2023 ANNUAL REPORT

3P Learning Limited
ABN 50 103 827 836

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Organisational Overview

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

We have designed and developed award-winning educational resources, including Mathletics, Reading Eggs, Mathseeds, Brightpath Progress and Writing Legends.

Our programs combine solid educational underpinnings with cutting-edge technology and engaging content to make learning enjoyable and effective. Through fostering a love for learning, we strive to empower educators and inspire students to become confident, independent, and lifelong learners.

Our History

2005 – Mathletics was our first product created

2008 – Reading Eggs was launched by Blake eLearning Pty Ltd

2013 – Mathseeds was released online by Blake eLearning Pty Ltd.

2014 – 3P Learning was listed on the ASX

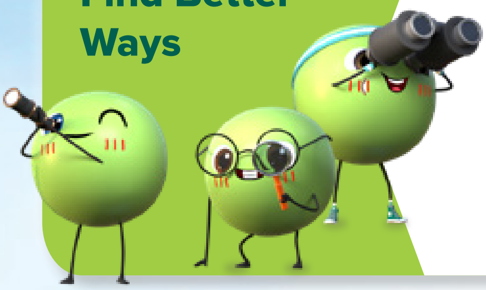
2021 – 3P Learning acquired Blake eLearning Pty Ltd in May 2021

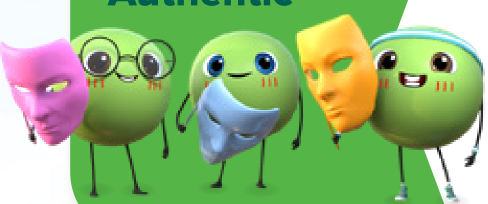
2022 – Brightpath Progress: 3P Learning Ltd acquired Brightpath Assessment in September 2022

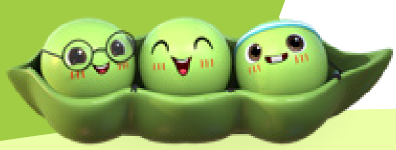
2023 – Writing Legends will be launched in 2023

Our Values and Purpose

Our Values	Values Statement
Create Lifelong Learners	We are a team who cares deeply about creating something special; we are purpose-driven and passionate about our work, as well as the success of all who we work with – our customers, our colleagues, our partners and each other.
Find Better Ways	Discovering better ways to learn, to work, to create, and to be is the foundation of our culture. We strive to keep looking forward. We are always evolving, imagining more and being better at all that we do.
Make It Happen	We are a results – focused team who love to succeed. We are fast and flexible, and we set and achieve ambitious goals. We thrive on going further than we thought was possible.
Be Authentic	We are true to ourselves. We are respectful, courageous, unique and honest. We value diverse perspectives. We keep it real and we bring this to life in our actions and mindset, to help us to achieve more.
Thrive Together	We are one global team, made of many. We are truly connected and also empowered to succeed as individuals. We grow together, are stronger together and we trust one another.







Our Purpose at 3P Learning

At 3P, we are passionate about better ways to learn.

We want every child to learn the fundamental skills required for academic success, and to develop a lifelong love of learning.

At 3P, we are passionate about making a difference.

We recognise that literacy and numeracy are core life skills. We create learning programs that make a real difference in the lives of children, parents and teachers.

At 3P, we are passionate about positive learning experiences.

Our programs are motivating and engaging, where learning is fun, playful and most of all, successful. We strive to make learning a joyful experience and believe that **Practice** and **Play**, results in **Progress**.

At 3P, we bring our passion for better ways to learn into everything we do.

We continuously improve our programs and our technology so that learning with our programs is something to look forward to.

Product Overview

Mathseeds

Teaching children foundational Maths and problem-solving skills

Ages 3 - 9

Writing Legends

Where children learn to write with confidence and effectively

Ages 6 -12

Reading eggs

Learning to Read made fun and rewarding for children

Ages 2 to 12

Mathletics

Improving student engagement and achievement in mathematics

Ages 6 - 16

brightpath PROGRESS

Writing and Numeracy assessment that makes progress visible

Ages 6 - 16

Chairman's Letter to Shareholders

I'm pleased with the performance of 3P Learning for the 22–23 financial year.

As mentioned in previous presentations, this was a year where the focus was on building out a full suite of programs, as part of our strategy of having the best possible offering for the key academic skills of reading, writing and maths (the 3Rs).

We have managed to further increase our investment in these new programs while also maintaining a good level of profitability and cashflow. This was due to strong cost discipline and some modest increases in sales in both the school and consumer markets.

Over the next 12 months we will release some major new programs and program enhancements that we expect to be the foundation for growth for the next several years.

In particular, we are excited to be releasing the first part of our Writing Legends program, which will help students significantly improve their writing skills. We have also launched a maths component to our assessment program, Brightpath Progress, and we will progressively release a major upgrade of the Mathletics program over the next 12 months.

Our sales focus will now shift from selling schools individual programs to selling them a full suite of programs for all core subjects.

We should start seeing the revenue effects of this in the second half of the 23–24 financial year, although the full impact won't be seen until the 24-25 financial year and beyond, due to revenue being recognised only when the service is delivered each month. To judge the success of these new programs, the key metric to follow will be the increase in ARR (Annual Recurring Revenue).

3P Learning is entering an exciting new growth phase, based on having a top-class suite of programs that we think schools will love, and our sales and marketing teams are highly energised by all the opportunities available to them.

Yours sincerely

Matthew Sandblom
Executive Chairman

From the CEO

Our focus in FY23 was on building the product, people and process capabilities required to position 3P Learning as the premier EdTech company for the core academic skills of reading, writing and maths for years to come.

This was a considerable team effort, harnessing the talent and experience of our product and software development teams led by CPO Katy Pike and CTO Vivek Prahlad respectively, to enhance our hero programs (Reading Eggs, Mathletics and Mathseeds) and develop and integrate acquired programs (Writing Legends and Brightpath Progress). The result is a product suite designed to help teachers, educators and students significantly improve their learning experience.

We started releasing new programs and upgrades in FY23 and will continue in FY24 with our roadmap, as shown below.

	Achieved in 2H23	What's coming FY24
Reading eggs	Reading Journal, End of Lessons Skill Quiz, QR Code login, Teacher Library Controls, Awards and Certificates	Read Aloud Feature, Program & Reports, RE Map 13 Lessons 121-130
Mathletics	Avatar systems, M-coin, new Question Authoring tools built	Global: Student Centre and certificates, Teacher Assign & Review. APAC: New Courses Fractions and Decimals Years 3-8 + Reporting. Number and Algebra New Courses, incremental releases
Writing LEGENDS	Site rebuild with new design, avatar, navigation, and Instant Legend Feedback	APAC: August release with Map based lessons. Regular release of additional lessons to 100, Reward realms. EMEA and AMER release
brightpath PROGRESS	Maths Assessment module, Australia release	EMEA: Writing Assessment EMEA AMER: Math Assessment & Writing trial Build Reading Assessment
Mathseeds PRIME	APAC: Year 4 launch	APAC: Year 5. EMEA: Year 4 and 5. Stadium Games, Treehouse

A disciplined approach to cost control and capital management, led by CFO Anton Clowes, allowed us to deliver this comprehensive roadmap while improving profitability and generating $10.8m in free cashflow from operations in FY23.

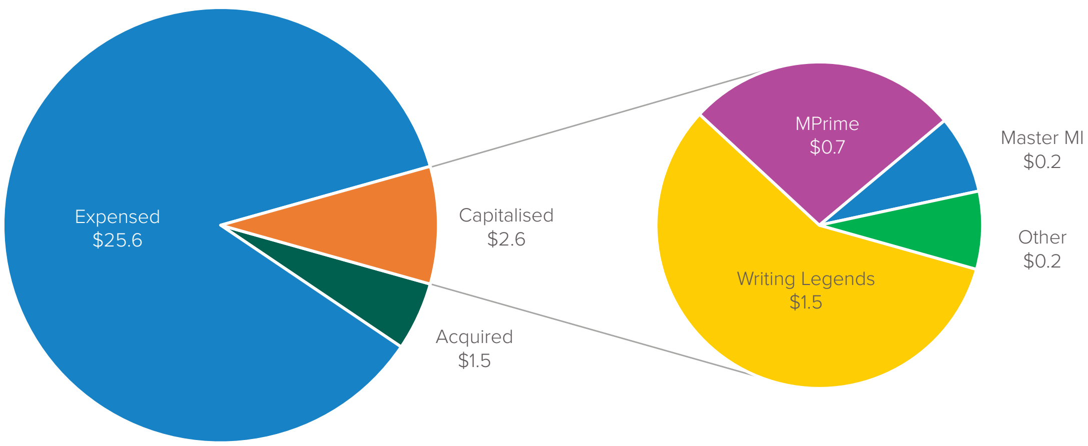
To put this in context, our product development costs in FY23 were $28.2m (FY22 $27.6m).

Of this, we expensed $25.6m (FY22 $22.1m) in existing product enhancements across three areas:

- A substantial rebuild of Mathletics to arrest the decline in B2B sales, so we can grow B2B and B2C sales
- Upkeep and upgrades to Reading Eggs, Reading Eggspress and Mathseeds, to improve retention, engagement, and lifetime value for B2C sales
- Upkeep and upgrades to Reading Eggs and Mathseeds, to increase new sales and retention in B2B.

We also capitalised $2.6m (FY22 $2.1m) in new products: Writing Legends, Brightpath Progress, Mathseeds Prime and Master Math Island.

Product & Technology (P&T) Investment ($m)



Although we faced some macro environment headwinds during the year (particularly in the UK) that affected our revenue expectations, we still delivered revenue and other income of $107.4m in FY23 (10% higher than last year's $97.7m); Underlying EBITDA of $15.9m (21% higher than FY22); and finished the year with $27.0m in cash balances ($31.7m in FY22).

Our year-end cash balances included $8.8m paid for the acquisition and integration of Brightpath. The acquisition added $1.4m to Annual Recurring Revenue (ARR).

On the People & Culture front, led by CP&CO Tania Black, we have brought to life our Company Purpose, Better Ways to Learn, and updated company values across all regions.

We also focused on building out recognition, high performance, and learning strategies, whilst evolving our approach to hybrid working. In FY24 we will increase efforts to retain and reward high performers, and to build our next Leadership Bench.

For Sales and Marketing, CSO Jenna Pipchuk and CMO Lynda Pendino, and their teams have built greater capability, efficiencies and collaboration between product, sales, and marketing during FY23. This has prepared us well for our new products Go to Market and Solution Packages sales and marketing strategies for FY24.

And we are thrilled to see our four-tiered Giving Back model, a cornerstone of our ESG initiatives, become a reality in FY23 and look forward to expanding it in FY24.

Operating Segments Performance

FY23 reconciled timing variances in accounting revenue recognition stemming from the Blake eLearning acquisition, so accounting revenue and billings are now closely aligned, with B2C billings at $40.7m and B2B ARR $65.4m (total $106.1m).

Performance across our operating segments in FY23 was as follows:

1. **B2C: 5% billings growth, higher ARPU, slightly lower contribution margin**

   Total B2C revenue and other income was $40.7m, which was 4% higher than last year. Billings grew 5% across all platforms, and in APAC and AMER, but EMEA (mostly affected by performance in the UK) was steady compared to FY22.

   ARPU in FY23 was $134.80 (9% higher than last year), with a net billings contribution margin of 51%, compared to 53% in FY22.

2. **B2B: 2% ARR growth, steady ARPU, good uptake of Maths package**

   B2B revenue and other income was $66.6m, which was 15% higher than last year, but mostly owing to the revenue recognition changes mentioned above that affected FY22. More meaningful was the increase in ARR to $65.4m, up 2% on last year's $64.4m.

We continue to see good uptake of our Maths Package solution (Mathletics + Mathseeds) and expect further improvements in FY24 with Mathseeds Prime and program upgrades to Mathletics and Brightpath.

Capital Management and Key Initiatives for FY24

Our strong capital position has allowed us to balance increased investment in organic product development (Mathletics, Reading Eggs, Mathseeds and Mathseeds Prime), growth by acquisition (Writing Legends, Brightpath Progress), and shareholder return through the recently announced on-market share buy-back program (maximum $10m over the next 12 months).

For FY24 and beyond our key priorities are:

1. **Go to Market product strategies**

   Products will progressively launch in APAC during 1HFY24, starting with Writing Legends, Mathseeds Prime and Brightpath Progress Maths, followed by EMEA (Mathseeds Prime, Writing Legends and Brightpath Progress Writing) and AMER (Mathseeds Prime, Brightpath Progress Maths) in 2HFY24. Sales and marketing will focus on selling the full suite of programs.

2. **US strategy**

   Continue discussions on US Schools distribution rights for Reading Eggs, targeting those states and districts where 3P Learning already has a presence.

3. **Further improvements to profitability**

   Our investment in product development has now peaked. Although we won't see the full effect on revenue in FY24, we are aiming for progressively higher returns on that investment from FY25 and beyond to become a true *Rule-of-40* company.

As a team of dedicated and experienced education content creators, we are proud to have reached significant milestones for 3P Learning in FY23 with over $100m in revenue, more than 5.5 million customers, and trusted programs and brands in schools and households all over the world.

Thank you to everyone in the 3P team for your hard work and contribution, and to our Board, shareholders, and customers for your continued support.

FY24 will be an exciting year, full of new releases, new programs, and new and improved learning experiences for all our students, teachers and educators looking for Better Ways to Learn.

Yours sincerely

Jose Palmero
Chief Executive Officer

3P Learning's Reach

Mathletics Mathseeds Reading eggs Writing Legends brightpath PROGRESS

Our multi-award winning programs are designed to inspire a love of learning through meaningful and personalised experiences. With hundreds of captivating lessons, fun games, 3,500+ e-books and rewarding incentives, our products are designed to motivate children to succeed in the core areas of reading, writing and maths.

5.5M+
students

16K+
schools

234M+
lessons completed

380+
employees

150+
countries

People and Corporate Social Responsibility

Our Diversity

Our Team at 3P Learning comprises an experienced Board of directors, a strong leadership team and just under 400 unique individuals. 3P learning values cognitive, cultural and individual diversity. We undertake initiatives that are designed to support and facilitate our commitment to an inclusive and diverse workplace. The range of initiatives we undertake include: flexible working, employee feedback, learning and development opportunities and more.

Gender

Female: 57%
Male: 43%

Female: 33%
Male: 67%

Female: 58%
Male: 42%

Location

Community

3P Learning is committed to creating a positive impact in our communities as we pursue our company purpose: Better Ways to Learn. Our people are uniquely placed to improve the lives of students, teachers, schools and communities. We recognise the opportunity and privilege 3P Learning has to engage in positive community and ESG outcomes.

Digital Environment

We are mindful of privacy and data security for our customers as we navigate and operate in the digital environment. Our commitment to digital safety begins at the Board, and its Audit and Risk Committee, and extends to all staff interactions with our customers. 3P Learning products are designed to limit and safeguard information as we deliver our education programs. We work with regulations for safe online learning, and for example, we maintain certifications from KidSAFE (US) in relation to our Reading Eggs product.

Giving Back

3P's Giving Back initiatives focus on the contribution we want to make to education, both locally and globally. Staff volunteer their time to serve on the Giving Back Committee and lead the initiatives described below. The Giving Back program in 2023 comprised four tiers:

1. **Working with partners**

   3P Learning continues to work with Click Foundation in South Africa as part of its 'Read to Learn' program. In South Africa, 78% of children cannot read for meaning, and 58% of households do not own a book, nor have access to a computer. Our Reading Eggs product has assisted the building of core reading and comprehension skills to address this literacy crisis. This partnership delivers vital learning outcomes for students but also exposure to the digital environments that are foundational for their future success.

2. **Supporting schools in need**

   During the year to 30 June 2023, we received 16 requests from schools or schooling groups and offered around 2150 free licences to 3P products, to assist in student learning in reading and maths. We assess how we can provide support where it is needed and make impactful change in various ways, including:

   - the support to teachers and learners from our team volunteers
   - student feedback and teacher comments on learning progress.

   The following comment from a teacher that was provided with free Mathseeds licences for students from Ukraine, is emblematic of the impact of 3P Learning's support:

   'We have been delighted to see our students excited about the program, as they love that it is set at their own level and they can work at it at their own pace. They are often asking if they can go on it, and the fun interactive games and activities mean that the language barrier is not as much of an issue.'

3. **Supporting employees – passion project**

We support employee passion projects, where an employee can partner with, and allocate product licences to, an organisation linked to education.

This initiative launched during the year, and for the period to 30 June 2023 we welcomed our first projects: a women's refuge in Toronto, Canada; a charity supporting children in poverty in Leeds, UK; and a remote school in rural New South Wales, Australia.

4. **Supporting employees – our workplace giving**

3P's Workplace Giving scheme matches an employee's personal donations to charity, across a panel of company sponsored charities. We are pleased to confirm the charities selected by our employees that will be supported by this program in the upcoming year.

