



Appendix 4D and Half Year Financial Report

For the half year ended 31 December 2024



3P Learning Limited
ABN 50 103 827 836

3P Learning Limited 50 103 827 836

Appendix 4D

Half year report ended 31 December 2024

1. Company details

Name of entity: 3P Learning Limited
ABN: 50 103 827 836
Reporting period: For the half year ended 31 December 2024
Previous period: For the half year ended 31 December 2023

2. Results for the announcement to market

| | | | 31 Dec 2024 | 31 Dec 2023 |
|---|------|-------|-------------|-------------|
| | | | \$ '000 | \$ '000 |
| Revenue from ordinary activities | Down | 2.4% | to 52,495 | 53,810 |
| Loss from ordinary activities after tax attributable to the owners of 3P Learning Limited | Down | 94.4% | to (666) | (11,946) |
| Loss for the half year attributable to the owners of 3P Learning Limited | Down | 94.4% | to (666) | (11,946) |

Dividends

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

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$0.7 million (31 December 2023: loss of \$11.9 million). Refer to "**Review of operations**" in the Directors' report for detailed commentary.

3. Net tangible assets

| | Reporting period | Previous period* |
|--|------------------|------------------|
| | Cents | Cents |
| Net tangible assets per ordinary share | (13.80) | (14.25) |

* Net tangible assets for both the current and previous reporting period exclude right-of-use assets and deferred tax assets.

4. Attachments

Details of attachments (if any):

The half year financial report of 3P Learning Limited for the period ended 31 December 2024 is attached.

5. Signed

As authorised by the Board of Directors

Signed  _____

Date: 18 February 2025

Matthew Sandblom
Executive Chairman
Sydney

The above statement should be read in conjunction with the accompanying notes.

3P Learning Limited

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For the half year ended 31 December 2024

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3P Learning Limited

Directors' report

For the half year ended 31 December 2024

The Directors present their report, together with the consolidated financial statements of consolidated entity (referred to hereafter as the "**Group**"), consisting of 3P Learning Limited (referred to hereafter as the "**Company**" or "**parent entity**") and its controlled entities, for the financial half year ended 31 December 2024 and the review report thereon.

General information

Information on Directors

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

| | |
|------------------|--|
| Matthew Sandblom | Executive Chairman |
| Allan Brackin | Non-Executive Director |
| Craig Coleman | Non-Executive Director |
| Mark Lamont | Non-Executive Director |
| Katherine Ostin | Non-Executive Director |
| Belinda Rowe | Non-Executive Director - resigned 20 November 2024 |

Principal activities

The Group operates within the education technology sector. During the half 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.

No significant change in the nature of these activities occurred during the half year.

Review of operations

A summary of revenue from contracts with customers for the half year ended 31 December 2024 is set out below.

| | 31 Dec 2024 | 31 Dec 2023 |
|------------------------|---------------|---------------|
| | \$ '000 | \$ '000 |
| Licence fees | 51,819 | 53,230 |
| Copyright licence fees | 13 | 6 |
| Other revenue | 663 | 574 |
| Revenue | 52,495 | 53,810 |

Total revenue for the half year ended 31 December 2024 was \$52.5 million (31 December 2023: \$53.8 million).

Licence fees revenue decreased by \$1.4 million to \$51.8 million, down 2.7% on prior year reflecting the decline in B2B licences driven by the transition from Edmentum in the USA, and lower retention in EMEA that is being addressed with 3 Essentials bundle and Mathletics features, B2C revenue remained flat.

3P Learning Limited

Directors' report

For the half year ended 31 December 2024

Review of operations (continued)

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

| | 31 Dec 2024 | 31 Dec 2023 |
|---|--------------|--------------|
| | \$ '000 | \$ '000 |
| Reconciliation of Underlying EBITDA | | |
| Loss before income tax benefit | (1,762) | (20,327) |
| Buy-back of distributor rights | - | 19,591 |
| Corporate advisory costs | 206 | 35 |
| Deferred contract costs on buy-back of distributor rights | 1,069 | - |
| Depreciation and amortisation expenses | 5,182 | 4,780 |
| Finance costs | 335 | 92 |
| Interest income | (150) | (400) |
| Restructure and integration costs | 721 | 26 |
| Unrealised foreign exchange loss/(gain) | 1,183 | (378) |
| Underlying EBITDA | 6,784 | 3,419 |

The Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory costs, restructure and integration costs, buy-back of distributor rights and deferred contract costs on buy-back of distributor rights arising prior to the buy-back in the previous financial year.

