Royalty adjusted Annual Recurring Revenue
$50.0M ↑ 1% on pcp

Licences
4.7M ↑ 3% on pcp

Statutory Revenue
$55.1M ↑ 1% on pcp

EBITDA
$14.6M ↓ 18% on pcp

Net Dollar Churn Percentage
15% 2%-pts improvement on pcp

Cash
$27.1M ↑ 5% on pcp

Royalty adjusted Annual Recurring Revenue, was up 1% on prior year. This excluded any amounts from the Ministry of Education agreement announced on 23 June 2020, as subscriptions on this agreement begin in FY21. Statutory revenue was up 1% and licences were up 3% on prior year with all regions recording licence growth.

As expected, Underlying EBITDA was down 18% year over year driven by investments in the USA which delivered less than expected in sales growth due to COVID-19 market impacts and sales commission accruals for our Ministry of Education contract. Encouragingly our Net Dollar Churn Percentage improved by 2% percentage points year over year indicating an improvement to our customer lifetime value. We ended the year with a strong cash balance of $27.1M.

Key Financial Information **A$M (unless stated)**	FY2020*	FY2019	Variation %
Statutory Revenue	54.9	54.4	1%
Underlying EBITDA	14.6	17.7	(18%)
Underlying Net Profit After Tax	1.7	5.9	(71%)
Statutory Net Profit After Tax	1.6	5.9	(73%)
Underlying Earnings Per Share (cents)	1.21	4.24	(74%)
Cash	27.1	25.8	5%

*FY2020 Statutory Net Profit After Tax includes $0.1M of corporate advisory costs.

20:22 Accelerate Growth Strategy

We announced at the beginning of this financial year our 20:22 Accelerate Growth plan which has four strategic priorities to accelerate profitable sales growth and they are:

1. Product and customer expansion
2. Accelerate profitable sales growth in the Americas
3. Enhance customer experience and retention
4. Develop a growth focussed, high performance culture

We have made significant progress against our strategic plan. A key proof point of our progress against our strategy was securing a US$10M Mathletics and professional services contract with a Ministry of Education in the Middle East which will be delivered and recognised in FY21. This contract could expand to a whole of country opportunity and will serve as a light house account for other countries in that region which represents significant new TAM for 3P.

Importantly we enter FY21 with a growing funnel of other large enterprise opportunities. These enterprise opportunities are typically larger than AU$1M in contract value, have longer sales cycles and will accelerate our growth trajectory and complement our transactional business.

We could not have secured this large Ministry contract or developed a strong enterprise sales funnel had it not been for all the turnaround and foundational work we did during 2017-19.

For our flagship Mathletics brand, we introduced over 30,000 new activities, refreshed the teacher and student experience, strengthened our 7-10 offering and launched a Spanish version to address the Latin America market and serve many districts in the USA. We launched Readiwriter Spelling in late 2019 with strong market acceptance in our core UK and Australian markets. We have also commenced work on Readiwriter Writing which is addressing our product portfolio gaps in literacy, the largest category of spend in K-12 education. Our focus on customer experience across product, service, sales and marketing and our investments in more digitised and automated journeys, helped drive retention improvements in all of our core markets. Finally, we continued our work on developing 3P's high performing and growth focused culture. We built internal talent through our investment in 3PYOU an online cross functional learning space to address areas we needed to build capability and we secured strong talent externally where necessary. We responded well to the changes brought about by COVID-19 and importantly the team continued to execute our plan despite the sudden shift to remote working.

FY21 Outlook

Our 20:22 Accelerate Growth plan remains unchanged, however we have moderated our growth expectation for the Americas region as a result of funding uncertainty in the USA in the wake of COVID 19. In FY2021 we expect the EMEA market to deliver strong revenue and EBITDA growth as a result of the Ministry of Education deal in the Middle East. In the APAC market, we expect single digit revenue and EBITDA growth. In the Americas market, we expect continued market uncertainty due to funding challenges as a result of COVID-19 however there is a pipeline of enterprise opportunities with an expectation of licence revenue growth for the full year.

In closing, I want to say a heartfelt thank you to each and every member of the 3P team who worked tirelessly this year, always focused on our purpose and customer, despite the extremely challenging conditions across the globe. Thank you to my fellow Directors and you, our shareholders who put their confidence in 3P. Finally, I want to thank our customers across the globe. We are unified at 3P in having a relentless focus on improving teaching and learning outcomes for you.

Yours sincerely

Rebekah O'Flaherty
CEO and Managing Director

3P Learning Limited
Contents
30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of 3P Learning Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

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:

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

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

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

Operating and financial review
Business overview
The Group is a global leader in online education and adaptive and collaborative learning. Our suite of mathematics, literacy and science 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. The Group engages with teachers to develop innovative products that intuitively mirror the teacher's workflow and day.

The Group has over 250 educators, engineers, product designers and other personnel around the world, servicing schools in more than 100 countries. Today the Group is trusted by 4.7 million students in over 17,000 schools across the world. Our mission is to create the teaching moments that inspire learning.

Financial review
The profit for the Group after providing for income tax amounted to $1,550,000 (30 June 2019: $5,911,000).

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

	Consolidated	
	2020 $'000	2019 $'000
Profit attributable to owners of 3P Learning Limited	1,550	5,911
Income tax expense	1,407	2,834
Profit before income tax expense	2,957	8,745
Depreciation and amortisation expense	11,407	9,131
Interest income	(270)	(267)
Finance costs	284	138
Corporate advisory costs	197	-
Underlying EBITDA*	14,575	17,747

* Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding corporate advisory costs.

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 in order 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 2020 was $54,955,000 (30 June 2019: $54,415,000). The increase was largely due to the Americas segment achieving double digit revenue growth on the sale of subscription-based products of $1,139,000 offset by a reduction in sub-lease revenue of $592,000 as a result of adopting AASB16 'Leases' with effect from 1 July 2019.

Performance
The profit for the Group after providing for income tax amounted to $1,550,000 (30 June 2019: $5,911,000).

Depreciation and amortisation expenses in the current year increased by $2,276,000 to $11,407,000. Current year depreciation included $1,039,000 depreciation on right-of-use assets due to the adoption of AASB 16 'Leases' with effect from 1 July 2019. The remaining increase was the result of a Readiwriter Spelling being released to market as well as higher costs of obtaining customer contracts.

Corporate advisory costs of $197,000 was recorded during the year ended 30 June 2020.

At 30 June 2020 the Group has $27,083,000 of cash and cash equivalents and no debt. Surplus cash balances are put on term deposit with the Group's bankers to maximise interest income. The Group also has a $10,000,000 working capital facility available with its bankers, which was undrawn at 30 June 2020.

Segment review
Segment revenue for the year is as follows:

	2020 $'000	2019 $'000	Change $'000	Change %
Asia-Pacific ('APAC')	33,612	33,668	(56)	(0.2%)
Americas	9,132	8,585	547	6.4%
Europe, Middle-East and Africa ('EMEA')	12,211	12,162	49	0.4%
Total Revenue	54,955	54,415	540	1.0%

Segment Underlying EBITDA is as follows:

	2020 $'000	2019 $'000	Change $'000	Change %
APAC	14,648	16,808	(2,160)	(12.9%)
Americas	(2,756)	(2,273)	(483)	21.2%
EMEA	2,683	3,212	(529)	(16.5%)
Total Underlying EBITDA	14,575	17,747	(3,172)	(17.9%)

APAC segment
Revenue and other income in APAC has declined by $56,000 due to FY19 churn issues impacting on the first half of FY20 offset by an increase in copyright licence fees. Underlying EBITDA decreased by $2,160,000 due to increase sales and marketing headcount and commission paid to support high volume demand observed during the Coronavirus (COVID-19) pandemic.

Americas segment
Revenue in Americas grew by 6.4% to $9,132,000 driven by double digit revenue growth on the sale of subscription based products offset by a reduction in sub-lease income of $592,000 as a result of adopting AASB 16 'Leases' with effect from 1 July 2019. Underlying EBITDA has decreased by $483,000 due to higher average sales and marketing headcount during the year.

EMEA segment
EMEA revenue has increased by 0.4% as a result of favourable exchange rate movements. Underlying EBITDA decreased by 16.5% to $2,683,000 mainly due to variable cost associated with a Ministry of Education agreement entered into during June 2020. No revenue, no trade receivable and no contract liability from the agreement with this Ministry of Education customer was recognised during the year.

The Group has net assets of $26,267,000 (30 June 2019: $24,624,000) which have increased from the previous year due to the profit for the year.

Material Business Risks
The risk associated with the market in which the Group operates requires management to continually focus on product innovation and change to keep pace with competitors and new entrants to the market who may develop new technologies that could impact the Group's performance. The Group invested $10,562,000 (30 June 2019: $8,977,000) in product development and software and this level of investment is expected to continue in order to ensure the Group's products remain in demand.

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.

Product risks: The Group has distribution rights to products owned by Blake ELearning Pty Limited (Reading Eggs, Reading Eggspress, Wordflyers or Mathseeds) but does not own the intellectual property rights to them; however the contractual distribution rights enjoyed by the Group do not expire.

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 we approach everything we do and the decisions we make. We take the storage of this data incredibly seriously and place the highest priority on ensuring its security.

Revenue risk: The global school K-12 market is driven by schools' ability to fund the purchase of education technology for their students. A significant decline in school funding in any market could result in reduced demand for the Group's products.

Commercial contractual risk: During the year the Group entered into an agreement with a National Ministry of Education customer in the Middle East region. As this is a material contract with a foreign government body, there are increased liability risk 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.

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
In June 2020 the Group, through its UK subsidiary company, entered into an enterprise agreement with a National Ministry of Education in the Middle East. The proceeds arising from the agreement are expected to be collected and revenue recognised within the statement of profit or loss during FY21.

