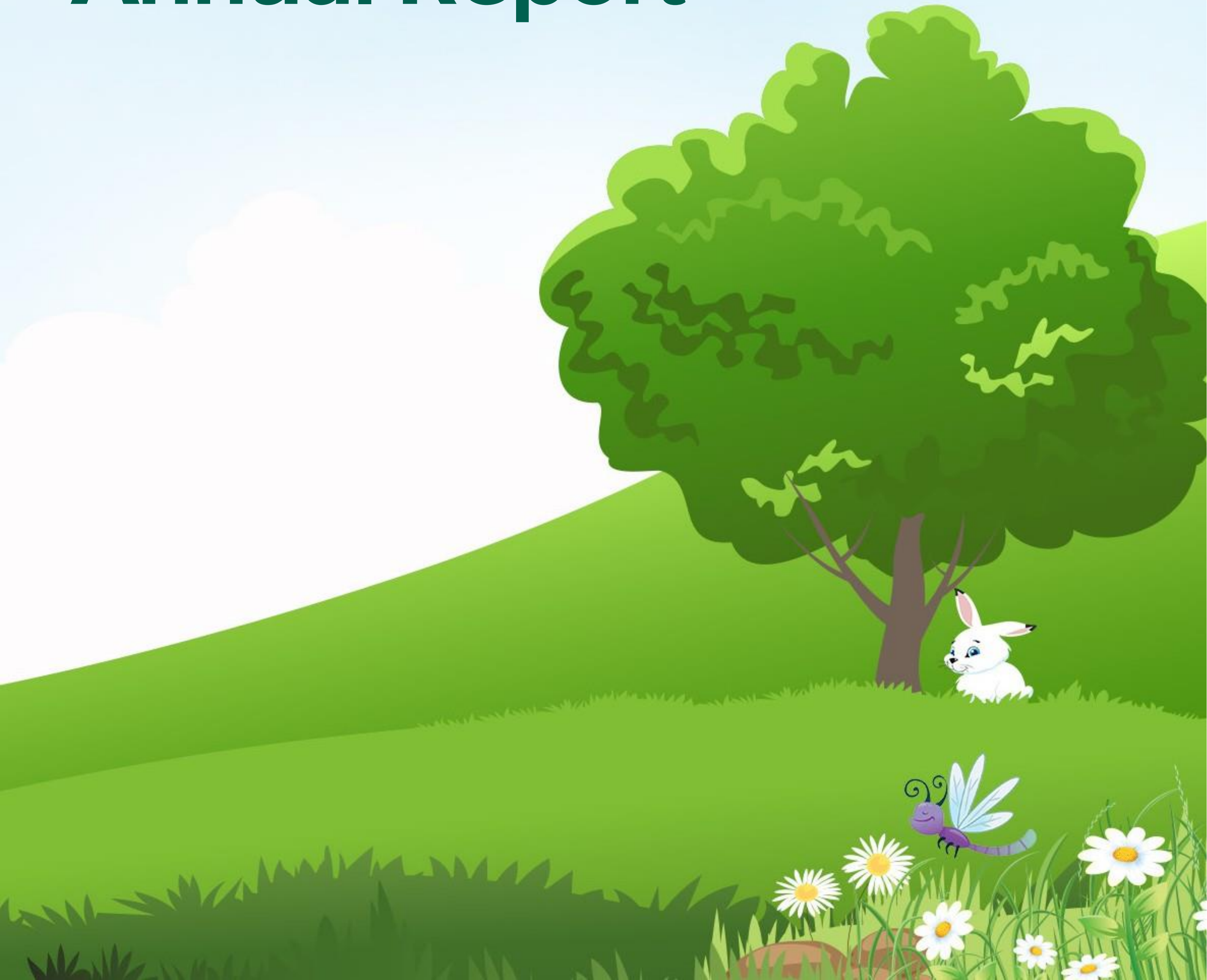
3P Learning

2021
Annual Report



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 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	4.5%	to	57,448
Loss from ordinary activities after tax attributable to the owners of 3P Learning Limited	down	1912.2%	to	(9,369)
Loss for the year attributable to the owners of 3P Learning Limited	down	1912.2%	to	(9,369)

In accordance with International Financial Reporting Standards Interpretations Committee ('IFRIC') clarification, the Group retrospectively changed the accounting policy in relation to 'Software as a Service (SaaS)' arrangements. Refer to note 4 of the financial statement for further details.

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

Comments
The loss for the Group after providing for income tax and non-controlling interest amounted to $9,369,000 (restated 30 June 2020: profit of $517,000).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents (Restated)
Net tangible assets per ordinary security	(5.22)	3.27

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

4. Control gained over entities

On 28 May 2021, the Group acquired 100% of the shares in Blake eLearning Pty Ltd and its controlled entities (collectively 'Blake'). Refer to note 33 'Business combinations' of the financial statements for further details.

5. Audit qualification or review

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

6. Attachments

The Annual Report of 3P Learning Limited for the year ended 30 June 2021 is attached.

3P Learning

3P Learning Limited
Appendix 4E
Preliminary final report

7. Signed

As authorised by the Board of Directors

Signed ___________________________ Date: 25 August 2021

Matthew Sandblom
Executive Chairman
Sydney

Chairman's Letter to Shareholders

I have a long history with 3PL as I was one of the co-founders of the business along with Shane Hill and Tim Power. It was a great company to be involved in because it made students really excited about maths and grew very quickly.

Now that I'm back as chairman and largest shareholder of 3PL (I was chairman prior to the IPO), growing the company and getting students engaged and excited by learning will again be my main areas of focus.

The most significant event in the FY21 year was obviously the merger with Blake eLearning (BeL), a company I had been building for the last 13 years.

There was talk before the 3PL IPO to merge BeL in, but terms could not be agreed so I'm pleased we have finally managed to make this happen.

There is even more logic in these two companies being together now than there was 7 years ago. BeL has a proven track record of developing new programs and product innovation, things that 3PL has struggled to do since the IPO. It also has a fast-growing consumer market to complement 3PL's expertise in selling to schools. There were also obvious cost synergies that we are well on the way to fully realising.

Bringing these two companies together means the annual billings is almost $100m, which is a significant milestone that few EdTech businesses have achieved. We also expect to have a healthy profit in the FY2022 year which means we can fund further growth initiatives both in terms of product development and geographic market expansion.

The potential growth sources that I'm most excited about are:

- The direct-to-consumer space where we are targeting billings growth of 25% from $27.9M to $35.1M, with a focus on the UK, US and smaller high-growth markets like South Africa and Canada.
- Negotiating Ministry of Education level multi-million-dollar deals in a variety of geographic areas, helped by having the BeL product range available.
- We have done quite a bit of work laying the foundations in the Indian market with our distribution partner Ratna Sagar over the last 12 months and we expect this to pay off over the next couple of years.
- Targeted bolt-on acquisitions that will help fill gaps in our offerings to schools and help grow average revenue per user.

We aim to make the accounts as transparent and as simple to read as possible. In particular, we are focused on our product development and will only capitalise eligible product development costs that generate future economic benefits. We expect these projects will generally be new revenue producing products that have not been released to the market.

Our strategy is to focus on our hero products of Mathletics, Reading Eggs and Mathseeds, and to sunset Readiwriter. Readiwriter has not delivered new sales to justify the investment made resulting in a decision to fully impair Readiwriter. Hero products are the ones we can generate tens of millions of dollars of revenue from.

The other significant items to note in the accounts were the legal, accounting and consulting costs associated with the 3 major possible deals 3PL considered in the FY2021 year (IXL, BYJU's, BeL) which amounted to $5.5m. There were also $2.4m costs associated with staff restructuring and integration.

My overall business philosophy is about achieving long term profitable growth by producing products that really engage, excite and educate. My preference is for organic growth unless an acquisition can really speed up either our time to market or access to a market. Our core mission is to be a market leader, in major English-speaking markets, in literacy and numeracy PreK-10.

I would also like to welcome on board our two new directors Kathy Ostin and Allan Brackin. Kathy has excellent accounting, audit and listed board experience while Allan has been involved in multiple tech companies, about our size, and grown them significantly either as a director or CEO.

And finally I would like to congratulate Jose Palmero on his appointment as CEO of 3PL. Jose was already interim CEO but the board has now made this his permanent role. Jose and I have a very productive and close working relationship for over 15 years and we have complementary skills sets. The board has also agreed to change my title to Executive Chairman to reflect my greater involvement in the business than is typical for a chairman.

Yours sincerely

Matthew Sandblom
Executive Chairman

A message from the CEO

It's been a challenging year for 3PL, with two unsuccessful takeover approaches from IXL and BYJU's resulting in shareholder, management, and staff uncertainty for most of FY2021.

As mentioned in our Chairman's Letter to Shareholders, this was ultimately resolved with a third proposition – an all-scrip deal that received 99.9% shareholder support and enabled 3PL's acquisition of Blake eLearning on 28 May 2021 to start writing a new and exciting chapter in 3PL's history.
Having successfully completed the acquisition and taken on the role of CEO, I'm pleased to report that in the 3 months since then we have achieved the following:

1. **Product Positioning – Focus on hero products**
   We have reviewed our product strategy and decided to concentrate on investing more in products that perform well in numeracy and literacy across B2B and B2C globally, but particularly in our larger markets (Australia/NZ, US/Canada, UK), and sunset products that do not have consistently high sales and high retention rates.
   The greater focus will be on hero products in numeracy and literacy (Mathletics, Mathseeds and Reading Eggs). These represent $52.5m and 97.5% of our current licence revenue. We will continue servicing existing customer obligations, but only with basic resourcing, for ReadiWriter, STEMscopes, Gooseberry Planet and WordFlyers until they sunset naturally.

2. **Simplify business processes – Align with demonstrable business growth**
   Our more focused product strategy has resulted in immediate flow-on benefits for sales, marketing and support functions. Effort saved in these areas has been redirected towards selling and marketing Mathletics, Mathseeds and Reading Eggs to further improve revenue, conversion rates and retention.
   We have streamlined product development to deliver features relevant to our larger markets, where our products currently hold established positions, but will also support initiatives in emerging markets with demonstrable business growth opportunities.
   We have reviewed business systems for further simplification, and have already moved HR, Payroll, and accounting, into a single system. Our technology stacks will take a bit longer, as we want to manage the transition with minimum disruption.

3. **Synergy savings**
   Since completion date we have achieved synergies worth $9.1M in annual savings, without affecting revenue potential. These savings directly represent the simplified product and business process strategy, with $4.6M from discontinuing ReadiWriter and related external product development teams.
   Sales and marketing savings were $3.4M, mostly as a result of reducing headcount in the US while we work on improving the product/market fit for Mathletics with additional features.

AU$m	Time to Realise (months)(1)	Annualised Enacted Savings(2)	Cost Incurred to Enact Savings(3)	Description
Consolidate and simplify sales, marketing and business processes	0 – 18	3.4	(0.5)	- Simplify marketing approach and leverage joint experience through B2B and B2C channels - Streamline business functions
Consolidate and streamline office and support functions	0 – 18	1.1	(1.2)	- Consolidation of CEO role and simplification of back office functions - Initial savings as offices are consolidated ahead of determining optimal go-forward premises
Product & Technology costs	0 – 18	4.6	(0.7)	- Primarily focused on third party vendor cost savings through product rationalisation and bringing external content production in-house where possible
Total		**9.1**	**(2.4)**	

(1) Expected time to achieve annual run-rate cost savings.
(2) Annualised savings enacted in FY21 as announced on 30 June 2021.
(3) Costs incurred in FY21 to enact savings include $1.7M for employee restructure costs and $0.7M for termination of other services.

A message from the CEO

Key initiatives for FY22 – Unlocking value

The future for 3PL looks bright, with combined annual revenue of over $92M, healthy EBIT and cashflow in FY22 to allow us to invest in product, organic growth and modest, targeted acquisitions.

We have completed most of the organizational restructure and synergies work in our first 100 days, so we are now ready to start unlocking value.

Our key initiatives for FY22 and beyond are:

1. B2C expansion

B2C has been growing consistently and we will continue to invest in marketing and product development for this market.

For FY22, we expect more success in EMEA and AMER than in APAC, given the already high penetration of our combined products in the APAC B2B market. We also see further opportunities in South Africa, Ireland and India and will increase our investment as these markets grow.

B2C is a market that needs constant data and marketing optimization to achieve lower cost of acquisition (CAC) and improve conversion rates and lifetime value (LTV).

Our approach will focus on mobile apps, user experience, and growing our B2C subscriber base. The volume and impact of word-of-mouth marketing together with our strong advertising spend will generate a digital marketing virtuous circle that further improves optimisation.

2. B2B existing business

Although overall revenue growth in the B2B numeracy market is likely to continue for FY22, we need to add motivation and engagement features to Mathletics to further improve sales and retention. Mathseeds is currently offsetting the lower renewal rates for Mathletics in the US, but this needs improvement in the short to medium term.

Our B2B Literacy products should to continue to perform well in FY22, particularly Reading Eggs.