Asia Pacific	Europe, Middle East, Americas	US & Canada
Médecins Sans Frontières/ Doctors Without Borders Project Help India Orange Sky	Julian House FareShare (UK) British Red Cross (Turkey–Syria Earthquake Appeal)	American Society for the Prevention of Cruelty to Animals iSisters Technology Mentoring HollyRod Foundation

Highlights

During the year, various community initiatives embraced our products or events for their own passion projects.

Many schools used 3P's annual World Math(s) Day event on 8 March 2023 to motivate their students, including one Canadian school used World Math(s) Day as a school-wide fundraiser to support a school in Kenya.

We look forward to sharing the highlights of our initiatives in the upcoming year.

To read more refer to our 2023 Corporate Governance Statement available at www.3plearning.com/investors/governance

Performance

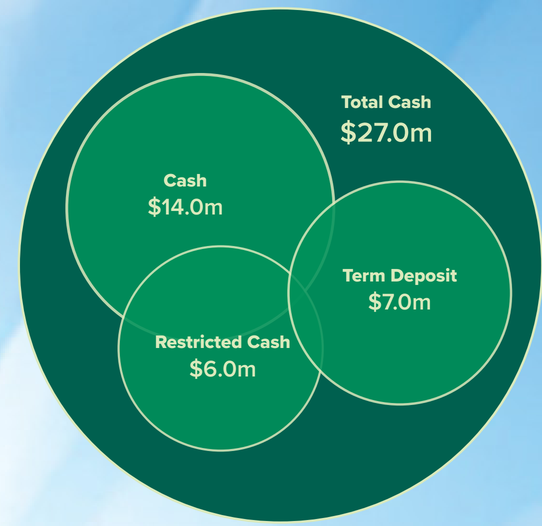
FY23 Performance

UNDERLYING EBITDA
$15.9m
+21%
vs pcp(i)

REVENUE (ii)
$107.4m
10%
vs pcp(i)

B2C BILLINGS
$40.7m
+5%
vs pcp(i)

B2B ARR
$65.4m
2%
vs pcp(i)



(i). pcp - prior comparison period which is FY22.
(ii). Revenue consists of revenue and other income.

Statistical EPS (cents)

FY23	2.3
FY22	(0.19)
FY21	(6.15)
FY20	0.37
FY19	1.69

Share price

FY23	1.10
FY22	1.24
FY21	1.31
FY20	0.86
FY19	0.98

Market capitalisation

	FY19	FY20	FY21	FY22	FY23
No. of shares on issue	139.3m	139.4m	276.4m	276.4m	276.4m
Market Cap	$136.5m	$119.8m	$362.0m	$342.7m	$304.0m

Board of Directors

	Matthew Sandblom	Mark Lamont
Title	Executive Chairman	Independent Non-Executive Director
	Matthew has been a Director of the Company since May 2021 and was appointed Executive Chairman in 25 August 2021.	Mark has been a Non-Executive Director of the Company since March 2018.
Qualifications	BA Economics	Bachelor of Arts., Dip Ed
Experience and expertise	Matthew is an education entrepreneur with over 30 years of experience building successful companies. He started his first company, Pascal Press, in 1989 to publish school workbooks and study guides. Since then he has founded or co-founded many successful companies including Blake education, Clickview, 3P Learning and Blake eLearning. Matthew is driven by the idea of producing resources for students that deliver on the promise that they provide better ways to learn than other products. He was a major shareholder of 3P Learning until its IPO in 2014 and is currently a major shareholder of 3P Learning.	Mark has deep experience in the global education and EdTech sectors with particular expertise in internet applications, international markets and strategic planning. Previously he held key executive roles at myinternet Limited and Follett Corporation (USA).
Other current directorships	No other ASX listed entity.	No other ASX listed entity. Non-Executive Director of Education Services Australia Limited since January 2017; Chair of EduGrowth Limited since January 2019; Chair of Typsy Group Pty Ltd since October 2021.
Former Directorships (last 3 years)	None	None
Special responsibilities	N/A	Member of the Audit and Risk Committee Member of the People and Culture Committee
Interests in shares	136,124,360	None

Board of Directors

	 Katherine Ostin	 Allan Brackin
Title	Independent Non-Executive Director	Independent Non-Executive Director
	Kathy has been a Non-Executive Director of the Company since 6 August 2021.	Allan has been a Non-Executive Director of the Company since 6 August 2021, and has been the Company's Senior Independent Director 25 August 2021.
Qualifications	B.Com, GAICD, Chartered Accountant, F Fin	Bachelor of Applied Science
Experience and expertise	Kathy has diverse and deep experience in audit and risk management, having been a senior audit partner at KPMG from 2005 to 2017 prior to her NED career since 2018.	Allan has over 35 years of experience in the technology industry and has a proven track record as a business builder and adviser, with experience in business strategy, sales and marketing, process re-engineering, change management, financial management and merger and acquisition activity along with governance. Previously Allan was the CEO and Managing Director of Volante Group Ltd, founder and CEO of AAG Technology Services, Chair of Opticomm Ltd, and Chair of GBST Ltd.
Other current directorships	Non-Executive Director of Capral Limited (ASX:CAA) since 17 June 2020; Non-Executive Director of Dusk Group Ltd (ASX: DSK) since 16 September 2020; and Non-Executive Director of Alex Corporation Limited and Alex Bank Pty Ltd since February 2021.	Non-Executive Director of Integrated Research Limited (ASX: IRI) since 1 February 2021.
Former Directorships (last 3 years)	Non-Executive Director of Swift Media Ltd (ASX: SW1) resigned on 18 November 2021; and Non-Executive Director of eftpos Payments Australia Ltd resigned on 4 February 2022.	Chair of RPM Global Holdings Limited (ASX: RUL) resigned on 30 June 2020; Chair of Sensera Limited (ASX: SE1) resigned on 20 October 2020 and Chair of OptiComm Ltd (ASX: OPC) delisted on 23 November 2020; Non-Executive Director of Sovereign Cloud Holdings Limited (ASX: SOV) resigned on 19 October 2022.
Special responsibilities	Chair of the Audit and Risk Committee Member of the People and Culture Committee	Member of the Audit and Risk Committee Member of the People and Culture Committee
Interests in shares	None	322,895

Board of Directors

	 Belinda Rowe	 Craig Coleman
Title	Independent Non-Executive Director	Non-Executive Director
	Belinda has been a Non-Executive Director of the Company since 20 September 2021.	Craig has been a Non-Executive Director of the Company since 16 November 2022.
Qualifications	Bachelor of Arts, AFA (Advertising Federation Australia) Graduate, GAICD	B Comm
Experience and expertise	Belinda is a very experienced business leader and successful marketing executive. Her extensive professional experiences lies in marketing communications, content, media and digital marketing technologies. She led media and marketing communications businesses for Zenith and Publics Media globally based in the UK, and held many senior roles in the marketing industry, including as CEO of ZenithOptimedia for 10 years in Australia and as Director Brand & Marcoms for O2 Telefonica in the UK.	Craig is co-founder and Managing Partner of Viburnum Funds Pty Ltd, a private and public equities fund manager. Previously, he was Managing Director and a Non-Executive Director of ASX-listed Home Building Society Limited, and prior to this Mr Coleman held senior executive positions and directorships with ANZ, as well as Non-Executive Director of Etrade Australia Limited.
Other current directorships	Non-Executive Director of Arn Media Ltd (ASX : A1N) since 5 February 2019; Non-Executive Director of Temple & Webster Group Ltd (ASX: TPW) since 26 February 2021; Non-Executive Director of Sydney Swans Limited since September 2021; and Non-Executive Director of Sky New Zealand (ASX: SKT) since 1 March 2023.	Non-Executive Director of Universal Biosensors Inc (ASX: UBI) since 7 August 2017; Chair of Sports Entertainment Group Ltd (ASX: SEG) since 15 November 2017.
Former Directorships (last 3 years)	Soprano Design Ltd (resigned 2023)	Bell Financial Group Limited (ASX: BFG) (resigned February 2021)
Special responsibilities	Chair of the People and Culture Committee Member of the Audit and Risk Committee.	N/A
Interests in shares	None	53,696,928 (indirectly, being the shares held by Viburnum Funds Pty Ltd and other related entities)

Board of Directors

- In the previous tables "Other current directorships" are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

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

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 2023, and the number of meetings attended by each director were:

	Full board		**People and Culture Committee**		**Audit and Risk Committee**	
	Attended	Held (i)	Attended	Held (i)	Attended	Held (i)
Matthew Sandblom (ii)	6	6	-	-	1	1
Mark Lamont	6	6	4	4	4	4
Katherine Ostin	6	6	4	4	4	4
Allan Brackin	6	6	4	4	4	4
Belinda Rowe	6	6	4	4	4	4
Craig Coleman (iii)	3	3	-	-	1	1

(i) Represents the number of meetings held during the time the director held office or was a member of the relevant committee.

(ii) Matthew Sandblom attended the Audit and Risk Committee meeting as an invitee.

(iii) Craig Coleman started attending meetings from his appointment date of 16 November 2022, and attended the Audit and Risk Committee meeting as an invitee.

3P Learning Limited

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Directors' report
30 June 2023

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 2023.

1. 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	Executive Chairman and Director
Allan Brackin	Non-Executive Director
Mark Lamont	Non-Executive Director
Katherine Ostin	Non-Executive Director
Belinda Rowe	Non-Executive Director
Craig Coleman	Non-Executive Director, appointed 16 November 2022

2. 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.

3. Dividends

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

4. 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 is 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 380 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 16,000 schools across the world. The Group's mission is to create the teaching moments that inspire learning.

A summary of revenue from contracts with customers for the year ended 30 June 2023 is set-out below:

	2023 $ '000	2022 $ '000
Licence fees	**102,685**	92,750
Copyright licence fees	**2,843**	2,885
Other revenue	**1,374**	1,586
Total revenue	**106,902**	97,221

4. Review of operations (continued)

Business overview (continued)

Total revenue for the year ended 30 June 2023 was $106,902,000 (30 June 2022: $97,221,000).

Licence fees revenue increased by $9,935,000 to $102,685,000, up 10.7% on prior period reflecting a change in revenue recognition on Blake eLearning Pty Limited ("**Blake**") products sold to schools from the date of acquisition of Blake. Revenue recognition from acquisition date was recorded on a straight-line basis over the service period consistent with licence revenue, whereas previously it was recorded at the point-of-sale consistent with net commission revenue. Blake licence revenue on Blake products is recognised over time with a reset of revenue occurring in the prior period for Business-to-School ("**B2B**").

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

	2023 $ '000	2022 $ '000
Profit/(loss) before income tax benefit	**3,945**	(1,182)
Administrative expenses - buyback of distributor rights	**-**	873
Depreciation and amortisation expense	**9,476**	11,937
Restructure and integration costs	**1,367**	1,494
Finance costs	**180**	189
Interest income	**(203)**	(67)
Professional fees - corporate advisory costs	**133**	508
Unrealised foreign exchange loss/(gain)	**964**	(685)
Underlying EBITDA	**15,862**	13,067

Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory, buyback of distributor rights and restructure and integration costs, specifically associated with the acquisition of Blake and Pairwise Pty Ltd ("**Brightpath**").

Unrealised foreign exchange gains and losses were included in Underlying EBITDA in the comparative financial year. During the current financial year, the unrealised foreign exchange gains and losses are excluded from Underlying EBITDA and therefore the comparative year is restated.

The Directors have provided Underlying EBITDA after careful consideration of the requirements and guidelines contained in ASIC's Regulatory Guide 230 "Disclosing non-IFRS financial information". Underlying information, including this reconciliation to net profit after income tax expense, has been provided to meet the demands from users of the financial reports for information to better understand aspects of the Group's performance. The Directors believe that Underlying EBITDA is the most appropriate measure of the maintainable earnings of the Group and thereby best reflects the core drivers of, and ongoing influences upon, those earnings.

Segment review

Segment revenue for the year is as follows:

	2023 $ '000	2022 $ '000	Change $ '000	Change %
Business-to-School (B2B)	**66,657**	58,336	8,321	14.3%
Business-to-Consumer (B2C)	**40,731**	39,371	1,360	3.5%
Corporate	**203**	67	136	202.9%
Total revenue	**107,591**	97,774	9,817	10.0%

4. Review of operations (continued)

Segment review (continued)

Segment Underlying EBITDA is as follows:

	2023 $ '000	2022 $ '000	Change $ '000	Change %
Business-to-School (B2B)	**12,570**	7,475	5,095	68.2%
Business-to-Consumer (B2C)	**5,595**	9,202	(3,607)	(39.2%)
Corporate	**(2,303)**	(3,610)	1,307	(36.2%)
Total Underlying EBITDA	**15,862**	13,067	2,795	21.4%

B2B segment

Revenue and other income in the B2B segment increased by $8,321,000 to $66,657,000 (up 14.3% on prior period). This increase is principally due to the change in revenue recognition impacting the prior period revenue for Blake products sold to schools from the date of the Blake acquisition. Underlying EBITDA of $12,570,000 in B2B has increased by $5,095,000 principally from the changes in revenue recognition impacting the prior period partially offset by investment in product development and technology costs of Mathletics renewal and new product, Writing Legends.

B2C segment

Revenue and other income in the B2C segment increased by $1,360,000 as a result of growth in Reading Eggs and Mathseeds licence revenue. From January 2023 Reading Eggs and Mathseeds subscribers were able to sign up to each product separately. Underlying EBITDA of $5,595,000 decreased by $3,607,000 primarily as a result of higher technology and marketing costs.

Group performance

On 30 September 2022, the parent company acquired a 100% interest of Brightpath which resulted in 3P Learning Limited obtaining control of Brightpath. Brightpath revenue of $1,101,000 and after tax profit of $182,000 is included in the Group results, under the B2B segment, following the consolidation of Brightpath on 30 September 2022. Refer to note 37 for details.

Profit before income tax was $3,945,000 (30 June 2022: loss of $1,182,000). The profit for the Group after providing for income tax and non-controlling interest amounted to $6,345,000 (30 June 2022: loss of $563,000).

As at 30 June 2023, the Group has $14,010,000 (30 June 2022: $31,127,000) of cash and cash equivalents and no debt. At 30 June 2023 $7,000,000 (30 June 2022: $nil) of surplus cash to operating requirements was placed on term deposit (refer to note 27 for detail) with third party deposit institutions to maximise interest income. Furthermore, at 30 June 2023 $6,006,000 (30 June 2023: $571,000) of restricted cash (refer to note 13 for details) is held as security for the Group merchant banking arrangements. At 30 June 2023 the aggregate of cash and cash equivalents, term deposits and restricted cash is $27,016,000 (30 June 2022: $31,698,000).

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.

4. Review of operations (continued)

Material business risks (continued)

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 places the highest priority on ensuring its security.

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

Commercial contractual risk: The Group may from time to time enter into agreements with a foreign government body. These contracts have the potential to be material and therefore there are increased liability risks through events such as breach of contract, claims, disputes or litigation and increased business risk such as failure to build strong relationships or failure to meet contractual objectives. As at 30 June 2023, no such material contracts were in place.

Exchange rate risk: Volatility in exchange rates can impact the Group's ability to maintain or grow margins, however, to a significant extent the Group's business currently enjoys natural hedges: the revenue that the Group obtains in a particular foreign currency closely matches the expenses it incurs in that currency (such as the Pound Sterling). The Board believes that natural hedges presently mitigate any exchange rate volatility risk for the Group to an economically acceptable level.

5. Significant changes in the state of affairs

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

6. Matters subsequent to the end of the financial year

The Group announced on 4 August 2023 its intention to conduct an on-market buy back of its ordinary shares up to a maximum value of $10,000,000 (excluding transaction costs) commencing 23 August 2023 for a period up to 12 months ("**buy-back**"). In accordance with the ASX Listing Rules, the prices paid for shares purchased under the buy-back will be no more than 5% above the volume-weighted average price of 3PL shares over the five trading days prior to purchase. The buy-back is limited to a maximum of 10% of the smallest number of voting shares on issue during the last 12 months, as permitted under the *Corporations Act 2001* (Cth), and therefore does not require shareholder approval.

Shares bought back will be cancelled on acquisition, so that the total number of shares on issue will reduce accordingly, and this would result in a consequential adjustment to the voting power of remaining shareholders. 3PL reserves the right to vary, suspend or terminate the buy-back at any time, subject to and in accordance with applicable legal requirements. There can be no certainty that 3PL will buy back any or all of the shares announced under the buy-back.

No other matter or circumstance has arisen since 30 June 2023 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.

7. 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.

8. Environmental regulation

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

9. Information on Directors

Information and meetings of the Directors are included in the Board of Directors section on page 14-17 of the Annual Report.