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

Matters subsequent to the end of the financial year
On 24 July 2020, the banking facilities of a $10,000,000 bank loan and a $2,000,000 bank guarantee were extended from a maturity date of 30 July 2020 to 30 August 2020.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Group’s growth is expected to be supported by the continuing trend of more school, teachers, parents and students to seek 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, literacy and science online education. The Group also expects to continue to invest in its scalable internal sales, marketing and operational systems 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:	Samuel Weiss
Title:	Independent Non-Executive Chairperson
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:	Chairman of Altium Limited (ASX: ALU) - Director since January 2007
Former directorships (last 3 years):	Surfstitch Group Limited (ASX: SRF) - from July 2016 to August 2017 and Non-Executive Director of Citadel Group Limited (ASX: CGL) - from 15 May 2019 to 31 October 2019.
Special responsibilities:	Member of the People and Culture Committee and Member of the Audit and Risk Committee
Interests in shares:	637,277 ordinary shares

Name:	Rebekah O’Flaherty
Title:	Chief Executive Officer
Qualifications:	B.Ec., MBA, GAICD
Experience and expertise:	Extensive experience in technology, digital, product development, sales, marketing and distribution across Asia Pacific, Europe and United States gained over 12 years with Hewlett Packard, Telstra and most recently Origin Energy.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	112,000 ordinary shares
Interests in options:	6,089,906 options
Interests in rights:	509,175 performance rights

Name:	Roger Amos
Title:	Independent Non-Executive Director
Qualifications:	FCA, FAICD
Experience and expertise:	Over 35 years of experience in finance, business and accounting. Previously a partner at the international accounting firm KPMG for 25 years.
Other current directorships:	Non-Executive Director of REA Group Limited (ASX: REA) - since July 2006, Non-Executive Director of HT&E Limited (ASX: HT1) – since 30 November 2018 and Chairman of Contango Asset Management Limited (ASX: CGA) - Director since November 2017.
Former directorships (last 3 years):	Deputy Chairman of Enero Group Limited (ASX: EGG) - Director from November 2008 to October 2018.
Special responsibilities:	Chairman of the Audit and Risk Committee and Member of the People and Culture Committee
Interests in shares:	83,970 ordinary shares

Name:	Claire Hatton
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
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:	41,526 ordinary shares

Name:	Mark Lamont
Title:	Independent Non-Executive Director
Qualifications:	BA., Dip Ed
Experience and expertise:	Deep experience in the global education and EdTech sectors with particular expertise in technology and internet applications for education, international markets and strategic planning. Previously held roles with myinternet Ltd and Follett Corporation.
Other current directorships:	None
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

'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) was appointed as the company secretary and legal counsel on 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.

Previous company secretary Marta Kielich resigned on 15 June 2020. Dimitri Aroney, the Chief Financial Officer, was appointed as the company secretary for the period from 15 June 2020 to 16 July 2020.

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 2020, 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
Samuel Weiss	13	13	3	3	5	5
Rebekah O'Flaherty*	13	13	3	3	5	5
Roger Amos	13	13	3	3	5	5
Claire Hatton	13	13	3	3	5	5
Mark Lamont	13	13	3	3	5	5

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

* Rebekah O'Flaherty attended the People and Culture Committee and Audit and Risk Committee meetings as an observer.

The Board held 13 meetings, including a two-day strategic review meeting. There were five scheduled Audit and Risk Committee meetings including a risk workshop.

Shares under option
Unissued ordinary shares of 3P Learning Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
02/09/2016	02/09/2020	$1.26	301,740
21/11/2016	02/09/2020	$1.26	577,750
31/08/2017	31/08/2021	$1.42	688,331
09/11/2017	31/08/2021	$1.42	2,644,509
23/08/2018	23/08/2022	$1.75	691,562
09/11/2018	23/08/2022	$1.75	2,867,647
			7,771,539

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

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

Grant date	Expiry date	Exercise price	Number under rights
22/11/2019	06/09/2022	$0.00	641,760

No person entitled to exercise the performance rights had or has any right by virtue of the performance 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 2020 and up to the date of this report.

Shares issued on the exercise of performance rights
The following ordinary shares of 3P Learning Limited were issued during the year ended 30 June 2020 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
21/11/2016	$0.00	100,000

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 $Nil (2019: $19,055) to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 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 26 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 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.

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.

Auditor
Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

Letter from the Chair of the People and Culture Committee

Dear Fellow Shareholder

On behalf of the Board, I am pleased to present our Remuneration Report for FY20. Like most companies this year, our business has faced unprecedented complexities and challenges in the second half of the year as a result of the COVID-19 pandemic, with multi layered challenges globally including employee productivity, wellbeing, business continuity and motivation. Your Board is proud to say that our people rose to this challenge magnificently and worked tirelessly for our customers who were dealing with an 'overnight' move to virtual learning across the globe.

The business experienced rapid and large increases in customer enquiries and consequently needed to source and train talent in record times. The Company also shifted to more flexible work arrangements as all staff became virtual, working from home across the globe. The successful transition to working from home has led the Company to fast track our move to 'all roles flexible' from FY21 with everyone now having the ability to work from anywhere and to work flexible hours in any one day. This strategy provides greater opportunity to search for talent in different jurisdictions and for more equal employee participation regardless of location. It has also driven a reassessment of how we utilise our office space in future with a focus now on repurposing space for connection and collaboration and potentially reducing office footprint.

Our People Priorities

As I communicated last year in my People & Culture Chair Letter, our focus on growth for FY20-22 is underpinned by an acceleration in our investment in our people, our people technology stack as well as leveraging the investments we've made in the foundations of our business over the last four years. From a people perspective we have three priorities that underpin our ability for our team to deliver on our strategy to 'accelerate growth and position 3P Learning as a global SaaS brand in collaborative and adaptive teaching and learning'. They are:

- Accelerate our focus on a high performance, high energy culture driving both pace and successful strategy delivery
- Invest in capability building for our team
- Create a unique and compelling employee experience that attracts and retains great talent and powers productivity.

We've made good progress this year with all three priorities. In the first half of FY20 we launched 3PYOU, our 3P Learning ecosystem which is the hub of our leadership development, onboarding and sales enablement strategies. Integrated with our learning content partner LinkedIn Learning, 3PYOU is also the platform driving our new virtual event and learning initiative which has provided a seamless transition with the move to remote working. We also launched our global HR Information System, BambooHR, which now integrates with all people technology and provides a global source of truth for all people data.

We have focused on attracting top talent from the external market to drive growth which we've been successful at doing and has assisted our move into much larger enterprise commercial agreements. We've also increased our focus on strategic selling in all regions, by upskilling existing sales leaders. Further to this, we've introduced Mercer Comptrx as our key remuneration benchmarking partner to enable more robust market benchmarking during our remuneration review process in H2, and completed a review and redesign of our sales commission structure to create a consistent global plan for all of our sales people across all regions.

Key People Changes

In February 2020, Simon Yeandle, our Chief Financial Officer left 3P Learning. As a consequence, his long-term incentive share options were forfeited. In April 2020, Dimitri Aroney was appointed as Chief Financial Officer. Dimitri's remuneration details are outlined in the Remuneration Report. He will be eligible to receive an annual short term incentive ('STI') with a target STI of 25% of his fixed annual remuneration, and a long term incentive package which may entitle him to receive an equity based award under the long term incentive ('LTI') plan with an 'at target' value equivalent to 25% of his fixed annual remuneration.

In June 2020, Marta Kielich, our General Counsel and Company Secretary left 3P Learning. In July 2020, Elizabeth Wang was appointed as her replacement.

Remuneration

We believe that 3P Learning's remuneration approach provides good alignment between business objectives, shareholder returns and executive remuneration which motivates and retains talented executives. With 3P Learning now poised to be a growth orientated technology company, we have sharpened our Remuneration Philosophy as follows:

- Equal to market for base salary - comparable to what an employee could receive in the market. Market to be determined by securing relevant benchmarking data for each job family and location, and to be based on the 50th percentile as the average base salary for a competent job holder.
- Above market rates for short and long term variable incentive compensation - more than what an employee could get in the market on collation of external data from a group of relevant benchmarked companies. Various incentives are the vehicle for driving and rewarding performance and will be reviewed annually and compared to relevant market vehicles and quantum.
- Short term incentives, based on annual revenue and EBITDA performance, and tied to an ambitious but achievable target and gated at 95% achievement of target. In FY20 we increased the weighting on revenue from 50% to 70% of revenue and reduced the weighting of EBITDA from 50% to 30% to reflect the accelerating growth focus of 3P Learning.
- Long term incentives tied to revenue and EPS performance and tied to aspirational targets which are greater than STI targets. Set over a three-year period and rewarded in the form of equity grants and gated at 95% of achievement of target. LTI awards range from 25-50% of base remuneration and are offered to senior executives only. In FY20 we changed the equity vehicle from options to performance rights.

In FY21 we plan to make changes in our Incentive Plans which include:
- Increasing the Company wide short term incentive (which was implemented in FY18) from 3% to 5% of fixed compensation for individuals classified as ‘team members’ increasing the portion of remuneration linked to company performance and rewarding all staff for achievement of results.
- Introduce a new plan for key ‘non-C suite talent’ who the Company identifies are in a position to materially influence the strategic outcomes of the business. Once these participants are identified, they will be eligible to receive performance rights upon the achievement of targets set in the year. The performance rights for these participants will vest over a two-year period and will be awarded to the participant on the condition that they remain employed with the Company at the time of vesting.
- The Company has improved the incentive structure for its growing Sales team.

Diversity and Inclusion

Diversity and inclusion is central to who we are at 3P Learning. In 2017 the Board set an aggressive target of 50% gender diversity at a Board and senior leadership team level as well as in aggregate across the organisation globally. At an aggregated level, women comprised 53% of our employees globally as at 30 June 2020. At the Board and senior leadership team level (reporting directly to the CEO) 40% and 33% were female respectively as at 30 June 2020 which is behind our target. 41% of the extended leadership team are female. We are pleased to say that 75% of all the people we have promoted internally into leadership positions in FY20 have been female which is a reflection of our focus on building diversity in the leadership pipeline. Increasingly our focus is not purely on gender diversity but also diversity of thought, experience and background to ensure we reflect our global customer base.

As we did last year, we partnered with ‘Culture Amp’, a global software company, which facilitates real time and regular feedback insights from our employees. These insights now underpin our employee engagement and experience roadmap, and the analytics are already enabling a much more robust approach to measuring and tracking employee engagement. Indeed, these insights have been critical to steer our approach to our COVID-19 engagement platform and will help us make important decisions as we address the ongoing uncertainty associated with the coronavirus.

3P Learning’s business performance and future is underpinned by its incredible people. As we move into a new growth phase with an increased focus on more large-scale enterprise opportunities with adaptive and tailored solutions, increasingly sophisticated digital sales and marketing and products that utilise data and AI, aligning our people strategy becomes even more critical. Your Board believes in our plan to invest in the areas that will make a difference now and into the future. We are constantly reviewing our approach at 3P Learning and I welcome your feedback so we can continue to evolve our remuneration and governance framework.

We thank you for your continued support of 3P Learning.

C. Hatton

Claire Hatton
Chair of the People and Culture Committee

14 August 2020

Remuneration report (audited)

1. Remuneration report overview

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 2020 (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 directors and senior executives (collectively the **executives**).