Improving Mathletics for the B2B market is therefore our highest product priority and we expect this to go on for the better part of FY22. The work will be done in-house which, together with our synergy savings, will result in higher profitability for 3PL.

A message from the CEO

3. B2B emerging markets and targeted new investment – Planting seeds for future growth

We see our core effort in English-speaking markets and will pursue those as a priority, but we will also take calculated risks in emerging markets such as India, Middle East and Latin America with potential enterprise and government deals.

We are in active negotiations in the EMEA, North America, and Asia regions where discussions are progressing well. These deals are complex and typically harder to get so we will continue engaging, but we will recognise revenue and allocate further resources only when the deals are signed, and cash received.

During the year we'll be investing in a standalone mobile B2C numeracy app, which we think is a market that offers opportunities for expansion.

We are builders and our preference is to grow company value organically, but we will also explore modest, targeted acquisitions where we identify options to either gain entry to complementary markets or speed up our development efforts to get to those markets more quickly.

I served as Director on the 3PL Board from 2009 until its IPO in 2014, so I'm thrilled to now lead the company in this new chapter.

Together with our strong, entrepreneurial, and result-focused team we will continue to deliver our company mission, Better Ways to Learn, to students and educators around the world.

Yours sincerely

Jose Palmero
Chief Executive Officer

3P Learning Limited

ABN 50 103 827 836

Annual Report - 30 June 2021

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3P Learning Limited
Directors' report
30 June 2021

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 2021.

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

Matthew Sandblom Non-Executive Chairman (appointed on 28 May 2021); Executive Chairman (appointed on 24 August 2021, effective on 25 August 2021)
Samuel Weiss (Non-Executive Chairman - until 28 May 2021)
Claire Hatton
Mark Lamont
Katherine Ostin (appointed on 6 August 2021)
Allan Brackin (appointed on 6 August 2021)
Rebekah O'Flaherty (resigned on 9 April 2021)
Roger Amos (resigned on 28 May 2021)

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

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

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

On 12 November 2020, Think and Learn Private Limited ('BYJU') proposed to acquire 100% of issued shares of the Company for a cash price of $1.45 per share. A revised offer was later received from BYJU on 18 November 2020 for an increased cash price of $1.50 per share. After completion of their due diligence towards the end of 2020, BYJU did not provide a firm proposal for the Group's consideration.

On 28 May 2021, the Group acquired 100% of the equity in Blake eLearning Pty Ltd and its controlled entities (collectively 'Blake') for the total consideration transferred of $182,221,000. The consideration was fully settled by the issuance of 137 million ordinary shares in the Company. Refer to note 33 of the financial statements for further details.

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

Review of operations
Business overview
The Group is a global leader in online education and adaptive and collaborative learning. The Group's suite of mathematics and literacy products are designed to facilitate dynamic and engaging learning experiences for educator and learner alike to address the complex challenges faced by teachers and students in the modern classroom and at home.

The Group has over 350 educators, engineers, product designers and other personnel around the world, servicing schools and parents in more than 100 countries. Today, the Group is trusted by almost 6 million students in over 17,000 schools across the world. The Group's mission is to create and deliver better ways to learn for students and educators.

Financial review
The loss for the Group after providing for income tax and non-controlling interest amounted to $9,369,000 (restated 30 June 2020: profit of $517,000).

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

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
(Loss)/profit attributable to owners of 3P Learning Limited	**(9,369)**	**517**
Add: Non-controlling interest	(1)	-
Add: Income tax (benefit)/expense	(2,408)	965
(Loss)/profit before income tax (benefit)/expense	**(11,778)**	**1,482**
Depreciation and amortisation expense	9,329	7,783
Impairment expense	4,818	-
Interest income	(115)	(270)
Finance costs	237	284
Corporate advisory costs	5,476	197
Restructure and integration costs	2,450	-
Underlying EBITDA**	**10,417**	**9,476**

* Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding impairment expense, corporate advisory costs, and restructure and integration 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 2021 was $57,448,000 (30 June 2020: $54,955,000). The acquisition of Blake eLearning Pty Ltd contributed revenue of $3,453,000 for the period between 28 May 2021 to 30 June 2021.

Performance
The loss for the Group after providing for income tax and non-controlling interest amounted to $9,369,000 (restated 30 June 2020: profit of $517,000).

The Group has changed the accounting policy retrospectively to account for customisation and configuration costs incurred in relation to Software-as-a-Service ('SaaS') arrangements as an expense. This has led to depreciation and amortisation expenses in the current year decreasing by $1,546,000 to $9,329,000.

Following a product strategy reset to focus on 'hero products', impairment expense of $4,818,000 was recognised on the Readiwriter product suite which will be sunset.

Corporate advisory costs of $5,476,000 relating to the corporate activity experienced during the year were recognised. In addition, $2,450,000 of restructure and integration costs on incorporating Blake eLearning Pty Ltd into the Group were recorded during the year ended 30 June 2021.

As at 30 June 2021, the Group has $24,906,000 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.

Segment review
Segment revenue for the year is as follows:

	30 June 2021 $'000	30 June 2020 $'000	Change $'000	Change %
Asia-Pacific ('APAC')	35,469	33,612	1,857	5.5%
Americas	8,972	9,132	(160)	(1.8%)
Europe, Middle-East and Africa ('EMEA')	13,007	12,211	796	6.5%
Total Revenue	57,448	54,955	2,493	4.5%

Segment Underlying EBITDA is as follows:

	30 June 2021 $'000	30 June 2020 $'000	Change $'000	Change %
APAC	8,559	9,549	(990)	(10.4%)
Americas	(1,273)	(2,756)	1,483	(53.8%)
EMEA	3,131	2,683	448	16.7%
Total Underlying EBITDA	10,417	9,476	941	9.9%

APAC segment
Revenue and other income in APAC has increased by $1,857,000. The acquisition of Blake eLearning Pty Ltd contributed revenue of $3,453,000. This was offset by a change in revenue recognition on Blake products sold to schools from the date of acquisition, 28 May 2021. Revenue recognition from this date was recorded on a straight-line basis over the service period consistent with licence revenue, whereas previously it was recorded at the point of sale consistent with net commission revenue. The segment did not continue to benefit from high volume demand from Coronavirus (COVID-19) pandemic in the Financial Year 2021 ('FY21'). Underlying EBITDA has decreased by $990,000 driven by lower capitalisation rates, and an increase in bonus expense.

Americas segment
Revenue in Americas declined by 1.8% to $8,972,000 driven by unfavourable exchange rates movements. Underlying EBITDA has increased by $1,483,000 benefiting from a reduction in sales and marketing resources until the Mathletics product is improved to meet the market needs. There has also been a reduction in travel expenses due to COVID-19 pandemic.

EMEA segment
EMEA revenue has increased by 6.5% as a result of increase in new business and high retention of the existing business, offset by unfavourable exchange rate movements. Underlying EBITDA increased by 16.7% due to the improved revenue contribution and a reduction in selling costs and general administration costs.

The Group has net assets of $194,842,000 (restated 30 June 2020: $21,610,000) which have increased from the previous year due to acquisition of Blake eLearning Pty Ltd at consideration of $182,210,000 by issuance of 137,000,000 shares at $1.33 per share.

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

Competition risks: The Group operates in a highly competitive industry and there are a large number of online education participants targeting the school K-12 segment, many with significant resources and access to capital.

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

Privacy and Data Security risks: As a technology-focused education business, compliance with privacy and data security legislation relating to managing information security and safeguarding customer and student data remains a paramount key consideration and impacts the way the Group approaches everything it does and the decisions it makes. The Group takes the storage of this data incredibly seriously and place the highest priority on ensuring its security.

Revenue risk: The K-12 market is driven by the schools' ability to fund the purchase of education technology for their students. A significant decline in school funding, changes to schools' purchasing decision processes, or education regulatory changes in any market could result in reduced demand for the Group's products. Sales made directly to consumers may also be impacted by general economic performance of a region or any regulatory changes which impact online education or online sales.

Commercial contractual risk: The Group has 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 risks 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.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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

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

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

Information on directors

Name:	Matthew Sandblom
Title:	Non-Executive Chairman (appointed on 28 May 2021); Executive Chairman (appointed on 25 August 2021)
Qualifications:	BA Economics
Experience and expertise:	Matthew is an education entrepreneur with over 30 years of experience building successful companies. He started his first company, Pascal Press, in 1989 to publish school workbooks and study guides. Since then he has founded or co-founded many successful companies including Blake education, ClickView, 3P Learning and Blake eLearning. Matthew is driven by the idea of producing resources for students that deliver on the promise that they provide better ways to learn than other products. He was a major shareholder of 3P Learning until its IPO in 2014.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	137,220,000

Name:	Samuel Weiss
Title:	Independent Non-Executive Director (Non-Executive Chairman until 28 May 2021)
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):	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 (appointed Interim Chair on 28 May 2021)
Interests in shares:	637,277 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

Name:	Katherine Ostin
Title:	Non-Executive Director (appointed on 6 August 2021)
Qualifications:	B.Com, GAICD, Chartered Accountant
Experience and expertise:	Diverse and deep experience in audit and risk management, having previously been an audit partner at KPMG between 2005 and 2017, during which time she established and led KPMG's New South Wales Health, Ageing and Human Services Practice. Katherine is on the Board and committee at eftpos Payments Australia, where she is the Chair and member of various committees.
Other current directorships:	Non-Executive Director of Swift Media Ltd (ASX: SW1) since 1 October 2019; Non-Executive Director of Capral Limited (ASX: CAA) since 17 June 2020 and Non-Executive Director of Dusk Group Ltd (ASX: DSK) since 16 September 2020.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Member of the People and Culture Committee
Interests in shares:	None

Name:	Allan Brackin
Title:	Non-Executive Director (appointed on 6 August 2021)
Qualifications:	Bachelor of Applied Science
Experience and expertise:	Over 35 years of experience in the technology industry and has a proven track record as a business builder and adviser, with experience in business strategy, sales and marketing, process re-engineering, change management, financial management and merger and acquisition activity along with governance. Previously was the CEO and Managing Director of Volante Group Ltd, founder and CEO of AAG Technology Services, Chair of Opticomm Ltd, and Chair of GBST Ltd.
Other current directorships:	Non-Executive Director of Sovereign Cloud Holdings Limited (ASX: SOV) since 16 October 2020 and Non-Executive Director of Integrated Research Limited (ASX: IRI) since 1 February 2021.
Former directorships (last 3 years):	Non-Executive Director of GBST Holdings Limited (ASX: GBT) - delisted on 7 November 2019; Chairman of RPMGlobal Holdings Limited (ASX: RUL) - resigned on 30 June 2020; Chairman of Sensera Limited (ASX: SE1) - resigned on 20 October 2020 and Chairman of OptiComm Ltd (ASX: OPC) - delisted on 23 November 2020.
Special responsibilities:	Member of the Audit and Risk Committee and Member of the People and Culture Committee
Interests in shares:	None

Name:	Rebekah O'Flaherty (resigned on 9 April 2021)
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:	2,867,647 options
Interests in rights:	509,175 performance rights

Name:	Roger Amos (resigned on 28 May 2021)
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

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

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

Company secretary

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

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 2021, and the number of meetings attended by each director were:

	Full Board		People and Culture Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Matthew Sandblom*	2	2	1	1	-	-
Samuel Weiss	21	21	3	3	4	4
Claire Hatton	21	21	3	3	4	4
Mark Lamont	21	21	3	3	4	4
Rebekah O’Flaherty**	16	17	3	3	4	4
Roger Amos***	19	19	3	3	4	4

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

* Matthew Sandblom attended the People and Culture Committee meeting as an invitee.
** Rebekah O’Flaherty attended the People and Culture Committee and Audit and Risk Committee meetings as an observer. Rebekah was granted a medical leave of absence from one Board meeting prior to her resignation as a director on 9 April 2021.
*** Roger Amos resigned as a director of the Company and stepped down from his committee positions on 28 May 2021.

The Board held 21 meetings over the course of the financial year. The increased frequency of meetings was due to corporate activity, COVID-19 and careful monitoring to ensure continuous disclosure obligations were fulfilled. There were also 4 scheduled Audit and Risk Committee meetings and 3 People and Culture Committee meetings held during the financial year.

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
23/08/2018	23/08/2022	$1.75	691,562
09/11/2018	23/08/2022	$1.75	2,867,647
			3,559,209

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
21/12/2020	31/08/2023	$0.00	293,989
			935,749

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 2021 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of 3P Learning Limited issued on the exercise of performance rights during the year ended 30 June 2021 and up to the date of this report.

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

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

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable of $12,875 (2020: $Nil) to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

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

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

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.

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 the financial year ended 30 June 2021 ('FY21'). I think it's important to acknowledge that we received a "first strike" for FY20 with 38.87% of shareholders recording a "no' vote against the adoption of the prior year's Remuneration Report. This was a disappointing outcome for us, and one that we have intended to rectify and learn from, to ensure we regain shareholders' support this year. Feedback received from shareholders and their advisors indicated that they were open to a change in the corporate structure of the Company including in its leadership and that the progress of the Company's strategic growth may have fallen short of some of the shareholders' expectations. Consequently, in FY21, 3P Learning underwent significant corporate activity which culminated with the acquisition of Blake eLearning Pty Ltd ('Blake'). As part of the acquisition and partly to address shareholder concerns, the Board also initiated a number of changes to its composition and to the executive leadership team.