10. Company secretary

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

11. Shares under option

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

12. Shares under performance and share appreciation rights

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

Grant date	Vesting date	Exercise price	No. of rights	Type of rights
21/12/2022	31/08/2023	$0.00	110,913(i)	Performance rights
07/02/2022	31/08/2024	$0.00	1,687,327	Share appreciation rights
03/06/2022	31/08/2024	$0.00	181,419	Share appreciation rights
17/10/2022	31/08/2025	$0.00	1,883,868	Share appreciation rights
20/02/2023	31/08/2025	$0.00	112,661(ii)	Share appreciation rights
			3,976,188	

i. The performance thresholds for these performance rights were not met in FY23 therefore 110,913 performance rights will lapse in August 2023.

ii. At 30 June 2023 share appreciation rights of 92,052 were not yet issued from the total of 204,713 that were to be issued.

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

13. 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 2023 and up to the date of this report.

14. Shares issued on the exercise of performance and share appreciation rights

There were no ordinary shares of 3P Learning Limited issued on the exercise of performance and share appreciation rights during the year ended 30 June 2023 and up to the date of this report.

15. 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.

16. 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 and Young during the financial year and up to the date of this report.

17. 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.

18. Non-audit services

No amounts (2022: $84,000) were paid or are payable to the auditor for non-audit services during the financial year as outlined in note 31 of the financial statements.

19. 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.

20. 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.

21. Auditor's independence declaration

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

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On Behalf of the Directors

Matthew Sandblom
Executive Chairman
18 August 2023
Sydney

Remuneration report
30 June 2023

Letter from People and Culture Committee Chair

Dear Shareholder

On behalf of the Board of 3P Learning, I am pleased to present the Company's Remuneration Report for the financial year ended 30 June 2023.

This year the Company welcomed a new member of the 3P Learning Board of Directors, Craig Coleman. With his wealth of experience in private and public companies, equities and capital markets, we are delighted to have Craig's contributions and strengths enhance our focus on delivering better ways to learn and long term return to our shareholders.

We have also welcomed our new Chief Sales Officer, Jenna Pipchuk, to the Company. Jenna is a highly experienced ed tech executive with a strong track record in building successful B2B sales in global digital and technology organisations. We look forward to optimising the impact of Jenna's expertise on our B2B business as we move into FY24.

For our shareholders, the 2023 financial year has seen a refocused strategy for 3P Learning. Our three stage, post-merger, change plan continues to progress well and has successfully brought together all teams to drive and accelerate the next stage of the Company's journey.

Having completed Stages 1 (Resolve Uncertainty) and 2 (Rebuild Energy and Momentum) of our change plan, we have focused our attention on Stage 3 (Ramp Up High Performance) in FY23, and this work will continue into FY24.

The milestones that have been achieved in delivering our strategy led by CEO, Jose Palmero and our senior executive team, have been supported by our high-performance culture and our purpose and values. Our pride and satisfaction in building successful education programs is keenly connected with our purpose (our why) and values (our how), which underpin all that we do.

We have renewed our commitment to diversity and inclusion, including our equal gender representation targets at a Board, senior leadership and whole of company level. At the close of FY23, we clearly met our gender diversity targets at a senior leadership and whole of company level, with well over 50% representation within both cohorts. Within the Board the 50% representation target is not met, however within our board committees these levels have been met.

Our remuneration and recognition strategy continues to be strongly linked to attracting and retaining great talent, whilst driving performance outcomes through variable plans aligned with all roles.

For our key management personnel, our Short-term Incentive Plan is aligned with both financial and non-financial measures that are in step with our product strategy.

We have also continued the alignment of executive remuneration with measures that support shareholder outcomes via aggregate earnings per share and aggregate group revenue targets in our Long Term Incentive Plan which remains unchanged.

Finally, we are also very proud of the progress we have made in FY23 with our four-tiered Giving Back Program. We continue our work with the Click Foundation in South Africa. We also supported a number of schools in need around the world through the provision of free licenses, as well as individual staff passion projects and our workplace giving program. We look forward to expanding on this in FY24.

Letter from People and Culture Committee Chair (continued)

As we close out FY23, we are delighted that our key people metrics are all showing positive trends. Our employee engagement score has increased and our voluntary employee turnover rate has markedly decreased. In our recent employee survey, 90% of our people globally told us that they are proud to work for 3P. We are a company to be proud of – the products we build are world class, our people are amongst the best in the industry and our purpose is clear and inspiring. Thank you to every 3P employee for your hard work and contribution during FY23. We have achieved important milestones in delivering on our product strategy this year.

As we move into FY24, we look forward to accelerating our commercial success whilst continuing to improve the lives of children around the world through creating *better ways to learn*.

Belinda Rowe
Chair of People & Culture Committee
18 August 2023
Sydney

Remuneration report (audited)

The Directors of 3P Learning Limited present the Remuneration Report (the **Report**) for the Company and its controlled entities for the year ended 30 June 2023 (the **Group**). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

The Report details the remuneration arrangements for the Company's key management personnel ("**KMP**") comprised of:
• Non-executive Directors ("**NED**s"); and
• Executive Director, CEO and CFO (collectively the **Executives**).

Overview

The remuneration report is presented under the following headings:

1. Key management personnel

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

Name	Position	Term as KMP
Non-Executive Directors		
Mark Lamont	Non-executive Director	Full financial year
Allan Brackin	Non-executive Director	Full financial year
Katherine Ostin	Non-executive Director	Full financial year
Belinda Rowe	Non-executive Director	Full financial year
Craig Coleman	Non-executive Director	Appointed 16 November 2022
Executive Director		
Matthew Sandblom	Executive Chairman	Full financial year
Other KMP		
Jose Palmero	Chief Executive Officer (CEO)	Full financial year
Anton Clowes	Chief Financial Officer (CFO)	Full financial year

The Board welcomed the appointment of Mr Craig Coleman on 16 November 2022 following his nomination and election by shareholders at the Company's 2022 Annual General Meeting.

The focus of this report is the remuneration arrangements and outcomes for the KMP listed in the table above. It also outlines information about the remuneration policy and arrangements for the Group's senior executive team more broadly.

2. Overview of executive remuneration

Overview of 3P Learning remuneration policy and structures

The People and Culture Committee ("**P&CC**") is responsible for developing, reviewing, making recommendations, and providing assistance and advice to the Board on the remuneration arrangements for the Company's Directors, its executives and in relation to key employment policies and practices. The performance of the Group depends on the quality of its Directors and senior executives.

The Company's remuneration philosophy is to attract, retain and motivate exceptional performance and high-quality talent.

The Group's executive reward framework is based on objectives to:
- align senior executive rewards with achievement of strategic objectives and the delivery of shareholder value;
- provide competitive remuneration packages that recognise both individual and organisational performance.

The remuneration framework, and any potential changes to that framework, are assessed on the following guiding principles:
- alignment to long-term value creation and strategy;
- 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; 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 financial year the Company did not engage remuneration consultants to advise on remuneration policy or the structure or level of executive remuneration. During the financial year, the fixed and variable remuneration levels and structure of executive KMPs remuneration were reviewed and CEO remuneration increased by 3.5% in line with a business review and noting that no changes had been applied since May 2021. The CFO joined the Company in April 2022 and his remuneration remained at the same annual level as compared with the prior financial year. The variable incentives were developed against global financial targets and individual performance metrics to align with strategic plans and measurable targets. The fees for non-executive Directors were maintained at the same level as the prior year subject only to the increase in statutory superannuation.

Our executive remuneration policy and structures

In light of the Group's remuneration philosophy, the Board considers the levels of fixed (base) remuneration and variable remuneration consisting of Short and Long-Term Incentives. The guiding principles of the remuneration framework are applied when considering the measures and targets for variable remuneration, alongside the Company's strategy and long term shareholder value. The appropriate performance targets for Short and Long-Term Incentives are reviewed by the P&CC, and approved by the Board for the relevant executives.

Review of executive remuneration levels are conducted annually by the P&CC and are approved by the Board as follows:
- The remuneration of the CEO is reviewed by the P&CC to determine the optimal mix between fixed and "at risk" incentive components, and the appropriate measures and performance targets, prior to Board review and approval.
- The remuneration of the CFO and other non-KMP executives are reviewed by the CEO and P&CC in relation to the appropriate fixed remuneration and performance measures and incentives, and are approved by the Board.

The variable Short-Term Incentive ("**STI**") and Long-Term Incentive ("**LTI**") remuneration offered is set out further below.

The Executive Chairman receives remuneration under a services agreement. The services agreement provides the Executive Chairman may receive remuneration capped at $100,000 and does not include variable STI or LTI remuneration. Since his appointment, the Executive Chairman has elected to receive a nominal fee of $1 per annum.

The following sections on remuneration for executive KMP do not apply to the Executive Chairman.

2. Overview of executive remuneration (continued)

Details for each of the individual components for remuneration for executive KMP in both FY23 and FY22 were as follows:

<table>
<tr><th></th><th>Fixed</th><th colspan="2">Variable or "At Risk" Performance Based</th></tr>
<tr><th>Remuneration Structure</th><th>Fixed remuneration
Attracts and retains high performance talent</th><th>STI
Rewards current year performance</th><th>LTI
Rewards longer term sustainable performance</th></tr>
<tr><td>FY2023</td><td rowspan="2">• Fixed salary reviewed against benchmarks, market peers and experience
• Includes superannuation and salary sacrifice non-monetary benefits</td><td>• 25-50% of fixed remuneration at target STI
• Focus on revenue, Underlying EBITDA, key strategic projects and people leadership
• Weighting of group performance targets:
- revenue (up to 40%);
- Underlying EBITDA targets (up to 40%);
- key strategic projects (10%); and
- people and culture KPIs (up to 20%).</td><td rowspan="2">• 25-50% of fixed remuneration at target LTI
• Grant of share appreciation rights
• Encourage greater executive ownership of the Company, strengthen alignment with long-term growth of the Company</td></tr>
<tr><td>FY2022</td><td>• 25-50% of fixed remuneration at target STI
• Increased focus on revenue growth, business expansion and people leadership
• Weighting of group performance targets:
- revenue (up to 40%);
- Underlying EBITDA targets (up to 40%);
- functional achievements of business expansion; and
- people and culture KPIs (20%).</td></tr>
</table>

2. Overview of executive remuneration (continued)

Elements of executive remuneration

Fixed remuneration

The fixed remuneration component consists of base salary, superannuation and other non-monetary benefits and is designed to reward the executive's scope of their role and responsibilities, their skills, experience and qualification and individual and group performance.

The fixed remuneration of the CEO is reviewed by the P&CC annually for performance against annual key performance indicators ("**KPIs**") set at the start of the financial period, as well as available market data including benchmarks to comparable roles in similar companies.

The fixed remuneration of the CFO and non-KMP executives reporting to the CEO are reviewed by the CEO annually with consultation with the P&CC, and approved by the Board.

During the period, the fixed remuneration of the CEO was increased by 3.5% as compared to the prior financial year. The CFO joined the Company in April 2022 and his remuneration remained at the same annual level as compared with the prior financial year.

Performance based remuneration

The "at risk" performance-based remuneration components for eligible Executives and non-KMP executives align reward with the achievement of annual and longer term objectives of the Group, and the optimisation of shareholder value over the short and long term.

Short-Term Incentive

The STI plan provides eligible Executives and non-KMP 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 and non-KMP executives have a target STI opportunity of up to 25% of fixed remuneration while the CEO has a target STI opportunity of up to 50% of fixed remuneration.

The FY23 Target STI is designed to deliver strong performance and sustainable growth by motivating talent and rewarding performance. Participants have the opportunity to earn up to 100% of the STI target for achieving the target under each KPI.

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

2. Overview of executive remuneration (continued)

How is performance measured?

The financial performance measures that are set for eligible Executives and non-KMP executives are based on a range of profit, revenue, key strategic project and people leadership targets.

For the current year, the Board considers the financial measures (revenue and Underlying EBITDA) to be appropriate as they are aligned with the Group's objective of delivering profitable growth and improved shareholder returns. The inclusion of key strategic projects and people leadership targets also refreshed the delivery focus for the Company's strategic plans and initiatives in relation to the three "R"s: Reading, wRriting and aRithmetic (maths) to build and sustain longer term shareholder returns.

Summary of the performance measures and weightings for the FY23 STI plan:

		Revenue	Underlying EBITDA	Key Strategic Projects	People and Culture
CEO	2023	30%	30%	30%	10%
CFO	2023	40%	40%	-%	20%
Non-KMP executive	2023	40%	30%-40%	0%-20%	10%-20%

The performance measures for non-KMP executives consist of a range of business KPIs developed to align with their responsibilities.

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

When is it paid?

The STI award is determined after the release of the Company's full financial year results in August following a review of performance over the year against the STI financial and non-financial performance measures by the CEO (and in the case of the CEO, by the Board).

The Board approves the final STI award based on the assessment of performance. The STI award is wholly paid in cash within two months after the end of the performance period.

Deferral terms

Payment of STI is not deferred.

Long-Term Incentive

To align with the creation of shareholder value, the Company's LTI Plan aims to reward KMP and non-KMP executives through the allocation of an equity award that is subject to specific performance conditions.

The LTI Plan has been developed with the objectives of aligning exceptional performance with medium to long-term growth and shareholder value. The plan sets the appropriate measures and incentive to drive performance and execution of the Company's strategic goals over that longer term. The LTI Plan provides participants the opportunity to be awarded rights that may be exercised to be issued shares subject to a combination of the vesting conditions. Those conditions were determined to be appropriate to align the performance objectives of the Company for growth and shareholder value, while balancing the terms that would attract, motivate and reward talented executives for performance over the performance period.

2. Overview of executive remuneration (continued)

How is it paid?

The 3P Learning Equity Incentive Plan Rules (**Plan Rules**) and the vesting conditions will determine the number of rights that vest, and how the incentive is paid, to eligible Executives.

During the current year, eligible Executives were granted Share Appreciation Rights ("**SARs**"). Subject to the Plan Rules, and in circumstances where the relevant vesting conditions are met, the eligible Executive can exercise their vested SARs during the Exercise Period to be allocated Company shares.

How much can an eligible Executive earn?

The eligible Executive has a target LTI opportunity of up to 25% of fixed remuneration, while the CEO has a target LTI opportunity of up to 50% of fixed remuneration.

The number of SARs issued was calculated by dividing the dollar value of LTI award opportunity by the value per share appreciation right and was determined by an independent valuer.

If the participant commenced their role within the financial year, the LTI opportunity is calculated on a pro rata basis based on their commencement date.

How is performance measured?

3P Learning's long term Equity Plans have been weighted equally between revenue and underlying earnings per share ("**EPS**") targets, and generally had a three-year vesting (performance) period.

The EPS measure under the FY22 and FY23 LTI Plans are to be calculated after allowing for underlying adjustments for retention bonuses, corporate transaction costs, integration costs and depreciation and amortisation arising on purchase price accounting.

The Board continues to consider 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 in each financial year.

The Board applied performance measures based on the aggregate performance over the three-year performance period for the SARs granted under the Plan Rules. The Board considered that using the aggregate performance period (rather than measuring performance in the third year) would engage the desired focus on growing shareholder value over the period in the rapidly changing environment of education technology.

The EPS and group revenue measures for the FY23 LTI SARs are based on:
- aggregate EPS measures over the three-year period of FY23, FY24 and FY25 (50% weighting); and
- the Company's aggregate group revenue over the three-year period of FY23, FY24 and FY25 (50% weighting).

2. Overview of executive remuneration (continued)

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

Performance level	% of Target incentive awards
Below Threshold	Nil
Between Threshold and Target	Between 50% and 100%(i)
At Target	100%
Between Target and Maximum	Between 100% and 120%(i)
Maximum	120%

i. Vesting will occur on a straight line basis between two relevant vesting percentages.

In accordance with the Plan Rules, the Board retains discretion to adjust vesting conditions to ensure participants are not subject to a material disadvantage or obtain a windfall gain where there are circumstances which may impact the appropriateness of the original vesting conditions.

When is it paid?

Awards granted under the LTI plan will only vest upon satisfaction of certain vesting conditions that are defined by the Board. The performance measures against each vesting condition are assessed by the Board following the relevant full financial year at the end of the performance period.

Subject to the Plan Rules and once vesting conditions are met, the SARs are vested. Executives can elect to exercise any vested SARs during their exercise period to be issued shares in the Company. The exercise period for the SARs is within five years of the original grant date.

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

Any shares issued in accordance with the rights issued under the Plan as described above will rank equally in all respects with other ordinary shares in the Company (except in regard to any rights attaching to such other Shares by reference to a record date prior to the date of their allocation or transfer).

Vested SARs that have not been exercised during the exercise period will lapse.

What happens if an eligible Executive leaves?

If an eligible Executive ceases to be an employee of the Company, the following occurs in the applicable circumstances:

SARs have not vested, and:
- the Executive is not a "Bad Leaver", the Board may, in its discretion, determine that all or a portion of the SARs vest immediately or at some future time. If no determination is made, the relevant SARs remain on foot, and are tested and vest on the original vesting date to the extent that the applicable vesting conditions have been met; or
- the Executive is a "Bad Leaver", all unvested SARs lapse on the date of cessation.