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		
Samuel Weiss	Non-executive Chairman	Full financial year
Roger Amos	Non-executive Director	Full financial year
Claire Hatton	Non-executive Director	Full financial year
Mark Lamont	Non-executive Director	Full financial year
Executive Director		
Rebekah O'Flaherty	Managing Director (MD)/ Chief Executive Officer (CEO)	Full financial year
Other KMP		
Simon Yeandle	Chief Financial Officer	Ceased 27 February 2020
Dimitri Aroney	Chief Financial Officer	Appointed 1 April 2020

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, motivate and retain high performance and high quality talent.

The Group's executive reward framework is based on objectives to:
- accelerate growth and profitability;
- align senior executive rewards with achievement of strategic objectives and the delivery of shareholder value; and
- 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 reporting period the P&CC did not engage external advisors to provide insights on market practice for incentives structures and alternate equity vehicles as well as structuring options for equity grants to non-KMP levels of management (i.e. separate to the LTI plan used to incentivised executive level management, including KMP). The Group did not seek or receive any remuneration recommendations within the definition of the Corporations Act.

Our executive remuneration policy and structures

The Group's compensation policy is designed to attract, retain and motivate executives. To accomplish this goal, executives receive fixed remuneration and variable remuneration consisting of short-and long-term incentives. Executive remuneration levels are reviewed annually by the P&CC and agreed by the Board to determine the optimal mix between fixed and 'at risk' incentive components for the Chief Executive Officer and other executives.

The executive remuneration structure has three key components stated below, including what the Board has agreed is the optimal mix between fixed and 'at risk' components for the Chief Executive Officer and other executives. Details for each of the individual components in FY19, and changes implemented for FY20 are as follows:

	Fixed	Variable or 'At Risk' Performance Based	
	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*
FY19	• 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 • Annual cash incentive • 12-month period • Targets linked to group performance: - revenue (50%); - underlying EBITDA (50%)	• 25 - 50% of fixed remuneration at target LTI • Grant of options • 3-year performance period • Performance hurdles linked to group performance: - revenue (50%); - EPS growth (50%)
FY20	No change to policy and structure	• 25 - 50% of fixed remuneration at target STI • Increased focus on revenue growth • Weighting of group performance targets changed to: - revenue (70%); - underlying EBITDA (30%)	• 25 - 50% of fixed remuneration at target LTI • Encourage greater executive ownership of the Company • Grants of performance rights

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.

It is also determined 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 Chief Executive Officer is reviewed annually by the P&CC, with changes to be approved by the Board, following consideration of her performance against her annual KPIs.

Performance based remuneration

The 'at risk' performance-based remuneration components for 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.

STI

The STI plan provides 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.

<table>
<tr><td>How is it paid?</td><td>100% of any STI award is paid in cash after the assessment of annual performance.</td></tr>
<tr><td>How much can executives earn?</td><td>
Senior executives have a target STI opportunity of up to 25% of fixed remuneration while the Chief Executive Officer has a target STI opportunity of up to 50% of fixed remuneration.
Target STI is designed to deliver sustainable performance and continued growth by retaining talent and rewarding performance and is set in the beginning of the financial period. Participants have the opportunity to earn up to 160% of the STI target for achieving stretch performance (i.e. above target performance against the financial performance measures.
The STI award is gated at 95% achievement of the STI target (for example, where, in the event of 95% of the defined target being achieved, half of the incentive will be paid. Additionally, if more than 100% of the target is achieved, the senior executives will be awarded a payment of more than 100% of the incentive).
A summary of the target incentives is as follows:
<table>
<tr><th>Financial measure – level of performance</th><th>% of Target incentive award*</th></tr>
<tr><td>Below Threshold (i.e. <95% of Target)</td><td>0%</td></tr>
<tr><td>At Threshold (95% of Target)</td><td>50%</td></tr>
<tr><td>Target</td><td>100%</td></tr>
<tr><td>Above Target (i.e. > 100% of Target)</td><td>Up to 160%</td></tr>
</table>
* Pro-rata payment made between these points
</td></tr>
<tr><td>How is performance measured?</td><td>
Financial performance measures are set for executives based solely on profit and revenue targets. 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.
For FY20, the weighting of the performance measures has been adjusted to align with our strategy focused on acceleration of revenue growth. Currently, the Company's STI Plan does not include non-financial performance objectives.
A summary of the performance measures and weightings in the two prior years are as follows:
<table>
<tr><th></th><th colspan="2">Revenue</th><th colspan="2">Underlying EBITDA</th></tr>
<tr><th></th><th>FY19</th><th>FY20</th><th>FY19</th><th>FY20</th></tr>
<tr><td>CEO</td><td>50%</td><td>70%</td><td>50%</td><td>30%</td></tr>
<tr><td>KMP</td><td>50%</td><td>70%</td><td>50%</td><td>30%</td></tr>
<tr><td>Senior Executives</td><td>50%</td><td>70%</td><td>50%</td><td>30%</td></tr>
</table>
</td></tr>
<tr><td>When is it paid?</td><td>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 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.</td></tr>
<tr><td>Deferral terms</td><td>Payment of STI is not deferred.</td></tr>
</table>

LTI

The objective of the LTI plan is to link the long-term reward for senior executives with the creation of shareholder value through the allocation of equity awards which are subject to specific performance conditions.

<table>
<tr><td>How is it paid?</td><td>Executives are eligible to receive performance rights, which are governed by the Company’s equity incentive plan rules. Once vesting conditions have been met, ordinary shares will be issued to eligible executives.</td></tr>
<tr><td>How much can executives earn?</td><td>Senior Executives have a target LTI opportunity of up to 25% of fixed remuneration and the Chief Executive Officer has a target LTI opportunity of up to 50% of fixed remuneration.</td></tr>
<tr><td>How is performance measured?</td><td>To date, all grants of performance rights have been weighted equally: revenue and Earnings Per Share (EPS). 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. Additionally:
the revenue threshold has been adopted in light of the Group’s desire to accelerate growth to achieve national and international expansion; and
the EPS threshold provides a relevant indicator of shareholder value and a clear target to drive and motivate senior executive performance.
Participants in the LTI plan can earn an ‘at target’ amount equal to a percentage of their annual fixed remuneration in the range of 25% - 50%. The number of performance rights awarded depends on a VWAP calculation done prior to the release of the grant letter. The number of performance rights that will be issued to each participant with respect to FY20 LTI grants, will be calculated by dividing the ‘at target’ amount by the value of each right.

A summary of the proportion of performance rights that may be awarded on financial performance is determined based on the following schedule:

<table><tr><th>Performance level</th><th>% of Target incentive awarded</th></tr><tr><td>Below threshold</td><td>0%</td></tr><tr><td>Threshold</td><td>80%</td></tr><tr><td>Target</td><td>100%</td></tr><tr><td>Stretch</td><td>150%</td></tr></table></td></tr>
<tr><td>When is it paid?</td><td>Performance Rights granted under the LTI plan will only vest upon satisfaction of certain vesting conditions. The performance thresholds are defined by the Board and grants are made in August or September of each year following the end of the full financial year period. Once the Performance Rights vest, subject to the terms of the plan, the Company will issue or allocate the performance rights to the executive.

All Performance Rights have a 3-year vesting (performance) period. Any awards which do not meet the performance conditions at the end of the performance period will lapse.

All performance shares issued at the end of the 3-year period 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).</td></tr>
<tr><td>Deferral terms</td><td>All Performance Rights will vest at the end of the 3-year vesting period.</td></tr>
</table>

What happens if an executive leaves?	If an executive ceases to be an employee of the Company before the vesting date of the Performance Right by reason of resignation, dismissal, or any other circumstance determined by the Board to be 'Bad Leaver', all unvested Performance Rights lapse on the date of cessation. If an executive ceases to be an employee of the Company before the 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 unvested Performance Rights vest immediately or at some future time. If the Board does not make a determination, 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. Awards 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 Performance Rights vesting, the Board may, in its discretion, determine whether all or a number of the Performance 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 executives eligible for dividends?	Performance Rights 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.

Changes for FY20

The Board has determined that Performance Rights, rather than share options (in FY19 and prior years), will be granted under the LTI plan for awards from FY20 onwards. Performance Rights are more aligned with the Group's growth profile.

3. Performance and executive remuneration outcomes in FY20

The actual remuneration earned by executives in FY20 against the prior year is set out below. This provides shareholders with a view of the remuneration actually paid to executives for performance in FY20 and the value of 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 since the IPO in 2014.

Financial Year	2014	2015	2016	2017	2018	2019	2020
Revenue ($m)	36.1	44.2	49.3	52.5	55.4	54.4	54.9
Underlying EBITDA ($m)	13.0	16.9	13.3	16.0	19.6	17.7*	14.6
EPS (cents)	4.03	3.04	2.66	(5.11)	(13.42)	4.24	1.11
Share Price ($) 30 June**	-	2.22	0.74	1.05	1.25	0.98	0.86

*In this reporting period the result is the same as Statutory EBITDA
**The Company listed on the Australian Securities Exchange on 9 July 2014

Executive remuneration

Details of statutory remuneration (Australian Accounting Standards ('AAS')) for Executive KMP, for the years ended 30 June 2020 and 30 June 2019, are set out below:

Executive KMP

	Salary	Cash STI*	Post employment benefits (Super-annuation)	Accounting value of LTI awards and additional incentives**	Termination Payments***	Total Remuneration	Performance Related	Equity Based
	$	$	$	$	$	$	%	%
R O'Flaherty (Chief Executive Officer)								
2020	**625,000**	-	**25,000**	**232,400**	**-**	**882,400**	**26%**	**26%**
2019	625,000	220,312	25,000	(6,546)	-	863,766	25%	-
D Aroney (Chief Financial Officer)#								
2020	**87,291**	-	**8,293**	**-**	**-**	**95,584**	**-**	**-**
2019	-	-	-	-	-	-	-	-
S Yeandle (Former Chief Financial Officer)#								
2020	**238,105**	**-**	**25,000**	**(68,810)**	**182,558**	**376,853**	**18%**	**18%**
2019	220,514	54,412	12,659	68,810	-	356,395	35%	19%

Simon Yeandle ceased to be a member of the KMP, effective 27 February 2020. Dimitri Aroney became a member of the KMP, effective 27 February 2020 where the company recognised Mr Aroney who was acting in a caretaker capacity and remunerated accordingly (including a pro-rated STI award) for the period 27 February 2020 to 1 April 2020 whereupon Mr Aroney was formally appointed as the Chief Financial Officer under an Executive Service Agreement, the details which are provided later in this report.
*Cash STI is physically paid after the end of the financial year to which it relates but is allocated to the earning year.
**LTI is the portion of the accounting value of LTI equity granted or to be granted for the current and prior periods attributable to the reporting period and reflects the expected vesting outcome. 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.
*** S Yeandle's termination payment were paid accordance with his executive service agreement.