Managing Director and Chief Executive Officer transition

On 9 April 2021, Rebekah O'Flaherty, resigned as Managing Director and Chief Executive Officer ('CEO') of 3P Learning. She stayed on until 10 June to assist with the integration/transition period. Rebekah left the business as a good leaver and details of her termination payment is set out in the Remuneration Report. The Board has determined that Rebekah's long term incentive arrangements which existed prior to her termination will remain on-foot and will be tested and vest on their original vesting date to the extent that their applicable vesting conditions have been met.

After the Company completed the acquisition of Blake, the Board appointed Jose Palmero to the role of Interim CEO upon completion of the acquisition. On 24 August 2021, the Board determined that Jose Palmero, has given the Board confidence that he is the best candidate for the CEO position. This combined with Jose's longstanding working history with the Executive Chairman, led the Board to resolve that Jose's period as Interim CEO be waived and effective 25 August 2021, Jose will become CEO on an ongoing basis. From FY22, Jose will be eligible to receive an annual short-term incentive ('STI') cash payment with an 'at target; value equivalent of 50% of his fixed annual remuneration, and a long-term incentive ('LTI') equity package with an 'at target' value equivalent to 50% of his fixed annual remuneration.

Board changes

Matthew Sandblom was appointed as Chairman and Non-executive Director effective on 28 May 2021 and then subsequently appointed Executive Chairman on 24 August 2021, to take effect from 25 August 2021 onwards due to his involvement in the day-to-day operations of the Company. In relation to his appointment as Non-executive Chairperson, Matthew requested that he receive a nominal fee of $1. Subsequent to his appointment as Executive Chairman effective 25 August 2021, the Company additionally entered into a Consultancy Agreement with Matthew for him to provide ad-hoc strategic advisory services to the Company on an agreed hourly retainer basis up to a cap of $100,000 over the 12-month fixed period of his consultancy. The Board will consider the appointment of a Senior Independent Director to lead the Board in the absence of the Chair should a matter that triggers a conflict need to be addressed by the Board.

Roger Amos, resigned as a Non-executive Director and Chair of the Audit and Risk Committee, effective 28 May 2021. Previous Chair, Sam Weiss, continues as Non-executive Director as well as Chair of the Audit and Risk Committee.

On 6 August 2021, the Board announced the appointment of two new Non-executive Directors to boost the Board's skillset: Allan Brackin, an experienced CEO and Chairman with a strong track record in scaling technology companies and Kathy Ostin who has strong financial, audit and risk advisory background as well as an impressive track record of enabling strategic and superior business outcomes. Following the release of the 30 June 2021 financial statements, your Board intends that Kathy will become Chair of the Audit and Risk Committee moving forward. Your Board believes that these independent director changes reflect a mix of skills, experience and personal attributes which enable it to fulfil its role effectively.

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. Like most companies this year, our business continued to face unprecedented complexities and challenges as a result of the COVID-19 pandemic, with multi layered challenges globally including employee productivity, wellbeing, business continuity and motivation. On top of this, the team at 3P Learning also experienced a year of transaction activity, and the consequential uncertainty that this entails. In order to facilitate business and leadership continuity through a significant period of integration and next phase of growth for the Company, the Board determined to pay retention bonuses to a number of executives. These cash retention bonuses are conditional upon certain criteria being met. These included the Blake acquisition proceeding to completion and their staff continuous employment. As the first criteria was met on 28 May 2021, the expense in connection with the retention payments will be recognised over a 12-month period following the completion of the transaction, with the first tranche vesting in November 2021 and the second tranche vesting in May 2022, subject to the relevant executives meeting certain service criteria. The retention bonus awarded to KMP is set out in the Remuneration Report.

With the competitive nature of the labour market and the acquisition of Blake, we continue to sharpen our Remuneration Philosophy which is 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. 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 Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') performance, and tied to an ambitious but achievable target and gated at 95% achievement of target; and
- Long-term incentives tied to Revenue and Earnings Per Share ('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 FY22 we plan to make changes in our Incentive Plans which include:

- the continued review of STI hurdles to ensure they are appropriately stretched as well as achievable. We plan to use the hurdles of Revenue and Earnings Before Interest and Tax ('EBIT') and will move the weighting back to 50% Revenue (from 70% weighting) and 50% EBITDA (from 30% weighting) to have an increased focus on profitable growth. The other change will be that the threshold will increase from 95% to 100% of target;
- the continued improvement to the incentive structure for our Sales teams; and
- the structure of the LTI to remain unchanged. However, the Board will continue to assess options to increase share ownership to a broader cohort of employees.

In FY21, the Company shifted to more flexible work arrangements as all staff became virtual, working from home across the globe. The successful transition to working from home led the Company to fast track flexibility initiatives which has led to a reassessment of how we utilise our office space, which has in turn, led to a reduction in our office footprint. With the Blake eLearning acquisition, the 'all roles flexible' policy which we introduced from FY21, with everyone now having the ability to work from anywhere and to work flexible hours in any one day, is currently under review as the business learns how to optimise flexible working and ensure the wellbeing of all of our employees.

Diversity and inclusion

Diversity and inclusion are 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 56% of our employees globally as at 30 June 2021. At year end at the Board level, due to changes in the Board composition as a result of the Blake acquisition, 25% were female. At the senior leadership team level (reporting directly to the CEO) and in the extended leadership team 50% and 54% are female respectively. We are pleased to see that at least 50% of our internal promotions into leadership positions in FY21 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 ethnicity, 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 underpin our employee engagement and experience roadmap, and the analytics are already enabling a much more robust approach to measuring and tracking employee engagement. These insights have already been critical to steer our approach to change management as a result of the integration of the 3P Learning and Blake teams, as well as the important decisions we continue to address with the ongoing uncertainty associated with the coronavirus in all of our markets.

3P Learning’s business performance and future is underpinned by its incredible people and we can’t thank them enough for their commitment and passion for the business. As we integrate 3P Learning with Blake and create a bigger, more scalable business and navigate the challenges of a changing work world, aligning and adapting our people strategy, values, and culture, is critical. Your Board believes in our plan to invest in the areas that will make a difference now and into the future. We constantly review 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.

Claire Hatton
Chair of People and Culture Committee

25 August 2021
Sydney

Remuneration report (audited)

Overview

1. "First strike" on FY20 Remuneration Report

At the 30 June 2020 ('FY20') Annual General Meeting, 3P Learning Limited ('3P Learning', '3PL' or the 'Company') recorded a no vote of 38.87% on the resolution to adopt the FY20 Remuneration Report resulting in a "first strike". Feedback received from shareholders and their advisors indicated that they were open to a change in leadership and that the progress of the Company's strategic growth may have fell out of alignment with some of the shareholders' expectations. Consequently, in FY21, 3PL underwent significant corporate activity which culminated with the acquisition of Blake eLearning Pty Ltd ('Blake') on 28 May 2021 to create a larger scale educational technology company which combined 3PL's direct to school go-to-market with Blake's direct to consumer marketing as well as control of Blake's intellectual property rights to its suite of numeracy and literacy products. As part of the acquisition and partly to address shareholder concerns, the Board also initiated a number of changes to its composition and to the executive leadership team of which are set out in more detail in this report.

2. Preparation of Remuneration Report

The Directors of 3P Learning present the Remuneration Report (the 'Report') for the Company and its controlled entities (the 'Group') for the year ended 30 June 2021 ('FY21'). 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 certain senior executives (collectively the 'executives').

3. Key management personnel ('KMP') changes

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

Name	Position	Term as KMP
Non-executive Directors		
Samuel Weiss	Non-executive Chairman (until 28 May 2021) Non-executive Director (from 28 May 2021) *	Full financial year
Roger Amos	Non-executive Director	Ceased 28 May 2021
Claire Hatton	Non-executive Director	Full financial year
Mark Lamont	Non-executive Director	Full financial year
Executive Director		
Matthew Sandblom	Executive Chairman	Non-executive Chairman from 28 May 2021 to 24 August 2021
Rebekah O'Flaherty	Managing Director ('MD')/ Chief Executive Officer ('CEO')	Ceased on 9 April 2021
Other KMP		
Jose Palmero	Chief Executive Officer ('CEO')	Interim CEO from 28 May 2021 to 24 August 2021
Dimitri Aroney	Chief Financial Officer ('CFO')	Full financial year

* As a result of Rebekah O'Flaherty resigning as Managing Director and CEO of 3PL, from 9 April 2021 to 28 May 2021, Samuel Weiss worked with the senior executives to ensure that 3PL had strong management and leadership continuity until the completion of the acquisition of Blake. Whilst there was no formal appointment of an interim CEO until acquisition, the Chairman acted in that capacity regarding all matters of corporate governance and fiduciary responsibility.

3PL appointed Jose Palmero as its new Interim CEO effective 28 May 2021, following Rebekah O'Flaherty's resignation. Jose was with the Pascal Press Group since 2006. During his time there he played a key role in growing and scaling the Pascal Press Group, which includes Pascal Press, Blake Education, Blake Publishing, Video Education Australia, ClickView, 3PL (until its IPO in 2014) and Blake. He was a member of the 3PL Board from 2009 to 2014 prior to its IPO and has a proven track record in the educational content, intellectual property and EdTech industries. Prior to Blake, Jose spent 10 years at the Copyright Agency Limited as the Group General Manager – Business Development and Strategic Planning, Financial Controller.

On 24 August 2021, the Board determined that Jose Palmero remained the best candidate for the CEO position within the business. Combined with his former longstanding working history with the Executive Chairman, the Board resolved that Jose's period as Interim CEO be waived. Effective 25 August 2021, Jose will become CEO on an ongoing basis subject to termination by either party with six months' notice (other than where the employment is terminated by 3PL for cause). No other changes were made to his executive service agreement.

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.

4. 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; and
- encouraging of executive ownership and accountability to the Company and its stakeholders.

The P&CC and the Board have structured an executive remuneration framework that is market competitive, that 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 engaged external advisors, Ernst & Young, to provide advice on potential equity grants to non-KMP levels of management as well as advice on retention payments made to certain executives as a result of corporate activity. The total incurred cost for remuneration-related advice throughout the financial period was $12,875.
An agreed set of protocols were put in place to ensure that the recommendations would be free from undue influence from KMP. The Board is satisfied that these protocols were followed and as such there was no undue influence.

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 CEO 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 CEO and other executives. Details for each of the individual components in both FY20 and FY21 were 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*
• Fixed salary set by reference to appropriate benchmark information and experience of individuals • Includes superannuation and salary-sacrifice non-monetary benefits	• 25 - 50% of fixed remuneration at target STI • Increased focus on revenue growth • Weighting of group performance targets: - revenue (70%); - underlying EBITDA (30%)	• 25 - 50% of fixed remuneration at target LTI • Grant of performance rights • Encourage greater executive ownership of the Company

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 executives for 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 CEO is reviewed annually by the P&CC, with changes to be approved by the Board, following consideration of performance against annual key performance indicators set at the start of the financial period.

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.

Short-term incentive ('STI')

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

How is it paid?	100% of an STI award is paid in cash after the assessment of annual performance.
How much can an eligible executive earn?	Eligible executives have a target STI opportunity of up to 25% of fixed remuneration while the CEO has a target STI opportunity of up to 50% of fixed remuneration. 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 (that is, 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 executives will be awarded a payment of more than 100% of the incentive).

A summary of the target incentives is as follows:

Financial measure – level of performance	% of Target incentive award*
Below Threshold (<95% of Target)	0%
At Threshold (95% of Target)	50%
Target	100%
Above Target (> 100% of Target)	Up to 160%

** Pro-rata payments are made between these points*

How is performance measured?

Financial performance measures are set for eligible 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 FY21, the weighting of the performance measures remains unchanged and is aligned with our continued strategy to accelerate revenue growth and therefore are closely tied to financial performance objectives.

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

	Revenue	Underlying EBITDA
CEO	70%	30%
KMP	70%	30%
Non-KMP executives	70%	30%

When is it paid?

The STI award is determined after the release of the Company's full financial year results in August following a review of performance over the year against the STI financial 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 four months after the end of the performance period.

Deferral terms

Payment of STI is not deferred.

Long-term incentive ('LTI')

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

How is it paid?

Eligible executives may 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.

How much can an eligible executive earn?

An eligible executive has a target LTI opportunity of up to 25% of fixed remuneration while the CEO has a target LTI opportunity of up to 50% of fixed remuneration.

How is performance measured?