SARs have vested, and:
- the Executive's employment ends other than as a result of termination for cause, the Executive has the lesser of 90 days from cessation or the period before the expiry of the vesting period to exercise the SARs; or
- the Executive's employment is terminated for cause, the vested SARs lapse immediately.

2. Overview of executive remuneration (continued)

Is there a malus and clawback provision?

Yes. The SARs may be forfeited if a "clawback" event occurs during the performance period. Such an event includes circumstances where an Executive has engaged in fraud, dishonesty or gross misconduct, where the financial results that led to the equity award are subsequently shown to be materially misstated, or where the behaviour of a senior Executive brings the Company into disrepute or impacts the Company's long-term financial strength.

What happens if there is a change of control?

Where a change of control event occurs prior to the SARs vesting, the Board may, in its discretion, determine whether all or a number of those rights lapse at the time of the change of control event or at a future point in time, or vest at the time of the change of control event or at a future point in time.

Are eligible Executives entitled to dividends?

No.

3. Performance and Executive remuneration outcomes in FY23

The actual remuneration earned by Executives in FY23 against the prior year is set out below. This provides shareholders with a view of the remuneration actually paid to these executives for performance in FY23 and the value of the LTIs that vested during the period if applicable.

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. The results shown are not fully comparable due to the acquisition of Blake eLearning Pty Ltd ("**Blake**"), changes in accounting standards and associated change of accounting policy over that period. On 28 May 2021, the Group acquired Blake and since then the contribution from Blake is included in the results.

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 during FY19 and FY20. AASB 16 'Leases' was adopted on 1 July 2019 and effective for FY20, and as such, results from FY19 are not prepared on the same basis as the other periods.

Financial year	**2023**	2022	2021	2020	2019
Revenue ($'m)	**106.90**	97.20(ii)	57.40	55.00	55.40
Underlying EBITDA ($'m)(i)	**15.86**	13.10(iii)	9.40	9.50	12.50
Statutory EPS (cents)	**2.30**	(0.19)	(6.15)	0.37	1.69
Share price ($) 30 June	**1.10**	1.24	1.31	0.86	0.98

i. The Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory, and restructure and integration costs, specifically associated with the acquisition of Blake and Pairwise Pty Ltd ("**Brightpath**"), and costs associated with the buyback of distribution rights.
ii. Following the acquisition of Blake on 28 May 2021, Blake contributed revenue from 28 May 2021 to 30 June 2021 in FY21. The year ended 30 June 2022 includes a full year of Blake revenue therefore revenue has increased materially compared to previous financial years.
iii. Unrealised foreign exchange gains and losses were previously included in Underlying EBITDA in FY22. The unrealised foreign exchange gains and losses are excluded from Underlying EBITDA in FY23 and the FY22 comparative year has been restated.

3. Performance and Executive remuneration outcomes in FY23 (continued)

Executive remuneration

Details of statutory remuneration (Australian Accounting Standards (AAS)) for Executive KMP, for the years ended 30 June 2023 and 30 June 2022 are set out below:

	Salary $	Cash STI[(i)] $	Other[(ii)] $	Post employ-ment benefits (super-annuation) $	Accounting value of LTI awards and additional incentives $	Other long term benefit[(ii)] $	Total $	Perform-ance related %	Equity based %
Current Executive KMP									
Matthew Sandblom (Executive Chairman)									
2023	**1**	**-**	**-**	**-**	**-**	**-**	**1**	**0%**	**0%**
2022	1	-	-	-	-	-	1	0%	0%
CEO									
2023	**518,083**	**-**	**(17,975)**	**25,292**	**54,242**	**12,975**	**592,617**	**9%**	**9%**
2022	573,214[(iii)]	210,000	25,145	23,568	134,401	11,833	978,161	35%	14%
CFO[(iv)]									
2023	**322,500**	**-**	**22,315**	**27,500**	**49,019**	**-**	**421,334**	**12%**	**12%**
2022	58,712	15,822	4,486	4,583	3,501	-	87,104	22%	4%
Total remuneration for executive KMP									
2023	**840,584**	**-**	**4,340**	**52,792**	**103,261**	**12,975**	**1,013,952**	**10%**	**10%**
2022	631,927	225,822	29,631	28,151	137,902	11,833	1,065,266	34%	13%
Former Executive KMP									
Former CFO[(v)]									
2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**	**0%**
2022	218,059	(3,733)	6,774	24,825	222,092[(vi)]	(22,417)	445,600	(5%)	(4%)

i. Cash STI is paid after the end of the financial year to which it relates but is allocated to the earning year.
ii. Represents the net movement of annual leave and long service leave entitlements respectively.
iii. Includes annual leave and entitlements for a total payment of $71,783.
iv. The CFO became a member of KMP effective 26 April 2022.
v. The former CFO ceased to be a member of KMP effective 26 April 2022 and ceased employment on 1 July 2022.
vi. Includes pro rata of retention incentive of $241,251 and decrease in accounting value of LTI awards of $19,159 for FY22.

3. Performance and Executive remuneration outcomes in FY23 (continued)

In line with general market practice, a (non-AAS) presentation of remuneration with respect to the FY23 and FY22 reporting periods is provided in the table below, to give shareholders a more informative picture of actual remuneration outcomes within the financial year.

	Salary $	Cash STI $	Post-employment benefits (super-annuation) $	LTI and additional incentives vested $	Total remuneration $
Current Executive KMP					
Matthew Sandblom (Executive Chairman)(i)					
2023	**1**	**-**	**-**	**-**	**1**
2022	1	-	-	-	1
CEO					
2023	**518,083**	**210,000**	**25,292**	**-**	**753,375**
2022	573,214(ii)	-	23,568	-	596,782
CFO(iii)					
2023	**322,500**	**15,822**	**27,500**	**-**	**365,822**
2022	58,712	-	4,583	-	63,295
Total remuneration for executive KMP			-	-	-
2023	**840,584**	**225,822**	**52,792**	**-**	**1,119,198**
2022	631,927	-	28,151	-	660,078
Former Executive KMP					
Former CFO(iv)					
2023	**-**	**-**	**-**	**60,000**(v)	**60,000**
2022	218,059	25,132	24,825	240,000(v)	508,016

i. Matthew Sandblom receives fees for service under a consultancy services agreement.
ii. Includes annual leave and entitlements for a total payment of $71,783.
iii. The CFO became a member of KMP effective 26 April 2022.
iv. The former CFO ceased to be a member of KMP effective 26 April 2022 and ceased employment on 1 July 2022.
v. The payment reflects the component of the $300,000 retention payment awarded in FY21 wherein $240,000 was paid in FY22, and the remaining $60,000 was paid in FY23.

3. Performance and Executive remuneration outcomes in FY23 (continued)

Short-term incentives

STI for the 2023 financial year

The target STI opportunity for the financial year ended 30 June 2023 was an amount equal to 25% for eligible Executives' fixed remuneration and 50% in the case of the CEO.

Who are the participants of the STI?

The CEO and CFO are members of KMP who participated in the STI Program for FY23. As at 30 June 2023 there were five other non-KMP executives that were also participants, bringing the total number of senior executive participants to seven.

Specific information relating to the STI component to the CEO and CFO for FY23 is set out below.

Executive KMP	Position/Title	Actual STI payment	Retention payment	Accrued STI payment	% of Target STI payable
Jose Palmero	CEO	-	-	-	0%
Anton Clowes	CFO	-	-	-	0%

Former KMP	Position/Title	Actual STI payment	Retention payment	Accrued STI payment	% of Target STI payable
Dimitri Aroney(i)	Former CFO	-	60,000	-	0%

i. Dimitri Aroney ceased to be a member of KMP effective 26 April 2022 and the payment reflects the component of the $300,000 retention payment awarded in FY21 wherein $240,000 was paid in FY22, and the remaining $60,000 was paid in FY23.

CEO Performance measure	FY23 - At Target	FY23 Performance(i)	% of Target incentive award(ii)	Weighting
Revenue	$113.0m	Not met	0%	30%
Underlying EBITDA(iii)	$16.5m	Not met	0%	30%
Key Project - Growth	Internal growth target	Met	0%	10%
Key Project - Product	Product delivery targets	Met	0%	20%
People Leadership	People and Culture measures(iv)	Met	0%	10%

CFO Performance measure	FY23 - At Target	FY23 Performance(i)	% of Target incentive award(ii)	Weighting
Revenue	$113.0m	Not met	0%	40%
Underlying EBITDA(iii)	$16.5m	Not met	0%	40%
People and Culture	People and Culture measures(iv)	Met	0%	20%

i. The CEO and CFO met measures designed to assess leadership goals in relation to People and Culture that drive initiatives to enable corporate performance goals. The CEO also met specific measures in relation to growth and product delivery projects that were aligned with the FY23 Product strategy in B2B and B2C. However as the revenue and Underlying EBITDA targets were not achieved, the incentive targets were not awarded for these performance measures.
ii. This is based on the metrics outlined under "How much can an eligible Executive earn?" discussed earlier in this report.
iii. The Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory, and restructure and integration costs, specifically associated with the acquisition of Blake and Brightpath, and costs associated with the buyback of distribution rights.
iv. The People Leadership and People and Culture targets reflected measures to focus executives on company culture and employee engagement outcomes. The measures are selected based on improving % ratings on key engagement criteria from internal surveys periodically used by the Company to gather feedback from employees. The data and feedback collated through the survey enabled performance to be measurable, and discretion may be applied by the Board following a review of specific activities and performance for the Executive.

3. Performance and Executive remuneration outcomes in FY23 (continued)

Long-term Incentives

Who are the participants of the LTI?

The CEO, CFO and other non-KMP executives are eligible to participate in the LTI plan. As at 30 June 2023 there are seven participants.

Performance conditions and disclosure of targets

The publication of prospective revenue and EPS targets for future performance periods would require the disclosure of commercially sensitive information. Accordingly, the Company will not disclose prospective targets but will disclose historic targets and the Company's performance against those targets. The hurdles for the SARs granted in FY23 will be disclosed in August 2025 after the applicable performance period.

2021 LTI Award – Performance condition outcomes based on FY23 results

The grant of Performance Rights under the Company's LTI plan was made in FY21, with performance conditions to be tested with respect to the audited FY23 full year results.

The EPS and Group revenue performance measures each account for 50% of the potential award of Performance Rights. In accordance with the LTI terms and arrangement, in FY22 the Board exercised its discretion to adjust the revenue vesting condition having regard to:

- the remuneration philosophy of the Company and
- the acquisition of Blake on 28 May 2021 which has had a significant growth impact on the Company.

The EPS in relation to the grant of Performance Rights under the Company's FY21 LTI plan is referring to statutory EPS.

The outcomes for the relevant revenue and EPS targets were assessed based on the financial results for FY23. As an outcome, no LTI Awards vested during the reporting period and the following outcomes are expected for LTI grants awarded in FY21:

Performance measure	FY23 At target	FY23 Performance	Outcome	% of Target incentive awarded	Weighting
Revenue	$130.6m(i)	$106.9	Below threshold	0%	50%
EPS	$0.077	$0.023	Below threshold	0%	50%

i. The FY23 performance hurdles were originally established for the FY21 LTI plan with a revenue target of $83.8m. Following the events of the Company's merger with Blake, the revenue target was revised in August 2022 to take those events into account.

One non-KMP executive was a participant in the FY21 LTI Plan; as a result of the FY23 performance thresholds not being reached, the relevant performance rights under the FY21 LTI plan will lapse in August 2023.

Additional payments awarded in FY23

No additional payments were awarded in FY23 to executive KMP.

4. Non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. 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 have not been granted or issued equity as part of their remuneration.

4. Non-executive Directors' remuneration (continued)

During the year, Craig Coleman joined the Board as a non-executive Director. Craig elected to receive nominal Director fees during the year in relation to his appointment.

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 for the non-executive Directors. 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 2023 and 30 June 2022.

Fee applicable	Financial year	Chair $	Member $
Board	**2023**	**185,000**	**95,000**
	2022	185,000	95,000
Audit and risk committee	**2023**	**20,000**	**10,000**
	2022	20,000	10,000
People and culture committee	**2023**	**20,000**	**10,000**
	2022	20,000	10,000

Non-executive Director remuneration in 2023 and 2022

Details of the remuneration for the independent non-executive Directors for the financial years ended 30 June 2023 and 30 June 2022 are set out in the table below.

Name	Financial year	Fees and allowances $	Post-employment benefits $	Total $
Current non-executive Directors				
Mark Lamont	**2023**	**115,000**	**12,075**	**127,075**
	2022	115,000	11,500	126,500
Katherine Ostin	**2023**	**125,000**	**13,125**	**138,125**
	2022	112,161	11,216	123,377
Allan Brackin	**2023**	**115,000**	**12,075**	**127,075**
	2022	103,674	10,367	114,041
Belinda Rowe	**2023**	**125,000**	**13,125**	**138,125**
	2022	98,077	9,808	107,885
Craig Coleman(i)	**2023**	**1**	**-**	**1**
Total remuneration for current non-executive Directors	**2023**	**480,001**	**50,400**	**530,401**
	2022	428,912	42,891	471,803
Former non-executive Directors				
Matthew Sandblom(ii)	**2023**	**-**	**-**	**-**
	2022	1	-	1
Samuel Weiss(iii)	**2023**	**-**	**-**	**-**
	2022	30,263	3,026	33,289
Claire Hatton(iv)	**2023**	**-**	**-**	**-**
	2022	31,250	3,125	34,375

i. Craig Coleman was appointed on 16 November 2022 and elected to receive nominal remuneration during the financial year.
ii. Matthew Sandblom was appointed Executive Chairman effective 25 August 2021. This followed his original appointment as non-executive Director between 28 May 2021 to 24 August 2021.
iii. Samuel Weiss resigned on 17 September 2021.
iv. Claire Hatton resigned on 24 September 2021.

5. Service agreements

Non-executive Directors do not have fixed term contracts with the Company. On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation. Non-executive Directors retire by whichever is the longer period: the third annual general meeting following their appointment or the third anniversary date of appointment. They may then be eligible for re-election.

During the reporting period, the Board continued to determine that the Executive Chairman, Matthew Sandblom, has an active role in the day-to-day management of the Company, particularly in the areas of Strategy and Product. There is no fixed term under his letter of appointment as a Director. Matthew's remuneration is set out in a standard service agreement to provide his services as an executive KMP which is reviewed annually. The details of Matthew's service agreement as at 30 June 2023 is provided below:

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

During the reporting period, the remuneration received by the Executive Chairman under this agreement is $1 with no further amounts accruing or payable. The service agreement with Matthew has been extended for 12 months to August 2024 on the same terms.

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

Name:	Jose Palmero
Title:	Chief Executive Officer
Agreement commenced:	28 May 2021
Term of agreement:	Open-ended
Details:	Jose's current fixed annual remuneration is $554,243 (FY23: $543,375), 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.

5. Service agreements (continued)

Name:	Anton Clowes
Title:	Chief Financial Officer
Agreement commenced:	26 April 2022
Term of agreement:	Open-ended
Details:	Anton's current fixed annual remuneration is $360,500 (FY23: $350,000), inclusive of statutory superannuation. Anton will be eligible to receive an annual short-term incentive with a target STI of 25% of his fixed annual remuneration, as determined by the Board. Payment of the cash bonus will depend on the Group's performance and Anton's achievement of certain key performance indicators or at the discretion of the Board. As part of a LTI package Anton may be entitled to receive an equity-based award under the LTI plan with a value equivalent to 25% of his fixed annual remuneration. Either party may terminate the employment contract by giving three months' notice in writing. The Company may terminate Anton's employment contract by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Company may terminate Anton's employment contract immediately by written notice and without payment in lieu of notice.

6. Share-based compensation

Issue of shares

No shares were issued to Directors or any other KMP as part of compensation during the year ended 30 June 2023.

Options

No options were issued to KMP as part of compensation during the financial year ended 30 June 2023 and no options have been granted to KMP since the end of the financial year. There are no options on issue as at 30 June 2023.

Performance Rights (FY20 & FY21)

No performance rights were issued to KMP during the year ended 30 June 2023 and no performance rights have been granted to any KMP since the end of the reporting period.

The Company notes that 602,556 Performance Rights lapsed in August 2022, and 110,913 Performance Rights under the FY21 LTI Plan will lapse August 2023.

Share Appreciation Rights

The Company issued 966,424 SARs to KMP during the year ended 30 June 2023. No additional SARs have been granted to any KMP since the end of the reporting period. No SARs have been issued to NEDs to date.

Name	Number	Accounting grant date	Accounting fair value	Exercise price(i)	Vesting date	Expiry date
Jose Palmero	730,998	17 October 2022	$0.0452	$0.00	August 2025	If vested, 5 years from Grant Date
Anton Clowes	235,426	17 October 2022	$0.0452	$0.00	August 2025	If vested, 5 years from Grant Date

i. The value of the shares allocated is based on the number of rights validly exercised multiplied by the difference between the Market Price of the shares at the date of exercise and the notional exercise price $1.25.