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 loss 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.

Buy-back of distributor rights

On 21 December 2023, Blake eLearning Pty Ltd, a wholly owned subsidiary of 3P Learning Limited, entered into a binding agreement with Edmentum Inc. to re-acquire the US schools Distribution Rights for Reading Eggs ("**Rights**") effective 2 February 2024.

The Rights cost totalled \$20.5 million (USD 13.3 million), including a foreign exchange rate loss of \$0.8 million at 30 June 2024. These Rights, prior to being assigned in perpetuity to Edmentum Inc. in 2010, were an "internally generated intangible asset" which cannot be capitalised under Australian Accounting Standards irrespective of how the costs are incurred, e.g. paid to a third party (Edmentum Inc.). As a result, the total Rights cost was expensed in full during the previous financial year.

The unwinding of legacy Edmentum Inc. distributor costs of \$1.1 million have been classified as deferred contract costs on buy-back of distributor rights.

3P Learning Limited

Directors' report

For the half year ended 31 December 2024

Review of operations (continued)

Segment review

Segment revenue and other income for the year is as follows:

| | 31 Dec 2024 | 31 Dec 2023 | Change | Change |
|--------------------------------|-------------|-------------|---------|--------|
| | \$ '000 | \$ '000 | \$ '000 | % |
| Business-to-School (B2B) | 30,929 | 32,186 | (1,257) | (4%) |
| Business-to-Consumer (B2C) | 21,771 | 21,684 | 87 | 0% |
| Total revenue and other income | 52,700 | 53,870 | (1,170) | (2%) |

Segment Underlying EBITDA is as follows:

| | 31 Dec 2024 | 31 Dec 2023 | Change | Change |
|-------------------------|-------------|-------------|---------|--------|
| | \$ '000 | \$ '000 | \$ '000 | % |
| Business-to-School | 4,185 | 884 | 3,301 | 373% |
| Business-to-Consumer | 3,689 | 3,720 | (31) | (1%) |
| Corporate | (1,090) | (1,185) | 95 | 8% |
| Total Underlying EBITDA | 6,784 | 3,419 | 3,365 | 98% |

B2B segment

Revenue and other income in the B2B segment has decreased by \$1.3 million to \$30.9 million driven by the transition from Edmentum in the USA, and lower retention in EMEA that is being addressed with 3 Essentials bundle and Mathletics features.

Underlying EBITDA of \$4.2 million in the B2B segment has increased by \$3.3 million due to the full year impact from the prior year \$5.0 million cost out initiative, cost efficiencies gained by directly selling to US schools and a higher product development capitalisation rate.

B2C segment

Revenue and other income in the B2C segment increased by \$0.1 million due to growth in Reading Eggs and Mathseeds billings on Apple and Google platforms.

Underlying EBITDA of \$3.7 million was flat to the prior period due to increase in distributor costs from Apple and Google billings offset by a reduction in marketing costs.

Group performance

Loss before income tax was \$1.8 million (31 December 2023: loss of \$20.3 million). The loss for the Group after providing for income tax and non-controlling interest amounted to \$0.7 million (31 December 2023: loss of \$11.9 million).

As at 31 December 2024, the Group had the following net cash position: \$5.3 million (30 June 2024: \$2.0 million) of cash and cash equivalents, borrowings of \$9.0 million (30 June 2024: \$1.0 million), \$5.6 million (30 June 2024: \$4.1 million) of restricted cash. The restricted cash balance relates to cash held as security for the Group merchant banking arrangements and in trust for the acquisition of Intrepica Pty Ltd (creators of LiteracyPlanet) which was completed on 3 January 2025, refer to note 14 for details. At 31 December 2024, the aggregate of cash and cash equivalents, term deposits, restricted cash, and borrowings is a net cash position of \$1.9 million (30 June 2024: net cash position of \$5.1 million). At 31 December 2024, \$6.0 million is still available from the bank loan facility (refer to note 18).