In line with general market practice a (non-AAS) presentation of pay with respect to the FY20 and FY19 reporting periods are provided in the table below, to give shareholders a more informative picture of actual remuneration outcomes.

	Salary	Cash STI*	Post employment benefits (Super-annuation)	LTI and additional incentives vested**	Termination Payments	Total Remuneration
	$	$	$	$	$	$
R O'Flaherty (Chief Executive Officer)						
2020	**625,000**	-	**25,000**	**71,000**	**-**	**721,000**
2019	625,000	220,312	25,000	-	-	870,312
D Aroney (Chief Financial Officer)#						
2020	**87,291**	**-**	**8,293**	**-**	**-**	**95,584**
2019	-	-	-	-	-	-
S Yeandle (Former Chief Financial Officer)#						
2020	**238,105**	-	**25,000**	**-**	**182,558*** **	**445,663**
2019	220,514	54,412	12,659	-	-	287,585

Simon Yeandle ceased to be a member of the KMP, effective 27 February 2020. Dimitri Aroney became a member of the KMP, effective 27 February 2020 where the company recognised Mr Aroney who was acting in a caretaker capacity and remunerated accordingly (including a pro-rated STI award) for the period 27 February 2020 to 1 April 2020 whereupon Mr Aroney was formally appointed as the Chief Financial Officer under an Executive Service Agreement, the details which are provided later in this report.
* Cash STI is physically paid after the end of the financial year to which it relates but is allocated to the earning year.
**100,000 shares were issued to R O'Flaherty on 2 September 2019. 2,015,419 options were vested during the year. The intrinsic value of these vested options is nil
*** S Yeandle termination payment was made in accordance with his executive service agreement

Short term incentives

STI for the 2020 financial year

The target STI opportunity for the financial year ended 30 June 2020 was an amount equal to 25%-50% of the senior executive's fixed remuneration (50% in the case of the Chief Executive Officer).

Who are the participants of the STI?

There were four senior executive participants in the STI program for FY20 (the CEO and three other C-level senior executives) and nil amounts were paid to those senior executives as STI awards relevant to the FY20 period. Specific information relating to the STI component to the Chief Executive Officer and Chief Financial Officer for FY20 is set out below. No payments were awarded as a result of the STI metrics not being achieved for FY20:

Performance measure	FY20 – At Target	FY20 Performance	% of Target Incentive Award*	Weighting
Revenue	$62,500,000	$54,955,000	0%	70%
Underlying EBITDA**	$20,700,000	$14,575,000	0%	30%

*Based on the metrics outlined under 'How much can executives earn?' on the previous page and pro-rated for that portion of the reporting period that the relevant executive was employed.
**Underlying EBITDA represents earnings before interest, tax, depreciation, and amortisation, excluding corporate advisory costs.

Long term incentives

Who are the participants of the LTI?

The Chief Executive Officer and other C-level senior executives are eligible to participate in the LTI plan. As at 30 June 2020, there were 2 participants in the plan.

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 options granted in FY19 will be disclosed in August 2021 after the applicable performance period.

2018 LTI Award – Performance condition outcomes based on FY20 results

The first grant of options under the Company's LTI plan was made in FY18, with performance conditions to be tested with respect to the audited FY20 full year results. Consequently, no LTI Awards vested during the reporting period. Based on the financial results for FY20, the following outcomes are expected for LTI grants awarded in FY18:

Performance measure	FY20 At Target	FY20 Performance	Outcome	% of Target Incentive Awarded	Weighting
Revenue	$80,000,000	$54,955,000	Below threshold	0%	70%
EPS	$0.0669	$0.0111	Below Threshold	0%	30%

The Chief Executive Officer is the only member of KMP that holds FY18 LTI Awards. Based on FY20 performance, it is expected that all of the 2,644,509 FY18 LTI options held by the Chief Executive Officer will lapse as a result of the FY20 performance thresholds not being reached.

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. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market.

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 2020 and 30 June 2019.

Fee applicable	FY	Chair ($)	Member ($)
Board	**2020**	**185,000**	**95,000**
	2019	185,000	95,000
Audit and Risk Committee	**2020**	**20,000**	**10,000**
	2019	20,000	10,000
People and Culture Committee	**2020**	**20,000**	**10,000**
	2019	20,000	10,000

Details of the remuneration for the Chairman and independent non-executive directors for the financial years ended 30 June 2020 and 30 June 2019 are set out in the table below.

Name		Fees and allowances $	Post-employment benefits $	Total $
S Weiss (Chairman)	**2020**	**205,000**	**19,475**	**224,475**
	2019	205,000	19,475	224,475
R Amos	**2020**	**125,000**	**11,875**	**136,875**
	2019	125,000	11,875	136,875
C Hatton	**2020**	**125,000**	**11,875**	**136,875**
	2019	125,000	11,875	136,875
M Lamont	**2020**	**115,000**	**10,925**	**125,925**
	2019	115,000	10,925	125,925
Total	**2020**	**570,000**	**54,150**	**624,150**
	2019	570,000	54,150	624,150

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.

Remuneration and other terms of employment for executives are formalised in employment agreements. The Chief Executive Officer and Chief Financial Officer do not have a fixed term contract with the Company. Details of the employment agreements as at 30 June 2020 are as follows:

Name:	Rebekah O'Flaherty
Title:	Chief Executive Officer
Agreement commenced:	1 June 2016
Term of agreement:	Open ended
Details:	Rebekah will receive a fixed annual remuneration of $650,000, inclusive of statutory superannuation. Rebekah will be eligible to receive an annual short-term incentive with a target STI of 50% of her fixed annual remuneration, as determined by the Board. Payment of the cash bonus will depend on the Group's performance and Rebekah's achievement of certain key performance indicators or at the discretion of the Board. As part of a long-term incentive package and subject to shareholder approval, Rebekah may be entitled to receive an equity-based award under the LTI plan with a value equivalent to 50% of her fixed annual remuneration. Either party may terminate the employment contract by giving six months' notice in writing. The Company may terminate Rebekah'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 Rebekah's employment contract immediately by notice in writing and without payment in lieu of notice.

Name:	Dimitri Aroney
Title:	Chief Financial Officer
Agreement commenced:	1 April 2020
Term of agreement:	Open ended
Details:	Dimitri will receive annual fixed remuneration of $285,000 inclusive of statutory superannuation. Dimitri 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 Dimitri's achievement of certain key performance indicators or at the discretion of the Board. As part of a long-term incentive package Dimitri 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 Dimitri'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 Dimitri's employment contract immediately by written notice and without payment in lieu of notice.

Share-based compensation

Issue of shares
Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below:

Name	Date	Shares	Issue price	$
Rebekah O'Flaherty	02 September 2019	100,000	$0.71	71,000

The above 100,000 shares were awarded as part of the remuneration package negotiated with Rebekah O'Flaherty upon her commencement with the Company on 1 June 2016 as Chief Executive Officer. The performance rights were subject to Rebekah remaining in the role of Chief Executive Officer until 1 September 2019. These were approved at the 2016 Annual General Meeting and vested on 2 September 2019 in the financial period.

Options
No options were issued to KMP as part of compensation during the year ended 30 June 2020. No NEDs held options during the year and no additional options have been granted since the end of the reporting period as the structure of incentive grants was changed from options to performance rights for FY20. Details of the performance hurdles are included in the Long-Term Incentive section of this Remuneration Report. 301,704 options (comprising of former year option plans) vested with nil intrinsic value during the financial year ended 30 June 2020.

Performance Rights
The Company issued 714,803 new performance rights to KMP during the year ended 30 June 2020 and no additional performance rights have been granted since the end of the reporting period. The Company noted that 205,625 performance rights were forfeited during the financial year ended 30 June 2020 due to the departure of Simon Yeandle. No performance rights have been issued to NEDs to date.

Name	Number	Accounting Grant Date	Accounting fair value	Exercise Price	Vesting Date	Expiry Date
Rebekah O'Flaherty	509,175	22 Nov 2019	$0.875	$0	31 August 2022	6 September 2023
Simon Yeandle	205,628	22 Nov 2019	$0.875	$0	31 August 2022	6 September 2023

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 key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Ordinary shares					
Non-Executive Directors					
Samuel Weiss	562,277	-	75,000	-	637,277
Roger Amos	61,743	-	22,227	-	83,970
Claire Hatton	31,000	-	10,526	-	41,526
Mark Lamont	-	-	-	-	-
Executive KMP					
Rebekah O'Flaherty	12,000	100,000	-	-	112,000
Dimitri Aroney	7,121	-	-	-	7,121
	674,141	100,000	107,753	-	881,894

Other share-based holdings

The number of performance rights and options held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

		Balance at the start of the year	Granted during the year	Vested	Expired/ forfeited	Balance at the end of the year
Rebekah O'Flaherty	Options	7,527,575	-	(577,750)*	(1,437,669)**	5,512,156
	Performance Rights	500,000	509,175	(100,000)	(400,000)	509,175
Simon Yeandle*	Options	710,717	-	-	(710,717)	-
	Performance Rights	-	205,628	-	(205,608)	-

*577,750 options vested in FY20 with respect to FY17 LTI grant with nil intrinsic value.
**1,437,669 options lapsed in FY20 with respect to FY17 LTI plan.

Other transactions with KMP and their related parties

No loans have been made to any of the KMP or their related parties during FY20.

This concludes the remuneration report, which has been audited.