7. Additional disclosures relating to KMP

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

Ordinary shares	Balance at beginning of year	Received as part of remuneration	Additions	Disposals/ other	Balance at end of year
Non-executive Directors					
Mark Lamont	-	-	-	-	-
Allan Brackin	222,895	-	100,000	-	322,895
Kathy Ostin	-	-	-	-	-
Belinda Rowe	-	-	-	-	-
Craig Coleman(i)	50,952,280	-	2,744,648	-	53,696,928
Executive KMP					
Matthew Sandblom(ii)	136,970,000	-	67,360	(913,000)	136,124,360
Jose Palmero(iii)	-	-	-	-	-
Anton Clowes	4,535	-	6,401	-	10,936

i. Craig Coleman was appointed as a Director on 16 November 2022. The balance at the start of the year reflects his indirect interest held through Viburnum Funds Pty Ltd of which he is shareholder and Director at the time of his appointment, and/or Viburnum Funds Pty Ltd related entities.
ii. Interests in shares are held indirectly. Refer to the ASX Appendix 3Y for the nature of the interests held.
iii. As Jose Palmero does not hold a direct interest in shares or through entities that he controls, the figures above have been disclosed as nil. However, for transparency, Jose has an economic interest in 6,850,000 shares implicitly through his 50% ownership status in the BeL Unit Trust, which holds 12,787,000 shares.

Other share-based holdings

The number of share appreciation rights, performance rights and options held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

Executive KMP	Award	Balance at beginning of year	Rights granted	Vested	Expired/ forfeited/ lapsed	Balance at end of year
Jose Palmero	Share appreciation rights	753,589	730,998	-	-	1,484,587
Anton Clowes	Share appreciation rights	181,419	235,426	-	-	416,845

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

i. Rebekah O'Flaherty held 509,175 performance rights in relation to the FY20 LTI Plan which lapsed in August 2022.
ii. Dimitri Aroney held 93,381 performance rights in relation to the FY21 LTI Plan which lapsed in July 2022.

8. Other transactions with KMP and their related parties

Payment for publishing and distribution services

Since FY21 the Group has entered into a Publishing and Distribution Agreement with Kalaci Pty Ltd (trading as Pascal Press) ("**Kalaci**"), a company which both Matthew Sandblom and Jose Palmero have a beneficial economic interest. Under the agreement, Kalaci receives a share of the net receipts received by Blake from orders placed by Blake customers and Blake receives a share of the net receipts received by Kalaci from its sales of various Blake products to Kalaci customers. The terms of the agreement were negotiated on arm's length terms at the time of the Blake acquisition in May 2021 and is subject to normal publishing terms and conditions. During the year, $342,095 was incurred in relation to these services and $55,547 is payable as at 30 June 2023.

Payment for transition services

The Group entered into a Transition Services Agreement with Kalaci in May 2021, for the purpose of sharing common administrative costs for a limited period of time following completion of the Blake acquisition. The initial term was 12 months and the agreement provided for an option to extend the services on a month-to-month basis if required to prevent any material disruption to the business. The transition services are currently ongoing and reviewed for service needs. During the year, $398,512 was incurred in relation to these services and $78,314 is payable as at 30 June 2023.

Lease of office premise from Matthew Sandblom

The Group leases an office premise at 655 Parramatta Road, Leichhardt NSW 2040, from Matthew Sandblom. Presently the lease continues on month to month basis under the original terms of the lease. The lease was 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 in March 2021 to determine the market rent of $410,000 per annum, and further ensured the lease is on arm's length terms and at comparable market rate. During the year, $398,000 was paid and no amount is payable as at 30 June 2023.

Payment for software licence fees

The Group has a commercial agreement with ClickView, a company that operates a video technology platform and of which Matthew Sandblom is a shareholder. Under the agreement, the Group is granted a licence to use ClickView's video storage, management and delivery technology to deliver 3PL products. This arrangement was on foot prior to 3PL's acquisition of Blake in May 2021, and remains ongoing on normal commercial terms and conditions. During the year, $55,865 was incurred in relation to these services and no amount is payable as at 30 June 2023.

Payment for consultancy services from Matthew Sandblom

The Group entered a consultancy agreement to engage Matthew Sandblom for his services to the Company. The agreement is with a company of which Matthew is Director and shareholder (ACN 608 009 007). Under the consultancy agreement, the Group will pay an hourly retainer of $300 per hour up to a cap of $100,000 per annum for strategic advisory services over the consultancy period. During the year, Matthew elected to receive a nominal fee of $1 under this agreement. This agreement was renewed in August 2023 for a period of 12 months.

This concludes the remuneration report, which has been audited.

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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 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

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

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

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

Ernst & Young

Ernst & Young

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Renay Robinson
Partner
18 August 2023

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 $ '000	2022 $ '000
Revenue	3	**106,902**	97,221
Other income	4	**486**	486
Interest income calculated using the effective interest method		**203**	67
Expenses			
Administrative expenses	5	**(5,090)**	(3,961)
Deferred contract costs	12	**(5,691)**	(3,999)
Depreciation and amortisation expenses	6	**(9,476)**	(11,937)
Employee benefits expense	20	**(51,577)**	(47,226)
Finance costs		**(180)**	(189)
Marketing expenses	7	**(19,626)**	(18,225)
Occupancy expenses		**(844)**	(1,306)
Professional fees - corporate advisory costs		**(133)**	(508)
Professional fees		**(1,899)**	(2,352)
Restructure and integration costs		**(1,367)**	(2,367)
Technology costs		**(7,763)**	(6,886)
Profit/(loss) before income tax		**3,945**	(1,182)
Income tax benefit	8	**2,400**	619
Profit/(loss) after income tax for the year		**6,345**	(563)
Other comprehensive income/(loss)			
Items that will be reclassified to profit or loss			
Foreign currency translation		**251**	(431)
Other comprehensive income/(loss) for the year, net of tax		**251**	(431)
Total comprehensive income/(loss) for the year		**6,596**	(994)
Income/(loss) attributable to:			
Owners of 3P Learning Limited		**6,370**	(536)
Non-controlling interest		**(25)**	(27)
		6,345	(563)
Total comprehensive income/(loss) attributable to:			
Owners of 3P Learning Limited		**6,621**	(967)
Non-controlling interest		**(25)**	(27)
		6,596	(994)
		Cents	Cents
Basic earnings per share	9	**2.30**	(0.19)
Diluted earnings per share	9	**2.30**	(0.19)

Consolidated statement of financial position
As at 30 June 2023

	Note	2023 $ '000	2022 $ '000
Assets			
Current assets			
Cash and cash equivalents	26	**14,010**	31,127
Term deposits	27	**7,000**	-
Trade and other receivables	10	**8,393**	6,764
Inventories		**410**	277
Lease receivables	11	**-**	595
Deferred contract costs	12	**2,690**	1,807
Other assets	13	**9,586**	3,364
Income tax receivables	8	**685**	1,648
Total current assets		**42,774**	45,582
Non-current assets			
Plant and equipment	14	**1,304**	671
Intangible assets	15	**205,813**	200,947
Right-of-use assets	16	**1,472**	1,503
Deferred contract costs	12	**911**	632
Other assets	13	**300**	283
Deferred tax assets	8	**10,161**	8,119
Total non-current assets		**219,961**	212,155
Total assets		**262,735**	257,737
Liabilities			
Current liabilities			
Trade and other payables	17	**7,472**	11,188
Contract liabilities	18	**45,625**	43,463
Lease liabilities	16	**686**	1,121
Provisions	19	**3,891**	3,625
Income tax payables	8	**83**	121
Total current liabilities		**57,757**	59,518
Non-current liabilities			
Contract liabilities	18	**2,861**	2,657
Lease liabilities	16	**855**	1,039
Provisions	19	**613**	639
Total non-current liabilities		**4,329**	4,335
Total liabilities		**62,086**	63,853
Net assets		**200,649**	193,884
Equity			
Issued capital	23	**216,589**	216,589
Reserves	24	**8,475**	8,055
Accumulated losses		**(24,373)**	(30,743)
Equity attributable to the owners of 3P Learning Limited		**200,691**	193,901
Non-controlling interest		**(42)**	(17)
Total equity		**200,649**	193,884

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity
For the year ended 30 June 2023

	Issued capital	Reserves	Accumulated losses	Non-controlling interests	Total equity
	$ '000	$ '000	$ '000	$ '000	$ '000
Balance at 1 July 2022	**216,589**	**8,055**	**(30,743)**	**(17)**	**193,884**
Profit after income tax benefit for the year	**-**	**-**	**6,370**	**(25)**	**6,345**
Other comprehensive income for the year, net of tax	**-**	**251**	**-**	**-**	**251**
Transactions with owners in their capacity as owners					
Share based payment transactions	**-**	**169**	**-**	**-**	**169**
Balance at 30 June 2023	**216,589**	**8,475**	**(24,373)**	**(42)**	**200,649**
Balance at 1 July 2021	216,589	8,450	(30,207)	10	194,842
Loss after income tax benefit for the year	-	-	(536)	(27)	(563)
Other comprehensive loss for the year, net of tax	-	(431)	-	-	(431)
Transactions with owners in their capacity as owners					
Share based payment transactions	-	36	-	-	36
Balance at 30 June 2022	216,589	8,055	(30,743)	(17)	193,884

Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	2023 $ '000	2022 $ '000
Cash flows from operating activities:			
Receipts from customers		**104,336**	110,057
Payments to suppliers and employees		**(95,576)**	(91,377)
Interest received		**125**	53
Interest and other finance costs paid		**(184)**	(189)
Income taxes received/(paid)		**15**	(5,780)
Net cash generated from operating activities	28	**8,716**	12,764
Cash flows from investing activities:			
Payment for purchase of business, net of cash acquired(i)	37	**(8,507)**	(189)
Purchase of plant and equipment	14	**(1,190)**	(440)
Payments for intangibles	15	**(2,884)**	(4,673)
Proceeds from subleases	11	**56**	774
Investment in term deposits(ii)	27	**(7,000)**	-
Payment of holding deposit	13	**(250)**	-
Investment in restricted cash(ii)	13	**(5,435)**	-
Net cash used in investing activities		**(25,210)**	(4,528)
Cash flows from financing activities:			
Repayment of lease liabilities	28	**(635)**	(2,075)
Net cash used in financing activities		**(635)**	(2,075)
Effects of exchange rate changes on cash and cash equivalents		**12**	60
Net (decrease)/increase in cash and cash equivalents held		**(17,117)**	6,221
Cash and cash equivalents at beginning of year		**31,127**	24,906
Cash and cash equivalents at end of financial year	26	**14,010**	31,127

i. Net cash paid for business combination of $8,507,000 comprises $9,000,000 payment less acquired cash balances of $493,000.

ii. Restricted cash is classified as other assets, refer to note 13. Short-term deposits with a maturity date of more than 3 months is classified as term deposits, refer to note 27.

Notes to the consolidated financial statements
For the year ended 30 June 2023

1 General information

The consolidated financial statements cover 3P Learning Limited as a Group consisting of 3P Learning Limited (the Company or parent entity) and the entities it controlled at the end of, or during, the financial year (collectively referred to as the Group). The consolidated financial statements are presented in Australian dollars, which is 3P Learning Limited's functional and presentation currency.

3P Learning Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

655 Parramatta Road
Leichhardt NSW 2040

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

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

The consolidated financial statements were authorised for issue, in accordance with a resolution of Directors on 18 August 2023. The Directors have the power to amend and reissue the consolidated financial statements.

Comparatives are consistent with prior years, unless otherwise stated.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These general purpose consolidated 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 consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention

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

Critical accounting estimates

The preparation of the consolidated 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 consolidated financial statements, are disclosed in note 1.3.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

1.1 Basis of preparation (continued)

Net current asset deficiency

As at 30 June 2023, the Group was in a net current liability position of $14,983,000 (2022: $13,936,000) of which $45,625,000 (2022: $43,463,000) 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 consolidated financial statements continue to be prepared on a going concern basis.

1.2 Significant accounting policies

Parent entity information

In accordance with the *Corporations Act 2001*, these consolidated financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 35.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3P Learning Limited as at 30 June 2023 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 deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

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

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

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.

1.2 Significant accounting policies (continued)

Current and non-current classification

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.

Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Rounding of amounts

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

Comparatives

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

New accounting standards and interpretations issued but not yet effective

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 2023. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the Group’s consolidated financial statements.

1.3 Critical accounting estimates and judgements

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

- Income tax: refer to note 8;
- Recovery of deferred tax assets: refer to note 8;
- Allowance for expected credit losses: refer to note 10;
- Estimation of useful lives of assets: refer to note 14;
- Goodwill: refer to note 15;
- Product development costs: refer to note 15;
- Impairment of non-financial assets other than goodwill: refer to note 15;
- Share-based payment transactions: refer to note 22; and
- Business combinations: refer to note 37.

2 Operating segments

Identification of reportable segments

The Group is organised into two operating segments based on end users or customers: Business-to-School ("**B2B**"), Business-to-Consumer ("**B2C**"). Items not attributable to individual segments are shown as Corporate income and expenses. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors, Chief Executive Officer and Chief Financial Officer (who are identified as the Chief Operating Decision Makers ("**CODM**")) in assessing performance and in determining the allocation of resources.

The CODM reviews Underlying EBITDA (earnings before interest, tax, depreciation and amortisation). The Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory, and restructure and integration costs, specifically associated with the acquisition of Blake eLearning Pty Limited ("**Blake**") and Pairwise Pty Ltd ("**Brightpath**"), and costs associated with the buyback of distribution rights.

Unrealised foreign exchange gains and losses were previously included in Underlying EBITDA in the comparative year. During the current year, unrealised foreign exchange gains and losses were excluded from Underlying EBITDA and the comparative has therefore been restated.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated 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 3 for information on the Group's products and services.

Intersegment transactions

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

Major customers

There are no major customers that contributed more than 10% of revenue to the Group recognised for the year ended 30 June 2023 or 30 June 2022.

2 Operating segments (continued)

Operating segment information

30 June 2023	B2B $ '000	B2C $ '000	Total Segment $ '000	Corporate $ '000	Total Group $ '000
Revenue					
Sales to external customers	66,410	40,492	106,902	-	106,902
Interest income	-	-	-	203	203
Other income	247	239	486	-	486
Total income	**66,657**	**40,731**	**107,388**	**203**	**107,591**
Underlying EBITDA[(i)]	**12,570**	**5,595**	**18,165**	**(2,303)**	**15,862**
Depreciation and amortisation expenses					(9,476)
Finance costs					(180)
Interest income					203
Professional fees - corporate advisory costs					(133)
Restructure and integration costs					(1,367)
Unrealised foreign exchange loss					(964)
Profit before income tax benefit					3,945
Income tax benefit					2,400
Profit after income tax benefit					**6,345**

i. The Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory, and restructure and integration costs, specifically associated with the acquisition of Blake and Brightpath, and costs associated with the buyback of distribution rights.

30 June 2022	B2B $ '000	B2C $ '000	Total Segment $ '000	Corporate $ '000	Total Group $ '000
Revenue					
Sales to external customers	57,933	39,288	97,221	-	97,221
Interest income	-	-	-	67	67
Other income	403	83	486	-	486
Total income	**58,336**	**39,371**	**97,707**	**67**	**97,774**
Underlying EBITDA[(i)]	**7,475**	**9,202**	**16,677**	**(3,610)**	**13,067**
Administrative expenses - buyback of distributor rights					(873)
Depreciation and amortisation expenses					(11,937)
Employee expenses - restructure and integration					(1,494)
Finance costs					(189)
Interest income					67
Professional fees - corporate advisory costs					(508)
Unrealised foreign exchange loss					685
Loss before income tax benefit					(1,182)
Income tax benefit					619
Loss after income tax benefit					(563)

i. The Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory, and restructure and integration costs, specifically associated with the acquisition of Blake and Brightpath, and costs associated with the buyback of distribution rights.

2 Operating segments (continued)

Significant accounting policy - operating segment

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

3 Revenue

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

	2023 $ '000	2022 $ '000
Licence fees	**102,685**	92,750
Copyright licence fees	**2,843**	2,885
Other revenue	**1,374**	1,586
Total revenue	**106,902**	97,221

Revenue by geographic regions		
Asia-Pacific (APAC)	**56,410**	49,319
North and South America (AMER)	**29,319**	26,396
Europe, Middle-East and Africa (EMEA)	**21,173**	21,506
Total revenue	**106,902**	97,221

The relationship between the disaggregated revenue information set out above and the segment information is explained below:

The segment revenue disclosed in note 2 is based on the end-users or customers. The Group's main revenue generating activity is the worldwide sale of online educational programs via licence fees and the sale of these products are recognised over time within licence fees.