Management have concluded that this is not a "highly seasonal" business as considered by AASB 134 "Interim Financial Reporting", and have not included additional financial information for the 12 months ending on the interim reporting date with comparative information for the prior 12 month period.

3P Learning Limited

Directors' report

For the half year ended 31 December 2024

Dividends paid or recommended

No dividends were paid or declared since the start of the financial half year. No recommendation for payment of dividends has been made.

Events after the reporting date

On 3 January 2025, the Group completed the acquisition of 100% of the shares in Intrepica Pty Ltd (creators of LiteracyPlanet) for cash consideration of \$1.4 million. LiteracyPlanet launched in 2009 to inspire a lifetime of learning for students, educators and parents, and to improve English Literacy skills and education accessibility worldwide. LiteracyPlanet complements the Group's suite of programs and enhances the literacy product offerings for students in School Years 2 to 10. As at 31 December 2024, the cash consideration of \$1.4 million was held in trust (refer to note 14) and was subsequently transferred in January 2025 upon completion of acquisition.

No other matters or circumstances have arisen since the end of the financial half year ended 31 December 2024 which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Rounding of amounts

The Group 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.

Indemnification and insurance of officers and auditors

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.

To the extent permitted by law, the Company has agreed to indemnify its auditors, KPMG, 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 KPMG during the financial year and up to the date of this report.

3P Learning Limited

Directors' report

For the half year ended 31 December 2024

Lead auditor's independence declaration

The lead auditor's independence declaration, in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2024 has been received and can be found on page 8 of the consolidated financial report.

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

Signed in accordance with a resolution of the Board of Directors:

Director: 

Matthew Sandblom
Executive Chairman
18 February 2025
Sydney



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of 3P Learning Limited

I declare that, to the best of my knowledge and belief, in relation to the review of 3P Learning Limited for the half-year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Daniel Robinson

Partner

Sydney

18 February 2025

3P Learning Limited

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2024

| | | 31 Dec 2024 | 31 Dec 2023 |
|--|------|-----------------|-----------------|
| | Note | \$ '000 | \$ '000 |
| Revenue | 4 | 52,495 | 53,810 |
| Other income | | 205 | 60 |
| Expenses | | | |
| Administrative expenses | 5 | (3,237) | (1,527) |
| Buy-back of distributor rights | 6 | - | (19,591) |
| Corporate advisory costs | | (206) | (35) |
| Depreciation and amortisation expenses | 7 | (5,182) | (4,780) |
| Deferred contract costs | 13 | (4,107) | (5,005) |
| Employee expenses | 8 | (25,830) | (28,536) |
| Marketing expenses | 9 | (8,580) | (8,798) |
| Occupancy expenses | | (348) | (403) |
| Professional fees | | (1,460) | (1,480) |
| Restructure and integration costs | | (721) | (26) |
| Technology costs | | (4,606) | (4,324) |
| Total expenses | | (54,277) | (74,505) |
| Total operating loss | | (1,577) | (20,635) |
| Interest revenue calculated using the effective interest method | | 150 | 400 |
| Finance costs | | (335) | (92) |
| Loss before income tax benefit | | (1,762) | (20,327) |
| Income tax benefit | 10 | 1,096 | 8,376 |
| Loss after income tax benefit for the half year | | (666) | (11,951) |
| Other comprehensive loss | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | 475 | (362) |
| Other comprehensive loss for the half year, net of tax | | 475 | (362) |
| Total comprehensive loss for the half year | | (191) | (12,313) |
| Loss attributable to: | | | |
| Owners of 3P Learning Limited | | (666) | (11,946) |
| Non-controlling interest | | - | (5) |
| | | (666) | (11,951) |
| Total comprehensive loss attributable to: | | | |
| Members of the parent entity | | (191) | (12,308) |
| Non-controlling interest | | - | (5) |
| | | (191) | (12,313) |
| | | Cents | Cents |
| Basic loss per share | 11 | (0.24) | (4.34) |
| Diluted loss per share | 11 | (0.24) | (4.34) |

The above statement should be read in conjunction with the accompanying notes.