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 LTI amount equal to a percentage of their annual fixed remuneration in the range of 25% - 50%. The number of performance rights awarded is calculated by dividing the dollar value of LTI award opportunity by the value per right. The value per right is determined on a face value basis using a 20-day VWAP. A summary of the proportion of performance rights that may be awarded on financial performance is determined based on the following schedule:

Performance level	% of target incentive awarded
Below threshold	0%
Threshold	80%
Target	100%
Stretch	150%

When is it paid?	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 financial year. Once the performance rights vest, subject to the terms of the plan, the Company will issue or allocate the performance rights to the executives. All performance rights have a three-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 three-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).
Deferral terms	All performance rights will vest at the end of the three-year vesting period subject to certain vesting conditions being met.
What happens if an eligible executive leaves?	If an eligible executive ceases to be an employee of the Company before the vesting date of the performance right by reason of resignation, dismissal, or any other circumstance determined by the Board to be a 'Bad Leaver', all unvested performance rights lapse on the date of cessation. If an eligible 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 eligible executives entitled to 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.

5. Performance and executive remuneration outcomes in FY21

The actual remuneration earned by executives in FY21 against the prior year is set out below. This provides shareholders with a view of the remuneration actually paid to executives for performance in FY21 and the value of the LTIs that vested during the period.

Overview of company performance

The table below shows the Group's performance history, the Company's share price and the effect on shareholder value over the past five financial years. Those results are not fully comparable due to changes in accounting standards and change of accounting policy over that period. Results from FY19 and FY20 are restated due to change of accounting policy regarding customisation and configuration costs incurred in relation to Software-as-a-Service arrangements. These arrangements which were previously capitalised were restated and recognised as an expense in profit or loss. AASB 16 'Leases' was adopted on 1 July 2019 and effective for the FY20 year, and as such, results from FY16 to FY19 are not prepared on the same basis.

Financial Year	2017	2018	2019	2020	2021
Revenue ($m)	52.5	55.4	54.4	55.0	57.4
Underlying EBITDA ($m)^	16.0	19.6	12.5*	9.5	10.4
EPS (cents)	(5.11)	(13.42)	1.69	0.37	(6.15)
Share Price ($) 30 June	1.05	1.25	0.98	0.86	1.31

* In this reporting period the result is the same as Statutory EBITDA
^ Underlying EBITDA is earning before interest, tax, depreciation and amortisation, impairment expense, restructure and integration costs, corporate advisory costs.

Executive remuneration

Details of statutory remuneration (Australian Accounting Standards ('AAS')) for executive KMP, for the years ended 30 June 2021 and 30 June 2020, are set out below:

Executive KMP

	Salary	Cash STI	Other#	Post employment benefits (Super-annuation)	Accounting value of LTI awards and additional incentives	Termination Payments	Other long-term benefit#	Total	Performance related	Equity based
	$	$	$	$	$	$	%	$	%	%
J Palmero (CEO)**										
2021	**43,715**	**-**	**33,900**	**1,964**	**-**	**-**	**36,998**	**116,577**	**-**	**-**
2020	-	-	-	-	-	-	-	-	-	-
R O'Flaherty (Former CEO)*										
2021	**594,551**	**325,000^**	**(21,342)**	**25,000**	**(131,252)**	**650,000^^**	**-**	**1,441,957**	**13%**	**(9%)**
2020	625,000	-	37,617	25,000	232,400	-		920,017	25%	25%
D Aroney (Chief Financial Officer)										
2021	**265,684**	**28,865*** **	**20,421**	**24,957**	**77,908###**	**-**	**7,717**	**425,552**	**11%**	**5%**
2020##	87,291	-	7,909	8,293	-	-	4,631	108,124	-	-

* Rebekah O' Flaherty resigned as Managing Director and CEO on 9 April 2021. She stayed with the Company until 10 June 2021 to assist with the integration period following the acquisition of Blake. Rebekah's existing LTI entitlements remain on foot and will be tested and vest on their original vesting date. An FY21 LTI was not recognised for Rebekah on the basis that this was not approved at the Group's FY20 AGM. The reversal in the table above reflects lapsed of FY17 LTI.
** Jose Palmero was appointed interim CEO on 28 May 2021 upon the completion of the Blake acquisition and his remuneration reflects a pro-rata of his annual fixed remuneration received during the financial period. On 24 August 2021, the Board waived the interim period and noted that effective 25 August 2021, Jose would be CEO on an ongoing basis.
*** $28,865 has been accrued for Dimitri Aroney in relation to his potential FY21 STI award. At the time that this Remuneration Report is released, the Board is determining the appropriate STI award given the impact of the acquisition of Blake to the FY21 STI hurdles.
^ In accordance with her executive service agreement at the time, Rebekah O'Flaherty received $325,000, being the value of her unpaid award under the Company's short-term incentive plan as a result of the Scheme Meeting being convened in relation to IXL Learning Inc. on 20 November 2021.
^^ Termination benefits included pay in lieu of notice.
\# Represents the net movement of annual leave and long service leave entitlement respectively.
\#\# Dimitri Aroney became a member of the KMP, effective 27 February 2020.
\#\#\# It includes accounting value of LTI awards of $19,159 and pro-rate of retention incentive $58,749.

In line with general market practice a (non-AAS) presentation of pay with respect to the FY21 and FY20 reporting periods are provided in the table below, to give shareholders a more informative picture of actual remuneration outcomes that have actually vested within the financial year.

	Salary	Cash STI	Post employment benefits (Super-annuation)	LTI and additional incentives vested	Termination payments	Total remuneration
	$	$	$	$	$	$
J Palmero (CEO)##						
2021	**43,715**	**-**	**1,964**	**-**	**-**	**45,649**
2020	-	-	-	-	-	-
R O'Flaherty (CEO) #						
2021	**787,821***	**325,000^**	**25,000**	**-**	**650,000^^**	**1,787,821**
2020	625,000	-	25,000	71,000	-	721,000
D Aroney (Chief Financial Officer)						
2021	**265,684**	**-**	**24,957**	**-**	**-**	**290,641**
2020^	87,291	-	8,293	-	-	95,584

\# Rebekah O' Flaherty resigned as Managing Director and CEO on 9 April 2021. She stayed with the Company until 10 June 2021 to assist with the integration period following the acquisition of Blake eLearning. Rebekah's existing LTI entitlements remain on foot and will be tested and vest on their original vesting date.

\## Jose Palmero was appointed interim CEO on 28 May 2021 upon the completion of the Blake eLearning acquisition and his remuneration reflect a pro-rata of his annual fixed remuneration received during the financial period. On 24 August 2021, the Board waived the interim period and noted that effective 25 August 2021, Jose would be CEO on an ongoing basis.

^ In accordance with her executive service agreement at the time, Rebekah O'Flaherty received $325,000, being the value of her unpaid award under the Company's short term incentive plan as a result of the Scheme Meeting being convened in relation to IXL Learning Inc. on 20 November 2021.

^^ Termination benefits included pay in lieu of notice.

^ Dimitri Aroney became a member of the KMP effective 27 February 2020.

* Salary included unused annual leave and unused long service leave

Short term incentives

STI for the 2021 financial year

The target STI opportunity for the financial year ended 30 June 2021 was an amount equal to 25% for eligible executives' fixed remuneration and 50% in the case of the CEO.

Who are the participants of the STI?

There were four senior executive participants in the STI program for FY21 (then CEO, Rebekah O'Flaherty, CFO, Dimitri Aroney, and two other C-level senior executives). Due to the acquisition on 28 May 2021, the Board are determining the appropriate exercise of discretion to ensure that STI participants are not subject to a material disadvantage or obtain a windfall gain as a result of the Blake transaction which may have impacted the appropriateness of the original STI hurdles. Accordingly, at the time of this Report, nil amounts were paid to KMP with the exception of the former CEO who received 100% of her FY21 STI, in accordance with the terms of her employment agreement, as a result of the Scheme Meeting being convened in relation to IXL Learning Inc., on 20 November 2021. Specific information relating to the STI component to the CEO and CFO for FY21 is set out below.

Executive KMP	Position/title	Actual/accrued STI payment	Accrued STI payment	% of target STI payable
Rebekah O'Flaherty	CEO	$325,000		100%
Dimitri Aroney	CFO		$28,865	0-38%

Performance measure	FY21 – At Target	FY21 Performance	% of Target Incentive Award*	Weighting
Revenue	$60,170,000	$57,448,000	54.8%	70%
Underlying EBITDA**	$15,602,000	$10,417,000	0%	30%

* Based on the metrics outlined under 'How much can an eligible executive earn?' above 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, impairment expense, restructure and integration costs.

Long term incentives

Who are the participants of the LTI?
The CEO and other C-level senior executives are eligible to participate in the LTI plan. The FY21 LTI plan for former Managing Director and CEO, Rebekah O'Flaherty, did not receive shareholder approval at the 2020 Annual General Meeting held on 21 January 2021. Subsequently, no LTI plan was granted to Ms O'Flaherty for the FY21 period. Jose Palmero, who joined the Company on 28 May 2021 is eligible to participate in the FY22 LTI plan.

The Board determined that Rebekah's cessation of employment constituted a 'good leaver' and that her long-term incentive arrangements which existed prior to her termination remained on-foot and would be tested and vest on their original vesting date to the extent that their applicable vesting conditions have been met.

As at 30 June 2021, there were four 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 FY20 will be disclosed in August 2022 after the applicable performance period.

2019 LTI Award – Performance condition outcomes based on FY21 results
The first grant of options under the Company's LTI plan was made in FY19, with performance conditions to be tested with respect to the audited FY21 full year results. Based on the financial results for FY21, no LTI Awards vested during the reporting period and the following outcomes are expected for LTI grants awarded in FY19:

Performance measure	FY21 At Target	FY21 Performance	Outcome	% of Target Incentive Awarded	Weighting
Revenue	$73,000,000	$57,448,000	Below threshold	0%	50%
EPS	$0.0640	($0.0522)	Below threshold	0%	50%

The CEO and one other senior executive were the only executives that held FY19 LTI awards. Consequently, it is expected that all of the 3,559,209 FY19 LTI options held by the two executives will lapse as a result of the FY21 performance thresholds not being reached.

Additional payments awarded in FY21

During FY21, the Company completed the acquisition of Blake which effectively doubled the market capitalisation of the Company. The Board appointed Jose Palmero to the role of CEO upon completion of the acquisition. In order to facilitate business and leadership continuity through a significant period of integration and next phase of growth for the Company, the Board determined to pay retention bonuses to certain executives. These cash retention bonuses were conditional upon certain criteria being met. These included the Blake acquisition proceeding to completion and continuous employment. As the first criteria was met on 28 May 2021, these retention payments will now vest over a 12-month period following the completion of the transaction with the first tranche vesting in November 2021 and the second tranche vesting in May 2022, subject to the relevant executives meeting certain service criteria. The retention bonus awarded to KMP is set out in the table below:

Details of retention bonuses awarded to KMP in FY21

Name	Role	Total retention bonus
Dimitri Aroney	CFO	$300,000

6. 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 2021 and 30 June 2020.

Fee applicable	FY	Chair ($)	Member ($)
Board	**2021**	**185,000**	**95,000**
	2020	185,000	95,000
Audit and Risk Committee	**2021**	**20,000**	**10,000**
	2020	20,000	10,000
People and Culture Committee	**2021**	**20,000**	**10,000**
	2020	20,000	10,000

Details of the remuneration for the Chairman and independent non-executive directors for the financial years ended 30 June 2021 and 30 June 2020 are set out in the table below.

Name		Fees and allowances $	Post-employment benefits $	Total $
M Sandblom (Non-executive Chairman from 28 May 2021 to 24 August 2021; Executive Chairman from 25 August 2021)*	**2021**	**1**	**-**	**1**
	2020	-	-	-
S Weiss (Non-executive Chairman until 28 May 2021)**	**2021**	**248,333**	**23,592**	**271,925**
	2020	205,000	19,475	224,475
R Amos #	**2021**	**114,583**	**10,885**	**125,468**
	2020	125,000	11,875	136,875
C Hatton	**2021**	**125,000**	**11,875**	**136,875**
	2020	125,000	11,875	136,875
M Lamont	**2021**	**115,000**	**10,925**	**125,925**
	2020	115,000	10,925	125,925
Total	**2021**	**602,916**	**57,277**	**660,193**
	2020	570,000	54,150	624,150

* As an incoming substantial shareholder of the Company, Mr Sandblom requested that he receive a nominal fee of $1 in relation to his appointment as Chairman and Non-executive Director effective from his commencement on 28 May 2021.

** In mid-May 2021, the Board (excluding Mr Weiss) approved a one-off additional payment of $50,000 to Mr Weiss to reflect his significant responsibilities and duties leading up to the completion of the Blake acquisition and for the period in which he acted in the capacity of an interim CEO between 12 April 2021 to 28 May 2021 as a result of Ms Rebekah O'Flaherty's resignation on 9 April 2021. The additional payment was made on 15 June 2021.

Mr Amos resigned on the 28 May 2021.

7. 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.