The Group generates licence fees in the B2B and B2C operating segments. Copyright licence fees and ancillary revenue streams are generated only in the B2B operating segment. Other revenue includes the sale of workbooks, ebooks and professional learning in the B2B and B2C operating segments.

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

The revenue recognised in the year that was included in the contract liabilities balance at the beginning of the period was $45,923,000 (2022: $35,780,000). Contract liabilities are generally incurred at the beginning of the contract period. Refer to note 18 for details on contract liabilities.

3 Revenue (continued)

Significant accounting policy - revenue recognition

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 fees

The Group recognises revenue pursuant to software licence agreements upon the provision of access to its customers of the Group's intellectual property as it exists at any given time during the period of the licence. Revenue is therefore recognised over the duration of the agreement or for as long as the customer has been provided access, when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable.

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.

4 Other income

	2023	2022
	$ '000	$ '000
Other income	**389**	42
Net foreign exchange gain	**-**	444
Gain on disposal of fixed assets	**97**	-
Total other income	**486**	486

4 Other income (continued)

Other income includes $250,000 for the release of United Kingdom and South African Value Added Tax ("**VAT**") liabilities acquired in the Blake acquisition. The full VAT liabilities were settled during the year and the over accrual reversed to other income.

Significant accounting policy - other income

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

5 Administrative expenses

	2023	2022
	$ '000	$ '000
Bad debts recovered	**(25)**	(37)
Insurance expenses	**811**	1,027
Merchant fees	**866**	822
Net foreign exchange loss	**749**	-
Net loss on disposal of plant and equipment	**-**	160
Other operating expenses	**2,088**	1,853
Travel expenses	**601**	136
Total administrative expenses	**5,090**	3,961

6 Depreciation and amortisation expenses

	2023	2022
	$ '000	$ '000
Amortisation of other intangible assets	**1,283**	2,851
Amortisation of other intangible assets from business combinations	**6,792**	7,791
Amortisation of right-of-use assets	**887**	918
Depreciation of plant and equipment	**514**	377
Total depreciation and amortisation expenses	**9,476**	11,937

7 Marketing expenses

	2023	2022
	$ '000	$ '000
Advertising expenses	**13,634**	13,096
Commission paid on applicable sales	**4,505**	4,183
Other marketing expenses	**1,487**	946
Total marketing expenses	**19,626**	18,225

8 Taxation

8.1 The major components of tax income comprise:

	2023 $ '000	2022 $ '000
Current tax		
Income tax - current period	**345**	1,797
Income tax - recognised in current tax for prior periods	**88**	(164)
Deferred tax		
Origination and reversal of temporary differences	**(2,833)**	(2,252)
Total income tax benefit	**(2,400)**	(619)

Reconciliation of income tax to accounting profit:

	2023 $ '000	2022 $ '000
Profit/(loss) before income tax	**3,945**	(1,182)
Statutory tax rate	**30.0%**	30.0%
Tax expense/(benefit) at the statutory tax rate	**1,184**	(355)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	**63**	20
Impact of foreign tax rates	**1,219**	(152)
Current year tax benefit not recognised	**45**	298
Research and development tax offset	**(239)**	(314)
Foreign exchange fluctuations	**30**	48
Non-assessable income	**(72)**	-
Assessed losses recognised	**(4,718)**	-
	(2,488)	(455)
Adjustments in respect of current income tax for the previous year	**88**	(164)
Income tax benefit	**(2,400)**	(619)

Tax losses not recognised relating to various tax jurisdictions

	2023 $ '000	2022 $ '000
Unused tax losses for which no deferred tax asset has been recognised	**36,828**	51,829
Potential tax benefit at statutory tax rates	**10,167**	12,814

Unrecognised tax benefits includes $8,398,000 unused capital losses on disposal of investments (2022: $8,398,000).

Significant accounting policy - income tax expense/(benefit)

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.

8 Taxation (continued)

Critical accounting judgements, estimates and assumptions - income tax expense/(benefit)

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 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.

8.2 Current tax assets/liabilities

	2023 $ '000	2022 $ '000
Income tax receivables	**685**	1,648
Income tax payables	**(83)**	(121)

8.3 Deferred tax assets

30 June 2023	Opening balance $ '000	Charged to income $ '000	Additions through business combination $ '000	Closing balance $ '000
Deferred tax assets				
Accrued expenses	**2,532**	**(19)**	**8**	**2,521**
Contract liabilities	**9,914**	**388**	**35**	**10,337**
Intangibles	**(8,811)**	**2,283**	**(834)**	**(7,362)**
Leases	**21**	**(18)**	**-**	**3**
Plant and equipment	**(62)**	**(66)**	**-**	**(128)**
Research and development credits	**3,124**	**135**	**-**	**3,259**
Deferred expenses	**1,284**	**(2,271)**	**-**	**(987)**
Unrealised foreign exchange fluctuation	**117**	**292**	**-**	**409**
Prior year assessed losses recognised	**-**	**2,109**	**-**	**2,109**
Balance at 30 June 2023	**8,119**	**2,833**	**(791)**	**10,161**

30 June 2022	Opening balance $ '000	Charged to income $ '000	Closing balance $ '000
Deferred tax assets			
Accrued expenses	2,821	(289)	2,532
Contract liabilities	8,158	1,756	9,914
Intangibles	(10,499)	1,688	(8,811)
Leases	64	(43)	21
Plant and equipment	(39)	(23)	(62)
Research and development credits	3,942	(818)	3,124
Deferred expenses	1,168	116	1,284
Unrealised foreign exchange fluctuation	252	(135)	117
Balance at 30 June 2022	**5,867**	**2,252**	**8,119**

8 Taxation (continued)

Significant accounting policy - deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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

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

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

Research and development rebates

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

Critical accounting judgements, estimates and assumptions - 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.

9 Earnings per share

Reconciliation of earnings to profit or loss

	2023	2022
	$ '000	$ '000
Profit/(loss) after income tax	**6,345**	(563)
Non-controlling interest	**25**	27
Earnings used to calculate basic earnings per share (EPS)	**6,370**	(536)

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS.

	2023	2022
	No.	No.
Weighted average number of ordinary shares used in calculating basic EPS	**276,484,170**	276,484,170
Weighted average number of ordinary shares used in calculating dilutive EPS	**276,484,170**	276,484,170

Basic and diluted EPS

	2023	2022
	Cents	Cents
Basic earnings per share	**2.30**	(0.19)
Diluted earnings per share	**2.30**	(0.19)

Significant accounting policy - 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.

10 Trade and other receivables

	2023	2022
	$ '000	$ '000
Trade receivables	**8,218**	6,750
Less: Allowance for expected credit losses	**(118)**	(148)
Total trade receivables	**8,100**	6,602
GST receivable	**225**	15
Other receivable	**68**	147
Total current trade and other receivables	**8,393**	6,764

10 Trade and other receivables (continued)

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The Group has recognised a gain of $30,000 (2022: $42,000) in profit or loss in respect of expected credit losses of receivables for the year ended 30 June 2023.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables in the consolidated financial statements.

Allowance for expected credit losses

30 June 2023	Expected credit loss rate	Carrying amount $ '000	Allowance for expected credit losses $ '000
Not overdue	**0.5%**	**6,649**	**37**
Less than 3 months overdue[(i)]	**0.2%**	**1,242**	**2**
3 to 6 months overdue	**0%**	**19**	**-**
More than 6 months overdue	**25.7%**	**308**	**79**
Total		**8,218**	**118**

30 June 2022	Expected credit loss rate	Carrying amount $ '000	Allowance for expected credit losses $ '000
Not overdue	0.6%	5,890	32
Less than 3 months overdue	2.6%	437	11
3 to 6 months overdue	20.9%	372	78
More than 6 months overdue	52.5%	51	27
Total		6,750	148

The expected credit loss rates applied to outstanding balances across the Group for each subsidiary has remained consistent. Each subsidiary has a specific expected credit loss rate, based on the future expectations of the region. The movement in percentages of expected loss rates changed due to a change in the composition of aged receivables in each subsidiary.

i. As of 30 June 2023, $1,100,000 in the "less than 3 months overdue" carrying amount relates to a third-party distributor of which no credit loss was allowed for. The amount was collected in full on 6 July 2023.

10 Trade and other receivables (continued)

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

	2023	2022
	$ '000	$ '000
Opening balance	**148**	190
Unused amounts reversed	**(25)**	(37)
Exchange differences	**(5)**	(5)
Closing balance	**118**	148

Significant accounting policy - trade and other receivables

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

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

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

Critical accounting judgements, estimates and assumptions - 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, and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

11 Lease receivables

	2023	2022
	$ '000	$ '000
Lease receivables	**-**	595
Total lease receivables	**-**	595

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

	2023	2022
	$ '000	$ '000
Opening balance	**595**	1,277
Net cash receipts from subleases	**(56)**	(774)
Exchange differences	**23**	60
Interest income	**9**	32
Termination of sublease	**(571)**	-
Closing balance	**-**	595

11 Lease receivables (continued)

Minimum lease receivables in future financial years are as follows:

	2023 $ '000	2022 $ '000
One year or less	-	604
Total commitments	-	604
Less: Future interest income	-	(9)
Total lease receivables	-	595

Significant accounting policy - lease receivables

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

12 Deferred contract costs

	2023 $ '000	2022 $ '000
Current assets		
Deferred contract costs	**2,690**	1,807
Non-current assets		
Deferred contract costs	**911**	632
Total deferred contract costs	**3,601**	2,439

Reconciliation of deferred contract costs

	2023 $ '000	2022 $ '000
Opening balance	**2,439**	697
Additions	**6,853**	5,741
Deferred contract costs	**(5,691)**	(3,999)
Closing balance	**3,601**	2,439

Significant accounting policy - deferred contract costs

Deferred contract costs represent capitalised distributor commissions incurred to obtain customer contracts. When those costs support the delivery of goods and services in the future and are expected to be recovered, they are deferred in the statement of financial position and expensed on a basis consistent with the transfer of goods and services to which these costs relate. The Group expenses deferred contract costs over the term that reflects the expected period of the benefit.

12 Deferred contract costs (continued)

Significant accounting policy - costs to obtain a contract

The Group has elected to apply the optional practical expedient for sales commissions paid to employees for contracts obtained from external customers. This allows the Group to immediately expense sales commissions (included under employee expenses) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

The Group has also elected to apply the optional practical expedient for B2C service provider costs. This allows the Group to immediately expense the B2C service provider costs (included under marketing expenses) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

13 Other assets

	2023 $ '000	2022 $ '000
Current assets		
Prepayments	**3,285**	2,748
Holding deposit	**295**	45
Restricted cash	**6,006**	571
Total current assets	**9,586**	3,364
Non-current assets		
Prepayments	**300**	283

Restricted cash refers to security deposits held by Westpac Banking Corporation and National Australia Bank in relation to merchant banking facilities.

14 Plant and equipment

	Furniture and fittings $ '000	Office equipment $ '000	Computer equipment $ '000	Total $ '000
Year ended 30 June 2023				
Opening balance	183	74	414	671
Additions	456	79	655	1,190
Disposals	(40)	(7)	(27)	(74)
Depreciation expenses	(104)	(30)	(380)	(514)
Foreign exchange movements	8	8	15	31
Closing balance	503	124	677	1,304
Year ended 30 June 2023				
Cost	693	194	1,299	2,186
Accumulated depreciation	(190)	(70)	(622)	(882)
Balance at the end of the year	503	124	677	1,304

14 Plant and equipment (continued)

	Furniture and fittings	Office equipment	Computer equipment	Total
	$ '000	$ '000	$ '000	$ '000
Year ended 30 June 2022				
Opening balance	245	50	357	652
Additions	90	50	300	440
Disposals	(44)	-	-	(44)
Depreciation expenses	(110)	(27)	(240)	(377)
Foreign exchange movements	2	1	(3)	-
Closing balance	183	74	414	671

Year ended 30 June 2022				
Cost	1,092	285	3,258	4,635
Accumulated depreciation	(909)	(211)	(2,844)	(3,964)
Balance at the end of the year	183	74	414	671

Significant accounting policy - 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 and 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.

Critical accounting judgements, estimates and assumptions - estimation of useful lives of assets

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

Notes to the consolidated financial statements
For the year ended 30 June 2023

15 Intangible assets

	Patents and trademarks	Intellectual property	Customer contracts and distributor relationships	Goodwill	Product development	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Year ended 30 June 2023						
Opening balance	**165**	**424**	**2,674**	**171,293**	**26,391**	**200,947**
Additions	**117**	**172**	**-**	**-**	**2,595**	**2,884**
Additions through business combinations	**-**	**-**	**2,780**	**5,759**	**1,518**	**10,057**
Amortisation expenses	**(17)**	**(166)**	**(1,272)**	**-**	**(6,620)**	**(8,075)**
Closing balance	**265**	**430**	**4,182**	**177,052**	**23,884**	**205,813**
Year ended 30 June 2023						
Cost	**340**	**725**	**8,190**	**177,052**	**40,238**	**226,545**
Accumulated amortisation	**(75)**	**(295)**	**(4,008)**	**-**	**(16,354)**	**(20,732)**
Balance at the end of the year	**265**	**430**	**4,182**	**177,052**	**23,884**	**205,813**

	Patents and trademarks	Intellectual property	Customer contracts and distributor relationships	Goodwill	Product development	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Year ended 30 June 2022						
Opening balance	88	481	5,166	171,340	29,889	206,964
Additions	91	98	-	-	4,484	4,673
Amortisation expenses	(14)	(155)	(2,491)	-	(7,982)	(10,642)
Foreign exchange movements	-	-	(1)	(47)	-	(48)
Closing balance	165	424	2,674	171,293	26,391	200,947
Year ended 30 June 2022						
Cost	2,015	579	5,410	171,293	41,865	221,162
Accumulated amortisation	(1,850)	(155)	(2,736)	-	(15,474)	(20,215)
Balance at the end of the year	165	424	2,674	171,293	26,391	200,947

15 Intangible assets (continued)

Impairment testing of intangible assets - current financial year

The goodwill acquired through business combinations has been allocated to the following cash-generating unit ("**CGU**"):

	2023 $ '000	2022 $ '000
B2B	**89,784**	84,025
B2C	**87,268**	87,268
Total	**177,052**	171,293

The Group announced the acquisition of Brightpath on 30 September 2022 (refer to note 37 for further details). Goodwill acquired through business combinations is allocated to the lowest level within the entity at which the goodwill is monitored, being the two cash generating units, B2B and B2C.

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

The following key assumptions were used in the discounted cash flow model:
- Post-tax discount rate: B2B 11% (2022: 10.5%) and B2C 11% (2022: 10.5%).
- 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.
- Terminal growth rate: B2B 3.0% (2022: 3.0%) and B2C 3.0% (2022: 3.0%).

For the financial year ended 30 June 2023, 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

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

B2B

For the B2B CGU, any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount.

B2C

As at 30 June 2023 the recoverable amount of the B2C CGU is based on the above assumptions. The recoverable amount of the B2C CGU exceeded its carrying amount by $6,600,000. Management note that the recoverable amount of the B2C CGU is particularly sensitive to changes in the underlying assumptions. Assuming all other assumptions are held constant, changes to the following underlying assumptions are deemed to be reasonably possible, and would result in an impairment of the B2C CGU goodwill balance:

- A 6.5% reduction in the forecast EBITDA, including the terminal year, would reduce headroom to nil.
- An increase in the post-tax discount rate to 11.5% (from 11%) would reduce headroom to nil.

15 Intangible assets (continued)

Significant accounting policy - 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, modifies, or creates additional capability to existing controlled systems, and meets the definition 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. Customer contracts acquired in the Brightpath acquisition are amortised over twelve years.

15 Intangible assets (continued)

Significant accounting policy - impairment of non-financial assets

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

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

Critical accounting judgements, estimates and assumptions - goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Critical accounting judgements, estimates and assumptions - 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.

Critical accounting judgements, estimates and assumptions - 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.

16 Leases

The Group as a lessee

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

16.1 Reconciliation of right-of-use assets

	Office premises	Office equipment	Total
	$ '000	$ '000	$ '000
Year ended 30 June 2023			
Opening balance	**1,401**	**102**	**1,503**
Depreciation expenses	**(842)**	**(45)**	**(887)**
Additions	**813**	**-**	**813**
Exchange differences	**43**	**-**	**43**
Closing balance	**1,415**	**57**	**1,472**

16 Leases (continued)

16.1 Reconciliation of right-of-use assets

	Office premises $ '000	Office equipment $ '000	Total $ '000
Year ended 30 June 2022			
Opening balance	1,563	49	1,612
Depreciation expense	(882)	(36)	(918)
Additions	1,291	134	1,425
Reductions in right-of-use assets due to changes in lease liability	(584)	(45)	(629)
Exchange differences	13	-	13
Closing balance	1,401	102	1,503

For other AASB 16 lease-related disclosures, refer to the following:
- Consolidated statement of cash flows for repayment of lease liabilities;
- Note 6 for details of amortisation expenses;
- Note 16.2 for details of lease liabilities at the beginning and end of the reporting period; and
- Note 29 for the maturity analysis of lease liabilities.