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

Samuel Weiss
Chairman

14 August 2020
Sydney

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit*;* and

b) no contraventions of 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
14 August 2020

3P Learning Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue	5	54,955	54,415
Other income		148	195
Interest revenue calculated using the effective interest method		270	267
Expenses			
Employee benefits expense	6	(29,911)	(26,172)
Depreciation and amortisation expense	6	(11,407)	(9,131)
Professional fees		(1,136)	(938)
Technology costs		(3,701)	(3,486)
Marketing expenses		(2,066)	(1,752)
Occupancy expenses		(1,061)	(2,539)
Administrative expenses and foreign exchange		(2,653)	(1,976)
Operating profit		3,438	8,883
Finance costs	6	(284)	(138)
Corporate advisory costs		(197)	-
Profit before income tax expense		2,957	8,745
Income tax expense	7	(1,407)	(2,834)
Profit after income tax expense for the year attributable to the owners of 3P Learning Limited		1,550	5,911
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(213)	(295)
Other comprehensive income for the year, net of tax		(213)	(295)
Total comprehensive income for the year attributable to the owners of 3P Learning Limited		1,337	5,616
		Cents	Cents
Basic earnings per share	35	1.11	4.24
Diluted earnings per share	35	1.11	4.24

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 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Assets			
Current assets			
Cash and cash equivalents	8	27,083	25,766
Trade and other receivables	9	9,520	9,000
Lease receivables	10	565	-
Other assets	11	1,591	1,812
Total current assets		38,759	36,578
Non-current assets			
Plant and equipment	12	651	1,042
Intangibles	13	20,865	19,551
Right-of-use assets	14	2,841	-
Lease receivables	10	1,193	-
Deferred tax asset	7	4,758	5,031
Other assets	11	48	17
Total non-current assets		30,356	25,641
Total assets		69,115	62,219
Liabilities			
Current liabilities			
Trade and other payables	15	8,181	7,288
Contract liabilities	16	23,877	24,310
Borrowings	17	-	14
Lease liabilities	18	1,615	-
Income tax payable	7	161	389
Provisions	19	1,778	1,479
Total current liabilities		35,612	33,480
Non-current liabilities			
Contract liabilities	16	3,292	3,356
Borrowings		-	4
Lease liabilities	18	3,229	-
Provisions	19	715	755
Total non-current liabilities		7,236	4,115
Total liabilities		42,848	37,595
Net assets		26,267	24,624
Equity			
Issued capital	20	34,494	34,374
Reserves	21	7,954	8,049
Accumulated losses		(16,181)	(17,799)
Total equity		26,267	24,624

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 2020

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018	34,233	8,485	(23,710)	19,008
Profit after income tax expense for the year	-	-	5,911	5,911
Other comprehensive income for the year, net of tax	-	(295)	-	(295)
Total comprehensive income for the year	-	(295)	5,911	5,616
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 20)	141	(141)	-	-
Balance at 30 June 2019	34,374	8,049	(17,799)	24,624

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2019	34,374	8,049	(17,799)	24,624
Adjustment on initial adoption of AASB 'Leases' (note 2)	-	-	68	68
Balance at 1 July 2019 - restated	34,374	8,049	(17,731)	24,692
Profit after income tax expense for the year	-	-	1,550	1,550
Other comprehensive income for the year, net of tax	-	(213)	-	(213)
Total comprehensive income for the year	-	(213)	1,550	1,337
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 20)	120	(71)	-	49
Share-based payments (note 34)	-	189	-	189
Balance at 30 June 2020	34,494	7,954	(16,181)	26,267

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 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash flows from operating activities			
Receipts from customers		66,981	63,192
Payments to suppliers and employees		(52,576)	(49,457)
Interest received		289	230
Interest and other finance costs paid		(284)	(138)
Income taxes paid		(1,260)	(1,651)
Net cash from operating activities	33	13,150	12,176
Cash flows from investing activities			
Payments for plant and equipment	12	(136)	(425)
Payments for intangibles		(10,597)	(9,002)
Receipts from sub-leases		528	-
Net cash used in investing activities		(10,205)	(9,427)
Cash flows from financing activities			
Repayment of borrowings		-	(12)
Repayment of lease liabilities	33	(1,433)	-
Net cash used in financing activities		(1,433)	(12)
Net increase in cash and cash equivalents		1,512	2,737
Cash and cash equivalents at the beginning of the financial year		25,766	23,014
Effects of exchange rate changes on cash and cash equivalents		(195)	15
Cash and cash equivalents at the end of the financial year	8	27,083	25,766

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 its subsidiaries (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:

Level 18, 124 Walker Street
North Sydney NSW 2060

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 August 2020. 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.

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

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

AASB Interpretation 23 'Uncertainty over Income Tax Treatments'
The Group has adopted Interpretation 23 from 1 July 2019. In the past, the Group has only recognised claims against tax authorities when considered virtually certain. Following transition, claims are recognised when probable. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to the Research and Development Tax Incentive in Australia. The Group has determined, based on its past claims, it is probable that the current estimated tax treatment will be accepted by Australian Taxation Office and the tax provision is calculated in line with tax filings.

AASB 16 'Leases'
The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses before lessor accounting under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, assets held under a finance lease are presented as a receivable at an amount equal to the net investment in the lease. Interest revenue is recognised over the lease term, based on a pattern reflecting the implicit rate of return on a lessor's net investment in the lease.

At transition, for leases classified as operating leases under AASB 117 ‘Leases’, lease liabilities were measured at the present value of the remaining lease payments, discounted using the determined incremental borrowing rate, as appropriate for each identified lease arrangement, as at 1 July 2019. Right-of-use assets were measured at their carrying amount as if AASB 16 had been applied since the lease commencement date, and were discounted using the lease’s incremental borrowing rate at the date of initial application.

Note 2. Significant accounting policies (continued)

The Group continues to recognise leases that were classified as finance leases under AASB 117 on the balance sheet under AASB 16. The carrying amount of the right-of-use assets and lease liabilities at 1 July 2019 were determined to be the carrying amount of the lease assets and lease liabilities under AASB 117 immediately before that date.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1 July 2019 $'000
Recognition of lease receivables	2,231
Recognition of right-of-use assets	3,886
Recognition of lease liabilities	(6,291)
Derecognition of other current assets	(28)
Derecognition of plant and equipment	(145)
Derecognition of trade and other payables	230
Derecognition of provisions	126
Net impact on opening accumulated losses before tax	9
Recognition of net deferred tax asset	59
Net impact on opening accumulated losses after tax	68

The following is a reconciliation of total operating lease commitments as at 30 June 2019 to lease liabilities as at 1 July 2019:

	1 July 2019 $'000
Operating lease commitments as at 30 June 2019 (AASB 117)	6,433
Finance lease commitments as at 30 June 2019 (AASB 117)	(18)
Operating lease commitments discount based on the weighted average incremental borrowing rate of 3.36% (AASB 16)	(430)
Lease payments under AASB 16 that were not considered as lease payments under AASB 117	253
Minimum lease payments (notional amount) on finance lease liabilities as at 1 July 2019	20
Other adjustments	33
Additional lease liabilities as a result of the initial application of AASB 16 on 1 July 2019	6,291
	6,291

Practical expedients applied
When adopting AASB 16 from 1 July 2019, the Group has applied the following practical expedients:
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease;
- utilising the exemption to not test for impairment at transition; and
- separation of lease and non-lease component.

Note 2. Significant accounting policies (continued)

Lease receivable on sub-lease:
The Group earns rental income from the sub-lease of an office premise. The agreement was classified as an operating lease under AASB 117, and is now classified as a finance lease under AASB 16, as the risk and rewards incidental to the ownership of the right-of-use asset arising from the head lease have been substantially transferred to the lessee. Accordingly, at 1 July 2019, the Group recognised a total of $2,231,000 lease receivable in accordance with AASB 16.

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 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3P Learning Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated 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.

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.

Note 2. Significant accounting policies (continued)

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.

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 revenues from own intellectual property
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.

Third party licence 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. For 30 June 2020, interest includes interest income related to sub-leases classified as finance lease.

Note 2. Significant accounting policies (continued)

Sub-lease revenue (comparative period)
Sub-lease revenue is accounted for on a straight-line basis over the lease term and is recognised in the period in which the sub-lease revenue is earned.

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.

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 rebate
Research and development rebate 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.

Note 2. Significant accounting policies (continued)

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.

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 benefits 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
For year ended 30 June 2020, 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.

Note 2. Significant accounting policies (continued)

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 sub-lease 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 sub-lease payment received, increased by interest revenue (unwinding of discounting), less any allowance for expected credit losses.

Lease accounting policy (up to 30 June 2019)
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Group as a lessee
Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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.

Note 2. Significant accounting policies (continued)

Product development
Research costs are expensed in the period in which they are incurred. 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.

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
Customer contracts include direct incremental costs of establishing a customer contract such as sales commissions for resellers. Customer contracts are amortised over the period in which the related benefits are expected to be realised, being the customer contract period.

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

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

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

Trade and other payables
These amounts 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.

Note 2. Significant accounting policies (continued)

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 attributable to qualifying assets are capitalised as part of the asset. All other 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.

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date are measured as 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, 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.

Note 2. Significant accounting policies (continued)

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.

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 shares assumed to have been issued for no consideration in relation to 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.

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.

Note 2. Significant accounting policies (continued)

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

New Accounting Standards and Interpretations 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 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. The impact of Conceptual Framework on the Group's financial statements is currently under assessment.

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.

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.

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.

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 expected 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.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have 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.

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets 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 fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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 judgement is required in determining whether incremental product enhancements will provide additional future economic benefit.

Estimation of useful lives of capitalised product development
Capitalised product development is amortised over its useful life. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Note 4. Operating segments

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

The CODM reviews underlying EBITDA (earnings before interest, tax, depreciation and amortisation, excluding corporate advisory costs). 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.

Note 4. Operating segments (continued)

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

Major customers
There are no major customers that contributed more than 10% of revenue to the Group recognised for the year 30 June 2020.

Operating segment information

Consolidated - 2020	APAC $'000	Americas $'000	EMEA $'000	Total $'000
Revenue				
Sales to external customers	33,612	9,132	12,211	54,955
Interest revenue	158	79	33	270
Total revenue	33,770	9,211	12,244	55,225
Underlying EBITDA*	14,648	(2,756)	2,683	14,575
Depreciation and amortisation				(11,407)
Interest revenue				270
Finance costs				(284)
Corporate advisory costs				(197)
Profit before income tax expense				2,957
Income tax expense				(1,407)
Profit after income tax expense				1,550

* Underlying EBITDA for the Group is before interest revenue, after eliminating inter-segment royalty income earned by APAC operating segment of $6,230,000, and after eliminating inter-segment royalty expense incurred by Americas operating segment of $2,439,000 and EMEA operating segment of $3,791,000. The APAC operating segment includes inter-segment royalty income of $6,230,000, the Americas operating segment includes $2,439,000 of inter-segment royalty expense and the EMEA operating segment includes $3,791,000 of inter-segment royalty expense.

Consolidated - 2019	APAC $'000	Americas $'000	EMEA $'000	Total $'000
Revenue				
Sales to external customers	33,668	8,585	12,162	54,415
Interest revenue	249	-	18	267
Total revenue	33,917	8,585	12,180	54,682
Underlying EBITDA*	16,808	(2,273)	3,212	17,747
Depreciation and amortisation				(9,131)
Interest revenue				267
Finance costs				(138)
Profit before income tax expense				8,745
Income tax expense				(2,834)
Profit after income tax expense				5,911

* Underlying EBITDA for the Group is before interest revenue, after eliminating inter-segment royalty income earned by APAC operating segment of $6,839,000, and after eliminating inter-segment royalty expense incurred by Americas operating segment of $2,664,000 and EMEA operating segment of $4,175,000. The APAC operating segment includes inter-segment royalty income of $6,839,000, the Americas operating segment includes $2,664,000 of inter-segment royalty expense and the EMEA operating segment includes $4,175,000 of inter-segment royalty expense.