Subsequent to 30 June 2021, the Board determined that the Chairman, Matthew Sandblom, has an active role in the day-to-day management of the Company particularly in the areas of Strategy and Product. Consequently, the Board agreed that Matthew's title be changed to 'Executive Chairman' on 24 August 2021 as this better reflects his current roles and responsibilities. Details of Matthew's service agreement is provided below:

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

Remuneration and other terms of employment for executives are formalised in employment agreements. The CEO and CFO do not have a fixed term contract with the Company. Details of the CEO's and CFO's employment agreements as at 30 June 2021 are as follows:

Name:	Jose Palmero
Title:	Interim CEO (from 28 May 2021 to 24 August 2021; CEO from 25 August 2021 onwards)*
Agreement commenced:	28 May 2021
Term of agreement:	Open ended
Details:	Jose will receive a fixed annual remuneration of $525,000, inclusive of statutory superannuation. Jose will be eligible to receive an annual STI package with a target STI of 50% of his fixed annual remuneration, as determined by the Board. Payment of the cash bonus will depend on the Group's performance and Jose's achievement of certain key performance indicators or at the discretion of the Board. As part of a LTI package, Jose may be entitled to receive an equity-based award under the LTI plan with a value equivalent to 50% of his fixed annual remuneration. Either party may terminate the employment contract by giving six months' notice in writing. The Company may terminate Jose's employment contract by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Company may terminate Jose's employment contract immediately by notice in writing and without payment in lieu of notice.

Name:	Dimitri Aroney
Title:	CFO
Agreement commenced:	1 April 2020
Term of agreement:	Open ended
Details:	Dimitri will receive an annual fixed remuneration of $307,500 inclusive of statutory superannuation. Dimitri will be eligible to receive an annual STI 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 LTI 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.

* On 24 August 2021, the Board resolved that Jose period as Interim CEO be waived and that effective 25 August 2021, he would become CEO on an ongoing basis subject to termination by either party with six months' notice (other than where the employment is terminated by 3PL for cause).

8. Share-based compensation

Issue of shares
No shares were issued to directors or any other key management personnel as part of compensation during the year ended 30 June 2021.

Options
No options were issued to KMP as part of compensation during the year ended 30 June 2021. No non-executive directors held options during the year. No options (comprising of former year option plans) vested with nil intrinsic value during the financial year ended 30 June 2021. The Company note that 2,644,509 options lapsed during the financial year ended 30 June 2021.

Performance rights
The Company issued 93,281 new performance rights to KMP during the year ended 30 June 2021 and no additional performance rights have been granted to any KMP since the end of the reporting period. No performance rights have been issued to non-executive directors to date.

Name	Number	Accounting grant date	Accounting fair value	Exercise price	Vesting date	Expiry date
Dimitri Aroney	93,281	10 December 2020	$1.31	$0	August 2023	August 2023

9. 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 yea
Ordinary shares					
Non-executive Directors					
Samuel Weiss	637,277	-		-	637,277
Claire Hatton	41,526	-	-	-	41,526
Mark Lamont	-	-	-	-	
Executive KMP					
Matthew Sandblom	220,000		137,000,000		137,220,000
Jose Palmero*	-	-	-	-	
Dimitri Aroney	7,121	-	-	-	7,121
	905,924	-	137,000,000	-	137,905,924

* Jose Palmero became a KMP on 28 May 2021. Although Jose's interests do not trigger the disclosure thresholds required for the above table, the Company notes that Jose is a beneficiary and also acts as trustee of a trust which is a 50% unitholder in BEL Unit Trust. Pascal Education Services Pty Ltd as trustee for the BEL Unit Trust is a shareholder of 13,700,000 ordinary shares of 3PL (issued as consideration to the vendors of Blake eLearning Pty Ltd ('Blake') in connection with the Company's acquisition of Blake on 28 May 2021). For transparency, Jose has an economic interest in 6,850,000 3PL shares.

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 / lapsed	Balance at the end of the year
Rebekah** O'Flaherty	Options	5,512,156	-	-	(2,644,509)*	2,867,647
	Performance rights	509,175	-	-	-	509,175
Dimitri Aroney	Options	-	-	-	-	-
	Performance rights	-	93,381	-	-	93,381

* 2,644,509 options lapsed in FY21 with respect to FY18 LTI plan.
** Rebekah O'Flaherty ceased to be a member of KMP 9 April 2021

10. Other transactions with KMP and their related parties

Payment for publishing and distribution services
The Group entered into a Publishing and Distribution Agreement with Kalaci Pty Ltd (trading as Pascal Press) ('Kalaci'), a company which both Matthew Sandblom and Jose Palmero have a beneficial economic interest. Under the agreement, Kalaci receives a share of the net receipts received by Blake from orders placed by Blake customers and Blake receives a share of the net receipts received by Kalaci from its sales of various Blake products to Kalaci customers. The terms of the agreement were negotiated on arm's length terms at the time of the Blake acquisition and is subject to normal publishing terms and conditions. $11,076 is payable as at 30 June 2021.

Payment for transition services
The Group entered into a Transition Services Agreement with Kalaci, as part of the acquisition of Blake for a period of up to 12 months for the purpose of sharing common administrative costs for a limited period of time following completion of the Blake acquisition. The monthly costs under the agreement are $49,733. Any additional costs incurred are allocated on a pro-rata basis. The agreement provides for an option to extend further if required to prevent any material disruption to the business. $67,884 is payable as at 30 June 2021.

Lease of office premise from Matthew Sandblom
The Group leases an office premise at 655 Parramatta Road, Leichhardt NSW 2040, from Matthew Sandblom. The lease term is 12 months with an option to renew for a further year. The terms of the lease were negotiated on arm's length terms at the time of the Blake acquisition and is subject to normal commercial terms and conditions. An independent valuation was completed at the time to determine the market rent of $350,000 per annum (excluding monthly outgoings) and further ensures the lease is on arm's length terms and at comparable market rate. $33,167 was paid in June 2021.

Payment for software licence fees
The Group has a commercial agreement with ClickView, a company that operates a video technology platform and of which Matthew Sandblom is a shareholder. Under the agreement, the Group is granted a licence to use ClickView's video storage, management, and delivery technology to deliver 3PL products. This arrangement was on foot prior to the acquisition and remain ongoing on normal commercial terms and conditions. $15,732 is accrued as at 30 June 2021 for usage between 1 April 2021 and 30 June 2021.

Payment for consultancy services from Matthew Sandblom
The Group has a consultancy agreement with Pascal Educational Services Pty Limited, a company which Matthew Sandblom is a director and shareholder. Under the consultancy agreement, the Group will pay an hourly retainer of $300 per hour up to a cap of $100,000 for strategic advisory services over the consultancy period. This agreement came into effect on 25 August 2021 and will be for a period of 12 months.

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

Matthew Sandblom
Executive Chairman

25 August 2021
Sydney

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

As lead auditor for the audit of the financial report of 3P Learning Limited for the financial year ended 30 June 2021, 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
25 August 2021

3P Learning Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000 (Restated)*
Revenue	6	57,448	54,955
Other income		-	148
Interest revenue calculated using the effective interest method		115	270
Expenses			
Employee benefits expenses	7	(34,971)	(35,010)
Employee benefits expenses - restructure and integration		(2,450)	-
Depreciation and amortisation expenses	7	(9,329)	(7,783)
Impairment of assets	7	(4,818)	-
Professional fees - corporate advisory costs		(5,476)	(197)
Professional fees - other		(1,139)	(1,136)
Technology costs		(3,656)	(3,701)
Marketing expenses		(2,534)	(2,066)
Occupancy expenses		(654)	(1,061)
Administrative expenses and foreign exchange		(4,077)	(2,653)
Finance costs	7	(237)	(284)
(Loss)/profit before income tax benefit/(expense)		(11,778)	1,482
Income tax benefit/(expense)	8	2,408	(965)
(Loss)/profit after income tax benefit/(expense) for the year		(9,370)	517
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		596	(213)
Other comprehensive income for the year, net of tax		596	(213)
Total comprehensive income for the year		(8,774)	304
(Loss)/profit for the year is attributable to:			
Non-controlling interest		(1)	-
Owners of 3P Learning Limited		(9,369)	517
		(9,370)	517
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(1)	-
Owners of 3P Learning Limited		(8,773)	304
		(8,774)	304
		Cents	**Cents**
Basic earnings per share	37	(6.15)	0.37
Diluted earnings per share	37	(6.15)	0.37

* Refer to note 4 for detailed information on Restatement of comparatives.

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 2021

	Note	Consolidated 30 June 2021 $'000	30 June 2020 $'000 (Restated)*	1 July 2019 $'000 (Restated)*
Assets				
Current assets				
Cash and cash equivalents	9	24,906	27,083	25,766
Trade and other receivables	10	11,655	9,520	9,000
Inventories		282	-	-
Lease receivables	11	739	565	515
Other assets	12	2,163	1,591	1,812
Total current assets		39,745	38,759	37,093
Non-current assets				
Plant and equipment	13	652	651	1,042
Intangibles	14	207,653	14,213	14,374
Right-of-use assets	15	1,612	2,841	3,886
Lease receivables	11	538	1,193	1,716
Other assets	12	352	48	17
Deferred tax	8	5,304	6,753	6,584
Total non-current assets		216,111	25,699	27,619
Total assets		255,856	64,458	64,712
Liabilities				
Current liabilities				
Trade and other payables	16	11,874	8,181	7,046
Contract liabilities	17	35,631	23,877	24,310
Borrowings	18	-	-	14
Lease liabilities	19	1,627	1,615	1,574
Income tax payable	8	2,038	161	389
Provisions	20	4,323	1,778	1,479
Total current liabilities		55,493	35,612	34,812
Non-current liabilities				
Contract liabilities	17	3,170	3,292	3,356
Borrowings		-	-	4
Lease liabilities	19	1,497	3,229	4,717
Provisions	20	854	715	755
Total non-current liabilities		5,521	7,236	8,832
Total liabilities		61,014	42,848	43,644
Net assets		194,842	21,610	21,068
Equity				
Issued capital	21	216,589	34,494	34,374
Reserves	22	8,450	7,954	8,049
Accumulated losses		(30,207)	(20,838)	(21,355)
Equity attributable to the owners of 3P Learning Limited		194,832	21,610	21,068
Non-controlling interest		10	-	-
Total equity		194,842	21,610	21,068

* Refer to note 4 for detailed information on Restatement of comparatives.

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

3P Learning Limited
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2019	34,374	8,049	(17,799)	-	24,624
Adjustment on initial adoption of AASB 16 'Leases'	-	-	68	-	68
Adjustment for change in accounting policy (note 4)	-	-	(3,624)	-	(3,624)
Balance at 1 July 2019 - restated	34,374	8,049	(21,355)	-	21,068
Profit after income tax expense for the year	-	-	517	-	517
Other comprehensive income for the year, net of tax -restated	-	(213)	-	-	(213)
Total comprehensive income for the year - restated	-	(213)	517	-	304
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 21)	120	(71)	-	-	49
Share-based payments (note 36)	-	189	-	-	189
Balance at 30 June 2020	34,494	7,954	(20,838)	-	21,610

Refer to note 4 for detailed information on Restatement of comparatives.

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

* Refer to note 4 for detailed information on Restatement of comparatives.

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

3P Learning

3P Learning Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000 (Restated)
Cash flows from operating activities			
Receipts from customers		72,221	66,981
Payments to suppliers and employees		(69,408)	(57,672)
Interest received		134	289
Interest and other finance costs paid		(237)	(284)
Income taxes paid		(1,415)	(1,260)
Net cash from operating activities	35	1,295	8,054
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	33	3,605	-
Payments for plant and equipment		(321)	(136)
Payments for intangibles		(5,532)	(5,501)
Proceeds from sub-leases		553	528
Net cash used in investing activities		(1,695)	(5,109)
Cash flows from financing activities			
Share issue transaction costs		(115)	-
Repayment of lease liabilities	35	(1,694)	(1,433)
Net cash used in financing activities		(1,809)	(1,433)
Net increase/(decrease) in cash and cash equivalents		(2,209)	1,512
Cash and cash equivalents at the beginning of the financial year		27,083	25,766
Effects of exchange rate changes on cash and cash equivalents		32	(195)
Cash and cash equivalents at the end of the financial year	9	24,906	27,083

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 25 August 2021. 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:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

Net current asset deficiency
As at 30 June 2021, the Group was in a net current liability position of $15,748,000 (2020: net current asset position of $3,147,000) of which $35,631,000 (2020: $23,877,000) are contract liabilities that are expected to be recognised as revenue in the next financial year with no further cash outflows to the Group. Accordingly, the financial statements continue to be prepared on a going concern basis.

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

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

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3P Learning Limited as at 30 June 2021 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.

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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. Interest includes interest income related to sub-leases classified as a finance lease.

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.

Note 2. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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.

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

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

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

Employee benefits

Short-term employee benefits
Employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

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

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

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

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

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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.

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

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

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

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

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

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

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of 3P Learning Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 2. Significant accounting policies (continued)

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

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

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

Rounding of amounts

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

New Accounting Standards and Interpretations 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 2021. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the Group's financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

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

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. Refer to note 36 for further information.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Estimation of useful lives of assets

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

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

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on fair value less cost of disposal (FVLCD) or value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 14 for further information.