Significant accounting policy - 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.

16 Leases

16.2 Lease liabilities

	2023	2022
Current liabilities	**$ '000**	**$ '000**
Lease liabilities	**686**	1,121
Non-current liabilities		
Lease liabilities	**855**	1,039
Total lease liabilities	**1,541**	2,160

Refer to note 29 for maturity analysis of lease liabilities.

The following are the amounts recognised in profit or loss:

	2023	2022
	$ '000	**$ '000**
Amortisation of other intangible assets	**887**	918
Interest expense on lease liabilities	**94**	106
Expenses relating to short term leases	**240**	534
Total amounts recognised in profit or loss	**1,221**	1,558

Significant accounting policy - 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 or 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.

17 Trade and other payables

	2023	2022
	$ '000	**$ '000**
Trade payables	**2,821**	2,393
Accrued expenses	**4,633**	8,206
Other payables	**18**	589
Total trade and other payables	**7,472**	11,188

17 Trade and other payables (continued)

Significant accounting policy - 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.

18 Contract liabilities

	2023	2022
Current liabilities	**$ '000**	**$ '000**
Contract liabilities	**45,625**	43,463
Non-current liabilities		
Contract liabilities	**2,861**	2,657
Total contract liabilities	**48,486**	46,120

Contract liabilities represent income billed in advance from the contracts with customers pertaining to licence revenue which is recognised over the period of the licence. As at 30 June 2023, contract liabilities of $120,000 were acquired from the business combination (refer note 37). At the reporting date, $787,000 (2022: $11,147,000) of the previously acquired contract liabilities was recognised as revenue.

Significant accounting policy - 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.

19 Provisions

	2023	2022
	$ '000	**$ '000**
Current		
Employee benefits provisions	**3,709**	3,311
Lease make good provisions	**96**	301
Other provisions	**86**	13
Total current provisions	**3,891**	3,625
Non-current		
Employee benefits provisions	**550**	588
Lease make good provisions	**49**	43
Other provisions	**14**	8
Total non-current provisions	**613**	639
Total provisions	**4,504**	4,264

19 Provisions (continued)

Employee benefits provisions

Employee benefits comprise 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 provisions

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, are set out below:

	Lease make good provisions $ '000	Other provisions $ '000	Total $ '000
Year ended 30 June 2023			
Opening balance	**344**	**21**	**365**
Additional provisions recognised	**93**	**79**	**172**
Amounts used	**(262)**	**-**	**(262)**
Amounts released	**(50)**	**-**	**(50)**
Exchange differences	**13**	**-**	**13**
Unwinding of discount	**7**	**-**	**7**
Closing balance	**145**	**100**	**245**

	Lease make good provisions $ '000	Other provisions $ '000	Total $ '000
Year ended 30 June 2022			
Opening balance	370	698	1,068
Additional provisions recognised	43	1	44
Amounts used	(75)	(679)	(754)
Exchange differences	(5)	1	(4)
Unwinding of discount	11	-	11
Closing balance	344	21	365

19 Provisions (continued)

Significant accounting policy - 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.

20 Employee benefits expense

	2023	2022
	$ '000	$ '000
Bonus expenses	**2,817**	4,500
Salaries and other short-term benefits	**45,869**	39,496
Staff costs capitalised	**(2,105)**	(1,073)
Superannuation expenses	**4,996**	4,303
Total employee benefits expense	**51,577**	47,226

Significant accounting policy - employee benefits

Short-term employee benefits

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

Other long-term employee benefits

Employee benefits not expected to be settled within 12 months of the reporting date are measured 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 government 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.

21 Key management personnel disclosures

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

	2023	2022
	$	$
Short-term employee benefits[i]	**1,337,898**	1,840,156
Post-employment benefits	**103,192**	102,019
Share-based payments	**103,261**	118,744
Total	**1,544,351**	2,060,919

i. The benefit reflects the component of the $300,000 retention payment awarded in FY21 wherein $240,000 was paid in FY22, and the remaining $60,000 was paid in FY23 to a now former KMP.

22 Share-based payments

The share-based payment expense for the year was $169,000 (2022: $36,000).

An equity incentive plan was 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. No performance rights or options were granted during the current year.

Share options

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

2022 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23 August 2018	23 August 2022	$1.75	691,562	-	-	(691,562)	-
9 November 2018	23 August 2022	$1.75	2,867,647	-	-	(2,867,647)	-
			3,559,209	**-**	**-**	**(3,559,209)**	**-**

Outstanding options/awards vested and exercisable as at 30 June 2023: nil (2022: nil).

The weighted average share price during the financial year was $1.24 (2022: $1.36) per ordinary share. The weighted average remaining contractual life of options/awards outstanding at the end of the financial year was nil years (2022: nil).

Performance rights

No performance rights were granted during the year (2022: nil).

Share appreciation and performance rights

During the year, 1,996,529 share appreciation rights were granted at a fair value of $0.446 per right (2022: 2,130,456 fair value of $0.679). The share appreciation rights were granted with no exercise price and the fair value was determined based on the market value of the Company's share price on the grant date. Vesting of share appreciation rights are subject to predetermined revenue and earnings per share growth target.

22 Share-based payments (continued)

Share appreciation and performance rights

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

2023 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 December 2020	31 August 2023	$0.00	110,913	-	-	(110,913)	-
7 February 2022	31 August 2024	$0.00	1,687,327	-	-	-	1,687,327
3 June 2022	31 August 2024	$0.00	181,419	-	-	-	181,419
17 October 2022	17 October 2027	$0.00	-	1,883,868	-	-	1,883,868
20 February 2023[(i)]	17 October 2027	$0.00	-	112,661	-	-	112,661
			1,979,659	**1,996,529**	**-**	**(110,913)**	**3,865,275**

		Notional exercise price	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
Valuation model inputs							
17 October 2022	17 October 2027	$1.25	$0.00	36.00%	0%	3.39%	$0.45
20 February 2023	17 October 2027	$1.25	$0.00	36.00%	0%	3.39%	$0.45

i. At 30 June 2023 share appreciation rights of 92,052 were not yet issued from the total of 204,713 that were to be issued.

2022 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
11 November 2019	6 September 2022	$0.00	641,760	-	-	(641,760)	-
21 December 2020	31 August 2023	$0.00	293,989	-	-	(183,076)	110,913
7 February 2022	31 August 2024	$0.00	-	1,949,037	-	(261,710)	1,687,327
3 June 2022	31 August 2024	$0.00	-	181,419	-	-	181,419
			935,749	**2,130,456**	**-**	**(1,086,546)**	**1,979,659**

		Notional exercise price	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
Valuation model inputs							
7 February 2022	31 August 2024	$1.35	$0.00	36.00%	0%	1.71%	$0.68
3 June 2022	31 August 2024	$1.35	$0.00	36.00%	0%	1.71%	$0.68

Performance and share appreciation rights vested and exercisable as at 30 June 2023 was nil (2022: nil).

23 Issued capital

	2023 $ '000	2022 $ '000
Ordinary shares	**216,589**	216,589

	2023 No.	2022 No.
Number of ordinary shares in issue	**276,484,170**	276,484,170

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

The Group announced on 4 August 2023 its intention to conduct an on-market buy back of its ordinary shares up to a maximum value of $10,000,000 (excluding transaction costs) commencing 23 August 2023 for a period up to 12 months ("**buy-back**"). In accordance with the ASX Listing Rules, the prices paid for shares purchased under the buy-back will be no more than 5% above the volume-weighted average price of 3PL shares over the five trading days prior to purchase. The buy-back is limited to a maximum of 10% of the smallest number of voting shares on issue during the last 12 months, as permitted under the *Corporations Act 2001* (Cth), and therefore does not require shareholder approval.

Shares bought back will be cancelled on acquisition, so that the total number of shares on issue will reduce accordingly, and this would result in a consequential adjustment to the voting power of remaining shareholders. 3PL reserves the right to vary, suspend or terminate the buy-back at any time, subject to and in accordance with applicable legal requirements. There can be no certainty that 3PL will buy back any or all of the shares announced under the buy-back.

Capital 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.

23 Issued capital (continued)

Significant accounting policy - 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.

Dividends

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

Franking credits account

	2023 $ '000	2022 $ '000
The franking credits available for subsequent financial years at a tax rate of 30%	**321**	321

The above available balance is based on the dividend franking account at year-end 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; or
- Franking credits that will arise from the receipt of dividends recognised as receivables at the year.

24 Reserves

	2023 $ '000	2022 $ '000
Acquisition reserve	**(798)**	(798)
Foreign currency reserve	**573**	322
Share-based payment reserve	**8,700**	8,531
Total reserves	**8,475**	8,055

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.

Foreign currency reserve

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

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.

24 Reserves (continued)

Movements in reserves

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

	Acquisition reserve $ '000	Foreign currency reserve $ '000	Share-based payment reserve $ '000	Total $ '000
Year ended 30 June 2023				
Opening balance	**(798)**	**322**	**8,531**	**8,055**
Foreign currency translation	**-**	**251**	**-**	**251**
Share-based payments	**-**	**-**	**169**	**169**
Other movements	**-**	**-**	**-**	**-**
Closing balance	**(798)**	**573**	**8,700**	**8,475**
Year ended 30 June 2022				
Opening balance	(798)	753	8,495	8,450
Foreign currency translation	-	(431)	-	(431)
Share-based payments	-	-	36	36
Closing balance	(798)	322	8,531	8,055

Significant accounting policy - 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.

24 Reserves (continued)

Significant accounting policy - share-based payments

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.

Significant accounting policy - foreign currency translation

The consolidated 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.

Critical accounting judgements, estimates and assumptions - share-based payment transactions

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

25 Borrowings

Bank loans

The bank loan facility is subject to variable interest rates, which are based on the bank bill swap rate ("**BBSR**"), plus a margin. The bank loan facility consists of an undrawn $10,000,000 bank loan that matures on 30 days rolling terms. The banking facility is secured by fixed and floating charges over the Group's assets.

Banking facilities

Bank guarantee of $2,000,000 that matures on 30 days rolling terms and ancillary facility of $118,000 are available to the Group which are subject to a regular review.

Financing arrangements

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

Total facilities

	2023 $ '000	2022 $ '000
Bank loans	**10,000**	10,000
Bank guarantee and ancillary facilities	**2,118**	2,109
Total	**12,118**	12,109

Used at the reporting date

	2023 $ '000	2022 $ '000
Bank loans	**-**	-
Bank guarantee and ancillary facilities	**285**	1,482
Total	**285**	1,482

Unused at the reporting date

Bank loans	**10,000**	10,000
Bank guarantee and ancillary facilities	**1,833**	627
Total	**11,833**	10,627

As at the reporting date, there are used bank guarantees of $285,000 (2022: $1,482,000) with the bank.

Significant accounting policy - 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.

26 Cash and cash equivalents

	2023	2022
	$ '000	$ '000
Cash at bank and in hand	**10,010**	21,127
Short-term deposits	**4,000**	10,000
Total cash and cash equivalents	**14,010**	31,127

Significant accounting policy - 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.

27 Term deposits

	2023	2022
	$ '000	$ '000
Term deposits	**7,000**	-
Total term deposits	**7,000**	-

Significant accounting policy - term deposits

Term deposits relate to short-term, highly liquid investments with original maturities of more than three months. Term deposits are subject to an insignificant risk of changes in values.

28 Cash flow information

Reconciliation of net income to net cash provided by operating activities:

	2023	2022
	$ '000	$ '000
Profit/(loss) for the year	**6,345**	(563)
Adjustments for:		
Depreciation and amortisation expenses	**9,476**	11,937
Share-based payments	**169**	36
Foreign exchange differences	**492**	(170)
Net (gain)/loss on disposal of assets	**(56)**	160
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(1,518)**	4,366
Decrease in deferred tax assets	**(2,815)**	(2,257)
Decrease in deferred contract costs	**(672)**	(1,742)
Increase in other operating assets	**(652)**	(569)
(Decrease)/increase in trade and other payables	**(3,954)**	447
Increase in contract liabilities	**1,194**	6,149
Increase/(decrease) in provision for income tax	**389**	(4,123)
Decrease in employee benefits	**(359)**	(222)
Increase/(decrease) in other provisions	**677**	(685)
Net cash from operating activities	**8,716**	12,764

28 Cash flow information (continued)

Changes in liabilities arising from financing activities

	2022	Cash flows	Acquisition	Foreign exchange movement	Interest on lease	Termination	2023
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Lease liabilities	**2,159**	**(635)**	**725**	**(63)**	**94**	**(739)**	**1,541**
Total liabilities from financing activities	**2,159**	**(635)**	**725**	**(63)**	**94**	**(739)**	**1,541**

	2021	Cash flows	Acquisition	Foreign exchange movement	Interest on lease	Termination	2022
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Lease liabilities	3,124	(2,075)	1,425	209	106	(629)	2,160
Total liabilities from financing activities	3,124	(2,075)	1,425	209	106	(629)	2,160

Non-cash financing and investing activities

	2023	2022
	$ '000	$ '000
Additions to the right-of-use assets	**813**	1,425

29 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.

29 Financial instruments (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

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

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

	US Dollar	Euro	Pound Sterling	New Zealand Dollar	Canadian Dollar	Other currencies
	'000	'000	'000	'000	'000	'000
Assets						
30 June 2023	**7,168**	**223**	**1,266**	**1,003**	**3,154**	**1,433**
30 June 2022	1,805	142	1,270	134	455	635
Liabilities						
30 June 2023	**-**	**-**	**663**	**15**	**12**	**29**
30 June 2022	31	-	106	1	-	2

The Group had net assets denominated in foreign currencies of $13,529,000 (assets $14,248,000 less liabilities $719,000) as at 30 June 2023 (2022: $4,301,000 (assets $4,441,000 less liabilities $140,000)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2022: 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 $1,353,000 higher/$1,353,000 lower (2022: $430,000 higher/$430,000 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations.

Interest rate risk

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

Price risk

The Group is not exposed to any significant price risk.

29 Financial instruments (continued)

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 consolidated financial statements. The Group does not hold any collateral.

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

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

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

Liquidity risk

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

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

Financing arrangements

Unused borrowing facilities at the reporting date:

	2023 $ '000	2022 $ '000
Bank loans	**10,000**	10,000
Bank guarantee and ancillary facilities	**1,833**	627
Total	**11,833**	10,627

29 Financial instruments (continued)

Liquidity risk

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 2023	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		**2,821**	**-**	**-**	**-**	**2,821**
Other payables		**18**	**-**	**-**	**-**	**18**
		2,839	**-**	**-**	**-**	**2,839**
Interest-bearing - fixed rate						**-**
Lease liability	**4.4%**	**735**	**454**	**469**	**-**	**1,658**
		735	**454**	**469**	**-**	**1,658**
Total non-derivatives		**3,574**	**454**	**469**	**-**	**4,497**

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less $ '000	Between 1 and 2 years $ '000	Between 2 and 5 years $ '000	Over 5 years $ '000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables		2,393	-	-	-	2,393
Other payables		589	-	-	-	589
		2,982	-	-	-	2,982
Interest-bearing - fixed rate						
Lease liability	3.4%	1,170	351	660	122	2,303
		1,170	351	660	122	2,303
Total non-derivatives		**4,152**	**351**	**660**	**122**	**5,285**

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.

Notes to the consolidated financial statements
For the year ended 30 June 2023

30 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.

Significant accounting policy - 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.

31 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:

	2023	2022
	$	$
Audit services - Ernst & Young (Australia)		
Audit or review of the financial statements	**470,000**	515,691
Other services - Ernst & Young (Australia)		
Audit related services	**8,623**	2,913
Tax services	**-**	31,500
Advisory services	**-**	52,500
Total other services - Ernst & Young (Australia)	**8,623**	86,913
Total	**478,623**	602,604
Audit services - overseas unrelated firms		
Audit or review of the financial statements	**23,820**	21,861

32 Commitments

The Group had no commitments as at 30 June 2023 and 30 June 2022.

33 Contingencies

The Group has bank guarantees of $285,000 as at 30 June 2023 (2022: $1,482,000) for merchant facilities and operating leases.

In the opinion of the Directors, at 30 June 2023 (30 June 2022: None) a $1,000,000 contingent liability exists in relation to the acquisition of Brightpath. As announced to the Australian Securities Exchange on 30 September 2022, a further payment to the sellers may be due subject to the achievement of certain future 12-month revenue targets for four years from the date of acquisition. This payment will be accrued if deemed probable. As of 30 June 2023, no future contingent payment amounts have been included in consideration paid.

34 Related parties

Parent entity

3P Learning Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 36.

Key management personnel

Disclosures relating to key management personnel are set out in note 21 and the remuneration report included in the Directors' report.