AASB 16 was adopted using the modified retrospective approach. As such, the comparatives have not been restated and therefore are not directly comparable.

Note 5. Revenue

Disaggregation of revenue

Revenue is disaggregated into the following categories:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue from contracts with customers		
Licence fees	36,919	40,210
Net commission revenue	14,452	10,872
Copyright licence fees	3,210	2,525
Other revenue	374	216
	54,955	53,823
Sub-lease revenue		
Sub-lease revenue	-	592
Revenue	54,955	54,415

Revenue from external customers by geographic regions is set out in note 4 operating segments. The relationship between the disaggregated revenue information set out above and the segment information set out in note 4 operating segments is explained below:

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

Other revenue includes sale of workbooks and professional learning generated in all operating segments.

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

The revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the period was $24,310,000 (2019: $25,958,000). Contract liabilities are generally incurred at the beginning of the contract period. Refer to note 16 for details on contract liabilities.

Note 6. Expenses

	Consolidated 2020 $'000	2019 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Fixtures and fittings	134	188
Computer equipment	196	212
Office equipment	39	44
Right-of-use assets	1,039	-
Total depreciation	1,408	444
Amortisation		
Product development	7,937	6,992
Patents and trademarks	14	2
Customer contracts	1,035	689
Software	1,013	1,004
Total amortisation	9,999	8,687
Total depreciation and amortisation	11,407	9,131
Finance costs		
Interest and finance charges paid/payable on borrowings	83	138
Interest and finance charges paid/payable on lease liabilities	201	-
Finance costs expensed	284	138
Net foreign exchange fluctuation		
Net foreign exchange loss/(gain)	132	(599)
Net loss on disposal		
Net loss on disposal of property, plant and equipment	12	-
Leases		
Minimum lease payments	258	2,130
Employee benefits expense:		
Salaries and wages	23,342	20,402
Bonus and commission	3,267	2,955
Superannuation	3,302	2,815
Total employee benefits expense	29,911	26,172

Note 7. Income tax

	Consolidated 2020 $'000	Consolidated 2019 $'000
Income tax expense		
Current tax	950	1,839
Deferred tax - origination and reversal of temporary differences	332	929
Adjustments in respect of current income tax for the previous year	125	66
Aggregate income tax expense	1,407	2,834
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	332	929
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	2,957	8,745
Tax at the statutory tax rate of 30%	887	2,624
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	104	48
Impact of foreign tax rate	216	9
Adoption of AASB 16	33	-
Current year tax benefit not recognised	661	576
Research and development tax offset	(610)	(489)
Foreign exchange fluctuation	(9)	-
	1,282	2,768
Adjustments in respect of current income tax for the previous year	125	66
Income tax expense	1,407	2,834

	Consolidated 2020 $'000	Consolidated 2019 $'000
Amounts credited directly to equity		
Deferred tax assets	(59)	-
Tax losses not recognised relating to various tax jurisdictions		
Unused tax losses for which no deferred tax asset has been recognised	47,615	44,015
Potential tax benefit at statutory tax rates	12,116	11,449

Unrecognised tax benefits includes $8,398,000 unused capital gains loss on disposal of investments (2019: $8,398,000).

Note 7. Income tax (continued)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Leases	55	-
Accrued expenses	818	706
Contract liabilities	4,564	4,639
Royalty asset	1,153	1,247
Intangibles	(4,825)	(3,987)
Unrealised foreign exchange fluctuation	263	210
Plant and equipment	8	(56)
Research and development credits	2,722	2,272
Deferred tax asset	4,758	5,031
Movements:		
Opening balance	5,031	5,960
Charged to profit or loss	(332)	(929)
Credited to equity	59	-
Closing balance	4,758	5,031

	Consolidated 2020 $'000	Consolidated 2019 $'000
Income tax payable	161	389

Note 8. Cash and cash equivalents

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Cash at bank and in hand	9,833	7,261
Short-term deposits	17,250	18,505
Total cash and cash equivalents	27,083	25,766

Note 9. Trade and other receivables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Trade receivables	9,291	8,959
Less: Allowance for expected credit losses	(80)	(115)
	9,211	8,844
Other receivables	309	156
Total trade and other receivables	9,520	9,000

Allowance for expected credit losses
The Group has recognised a gain of $35,000 (2019: loss of $64,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2020.

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2020 %	2019 %	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Not overdue	0.22%	0.11%	8,498	7,967	19	9
0 to 3 months overdue	1.47%	1.03%	551	662	8	7
3 to 6 months overdue	19.50%	28.06%	210	278	41	78
Over 6 months overdue	35.98%	40.10%	32	52	12	21
			9,291	8,959	80	115

The calculation of expected credit losses at 30 June 2020 has been prepared with increased rates in the Americas segment which are expected to have an increased probability of customers delaying payment or being unable to pay due to the Coronavirus (COVID-19) pandemic. The expected credit losses outlined above have decreased from the prior year due to a change in the mix of aged receivables between each customer segment, with a higher contribution to aged receivables from segments with lower expected credit loss rates when compared to the prior year.

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
Opening balance	115	67
Additional provisions recognised	9	117
Receivables written off during the year as uncollectable	(17)	(16)
Unused amounts reversed	(27)	(53)
Closing balance	80	115

Note 10. Lease receivables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Lease receivables	565	-
Non-current assets		
Lease receivables	1,193	-
Total lease receivables	1,758	-

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
Opening balance	-	-
Recognised on adoption of AASB 16 (note 2)	2,231	-
Net cash receipt from sub-leases	(603)	-
Exchange differences	55	-
Interest income	75	-
Closing balance	1,758	-

Minimum lease commitments receivable in future financial years are as follows:

	Consolidated 2020 $'000	Consolidated 2019 $'000
1 year or less	619	-
Between one to two years	636	-
Between two to three years	598	-
Total commitments	1,853	-
Less: Future interest income	(95)	-
Total lease receivables	1,758	-

Note 11. Other assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Prepayments	1,548	1,785
Term deposits	43	27
	1,591	1,812
Non-current assets		
Prepayments	48	17
Total other assets	1,639	1,829

Note 12. Plant and equipment

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets		
Furniture & fittings - at cost	1,661	1,862
Less: Accumulated depreciation	(1,256)	(1,185)
	405	677
Computer equipment - at cost	2,827	2,748
Less: Accumulated depreciation	(2,651)	(2,479)
	176	269
Office equipment - at cost	270	304
Less: Accumulated depreciation	(200)	(208)
	70	96
Total plant and equipment	651	1,042

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 2018	539	267	120	926
Additions	382	212	19	613
Disposals	(70)	-	-	(70)
Exchange differences	14	2	1	17
Depreciation expense	(188)	(212)	(44)	(444)
Balance at 30 June 2019	677	269	96	1,042
Additions	9	104	24	137
Disposals	(150)	(2)	(11)	(163)
Exchange differences	3	1	-	4
Depreciation expense	(134)	(196)	(39)	(369)
Balance at 30 June 2020	405	176	70	651

Note 13. Intangibles

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets		
Goodwill - at cost	4,315	4,576
Product development - at cost	38,172	49,746
Less: Accumulated amortisation and impairment	(23,452)	(36,767)
	14,720	12,979
Patents and trademarks - at cost	1,912	1,886
Less: Accumulated amortisation	(1,816)	(1,802)
	96	84
Customer contracts - at cost	1,963	1,371
Less: Accumulated amortisation	(1,747)	(1,106)
	216	265
Software - at cost	3,166	4,708
Less: Accumulated amortisation	(1,648)	(3,061)
	1,518	1,647
Total intangibles	20,865	19,551

During the year, the Group derecognised fully amortised product development and software assets with gross values of $21,252,000 and $2,425,000 respectively.

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 development $'000	Patents and trademarks $'000	Customer contracts $'000	Software $'000	Total $'000
Balance at 1 July 2018	4,535	12,118	62	144	1,527	18,386
Additions	-	7,853	24	820	1,124	9,821
Exchange differences	41	-	-	(10)	-	31
Amortisation expense	-	(6,992)	(2)	(689)	(1,004)	(8,687)
Balance at 30 June 2019	4,576	12,979	84	265	1,647	19,551
Additions	-	9,678	26	961	884	11,549
Exchange differences	(261)	-	-	25	-	(236)
Amortisation expense	-	(7,937)	(14)	(1,035)	(1,013)	(9,999)
Balance at 30 June 2020	4,315	14,720	96	216	1,518	20,865

Note 13. Intangibles (continued)

Impairment testing for goodwill
Goodwill acquired through business combinations has been allocated to the following cash-generating units ('CGUs'):

	Consolidated 2020 $'000	Consolidated 2019 $'000
CGU1: APAC	3,012	3,012
CGU2: EMEA	1,303	1,564
Total	4,315	4,576

The recoverable amount of each CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on 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 for the different CGUs:

(a) Post-tax discount rate: APAC 10.9% and EMEA 10.8% (2019: APAC 9.5% and EMEA 9.6%).
(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 at 3.0% (2019: 3.0%).

For the financial year ended 30 June 2020, 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. Should these judgements and estimates not occur the resulting carrying amounts of assets may decrease.

For all CGUs, any reasonable 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. Right-of-use assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets		
Right-of-use assets	3,866	-
Less: Accumulated depreciation	(1,025)	-
Total right-of-use assets	2,841	-

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

Note 14. 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 2018	-	-	-
Balance at 30 June 2019	-	-	-
Recognised on adoption of AASB 16 (note 2)	3,886	-	3,886
Additions	33	78	111
Disposals	(96)	-	(96)
Exchange differences	(21)	-	(21)
Depreciation expense	(1,026)	(13)	(1,039)
Balance at 30 June 2020	2,776	65	2,841

Note 15. Trade and other payables

	Consolidated	
	2020 $'000	2019 $'000
Current liabilities		
Trade payables	2,884	1,942
Accrued expenses	4,360	4,098
Goods and service tax	666	975
Other payables	271	273
Total trade and other payables	8,181	7,288

Refer to note 23 for further information on financial instruments.