3P Learning Limited

Consolidated statement of financial position

As at 31 December 2024

| | Note | 31 Dec 2024 \$ '000 | 30 Jun 2024 \$ '000 |
|---|------|------------------------|------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 5,301 | 1,970 |
| Trade and other receivables | 12 | 10,247 | 6,194 |
| Inventories | | 464 | 353 |
| Deferred contract costs | 13 | 2,051 | 2,402 |
| Other assets | 14 | 8,441 | 7,938 |
| Income tax receivable | | 204 | 250 |
| Total current assets | | 26,708 | 19,107 |
| Non-current assets | | | |
| Plant and equipment | | 1,080 | 1,176 |
| Intangible assets | 15 | 153,236 | 154,934 |
| Right-of-use assets | | 1,681 | 1,962 |
| Deferred contract costs | 13 | 380 | 696 |
| Other assets | 14 | 158 | 183 |
| Deferred tax assets | | 22,056 | 20,629 |
| Total non-current assets | | 178,591 | 179,580 |
| Total assets | | 205,299 | 198,687 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 6,954 | 7,026 |
| Contract liabilities | 17 | 41,292 | 42,282 |
| Lease liabilities | | 778 | 888 |
| Provisions | | 3,692 | 3,960 |
| Income tax payable | | 14 | 59 |
| Total current liabilities | | 52,730 | 54,215 |
| Non-current liabilities | | | |
| Contract liabilities | 17 | 2,302 | 2,038 |
| Lease liabilities | | 962 | 1,198 |
| Provisions | | 993 | 866 |
| Borrowings | 18 | 9,000 | 1,000 |
| Total non-current liabilities | | 13,257 | 5,102 |
| Total liabilities | | 65,987 | 59,317 |
| Net assets | | 139,312 | 139,370 |
| Equity | | | |
| Issued capital | | 212,135 | 212,135 |
| Reserves | | 9,278 | 8,670 |
| Accumulated losses | | (82,101) | (81,435) |
| Total equity attributable to the owners of 3P Learning Limited | | 139,312 | 139,370 |

The above statement should be read in conjunction with the accompanying notes.

3P Learning Limited

Consolidated statement of changes in equity

For the half year ended 31 December 2024

| | Issued capital \$ '000 | Reserves \$ '000 | Accumulated losses \$ '000 | Non- controlling interests \$ '000 | Total equity \$ '000 |
|---|------------------------------|---------------------|----------------------------------|---|-------------------------|
| Balance at 1 July 2024 | 212,135 | 8,670 | (81,435) | - | 139,370 |
| Loss after income tax expense for the half year | - | - | (666) | - | (666) |
| Other comprehensive income for the half year, net of tax | - | 475 | - | - | 475 |
| Total comprehensive profit/(loss) for the half year | - | 475 | (666) | - | (191) |
| <i>Transactions with owners in their capacity as owners</i> | | | | | |
| Share based payment transactions | - | 133 | - | - | 133 |
| Balance at 31 December 2024 | 212,135 | 9,278 | (82,101) | - | 139,312 |
| Balance at 1 July 2023 | 216,589 | 8,475 | (24,373) | (42) | 200,649 |
| Loss after income tax benefit for the half year | - | - | (11,946) | (5) | (11,951) |
| Other comprehensive loss for the half year, net of tax | - | (362) | - | - | (362) |
| Total comprehensive loss for the half year | - | (362) | (11,946) | (5) | (12,313) |
| <i>Transactions with owners in their capacity as owners</i> | | | | | |
| Share based payment transactions | - | 216 | - | - | 216 |
| Shares bought back during the year | (2,265) | - | - | - | (2,265) |
| Balance at 31 December 2023 | 214,324 | 8,329 | (36,319) | (47) | 186,287 |

The above statement should be read in conjunction with the accompanying notes.