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 ongoing office lease agreement with Matthew Sandblom.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2023 $	2022 $
Other income:		
Other income from Director related entities of Matthew Sandblom	**43,318**	38,918
Service fee income (25%) on workbook sales from Director related entities of Matthew Sandblom	**159,559**	175,111
Payment for services:		
Occupancy and other expenses paid to Director related entities of Matthew Sandblom	**943,994**	1,556,578

Receivable from and payable to related parties

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

	2023 $	2022 $
Current receivables:		
Trade receivables from Director related entities of Matthew Sandblom	**8,756**	26,150
Current payables:		
Trade payables to Director related entities of Matthew Sandblom	**125,916**	63,731

Loans to/from related parties

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

34 Related parties (continued)

Receivable from and payable to related parties

Terms and conditions

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

35 Parent entity information

	2023 $ '000	2022 $ '000
Statement of financial position		
Assets		
Current assets	**18,515**	37,196
Non-current assets	**218,125**	194,087
Total assets	**236,640**	231,283
Liabilities		
Current liabilities	**59,925**	44,788
Non-current liabilities	**11,685**	15,387
Total liabilities	**71,610**	60,175
Equity		
Issued capital	**216,589**	216,589
Share-based payment reserve	**8,700**	8,531
Accumulated losses	**(60,259)**	(54,012)
Total equity	**165,030**	171,108
Statement of profit or loss and other comprehensive income		
Loss after income tax	**(7,942)**	(11,046)
Total comprehensive loss	**(7,942)**	(11,046)

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 38 for further information.

Contingent liabilities

The parent entity has bank guarantees of $76,000 as at 30 June 2023 (2022: $1,482,000) for merchant facilities and operating leases.

In the opinion of the Directors, at 30 June 2023 (30 June 2022: None) a $1,000,000 contingent liability exists in relation to the acquisition of Brightpath. As announced to the Australian Securities Exchange on 30 September 2022, a further payment to the sellers may be due subject to the achievement of certain future 12-month revenue targets for four years from the date of acquisition. This payment will be accrued if deemed probable. As of 30 June 2023, no future contingent payment amounts have been included in consideration paid.

Contractual commitments - plant and equipment

The parent entity did not have any commitments for plant and equipment as at 30 June 2023 or 30 June 2022.

Notes to the consolidated financial statements
For the year ended 30 June 2023

35 Parent entity information (continued)

Significant accounting policies - parent entity

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1.2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- 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.

36 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 1.2:

	Principal place of business / Country of Incorporation	Percentage Owned (%) 2023	Percentage Owned (%) 2022
Subsidiaries:			
3P International Holdings Pty Limited	Australia	**100%**	100%
3P Learning Australia Pty Limited	Australia	**100%**	100%
3P Learning Canada Limited	Canada	**100%**	100%
3P Learning Inc.	United States	**100%**	100%
3P Learning NZ Limited	New Zealand	**100%**	100%
3P Learning UK Limited	United Kingdom	**100%**	100%
Blake eLearning China Pty Limited[i]	China	**85%**	85%
Blake eLearning Inc.	United States	**100%**	100%
Blake eLearning Pty Limited	Australia	**100%**	100%
Blake eLearning UK Limited	United Kingdom	**100%**	100%
Pairwise Pty Limited	Australia	**100%**	-

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

37 Business combinations

On 30 September 2022, the parent Company acquired a 100% interest of Brightpath and resulted in 3P Learning Limited obtaining control of Brightpath. The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Acquiree's carrying amount $ '000	Fair value $ '000
Purchase consideration:		
Cash		9,000
Total purchase consideration		9,000
Assets or liabilities acquired:		
Cash	493	493
Trade receivables	10	10
Intangible assets	-	4,298
Trade payables	(546)	(546)
Contract liabilities	(120)	(120)
Provisions	(27)	(27)
Deferred tax liabilities	-	(791)
Income tax liabilities	(76)	(76)
Total net identifiable assets	(266)	3,241
Identifiable assets acquired and liabilities assumed	(266)	3,241
Consideration paid		9,000
Less: Identifiable assets acquired		3,241
Goodwill		**5,759**

Net cash paid for business combination of $8,507,000 comprises of $9,000,000 payment and acquired cash balances of $493,000.

In addition to the $9,000,000 payment made on 30 September 2022 in relation to the acquisition of Brightpath, a $1,000,000 earn-out amount is payable contingent on several financial and non-financial conditions being met. As at 30 June 2023 these conditions were met and an accrual was raised for this amount. The earn-out amount will be paid in October 2023.

A further payment to the sellers may be due subject to the achievement of certain future 12-month revenue targets for four years from the date of acquisition. This payment will be accrued if deemed probable. As of 30 June 2023, no future contingent payment amounts have been included in consideration paid.

Brightpath revenue of $1,101,000 and after tax profit of $182,000 is included in the Group results following the consolidation of Brightpath on 30 September 2022.

Brightpath was established in 2014 and the assessment software builds on years of research and software development undertaken at the University of Western Australia.

Assessment is a key part of the overall learning solution that will help improve educational outcomes in the foundational academic skills of reading, writing and numeracy. The goodwill of $5,759,000 comprises Brightpath accelerating the Group's entrance into the assessment market by several years with a proven product backed by over 10 years of research.

The purchase price accounting and the allocation of fair value to goodwill and other intangible assets for the acquisition of Brightpath were finalised as at 30 June 2023.

37 Business combinations (continued)

Acquisition related costs

	2023
	$ '000
Restructure and integration costs	**288**

Significant accounting policy - 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.

Critical accounting judgements, estimates and assumptions - business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, and 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.

38 Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

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

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

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

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

	2023 $ '000	2022 $ '000
Statement of profit or loss and other comprehensive income		
Revenue	**50,993**	68,940
Other income	**13,571**	6,648
Interest income	**173**	22
Administrative expenses	**(195)**	(3,149)
Deferred contract costs	**(4,783)**	(2,904)
Depreciation and amortisation expenses	**(8,469)**	(11,803)
Employee expenses	**(29,902)**	(30,015)
Finance costs	**(109)**	(115)
Marketing expenses	**(16,086)**	(13,802)
Occupancy expenses	**(456)**	(835)
Professional fees - corporate advisory costs	**(133)**	(1,382)
Professional fees	**(1,575)**	(1,942)
Restructure and integration costs	**(1,243)**	(1,294)
Service charges	**(1,733)**	(5,618)
Technology costs	**(7,483)**	(6,455)
Profit/(loss) before income tax	**(7,430)**	(3,704)
Income tax expense	**(1,345)**	(334)
Profit/(loss) after income tax	**(8,775)**	(4,038)
Total comprehensive income/(loss) for the year	**(8,775)**	(4,038)

Equity - accumulated losses	2023 $ '000	2022 $ '000
Retained earnings:		
Accumulated losses at the beginning of the financial year	**(46,916)**	(42,695)
Profit/(loss) after income tax	**(8,775)**	(4,038)
Accumulated losses at the end of the financial year	**(55,691)**	(46,733)

38 Deed of cross guarantee (continued)

	2023 $ '000	2022 $ '000
Statement of financial position		
Current assets		
Cash and cash equivalents	**8,283**	25,424
Term deposits	**7,000**	-
Trade and other receivables	**3,430**	2,123
Deferred contract costs	**2,385**	1,659
Other assets	**9,100**	2,694
Income tax receivable	**-**	1,477
Total current assets	**30,198**	33,377
Non-current assets		
Investments	**9,899**	899
Plant and equipment	**903**	352
Intangibles	**192,159**	197,277
Right-of-use assets	**450**	309
Deferred contract costs	**878**	633
Deferred tax	**2,073**	2,875
Total non-current assets	**206,362**	202,345
Total assets	**236,560**	235,722
Current liabilities		
Trade and other payables	**48,683**	31,293
Contract liabilities	**11,146**	21,365
Lease liabilities	**391**	277
Provisions	**2,956**	2,751
Total current liabilities	**63,176**	55,686
Non-current liabilities		
Contract liabilities	**1,377**	1,114
Lease liabilities	**13**	59
Provisions	**459**	476
Total non-current liabilities	**1,849**	1,649
Total liabilities	**65,025**	57,335
Net assets	**171,535**	178,387
Equity		
Issued capital	**216,589**	216,589
Reserves	**10,637**	8,531
Accumulated losses	**(55,691)**	(46,733)
Total equity	**171,535**	178,387

39 Events occurring after the reporting date

The financial report was authorised for issue on 18 August 2023 by the Board of Directors.

The Group announced on 4 August 2023 its intention to conduct an on-market buy back of its ordinary shares up to a maximum value of $10,000,000 (excluding transaction costs) commencing 23 August 2023 for a period up to 12 months ("**buy-back**"). In accordance with the ASX Listing Rules, the prices paid for shares purchased under the buy-back will be no more than 5% above the volume-weighted average price of 3PL shares over the five trading days prior to purchase. The buy-back is limited to a maximum of 10% of the smallest number of voting shares on issue during the last 12 months, as permitted under the *Corporations Act 2001* (Cth), and therefore does not require shareholder approval.

Shares bought back will be cancelled on acquisition, so that the total number of shares on issue will reduce accordingly, and this would result in a consequential adjustment to the voting power of remaining shareholders. 3PL reserves the right to vary, suspend or terminate the buy-back at any time, subject to and in accordance with applicable legal requirements. There can be no certainty that 3PL will buy back any or all of the shares announced under the buy-back.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

40 Revised and reissued financial report

The financial report published as part of the annual report released to the ASX at 8:54am (AEST) on 18 August 2023 presented an incorrect statement of financial position as deferred tax assets were erroneously excluded from the statement of financial position, and income tax receivable was incorrectly stated on the statement of financial position.

The 30 June 2023 deferred tax assets of $10,161,000 (30 June 2022: $8,119,000) were excluded and income tax receivable is $685,000 and not $602,000 (30 June 2022: income tax receivable is $1,648,000 not $1,527,000).

This financial report has corrected these errors. There were no other changes.

Directors' declaration

The Directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in basis of preparation note 1.1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards ("IFRS"); and

   b. give a true and fair view of the financial position and performance of the consolidated group;

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Matthew Sandblom
Executive Chairman
18 August 2023
Sydney

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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 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 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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Building a better working world

Impairment testing of goodwill and other intangible assets

Why significant	How our audit addressed the key audit matter
At 30 June 2023, the Group's consolidated statement of financial position includes goodwill and other intangible assets with a carrying value of $205.8 million, representing 78.3% of total assets. The Group recognised $10.1 million in goodwill and other intangible assets arising from business combinations during the year. The Directors have assessed goodwill and other intangible assets for impairment. As disclosed within Note 15 to the financial statements, the assessment of the Group's goodwill and other intangible assets incorporated significant judgements and estimates, based upon conditions existing at 30 June 2023, specifically concerning factors such as forecast cashflows, discount rates, and terminal growth rates. The estimates and assumptions relate to the sustainability of future performance, market and economic conditions. Significant assumptions used in the impairment testing, referred to above, are inherently subjective. This was considered to be a key audit matter due to the value of the intangibles balance relative to the Group's total assets, and the judgement involved in assessing the estimates included in the Group's impairment model.	Our audit procedures included the following: ► Assessed the Group's determination of the cash generating units (CGUs) used in the impairment assessment, based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also considered internal reporting of the Group's results to assess how earnings and goodwill are monitored and reported. ► Assessed the Group's allocation of additional goodwill arising from business combinations to CGUs used in the impairment assessment. ► Assessed the cash flow forecasts, assumptions and estimates used by the Group, as outlined in Note 15 to the financial statements, by considering the reliability of the Group's historical cash flow forecasts, our knowledge of the business and corroborating data with external information where possible. ► Evaluated the appropriateness of discount and terminal growth rates applied. ► Tested the mathematical accuracy of the impairment testing models including the consistency of relevant data with latest Board approved forecasts. ► Performed sensitivity analysis on key assumptions including discount rates, terminal growth rates and cashflow forecasts for each of the Group's CGUs. ► We involved our valuation specialists in performing these procedures where appropriate. ► Assessed the adequacy of the disclosures relating to goodwill and other intangible assets in the financial statements.

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Building a better working world

Revenue recognition

Why significant	How our audit addressed the key audit matter
The Group generated $106.9 million in revenue from customers across its global operations for the year ended 30 June 2023. As disclosed in Note 3 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. ► Used data analytical procedures to corroborate expected correlations between revenue, contract liabilities, accounts receivable and cash. ► Selected a sample of revenue transactions and assessed whether revenue was correctly recognised. ► Selected a sample of cash receipts related to revenue transactions and agreed the cash receipt to the underlying customer remittance documentation and bank statement. ► 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 disclosures relating to revenue in the financial report.

Other matter – Revised and Reissued Financial Report

We draw attention to Note 40 of the financial report, which describes that the financial statements have been revised and reissued as a result of certain information being omitted and incorrectly stated on the statement of financial position. This audit report supersedes our audit report issued to the ASX at 8:54am (AEST) on 18 August 2023. Our opinion is not modified in respect of this matter.

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 2023 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.

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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.

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- 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 28 to 44 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of 3P Learning Limited for the year ended 30 June 2023, 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

R Robinson

Renay Robinson
Partner
Sydney
18 August 2023

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The shareholder information set out below was applicable as at 31 July 2023.

Substantial shareholders

Substantial holders in the Company are set out below:

Shareholders	Number of shares	% of total shares issued
Pascal Education Services Pty Ltd ATF Blake Sandblom Trust	80,200,000	29.01
Pascal Education Services Pty Ltd ATF BEL Unit Trust	12,787,000	4.62
KPIT Pty Ltd ATF KP Investment Trust	40,850,000	14.77
National Nominee ACF Australian Ethical Investment Limited	24,905,191	9.01
Viburnum Funds Pty Ltd	53,696,928	19.42

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary Shares

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

Options, performance and share appreciation rights

Options, performance rights and share appreciation rights carry no voting rights.

There are no other classes of equity securities.

Distribution of equity security holders

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

	Ordinary shares	
Holding	Number of holders	% of total shares issued
1 - 1,000	373	0.05
1,001 - 5,000	239	0.24
5,001 - 10,000	91	0.25
10,001 - 100,000	128	1.41
100,000 and over	37	98.04
	868	99.99

There were 247 holders of less than a marketable parcel of ordinary shares.

Shareholder information
30 June 2023

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 issued shares
PASCAL EDUCATIONAL SERVICES PTY LTD	80,200,000	29.01
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	47,952,456	17.34
KPIT PTY LTD	40,850,000	14.77
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,161,676	11.27
NATIONAL NOMINEES LIMITED	28,780,918	10.41
PASCAL EDUCATIONAL SERVICES PTY LTD	12,787,000	4.62
MUTUAL TRUST PTY LTD	12,218,178	4.42
CITICORP NOMINEES PTY LIMITED	3,868,808	1.40
BNP PARIBAS NOMS PTY LTD	2,665,831	0.96
BNP PARIBAS NOMINEES PTY LTD	2,412,806	0.87
BLAKE BECKETT PTY LTD	2,000,000	0.72
MR SEAN PATRICK MARTIN	795,567	0.29
MUTUAL APPRECIATION SOCIETY PTY LIMITED	415,740	0.15
LEOPARD CAPITAL PTY LTD	404,920	0.15
LCONE PTY LTD	343,309	0.12
ALLAN BRACKIN RETIREMENT FUND PTY LTD	322,895	0.12
MANTOU REPUBLIC PTY LTD	307,345	0.11
BRETTON PTY LTD	300,000	0.11
MR JONATHAN CLAUDE KENNY	288,856	0.10
MR KEI YAN CHENG	284,280	0.10
	268,360,585	97.04

Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares issued	110,913	1
Share appreciation rights	3,865,275	7

Corporate directory
30 June 2023

Directors	Matthew Sandblom - Executive Chairman Mark Lamont - Non-Executive Director Katherine Ostin - Non-Executive Director Allan Brackin - Non-Executive Director Belinda Rowe - Non-Executive Director Craig Coleman - Non-Executive Director
Chief Executive Officer	Jose Palmero
Company secretary	Joyce Li
Registered office and principal place of business	3P Learning Limited 655 Parramatta Road, Leichhardt NSW 2040 Head office telephone: 1300 850 331
Share register	The Registrar Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Share registry telephone: 1300 554 474
Auditor	Ernst & Young 200 George Street Sydney NSW 2000
Stock exchange listing	3P Learning Limited shares are listed on the Australian Securities Exchange (ASX code: 3PL)
Website	http://www.3plearning.com/
Corporate Governance Statement	The directors and management are committed to conducting the business of 3P Learning Limited in an ethical manner and in accordance with the highest standards of corporate governance. 3P Learning Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ("Recommendations") to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the company's website at: http://www.3plearning.com/investors/governance/

3P Learning

The award-winning team behind

Mathseeds

Reading eggs

Mathletics

Writing LEGENDS

Mathseeds PRIME

brightpath PROGRESS

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