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

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 judgements are required in determining whether incremental product enhancements will provide additional future economic benefit.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Restatement of comparatives

Change in accounting policy - Software as a Service (SaaS) arrangements

The Group's accounting policy has historically been to capitalise costs related to the customisation and configuration of SaaS arrangements as intangible assets in the statement of financial position. During the year, the International Financial Reporting Standards Interpretations Committee ('IFRIC') issued a clarification regarding accounting for expenses due to SaaS arrangements. In accordance with IFRIC clarification, the Group has changed its accounting policy retrospectively to account for customisation and configuration costs incurred in relation to these arrangements as an expense in the statement of profit or loss, when the Group does not control the customisation being performed.

The impact of the retrospective adoption of the accounting policy is summarised below:

Statement of profit or loss and other comprehensive income

	Consolidated		
Extract	30 June 2020 $'000 Reported	$'000 Adjustment	30 June 2020 $'000 Restated
Expenses			
Employee benefits expenses	(29,911)	(5,099)	(35,010)
Depreciation and amortisation expenses	(11,407)	3,624	(7,783)
Profit before income tax expense	2,957	(1,475)	1,482
Income tax expense	(1,407)	442	(965)
Profit after income tax benefit/(expense) for the year	1,550	(1,033)	517
Other comprehensive income for the year, net of tax	(213)	-	(213)
Total comprehensive income for the year	1,337	(1,033)	304

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	1.11	(0.74)	0.37
Diluted earnings per share	1.11	(0.74)	0.37

Note 4. Restatement of comparatives (continued)

Statement of financial position at the beginning of the earliest comparative period

Extract	1 July 2019 $'000 Reported	Consolidated $'000 Adjustment	1 July 2019 $'000 Restated
Assets			
Non-current assets			
Intangibles	19,551	(5,177)	14,374
Deferred tax	5,031	1,553	6,584
Total non-current assets	31,243	(3,624)	27,619
Total assets	68,336	(3,624)	64,712
Net assets	24,692	(3,624)	21,068
Equity			
Accumulated losses	(17,731)	(3,624)	(21,355)
Total equity	24,692	(3,624)	21,068

Statement of financial position at the end of the earliest comparative period

Extract	30 June 2020 $'000 Reported	Consolidated $'000 Adjustment	30 June 2020 $'000 Restated
Assets			
Non-current assets			
Intangibles	20,865	(6,652)	14,213
Deferred tax	4,758	1,995	6,753
Total non-current assets	30,356	(4,657)	25,699
Total assets	69,115	(4,657)	64,458
Net assets	26,267	(4,657)	21,610
Equity			
Accumulated losses	(16,181)	(4,657)	(20,838)
Total equity	26,267	(4,657)	21,610

Statement of cash flows:
In accordance with the above, comparatives in the statement of cash flows have been restated to reflect changes in accounting policy with regard to recognition of Software as a Service (SaaS) arrangements. Accordingly, payments for intangibles have been reduced by $5,096,000 with a corresponding increase in payments to suppliers and employees. As a result of this, net cash from operating activities decreased by $5,096,000 with a corresponding impact on net cash used in investing activities.

Note 5. 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 impairment expense, corporate advisory costs and restructure and integration 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.

Products and services
Refer to note 6 for information on the Group's products and services.

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 ended 30 June 2021 and 30 June 2020.

Operating segment information

Consolidated - 30 June 2021	APAC $'000	Americas $'000	EMEA $'000	Total $'000
Revenue				
Sales to external customers	35,469	8,972	13,007	57,448
Interest revenue	47	51	17	115
Total revenue	35,516	9,023	13,024	57,563
Underlying EBITDA*	8,559	(1,273)	3,131	10,417
Depreciation and amortisation				(9,329)
Impairment of assets				(4,818)
Interest revenue				115
Finance costs				(237)
Restructure and integration costs				(2,450)
Corporate advisory costs				(5,476)
Loss before income tax benefit				(11,778)
Income tax benefit				2,408
Loss after income tax benefit				(9,370)

* Underlying EBITDA for the Group is before interest revenue, after eliminating inter-segment royalty income earned by APAC operating segment of $5,816,000, and after eliminating inter-segment royalty expense incurred by Americas operating segment of $2,200,000 and EMEA operating segment of $3,616,000. The APAC operating segment includes inter-segment royalty income of $5,816,000, the Americas operating segment includes $2,200,000 of inter-segment royalty expense and the EMEA operating segment includes $3,616,000 of inter-segment royalty expense.

Note 5. Operating segments (continued)

Consolidated - 30 June 2020 (Restated)	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*	9,549	(2,756)	2,683	9,476
Depreciation and amortisation				(7,783)
Interest revenue				270
Finance costs				(284)
Corporate advisory costs				(197)
Profit before income tax expense				1,482
Income tax expense				(965)
Profit after income tax expense				517

* 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.

Note 6. Revenue

Disaggregation of revenue

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

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Licence fees	37,673	36,919
Net commission revenue	16,277	14,452
Copyright licence fees	3,234	3,210
Other revenue	264	374
Revenue	57,448	54,955

Revenue from external customers by geographic regions is set out in note 5 operating segments. The relationship between the disaggregated revenue information set out above and the segment information set out in note 5 operating segments is explained below:

The Group's main revenue-generating activity is the worldwide sale of online educational programs via licence fees and net commission revenue. The Group generates revenue from both these categories in all operating segments (geographic regions). Copyright licence fees and ancillary revenue streams are generated only in the APAC operating segment. Other revenue includes the sale of workbooks, ebooks 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 $23,877,000 (2020: $24,310,000). Contract liabilities are generally incurred at the beginning of the contract period. Refer to note 17 for details on contract liabilities.

Note 7. Expenses

	Consolidated 30 June 2021 $'000	30 June 2020 $'000 (Restated)
(Loss)/profit before income tax includes the following specific expenses:		
Depreciation		
Fixtures and fittings	107	134
Computer equipment	158	196
Office equipment	29	39
Right-of-use assets	905	1,039
Total depreciation	1,199	1,408
Amortisation		
Product development*	6,862	5,326
Intellectual property	8	-
Patents and trademarks	20	14
Customer contracts and distributor relationships	1,240	1,035
Total amortisation	8,130	6,375
Total depreciation and amortisation	9,329	7,783
Impairment of assets		
Intangibles - product development**	4,818	-
Finance costs		
Interest and finance charges paid/payable on borrowings facility	96	83
Interest and finance charges paid/payable on lease liabilities	141	201
Finance costs expensed	237	284
Net foreign exchange loss		
Net foreign exchange loss	697	132
Net loss on disposal		
Net loss on disposal of property, plant and equipment	134	12
Leases		
Short-term lease payments	70	258
Employee benefits expenses:		
Salaries and wages	28,082	28,441
Bonus and commission	3,644	3,267
Superannuation	3,245	3,302
Total employee benefits expenses	34,971	35,010

* During the financial year, the useful life of certain Matheltics modules were re-assessed, and as a result, an accelerated depreciation charge of $0.7 million has been recognised within the current year amortisation.

** Following a product strategy reset to focus on 'hero product', impairment expense of $4,818,000 was recognised on the Readiwriter product suite which will be sunset.

Note 8. Income tax

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000 (Restated)
Income tax expense/(benefit)		
Current tax	1,542	950
Deferred tax - origination and reversal of temporary differences	(3,759)	(110)
Adjustments in respect of current income tax for the previous year	(191)	125
Aggregate income tax expense/(benefit)	(2,408)	965
Deferred tax included in income tax expense/(benefit) comprises:		
Increase in deferred tax assets	(3,759)	(110)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
(Loss)/profit before income tax benefit/(expense)	(11,778)	1,482
Tax at the statutory tax rate of 30%	(3,533)	445
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	1,374	104
Impact of foreign tax rate	12	216
Adoption of AASB 16	-	33
Current year tax benefit not recognised	388	661
Research and development tax offset	(412)	(610)
Foreign exchange fluctuation	(46)	(9)
	(2,217)	840
Adjustments in respect of current income tax for the previous year	(191)	125
Income tax expense/(benefit)	(2,408)	965

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'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	48,065	47,615
Potential tax benefit at statutory tax rates	12,022	12,116

Unrecognised tax benefits includes $8,398,000 unused capital gains loss on disposal of investments (2020: $8,398,000).

Note 8. Income tax (continued)

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000 (Restated)
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Contract liabilities	8,006	4,564
Research and development credits	3,942	2,722
Accrued expenses	2,410	818
Royalty asset	1,168	1,153
Unrealised foreign exchange fluctuation	252	263
Leases	64	55
Intangibles	(10,499)	(2,830)
Plant and equipment	(39)	8
Deferred tax asset	5,304	6,753
Movements:		
Opening balance	6,753	6,584
Credited to profit or loss	3,759	110
Credited to equity	-	59
Additions through business combinations (note 33)	(5,208)	-
Closing balance	5,304	6,753

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Income tax payable	2,038	161

Note 9. Cash and cash equivalents

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Current assets		
Cash at bank and in hand	20,906	9,833
Short-term deposits	4,000	17,250
Total cash and cash equivalents	24,906	27,083

Note 10. Trade and other receivables

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Current assets		
Trade receivables	10,161	9,291
Less: Allowance for expected credit losses	(190)	(80)
	9,971	9,211
Other receivables	1,684	309
Total trade and other receivables	11,655	9,520

Allowance for expected credit losses
The Group has recognised a loss of $110,000 (2020: gain of $35,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2021.

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	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Consolidated	%	%	$'000	$'000	$'000	$'000
Not overdue	0.48%	0.22%	7,673	8,498	37	19
0 to 3 months overdue	0.50%	1.47%	2,011	551	10	8
3 to 6 months overdue	5.02%	19.50%	298	210	15	41
Over 6 months overdue	71.59%	35.98%	179	32	128	12
			10,161	9,291	190	80

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

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

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
Opening balance	80	115
Additional provisions recognised	123	9
Receivables written off during the year as uncollectable	(9)	(17)
Unused amounts reversed	(4)	(27)
Closing balance	190	80

Note 11. Lease receivables

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Current assets		
Lease receivables	739	565
Non-current assets		
Lease receivables	538	1,193
Total lease receivables	1,277	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 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Opening balance	1,758	-
Recognised on adoption of AASB 16	-	2,231
Addition	283	-
Net cash receipt from sub-leases	(604)	(603)
Exchange differences	(154)	55
Interest income	51	75
Other changes	(57)	-
Closing balance	1,277	1,758

Minimum lease receivables in future financial years are as follows:

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
One year or less	769	619
Between one to two years	546	636
Between two to three years	-	598
Total commitments	1,315	1,853
Less: Future interest income	(38)	(95)
Total lease receivables	1,277	1,758

Note 12. Other assets

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Current assets		
Prepayments	2,120	1,548
Term deposits	43	43
	2,163	1,591
Non-current assets		
Prepayments	352	48
Total other assets	2,515	1,639

Note 13. Plant and equipment

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Non-current assets		
Furniture & fittings - at cost	1,398	1,661
Less: Accumulated depreciation	(1,153)	(1,256)
	245	405
Computer equipment - at cost	3,295	2,827
Less: Accumulated depreciation	(2,938)	(2,651)
	357	176
Office equipment - at cost	252	270
Less: Accumulated depreciation	(202)	(200)
	50	70
Total plant and equipment	652	651

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 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
Additions	71	242	8	321
Additions through business combinations (note 33)	-	101	2	103
Disposals	(119)	-	(2)	(121)
Exchange differences	(5)	(4)	1	(8)
Depreciation expense	(107)	(158)	(29)	(294)
Balance at 30 June 2021	245	357	50	652

Note 14. Intangibles

	$'000	$'000 (Restated)
Non-current assets		
Goodwill - at cost	171,995	4,315
Product development - at cost	37,382	29,679
Less: Accumulated amortisation and impairment	(7,493)	(20,093)
	29,889	9,586
Intellectual property - at cost	489	-
Less: Accumulated amortisation	(8)	-
	481	-
Patents and trademarks - at cost	1,924	1,912
Less: Accumulated amortisation	(1,836)	(1,816)
	88	96
Customer contracts and distributor relationships - at cost	5,794	1,963
Less: Accumulated amortisation	(594)	(1,747)
	5,200	216
Total intangibles	207,653	14,213

Reconciliations

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

Consolidated	Goodwill $'000	Product develop-ment $'000	Intellectual property $'000	Patents and trademarks $'000	Customer contracts and distributor relation-ships $'000	Software $'000	Total $'000
Balance at 1 July 2019	4,576	12,979	-	84	265	1,647	19,551
Adjustment for change in accounting policy (note 4)	-	(3,530)	-	-	-	(1,647)	(5,177)
Balance at 1 July 2019 (restated)	4,576	9,449	-	84	265	-	14,374
Additions	-	5,463	-	26	961	-	6,450
Exchange differences	(261)	-	-	-	25	-	(236)
Amortisation expense	-	(5,326)	-	(14)	(1,035)	-	(6,375)
Balance at 30 June 2020 (restated)	4,315	9,586	-	96	216	-	14,213
Additions	-	5,519	-	12	822	-	6,353
Additions through business combinations (note 33)	167,549	26,464	489	-	5,410	-	199,912
Exchange differences	131	-	-	-	(8)	-	123
Impairment of assets	-	(4,818)	-	-	-	-	(4,818)
Amortisation expense	-	(6,862)	(8)	(20)	(1,240)	-	(8,130)
Balance at 30 June 2021	171,995	29,889	481	88	5,200	-	207,653

Impairment testing of intangible assets:
During the financial year, the Group provisionally recognised $167,549,000 goodwill on the acquisition of Blake eLearning Pty Ltd ('Blake eLearning') as detailed in note 33. The purchase consideration (representing the fair market value) for the acquisition of the business is indicative of fair value. The Group considers this to be appropriate based on the fact that the transaction was completed on an arm's length basis between willing and knowledgeable parties. The Group does not consider the market for the acquired business to have significantly changed since the acquisition date. Since the acquisition, Blake eLearning business has met its short-term targets and there have been no indicators to suggest fair value has decreased.