3P Learning Limited

Consolidated statement of cash flows

For the half year ended 31 December 2024

| | 31 Dec 2024 | 31 Dec 2023 |
|--|----------------|----------------|
| Note | \$ '000 | \$ '000 |
| Cash flows from operating activities: | | |
| Receipts from customers | 47,604 | 43,368 |
| Payments to suppliers and employees | (45,556) | (45,583) |
| Interest received | 150 | 334 |
| Interest and other finance costs paid | (335) | (92) |
| Income taxes paid | (323) | (592) |
| Payments for corporate advisory, and restructure and integration costs | (1,152) | (1,120) |
| Net cash generated from/(used in) operating activities | 388 | (3,685) |
| Cash flows from investing activities: | | |
| Payment for intangible asset | 15 (2,734) | (1,985) |
| Purchase of plant and equipment | (205) | (205) |
| Withdrawal of term deposits ⁽ⁱ⁾ | - | 6,500 |
| Holding deposit proceeds/(payments) | 14 84 | (2) |
| (Investment in)/proceeds from restricted cash ⁽ⁱⁱ⁾ | 14 (1,435) | 213 |
| Net cash (used in)/generated from investing activities | (4,290) | 4,521 |
| Cash flows from financing activities: | | |
| Share buy-back payment | - | (2,184) |
| Proceeds from borrowings | 10,000 | - |
| Repayment of borrowings | (2,000) | - |
| Repayment of lease liabilities | (480) | (389) |
| Net cash generated from/(used in) financing activities | 7,520 | (2,573) |
| Effects of exchange rate changes on cash and cash equivalents | (287) | (203) |
| Net increase/(decrease) in cash and cash equivalents held | 3,331 | (1,940) |
| Cash and cash equivalents at beginning of half year | 1,970 | 14,010 |
| Cash and cash equivalents at end of the half year | 5,301 | 12,070 |

i. Short-term deposits with a maturity date of more than three months is classified as term deposit.

ii. Restricted cash is classified as other assets; refer to note 14. In the current period, the investment in restricted cash reflects the transfer of \$1.4 million cash consideration for the Intrepica Pty Ltd acquisition. This was held in a trust account at 31 December 2024.

The above statement should be read in conjunction with the accompanying notes.

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

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 its controlled entities (the "**Group**") at the end of, or during, the half year. 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.

The consolidated financial statements were authorised for issue, in accordance with a resolution of Directors on 18 February 2025.

2 Summary of material accounting policies

These general purpose financial statements for the interim half year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard ("**IFRS**") IAS 34 "Interim Financial Reporting".

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New or amended Accounting Standards and Interpretations adopted

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

The Group has adopted Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures whether a liability should be classified as current or non-current and require new disclosure for non-current liabilities that are subject to covenants within 12 months after the reporting period. This resulted in a change in accounting policy for classification of borrowings. Previously, the borrowings from the existing bank loan facility is classified as current. Under the revised policy, the Group classifies the current period and comparative borrowings from the bank loan facility as non-current due to the fact that at 31 December 2024, the Group has the right to roll over the borrowings under the existing bank loan facility for at least 12 months after the reporting date and 30 June 2024. Refer to note 18.

At 31 December 2024, certain accounting standards and interpretations have been published or amended which will become mandatory in future reporting periods. These new or amended accounting standards and interpretations are either not material or not applicable to the Group.

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

2 Summary of material accounting policies (continued)

Net current asset deficiency

As at 31 December 2024, the Group incurred a loss after income tax benefit of \$0.7 million and was in a net current liability position of \$26.0 million (30 June 2024: \$35.1 million), of which \$41.3 million (30 June 2024: \$42.3 million) are contract liabilities which are expected to be recognised as revenue in the next 12 months with no further cash outflows to the Group. At 31 December 2024, \$6.0 million is still available from the bank loan facility (refer to note 18). Furthermore, the net cash generated from operating activities of \$0.4 million is primarily representative of the commencement of the school year, particularly in Australia which commences in January. It is expected that the Group will generate positive cash from operations for the period to 30 June 2025. As at 31 December 2024, management has assessed the Group's ability to meet its obligations, continue its operations and realise its assets in the ordinary course of business and determined that the financial statements continue to be prepared on a going concern basis.

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 consolidated statement of financial position 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.

3 Operating segments

The Group is organised into two operating segments based on end-users or customers: Business-to-School ("**B2B**") and Business-to-Consumer ("**B2C**"). Items not attributable to individual segments are shown as Corporate expenses. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors and Chief Executive 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 representing earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange losses and gains, corporate advisory costs, restructure and integration costs, buy-back of distributor rights and deferred contract costs on buy-back of distributor rights arising prior to the buy-back in the previous financial year.

Other than the underlying adjustments above, 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 consolidated statement of financial position for assets and liabilities.

Products and services

Refer to note 4 for information on the Group's products and services.