Note 16. Contract liabilities

	Consolidated	
	2020 $'000	2019 $'000
Current liabilities		
Contract liabilities	23,877	24,310
Non-current liabilities		
Contract liabilities	3,292	3,356
Total contract liabilities	27,169	27,666

Contract liabilities represent income billed in advance from the contracts with customers pertaining to licence revenue which is recognised over the period of time. 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 $23,877,000 and $3,292,000 respectively as at 30 June 2020 (2019: $24,310,000 and $3,356,000 respectively) and are expected to be recognised as revenue as outlined above. There were no significant changes in the current and non-current contract liabilities balances during the year.

Note 17. Borrowings

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current liabilities		
Lease liability	-	14
Non-current liabilities		
Lease liability	-	4
Total borrowings	-	18

Refer to note 23 for further information on financial instruments.

Bank loan facilities
The bank loan facilities are subject to variable interest rates, which are based on the bank bill swap rate ('BBSY'), plus a margin. The banking facilities consist of a $10,000,000 bank loan and a $2,000,000 bank guarantee that each mature on 30 July 2020. The banking facilities are secured by fixed and floating charges over the Group's assets.

Bank guarantee and ancillary facilities of $111,000 are available under 3P Learning Limited (United Kingdom) maturing in January 2021.

Refer to note 36 for extension of loan facility subsequent to the year end.

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
Total facilities		
Bank loans	10,000	10,000
Bank guarantee and ancillary facility	2,111	2,000
	12,111	12,000
Used at the reporting date		
Bank loans	-	-
Bank guarantee and ancillary facility	1,866	1,798
	1,866	1,798
Unused at the reporting date		
Bank loans	10,000	10,000
Bank guarantee and ancillary facility	245	202
	10,245	10,202

Note 18. Lease liabilities

	Consolidated 2020 $'000	2019 $'000
Current liabilities		
Lease liability	1,615	-
Non-current liabilities		
Lease liability	3,229	-
Total lease liabilities	4,844	-

Refer to note 23 for further information on financial instruments.

Refer to note 33 for details of changes in lease liabilities.

The calculation of lease liabilities above excludes a five year lease extension option for one of the office leases. Potential future payment for the extension period is $80,000 per annum between 31 December 2024 to 31 December 2029.

Note 19. Provisions

	Consolidated 2020 $'000	2019 $'000
Current liabilities		
Employee benefits	1,696	1,418
Other provisions	82	61
	1,778	1,479
Non-current liabilities		
Employee benefits	305	257
Lease make good	356	349
Other provisions	54	149
	715	755
Total provisions	2,493	2,234

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, onerous lease and storage costs. The provision represents the present value of the estimated termination costs.

Note 19. 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 - 2020	Lease make good $'000	Other provisions $'000
Carrying amount at the start of the year	349	210
Amounts used	-	(5)
Exchange differences	-	2
Unwinding of discount	10	-
Unused amounts reversed	(3)	(71)
Carrying amount at the end of the year	356	136

Note 20. Issued capital

	Consolidated			
	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid	139,484,170	139,334,170	34,494	34,374

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2018	139,234,170	34,233
Issue of shares	17 September 2018	100,000	141
Balance	30 June 2019	139,334,170	34,374
Issue of shares	2 September 2019	100,000	71
Issue of shares	20 February 2020	50,000	49
Balance	30 June 2020	139,484,170	34,494

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held and amounts paid on those shares. 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.

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.

Note 20. Issued capital (continued)

The Group is subject to certain financing arrangement covenants 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 2019 Annual Report.

Note 21. Reserves

	Consolidated 2020 $'000	Consolidated 2019 $'000
Foreign currency reserve	157	370
Acquisition reserve	(798)	(798)
Share-based payment reserve	8,595	8,477
	7,954	8,049

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

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

Consolidated	Foreign currency reserve $'000	Acquisition reserve $'000	Share-based payment reserve $'000	Total $'000
Balance at 1 July 2018	665	(798)	8,618	8,485
Foreign currency translation	(295)	-	-	(295)
Transfer to issued capital on issue of shares	-	-	(141)	(141)
Balance at 30 June 2019	370	(798)	8,477	8,049
Foreign currency translation	(213)	-	-	(213)
Share-based payments	-	-	189	189
Transfer to issued capital on issue of shares	-	-	(71)	(71)
Balance at 30 June 2020	157	(798)	8,595	7,954

Note 22. Dividends

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

Note 22. Dividends (continued)

Franking credits

	Consolidated	
	2020 $'000	2019 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	81	86

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 23. 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, foreign exchange and ageing analysis for credit risk.

The Board of Directors 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 of Directors 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 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 23. 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:

	Assets		Liabilities	
Consolidated	2020 $'000	2019 $'000	2020 $'000	2019 $'000
US dollars	716	697	-	-
Euros	465	141	-	-
Pound Sterling	1,778	409	-	-
New Zealand dollars	89	-	-	-
Canadian dollars	743	672	-	-
Other currencies	17	126	-	-
	3,808	2,045	-	-

The Group had net assets denominated in foreign currencies of $3,808,000 (assets $3,808,000 less liabilities $Nil) as at 30 June 2020 (2019: $2,045,000 (assets $2,045,000 less liabilities $Nil). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2019: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $381,000 higher/$381,000 lower (2019: profit before tax would have been $205,000 higher/$205,000 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's main interest rate risk arises from its term deposits. Term deposits issued at variable rates expose the Group to interest rate risk.

As at the reporting date, the Group had the following variable rate short term deposits:

	2020		2019	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Short term deposits	0.92%	17,250	2.05%	18,505
Net exposure to cash flow interest rate risk		17,250		18,505

An analysis of financial instrument liabilities by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 50 (2019: 50) basis points would have an favourable/adverse effect on profit before tax of $86,000 (2019: $93,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

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.

Note 23. Financial instruments (continued)

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. As disclosed in note 9, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2020.

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 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) and available borrowing facilities to be able to pay debts as and when they become due and payable.

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2020 $'000	2019 $'000
Bank loans	10,000	10,000
Bank guarantee and ancillary facility	245	202
	10,245	10,202

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 - 2020	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	-	2,884	-	-	-	2,884
Other payables	-	271	-	-	-	271
Interest-bearing - fixed rate						
Lease liability	3.36%	1,771	1,779	1,594	-	5,144
Total non-derivatives		4,926	1,779	1,594	-	8,299

Note 23. Financial instruments (continued)

Consolidated - 2019	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	-	1,942	-	-	-	1,942
Other payables	-	273	-	-	-	273
Interest-bearing - fixed rate						
Lease liability	7.40%	16	4	-	-	20
Total non-derivatives		2,231	4	-	-	2,235

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 24. 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 25. 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 2020 $	Consolidated 2019 $
Short-term employee benefits	1,520,397	1,804,024
Post-employment benefits	112,443	100,607
Termination benefits	182,558	-
Share-based payments	163,590	(40,965)
Total	1,978,988	1,863,666

Note 26. 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, and its network firms:

	Consolidated 2020 $	Consolidated 2019 $
Audit services - Ernst & Young		
Audit or review of the financial statements	295,595	352,731
Other services - Ernst & Young		
People advisory services	-	19,055
	295,595	371,786
Audit services - overseas Ernst & Young firms		
Audit or review of the financial statements	45,170	37,273

Note 27. Contingencies

The bank has given bank guarantees as at 30 June 2020 of $1,866,000 (2019: $1,798,000) for merchant facility and operating leases.

Note 28. Commitments

	Consolidated 2019 $'000
Lease commitments - operating payable	
Committed at the reporting date but not recognised as liabilities, payable:	
Within one year	1,575
One to five years	4,814
More than five years	44
	6,433
Lease commitments - finance payable	
Committed at the reporting date and recognised as liabilities, payable:	
Within one year	16
One to five years	4
Total commitment	20
Less: Future finance charges	(2)
Net commitment recognised as liabilities	18
Lease commitments - operating receivable	
Committed at the reporting date but not recognised as assets, receivables:	
Within one year	592
One to five years	1,820
	2,412

Note 29. Related party transactions

Parent entity
3P Learning Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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

Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $'000	2019 $'000
Loss after income tax	(12,183)	(14,643)
Total comprehensive income	(12,183)	(14,643)

Statement of financial position

	Parent	
	2020 $'000	2019 $'000
Total current assets	36,342	32,967
Total assets	67,141	60,524
Total current liabilities	79,046	72,998
Total liabilities	92,011	73,402
Equity		
Issued capital	34,494	34,374
Share-based payment reserve	8,595	8,477
Accumulated losses	(67,959)	(55,729)
Total deficiency in equity	(24,870)	(12,878)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020. For the year ended 30 June 2019, the parent entity and its Australian subsidiary were parties to a deed of cross guarantee under which each company guarantees the debts of the others.

Note 30. Parent entity information (continued)

Contingent liabilities
The parent entity has given bank guarantees as at 30 June 2020 of $1,846,000 (2019: $1,798,000) 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 2020 and 30 June 2019.

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.

Net asset deficiency
As at 30 June 2020, the parent entity was in a net liability position of $24,870,000 (2019: $12,878,000). The parent entity has an intercompany payable to 3P Learning Australia Pty Limited of $55,991,000 (2019: $52,120,000). The parent entity can control the payment of intercompany debts, and accordingly, the financial statements continue to be prepared on a going concern basis.

Note 31. 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 2020 %	Ownership interest 2019 %
3P Learning Australia Pty Limited	Australia	100%	100%
Into Science Pty Ltd	Australia	100%	100%
3P International Holdings Pty Ltd	Australia	100%	100%
3P Learning Limited	New Zealand	100%	100%
3P Learning Limited	United Kingdom	100%	100%
3P Learning Inc.	United States	100%	100%
3P Learning Canada Limited	Canada	100%	100%

Note 32. Deed of cross guarantee

On 15 June 2017, 3P Learning Limited (parent entity) and 3P Learning Australia Pty Ltd entered into a deed of cross guarantee under which each company guarantees the debts of the other entities. By entering into the deed, the wholly-owned entity has 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'.

The deed of cross guarantee was revoked as of the date of this report. As a result, the consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group' for 2020 has not been provided.