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

	Consolidated	
	30 June 2021	30 June 2020
	$'000	$'000
APAC	3,012	3,012
EMEA	1,434	1,303
Unallocated	167,549	-
Total	171,995	4,315

Due to the close proximity of the acquisition date of 28 May 2021 and the date of the financial report, the goodwill of $167,549,000 has not been allocated, as the CODM are in the process of assessing and determining the appropriate CGUs. In accordance with AASB 3 'Business combination', the Group has 12 months from the date of acquisition to finalise the purchase price accounting and the allocation of fair value to goodwill and other indefinite life intangible assets.

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

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

(a) Post-tax discount rate: APAC 11.1% and EMEA 11.1% (2020: APAC 10.9% and EMEA 10.8%).
(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% (2020: 3.0%).

For the financial year ended 30 June 2021, 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 15. Right-of-use assets

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Non-current assets		
Right-of-use assets	3,301	3,866
Less: Accumulated depreciation	(1,689)	(1,025)
Total right-of-use assets	1,612	2,841

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

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 2019	-	-	-
Recognised on adoption of AASB 16	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
Additions	48	-	48
Disposals	(381)	-	(381)
Exchange differences	9	-	9
Depreciation expense	(889)	(16)	(905)
Balance at 30 June 2021	1,563	49	1,612

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

- note 7 for details of interest on lease liabilities and other lease expenses;
- note 19 and note 35 for details of lease liabilities at the beginning and end of the reporting period;
- note 24 for the maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 16. Trade and other payables

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Current liabilities		
Trade payables	1,779	2,884
Accrued expenses	9,034	4,360
Goods and service tax	230	666
Other payables	831	271
Total trade and other payables	11,874	8,181

Refer to note 24 for further information on financial instruments.

Note 17. Contract liabilities

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Current liabilities		
Contract liabilities	35,631	23,877
Non-current liabilities		
Contract liabilities	3,170	3,292
Total contract liabilities	38,801	27,169

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 $35,631,000 and $3,170,000 respectively as at 30 June 2021 (2020: $23,877,000 and $3,292,000 respectively) and are expected to be recognised as revenue as outlined above. Contract liabilities of $12,303,000 were acquired from the business combination (refer note 33). At the reporting date, $740,000 of the acquired contract liabilities was recognised as revenue.

Note 18. Borrowings

Banking facilities

Bank guarantee and ancillary facility of $114,000 is available under 3P Learning Limited (United Kingdom) is subject to a regular review.

Note 18. Borrowings (continued)

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

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Total facilities		
Bank loans	-	10,000
Bank guarantee and ancillary facility	114	2,111
	114	12,111
Used at the reporting date		
Bank loans	-	-
Bank guarantee and ancillary facility	18	1,866
	18	1,866
Unused at the reporting date		
Bank loans	-	10,000
Bank guarantee and ancillary facility	96	245
	96	10,245

As at report date, there are outstanding bank guarantees of $1,464,000 with the bank. There are ongoing negotiations with the bank to extend this facility.

Note 19. Lease liabilities

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Current liabilities		
Lease liability	1,627	1,615
Non-current liabilities		
Lease liability	1,497	3,229
Total lease liabilities	3,124	4,844

Refer to note 24 for maturity analysis of lease liabilities.

Refer to note 35 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 20. Provisions

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Current liabilities		
Employee benefits	3,531	1,696
Lease make good	139	-
Other provisions	653	82
	4,323	1,778
Non-current liabilities		
Employee benefits	578	305
Lease make good	231	356
Other provisions	45	54
	854	715
Total provisions	5,177	2,493

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

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

Other provisions
The provision represents redundancy and storage costs.

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

Consolidated - 30 June 2021	Lease make good $'000	Other provisions $'000
Carrying amount at the start of the year	356	136
Additional provisions recognised	-	648
Amounts used	3	(78)
Exchange differences	-	(8)
Unwinding of discount	11	-
Carrying amount at the end of the year	370	698

Note 21. Issued capital

	Consolidated 30 June 2021 Shares	Consolidated 30 June 2020 Shares	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Ordinary shares - fully paid	276,484,170	139,484,170	216,589	34,494

Note 21. Issued capital (continued)

Movements in ordinary share capital

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

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group would look to raise capital when an opportunity to invest in a business or company would be seen as value adding.

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

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 22. Reserves

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Foreign currency reserve	753	157
Acquisition reserve	(798)	(798)
Share-based payment reserve	8,495	8,595
	8,450	7,954

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

Note 22. Reserves (continued)

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

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

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 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
Foreign currency translation	596	-	-	596
Share-based payments	-	-	(100)	(100)
Balance at 30 June 2021	753	(798)	8,495	8,450

Note 23. Dividends

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

Franking credits

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	118	81

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 24. Financial instruments

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

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

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

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

Market risk

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

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

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

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

Note 24. Financial instruments (continued)

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

	Assets		Liabilities	
Consolidated	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000
US dollars	1,313	716	-	-
Euros	545	465	-	-
Pound Sterling	-	1,778	857	-
New Zealand dollars	837	89	-	-
Canadian dollars	766	743	-	-
Other currencies	-	17	2	-
	3,461	3,808	859	-

The Group had net assets denominated in foreign currencies of $2,602,000 (assets $3,461,000 less liabilities $859,000) as at 30 June 2021 (2020: $3,808,000 (assets $3,808,000 less liabilities $nil). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2020: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit/loss before tax for the year would have been $260,000 higher/$260,000 lower (2020: $381,000 higher/$381,000 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations.

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

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

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

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

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

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

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

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

Note 24. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Bank loans	-	10,000
Bank guarantee and ancillary facility	96	245
	96	10,245

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

Consolidated - 30 June 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,779	-	-	-	1,779
Other payables	-	831	-	-	-	831
Interest-bearing - fixed rate						
Lease liability	3.36%	1,723	1,469	61	-	3,253
Total non-derivatives		4,333	1,469	61	-	5,863

Consolidated - 30 June 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

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

Note 25. Fair value measurement

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

Note 26. Key management personnel disclosures

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

	Consolidated	
	30 June 2021 $	30 June 2020 $
Short-term employee benefits	1,952,459	1,520,396
Post-employment benefits	109,198	112,443
Termination benefits	650,000	182,558
Share-based payments	(112,093)	163,590
Total	2,599,564	1,978,987

Note 27. Remuneration of auditors

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

	Consolidated	
	30 June 2021 $	30 June 2020 $
Audit services - Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the Group	651,398	295,595
Fees for other services - Ernst & Young (Australia)		
Tax and advisory	12,875	-
Total fees to Ernst & Young (Australia)	664,273	295,595
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	-	45,170
Audit services - overseas unrelated firms		
Fees for auditing the financial report of any controlled entities	9,489	-

Note 28. Contingencies

The bank has given bank guarantees as at 30 June 2021 of $1,482,000 (2020: $1,866,000) for merchant facility and operating leases.

Note 29. Commitments

The Group had no commitments as at 30 June 2021 and 30 June 2020.

Note 30. Related party transactions

Parent entity
3P Learning Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

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

Transactions with related parties
The Group has a publishing, distribution and transition service agreement with Kalaci Pty Ltd (trading as Pascal Press) and a software licence commercial agreement with ClickView Pty Ltd. Matthew Sandblom is a shareholder of both the companies. The Group also has an office lease agreement with Matthew Sandblom, which has a lease term of 12 months.

The following transactions occurred with related parties:

	Consolidated	
	30 June 2021	30 June 2020
	$	$
Other income:		
Other income from director related entities of Matthew Sandblom	3,324	-
Payment for services:		
Occupancy and other expenses paid to director related entities of Matthew Sandblom	142,161	-

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

	Consolidated	
	30 June 2021	30 June 2020
	$	$
Current receivables:		
Trade receivables from director related entities of Matthew Sandblom	3,324	-
Current payables:		
Trade payables to director related entities of Matthew Sandblom (including acquired trade payables of $194,891)	289,584	-

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

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

Note 31. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2021 $'000	30 June 2020 $'000
Profit/(loss) after income tax	29,650	(13,216)
Total comprehensive income	29,650	(13,216)

Statement of financial position

	Parent	
	30 June 2021 $'000	30 June 2020 $'000
Total current assets	31,518	36,342
Total assets	227,669	62,486
Total current liabilities	29,604	79,048
Total liabilities	45,551	92,013
Equity		
Issued capital	216,589	34,494
Share-based payment reserve	8,495	8,595
Accumulated losses	(42,966)	(72,616)
Total equity/(deficiency)	182,118	(29,527)

The comparative parent entity information above were revised during the current financial year. Refer to note 4 for detailed information on Restatement of comparatives.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity and its subsidiary are parties to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in the subsidiary. Refer to note 34 for further information.

Contingent liabilities
The parent entity has given bank guarantees as at 30 June 2021 of $1,460,000 (2020: $1,846,000) 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 2021 and 30 June 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	Principal place of business / Country of incorporation	30 June 2021 %	30 June 2020 %
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%
Blake eLearning Pty Ltd**	Australia	100%	-
Blake eLearning Inc.**	United States	100%	-
Blake eLearning UK Limited**	United Kingdom	100%	-
Blake eLearning China Pty Limited** ***	China	85%	-

* Entity deregistered on 21 July 2021.
** Entities acquired on 28 May 2021.
*** Summarised financial information for subsidiaries that have non-controlling interests, has not been provided as they are not material to the Group.

Note 33. Business combinations

Blake eLearning Pty Ltd ('Blake')
On 28 May 2021, the Group acquired 100% of the equity in Blake eLearning Pty Ltd and its controlled entities (collectively 'Blake') by issuing 137,000,000 new shares in the Company. The merger creates a large scale, leading EdTech platform. It combines the Group's strength in numeracy and direct-to-school marketing with Blake's strength in literacy and direct-to-consumer marketing and provides the Group with full control of the intellectual property rights to two of its key products: Reading Eggs and Mathseeds.

The acquired business contributed revenue of $3,453,000 and profit after tax of $347,000 to the Group for the period from 28 May 2021 to 30 June 2021. Prior to the business combination, the Group was an agent for the sale of Blake's products and revenue was recognised as net commission revenue at the point of sale. After the business combination, the Group has become the principal for the sale of Blake's products and revenue is recognised as licence revenue over the licence period. The full year revenue and profit before tax contribution for Blake, had the acquisition date been at the beginning of the period, cannot be reliably estimated due to the inconsistencies in the revenue recognition accounting policies applied by Blake and the policies adopted by the Group. As such it is not practicable to include these disclosures in the annual report.

The initial accounting for the acquisition of Blake has only provisionally been determined as at 30 June 2021. At the date of the finalisation of the 30 June 2021 annual report, the necessary market valuations and other calculations have not been finalised, and the fair value of the assets and liabilities, including deferred tax balances and goodwill, have therefore only provisionally been determined based on the directors' best estimate of the likely value. In accordance with AASB 3 'Business combination', the Group has 12 months from the date of acquisition to finalise the purchase price accounting and the allocation of fair value to goodwill and other intangible assets.

Under the 'Share Sale Agreement' to acquire 100% of the equity in Blake eLearning Pty Ltd and its controlled entities, an adjustment amount is payable by the sellers where the working capital less net debt is lower than agreed, and alternatively, an adjustment amount is payable by the Group where the working capital less net debt is higher than agreed. At the date of the finalisation of the 30 June 2021 annual report, the adjustment amount has not been finalised and its outcome is uncertain.

Note 33. Business combinations (continued)

The provisional values assigned to the identifiable assets and liabilities of Blake as at the date of acquisition were:

	Fair value $'000
Cash and cash equivalents	3,605
Trade receivables	4,032
Inventories	217
Prepayments	219
Other receivables	411
Plant and equipment	103
Other intangible assets	32,363
Trade payables	(2,393)
Other payables	(2,701)
Contract liabilities	(12,303)
Provision for income tax	(1,750)
Deferred tax liability	(5,208)
Employee benefits	(1,923)
Net assets acquired	14,672
Goodwill	167,549
Acquisition-date fair value of the total consideration transferred	182,221
Representing:	
3P Learning Limited shares issued to vendor (refer note 21)	182,210
Non-controlling interest	11
	182,221
Acquisition costs expensed to profit or loss *	4,047
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	182,221
Less: cash and cash equivalents	(3,605)
Less: shares issued by Company as part of consideration **	(182,210)
Less: Non-controlling interest	(11)
Net cash received	(3,605)

* Excluding share issue transaction costs recognised in equity amounted to $115,000.
** 137,000,000 shares issued at $1.33 per share based on the published share price on 28 May 2021.

Note 34. Deed of cross guarantee

During the financial year, the following entities entered into a deed of cross guarantee under which each company guarantees the debts of the others:

3P Learning Limited (parent entity)
Blake eLearning Pty Ltd

As detailed in note 33, the Group acquired 100% of the shares in Blake eLearning Pty Ltd ('Blake').

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

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

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

Statement of profit or loss and other comprehensive income	30 June 2021 $'000
Revenue	19,515
Other income	63,119
Interest revenue calculated using the effective interest method	45
Employee benefits expenses	(15,110)
Employee benefits expenses - restructure and integration	(2,102)
Depreciation and amortisation expenses	(12,600)
Impairment of assets	(9,379)
Professional fees - corporate advisory costs	(5,476)
Professional fees - other	(3,115)
Technology costs	(3,534)
Marketing expenses	(1,428)
Occupancy expenses	(317)
Administrative expenses and foreign exchange	(2,692)
Finance costs	(263)
Profit before income tax benefit	26,663
Income tax benefit	3,329
Profit after income tax benefit	29,992
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	29,992

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

Note 34. Deed of cross guarantee (continued)

Statement of financial position	30 June 2021 $'000
Current assets	
Cash and cash equivalents	19,443
Trade and other receivables	5,098
Other assets	2,139
	26,680
Non-current assets	
Investments	899
Plant and equipment	338
Intangibles	203,638
Right-of-use assets	1,213
Deferred tax	2,056
	208,144
Total assets	234,824
Current liabilities	
Trade and other payables	24,971
Contract liabilities	19,405
Lease liabilities	736
Income tax payable	1,750
Provisions	2,825
	49,687
Non-current liabilities	
Contract liabilities	1,225
Lease liabilities	613
Provisions	910
	2,748
Total liabilities	52,435
Net assets	182,389
Equity	
Issued capital	216,589
Reserves	8,495
Accumulated losses	(42,695)
Total equity	182,389

Note 35. Cash flow information

Reconciliation of (loss)/profit after income tax to net cash from operating activities

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000 (Restated)
(Loss)/profit after income tax benefit/(expense) for the year	(9,370)	517
Adjustments for:		
Depreciation and amortisation	9,329	7,783
Impairment of intangibles	4,818	-
Share-based payments	(100)	243
Foreign exchange differences	391	289
Net loss on disposal of plant and equipment	-	(26)
Non cash income	134	(13)
Non-cash customer contract	(997)	(961)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,330	(620)
Increase in deferred tax assets	(3,541)	(123)
Decrease/(increase) in other operating assets	(482)	59
Increase/(decrease) in trade and other payables	(992)	1,164
Increase/(decrease) in provision for income tax	127	(234)
Increase in employee benefits	175	323
Increase in other provisions	388	7
Decrease in other operating liabilities	(915)	(354)
Net cash from operating activities	1,295	8,054

Non-cash investing and financing activities

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Additions to the right-of-use assets	48	111
Shares issued under employee share plan	-	120
Shares issued in relation to business combinations	182,210	-
	182,258	231

Note 35. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Finance lease payable $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 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
Net cash used in financing activities	-	(1,694)	(1,694)
Interest on lease liabilities	-	141	141
Acquisition of leases	-	48	48
Exchange differences	-	(151)	(151)
Other changes	-	(64)	(64)
Balance at 30 June 2021	-	3,124	3,124

Note 36. Share-based payments

The share-based payment credit/reversal for the year was $100,000 (2020: expense of $243,000).

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

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

30 June 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/09/2016	02/09/2020	$1.26	301,740	-	-	(301,740)	-
21/11/2016	02/09/2020	$1.26	577,750	-	-	(577,750)	-
31/08/2017	31/08/2021	$1.42	688,331	-	-	(688,331)	-
09/11/2017	31/08/2021	$1.42	2,644,509	-	-	(2,644,509)	-
23/08/2018	23/08/2022	$1.75	691,562	-	-	-	691,562
09/11/2018	23/08/2022	$1.75	2,867,647	-	-	-	2,867,647
			7,771,539	-	-	(4,212,330)	3,559,209
Weighted average exercise price			$1.55	$0.00	$0.00	$1.39	$1.75

Note 36. Share-based payments (continued)

30 June 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

Outstanding options/awards vested and exercisable as at 30 June 2021: nil (2020: 879,490).

The weighted average share price during the financial year was $1.23 (2020: $1.12) per ordinary share. The weighted average remaining contractual life of options/awards outstanding at the end of the financial year was 1.14 years (2020: 1.21 years).

Performance rights
During the year, 293,989 (2020: 981,016) performance rights were granted at a fair value of $1.30 (2020: $0.875) per right. The performance rights were granted with no exercise price and the fair value was determined based on the market value of the Company's share price on the grant date. Vesting of performance rights are subject to predetermined revenue and earnings per share growth target.

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

30 June 2021

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

30 June 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

Performance rights vested and exercisable as at 30 June 2021 was nil (2020: nil). The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.88 years (2020: 2.25 years).

Note 37. Earnings per share

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000 (Restated)
(Loss)/profit after income tax	(9,370)	517
Non-controlling interest	1	-
(Loss)/profit after income tax attributable to the owners of 3P Learning Limited	(9,369)	517

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	152,245,814	139,434,990
Weighted average number of ordinary shares used in calculating diluted earnings per share	152,245,814	139,434,990

	Cents	Cents (Restated)
Basic earnings per share	(6.15)	0.37
Diluted earnings per share	(6.15)	0.37

Note 38. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 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 2021

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 2021 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

Matthew Sandblom
Executive Chairman

25 August 2021
Sydney

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

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of 3P Learning Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

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

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

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Blake eLearning Pty Limited Acquisition and associated matters

Why significant	How our audit addressed the key audit matter
As disclosed in Note 33 to the financial statements, on 28 May 2021 the Group acquired 100% of the equity in Blake eLearning Pty Ltd and its controlled entities ("Blake"), through the issuance of 137 million shares in the Group. This transaction has been treated as a business combination, with the Group recognising the fair value of the assets acquired and liabilities assumed on that date. Accounting for this transaction required the Group, with assistance from a third-party valuation specialist, to exercise judgement in identifying and determining the fair value of the acquired assets and liabilities. As disclosed in Notes 14 and 33, the Group's accounting for the acquisition at 30 June 2021 remains provisional and has resulted in the recognition of a significant balance of goodwill. This was considered to be a key audit matter due to, the value of the acquisition relative to the Group, the judgement involved in identifying the accounting acquirer and in determining the provisional fair values of the related assets and liabilities.	Our audit procedures included the following: ► Considered the terms and conditions of the Share Sale Agreement of Blake eLearning Pty Limited. ► Assessed the Group's conclusion that the acquisition represents a business combination in accordance with the Australian Accounting Standards. ► Assessed the Group's determination of the accounting acquirer in accordance with Australian Accounting Standards. ► Evaluated the process that management and the directors have undertaken to perform the provisional purchase price allocation of the consideration for the acquired assets and liabilities. ► Considered the provisional allocation of the purchase price to the acquired assets and liabilities, including the identification of other intangibles with involvement from our valuation specialists. ► Assessed the competence, qualifications, objectivity and methodologies of the third-party valuation specialist engaged by the Group to identify and determine the provisional fair values of the other identifiable intangible assets acquired as disclosed in Note 33 to the financial statements. ► Assessed the adequacy of the related disclosures in the financial report.

Building a better working world

Capitalisation of Product Development Costs

Why significant	How our audit addressed the key audit matter
As disclosed in Notes 2 and 14 to the financial statements, the Group capitalises product development costs upon meeting the criteria set out in Australian Accounting Standards. The carrying value of capitalised product development costs was $29.9 million as at 30 June 2021, of which $26.5 million was acquired through a business combination. The capitalisation of product development costs was considered a key audit matter due to, the judgment involved in identifying whether costs incurred meet the capitalisation criteria of Australian Accounting Standards and the need for the Group to consider the April 2021 decision made by the International Financial Reporting Standards Interpretation Committee (IFRIC), relating to configuration or customisation costs in a cloud computing arrangement.	Our audit procedures included the following: ► Assessed the Group's policy for capitalisation of product development costs for compliance with Australian Accounting Standards ► Considered the impact of the recent IFRIC decision on costs capitalised in the current year and prior years. ► Assessed the operating effectiveness of relevant controls over the processes and procedures related to the capitalisation of product development costs. ► Selected a sample of product development costs capitalised during the year and tested whether costs capitalised were appropriately supported with reference to timesheets, payroll records or third-party documentation and were attributed to development activities meeting the capitalisation criteria. ► 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 applied by management. ► Our audit procedures relating to capitalised product development acquired though a business combination are addressed in the *Blake eLearning Pty Limited Acquisition and associated matters* Key Audit Matter above. ► Assessed the adequacy of the financial report disclosures contained in Note 2 and 14.

Revenue Recognition

Why significant	How our audit addressed the key audit matter
The Group generated $57.4 million in revenue from customers across its global operations for the year ended 30 June 2021. As disclosed in Notes 2 and 6 to the financial statements, the Group's revenue streams are either recognised over time or at a point in time depending on the identified performance obligations that the Group has to the customer. Given the importance of revenue to the users of the financial statements, specifically as a key performance indicator for the Group, this was considered to be a key audit matter.	Our audit procedures included the following: ► Evaluated the Group's revenue accounting processes and assessed whether the Group's revenue accounting policies complied with the requirements of Australian Accounting Standards. ► Assessed the operating effectiveness of relevant controls in place relating to the recognition and measurement of revenue. ► Selected a sample of revenue transactions and tested whether revenue was correctly calculated and recognised in the correct period. This included testing whether revenue transactions were recognised as deferred revenue at balance date where applicable. ► Assessed the adequacy of the financial report disclosures contained in Notes 2 and 6.

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 2021 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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

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

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 24 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of 3P Learning Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Ernst & Young

RRobinson

Renay Robinson
Partner
Sydney
25 August 2021

The shareholder information set out below was applicable as at 31 July 2021.

Distribution of equitable securities

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

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	395	0.06
1,001 to 5,000	276	0.28
5,001 to 10,000	105	0.29
10,001 to 100,000	149	1.66
100,001 and over	43	97.71
	968	100.00
Holding less than a marketable parcel	234	-

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
PASCAL EDUCATIONAL SERVICES PTY LTD	82,200,000	29.73
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	46,849,316	16.94
KPIT PTY LTD	41,100,000	14.87
NATIONAL NOMINEES LIMITED	26,836,456	9.71
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,497,053	9.22
PASCAL EDUCATIONAL SERVICES PTY LTD	13,700,000	4.96
MUTUAL TRUST PTY LTD	12,263,944	4.44
BNP PARIBAS NOMS PTY LTD	4,402,231	1.59
BNP PARIBAS NOMINEES PTY LTD	3,033,420	1.10
ANACACIA PTY LTD	3,000,000	1.09
CITICORP NOMINEES PTY LIMITED	2,773,497	1.00
BRISPOT NOMINEES PTY LTD	1,095,577	0.40
UBS NOMINEES PTY LTD	1,012,363	0.37
MUTUAL APPRECIATION SOCIETY PTY LIMITED	591,672	0.21
BNP PARIBAS NOMINEES PTY LTD	413,808	0.15
LEOPARD CAPITAL PTY LTD	404,920	0.15
MR SEAN PATRICK MARTIN	370,000	0.13
LCONE PTY LTD	343,309	0.12
MR JONATHAN CLAUDE KENNY	288,856	0.10
MR KEI YAN CHENG	284,280	0.10
	266,460,702	96.38

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	3,559,209	2
Performance rights over ordinary shares issued	935,749	4

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Pascal Education Services Pty Ltd ATF Blake Sandblom Trust	82,200,000	29.73
Pascal Education Services Pty Ltd ATF BEL Unit Trust	13,700,000	4.96
KPIT Pty Ltd ATF KP Investment Trust	41,100,000	14.87
National Nominee ACF Australian Ethical Investment Limited	22,016,351	7.96
Viburnum Funds Pty Ltd	39,050,389	14.12

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	Matthew Sandblom - Executive Chairman Samuel Weiss - Non-Executive Director Claire Hatton - Non-Executive Director Mark Lamont - Non-Executive Director Katherine Ostin - Non-Executive Director Allan Brackin - Non-Executive Director
Chief Executive Officer	Jose Palmero
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 directors and management are committed to conducting the business of 3P Learning Limited in an ethical manner and in accordance with the highest standards of corporate governance. 3P Learning Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the company's website at http://www.3plearning.com/investors/governance/.

3P Learning

the award-winning team behind

Mathletics Reading eggs Mathseeds

3P Learning

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