Note 33. Cash flow information

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
Profit after income tax expense for the year	1,550	5,911
Adjustments for:		
Depreciation and amortisation	11,407	9,131
Share-based payments	243	-
Foreign exchange differences	289	(74)
Net loss on disposal of plant and equipment	(26)	-
Non cash income	(13)	(192)
Non-cash customer contract	(961)	(689)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(620)	(4,223)
Decrease in deferred tax assets	316	981
Decrease/(increase) in other operating assets	59	(280)
Increase in trade and other payables	1,164	518
Decrease in provision for income tax	(234)	(211)
Increase in employee benefits	323	203
Increase/(decrease) in other provisions	7	(110)
Increase/(decrease) in other operating liabilities	(354)	1,211
Net cash from operating activities	13,150	12,176

Non-cash investing and financing activities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Additions to the right-of-use assets	111	-
Shares issued under employee share plan	120	141
	231	141

Changes in liabilities arising from financing activities

Consolidated	Finance lease payable $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2018	30	-	30
Net cash used in financing activities	(12)	-	(12)
Balance at 30 June 2019	18	-	18
Net cash used in financing activities	-	(1,433)	(1,433)
Adoption of AASB 16 on 1 July 2019	(18)	6,291	6,273
Interest on lease liabilities	-	(186)	(186)
Acquisition of leases	-	111	111
Exchange differences	-	37	37
Other changes	-	24	24
Balance at 30 June 2020	-	4,844	4,844

Note 34. Share-based payments

The share-based payment expense for the year was $243,298 (2019: $Nil).

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:

2020

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	1,052,587	-	-	(750,847)	301,740
21/11/2016	02/09/2020	$1.26	2,015,419	-	-	(1,437,669)	577,750
31/08/2017	31/08/2021	$1.42	1,381,140	-	-	(692,809)	688,331
09/11/2017	31/08/2021	$1.42	2,644,509	-	-	-	2,644,509
23/08/2018	23/08/2022	$1.75	1,398,858	-	-	(707,296)	691,562
09/11/2018	23/08/2022	$1.75	2,867,647	-	-	-	2,867,647
19/11/2018	23/08/2022	$1.75	710,717	-	-	(710,717)	-
			12,070,877	-	-	(4,299,338)	7,771,539
Weighted average exercise price			$1.40	$0.00	$0.00	$1.45	$1.55

2019

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	2,334,525	-	-	(1,281,938)	1,052,587
21/11/2016	02/09/2020	$1.26	2,015,419	-	-	-	2,015,419
31/08/2017	31/08/2021	$1.42	3,063,221	-	-	(1,682,081)	1,381,140
09/11/2017	31/08/2021	$1.42	2,644,509	-	-	-	2,644,509
23/08/2018	23/08/2022	$1.75	-	1,398,858	-	-	1,398,858
09/11/2018	23/08/2022	$1.75	-	2,867,647	-	-	2,867,647
19/11/2018	23/08/2022	$1.75	-	710,717	-	-	710,717
			10,057,674	4,977,222	-	(2,964,019)	12,070,877
Weighted average exercise price			$1.35	$1.75	$0.00	$1.35	$1.40

Outstanding options/awards vested and exercisable as at 30 June 2020: 879,490 (2019: Nil).

The weighted average share price during the financial year was $1.12 (2019: $1.14) per ordinary share. The weighted average remaining contractual life of options/awards outstanding at the end of the financial year was 1.21 years (2019: 2.14 years).

Performance rights
During the year, 981,016 performance rights were granted at a fair value of $0.875 per right. The performance rights were granted at no exercise price and the fair value was determined based on the market value of the Company's share price on grant date. Vesting of performance rights are subject to predetermined revenue and earnings per share growth target.

Note 34. Share-based payments (continued)

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

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/11/2016	01/09/2019	$0.00	100,000	-	(100,000)	-	-
21/11/2016	14/10/2019	$0.00	400,000	-	-	(400,000)	-
22/11/2019	06/09/2022	$0.00	-	981,016	-	(339,256)	641,760
			500,000	981,016	(100,000)	(739,256)	641,760

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/11/2016	01/09/2019	$0.00	100,000	-	-	-	100,000
21/11/2016	14/10/2019	$0.00	400,000	-	-	-	400,000
			500,000	-	-	-	500,000

Performance rights vested and exercisable as at 30 June 2020 was Nil (2019: Nil). The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.25 years (2019: 0.27 years).

Note 35. Earnings per share

	Consolidated 2020 $'000	Consolidated 2019 $'000
Profit after income tax attributable to the owners of 3P Learning Limited	1,550	5,911
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	139,434,990	139,312,800
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	143,259
Weighted average number of ordinary shares used in calculating diluted earnings per share	139,434,990	139,456,059
	Cents	**Cents**
Basic earnings per share	1.11	4.24
Diluted earnings per share	1.11	4.24

Note 36. Events after the reporting period

On 24 July 2020, the banking facilities of a $10,000,000 bank loan and a $2,000,000 bank guarantee were extended from a maturity date of 30 July 2020 to 30 August 2020.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

3P Learning Limited
Directors' declaration
30 June 2020

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 2020 and of its performance for the financial year ended on that date; and

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

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

Samuel Weiss
Chairman

14 August 2020
Sydney

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2020, the consolidated statement of profit and loss and other 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 2020 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.

Building a better working world

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.

Capitalisation and recoverability of product development and software costs

Why significant	How our audit addressed the key audit matter
As disclosed in notes 2 and 13 to the financial statements, the Group capitalises product development and software costs upon meeting the criteria set out in Australian Accounting Standard - AASB 138 *Intangible Assets*. Capitalised product development and software costs amount to $16.2 million as at 30 June 2020. As disclosed in note 2 to the financial statements, the Group amortises these capitalised costs over a period of three years. This was considered a key audit matter due to the value of this balance relative to total assets and the judgments and estimates involved in determining which costs may be capitalised throughout the life of the project, and determining the useful life of the asset.	Our audit procedures included the following: ➢ Assessed the Group's policy for capitalisation of product development and software costs for compliance with AASB138 *Intangible Assets* ➢ Assessed the operating effectiveness of key controls over the processes and procedures related to the capitalisation of product development and software costs ➢ Tested on a sample basis, costs capitalised to underlying evidence including timesheets, employment contracts, payroll reports and invoices from external suppliers to assess the nature, eligibility and accuracy of product development and software costs for capitalisation in accordance with the Australian Accounting Standards ➢ Interviewed a sample of employees whose costs have been capitalised and reviewed their job descriptions to understand the nature of work performed to corroborate the judgements and capitalisation rates applied by management ➢ Assessed whether the useful life of product development and software costs is appropriate and whether the amortisation charge during the reporting period is reasonable ➢ Evaluated management's assessment of whether there are impairment indicators on capitalised product development and software costs, and ➢ Considered the adequacy of the financial report disclosures contained in notes 2 and 13

Building a better working world

Revenue Recognition

Why significant	How our audit addressed the key audit matter
The Group generated $55.0 million in revenue from customers across its global operations for the year ended 30 June 2020. 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. Given the importance of revenue to the users of the financial statements, specifically as a key performance indicator for the Group and a key metric for senior management's long-term incentive plan, this was considered to be a key audit matter.	Our audit procedures included the following: ► Evaluated the Group's revenue accounting and assessed whether the Group's accounting policies comply with the requirements of AASB 15 *Revenue from Contracts with Customers* ► Assessed the operating effectiveness of key controls over revenue recognition ► Performed data analytical procedures to corroborate the expected correlation between license fees and net commission revenue and related accounts during the year ► For a sample of revenue transactions we assessed whether revenue was recorded in the correct period. This included testing whether revenue transactions were recognised as deferred revenue at balance date where applicable. ► Considered the adequacy of the revenue related disclosures required by Australian accounting standards

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 2020 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*

Building a better
working world

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.

Building a better
working world

- 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 11 to 21 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of 3P Learning Limited for the year ended 30 June 2020, 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 C Robinson
Partner
Sydney
14 August 2020

3P Learning Limited
Shareholder information
30 June 2020

The shareholder information set out below was applicable as at 24 July 2020.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	396	-
1,001 to 5,000	369	-
5,001 to 10,000	144	-
10,001 to 100,000	165	-
100,001 and over	32	3
	1,106	3
Holding less than a marketable parcel	246	-

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
J P Morgan Nominees Australia Pty Limited	62,921,490	45.11
National Nominees Limited	28,128,862	20.17
HSBC Custody Nominees (Australia) Limited	15,368,998	11.02
Mutual Trust Pty Ltd	10,213,944	7.32
BNP Paribas Noms Pty Ltd (DRP)	4,734,965	3.39
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	2,697,075	1.93
Citicorp Nominees Pty Limited	2,098,873	1.50
Neweconomy Com Au Nominees Pty Limited (900 Account)	724,322	0.52
Mutual Appreciation Society Pty Limited (Garb-Weiss Super Fund A/C)	591,672	0.42
BNP Paribas Nominees Pty Ltd (IOOF Insmt Mgmt Ltd DRP)	500,000	0.36
Leopard Capital Pty Ltd (NDW Super Fund A/C)	404,920	0.29
Ms Kathryn Pike	323,594	0.23
Lcone Pty Ltd	306,759	0.22
Mr Jonathan Claude Kenny	288,856	0.21
Mr Kei Yan Cheng	284,280	0.20
Mr Roger William Sawkins & Mr Gary Robert Yong Gee (Nepean Super Fund A/C)	254,584	0.18
UBS Nominees Pty Ltd	219,708	0.16
Matthew Charles Goodson & Dianna Dawn Perron (Goodson & Perron Family A/C)	200,000	0.14
Mast Financial Pty Ltd (A To Z Investment A/C)	197,750	0.14
Colenew Pty Limited (Paul Xiradis Account)	191,000	0.14
	130,651,652	93.65

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	7,771,539	3
Performance rights over ordinary shares issued	641,760	2

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Viburnum Funds Pty Ltd	31,951,596	22.91
National Nominees Ltd ACF Australian Ethical Investment Ltd	21,192,583	15.19
Sterling Equity Pty Ltd	14,201,731	10.18
SmallCo Investment Manager Limited	13,920,288	9.98
Schroder Investment Management Australia Ltd	13,778,766	9.88
FIL Limited	9,679,718	6.94

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 and performance rights
Options and performance rights carry no voting rights.

There are no other classes of equity securities.

Directors	Samuel Weiss - Independent Non-Executive Chairman Rebekah O’Flaherty - Chief Executive Officer Roger Amos - Independent Non-Executive Director Claire Hatton - Independent Non-Executive Director Mark Lamont - Independent Non-Executive Director
Company secretary	Elizabeth Wang
Registered office and Principal place of business	3P Learning Limited Level 18, 124 Walker Street North Sydney NSW 2060 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 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 can be found on the Company’s website at http://www.3plearning.com/investors/governance/

the award-winning team behind

Mathletics

Readiwriter Spelling

Reading eggs

Mathseeds

WordFlyers

stemscopes SCIENCE

3P Learning
1300 850 331
1300 762 165
customerservice@3plearning.com.au
www.3plearning.com

3P Learning