Major customers

There are no major customers that contributed more than 10% of revenue to the Group recognised for the half year ended 31 December 2024 or 31 December 2023.

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

3 Operating segments (continued)

Operating segment information

| | B2B | B2C | Total | Corporate | Total |
|---|---------------|---------------|---------------|-----------|----------------|
| | \$ '000 | \$ '000 | Segment | \$ '000 | \$ '000 |
| | | | \$ '000 | | |
| 31 December 2024 | | | | | |
| Revenue | | | | | |
| Sales to external customers | 30,758 | 21,737 | 52,495 | - | 52,495 |
| Other income | 171 | 34 | 205 | - | 205 |
| Total income | 30,929 | 21,771 | 52,700 | - | 52,700 |
| Underlying EBITDA | 4,185 | 3,689 | 7,874 | (1,090) | 6,784 |
| Corporate advisory costs | | | | | (206) |
| Deferred contract cost on buy-back of distributor costs | | | | | (1,069) |
| Depreciation and amortisation expenses | | | | | (5,182) |
| Restructure and integration costs | | | | | (721) |
| Unrealised foreign exchange loss | | | | | (1,183) |
| Total operating loss | | | | | (1,577) |
| Interest income | | | | | 150 |
| Finance costs | | | | | (335) |
| Loss before income tax benefit | | | | | (1,762) |
| Income tax benefit | | | | | 1,096 |
| Loss after income tax benefit | | | | | (666) |

| | B2B | B2C | Total | Corporate | Total |
|--|---------------|---------------|---------------|-----------|-----------------|
| | \$ '000 | \$ '000 | Segment | \$ '000 | \$ '000 |
| | | | \$ '000 | | |
| 31 December 2023 | | | | | |
| Revenue | | | | | |
| Sales to external customers | 32,143 | 21,667 | 53,810 | - | 53,810 |
| Other income | 43 | 17 | 60 | - | 60 |
| Total income | 32,186 | 21,684 | 53,870 | - | 53,870 |
| Underlying EBITDA | 884 | 3,720 | 4,604 | (1,185) | 3,419 |
| Buy-back of distributor rights | | | | | (19,591) |
| Corporate advisory costs | | | | | (35) |
| Depreciation and amortisation expenses | | | | | (4,780) |
| Restructure and integration costs | | | | | (26) |
| Unrealised foreign exchange gain | | | | | 378 |
| Total operating loss | | | | | (20,635) |
| Interest income | | | | | 400 |
| Finance costs | | | | | (92) |
| Loss before income tax benefit | | | | | (20,327) |
| Income tax benefit | | | | | 8,376 |
| Loss after income tax benefit | | | | | (11,951) |

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

4 Revenue

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

| | 31 Dec 2024 | 31 Dec 2023 |
|------------------------|---------------|---------------|
| | \$ '000 | \$ '000 |
| Licence fees | 51,819 | 53,230 |
| Copyright licence fees | 13 | 6 |
| Other revenue | 663 | 574 |
| Total revenue | 52,495 | 53,810 |

Revenue by geographic regions

| | 31 Dec 2024 | 31 Dec 2023 |
|---|---------------|---------------|
| | \$ '000 | \$ '000 |
| Asia-Pacific ("APAC") | 27,698 | 27,822 |
| North and South America ("AMER") | 14,491 | 14,926 |
| Europe, Middle-East and Africa ("EMEA") | 10,306 | 11,062 |
| | 52,495 | 53,810 |

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

The segment revenue disclosed in note 3 is based on 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 revenue and copyright licence fees revenue in the B2B and B2C segments. Ancillary revenue streams are generated only in the B2B segment. Other revenue includes the sale of workbooks, ebooks and professional learning generated in the B2B and B2C segments.

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

The revenue recognised in the half year that was included in the contract liabilities balance at the beginning of the period was \$31.5 million (31 December 2023: \$32.3 million). Contract liabilities are generally incurred at the beginning of the contract period. Refer to note 17 for details on contract liabilities.

5 Administrative expenses

| | 31 Dec 2024 | 31 Dec 2023 |
|----------------------------------|--------------|--------------|
| | \$ '000 | \$ '000 |
| Bad debts recovered | (8) | (36) |
| Insurance expenses | 249 | 339 |
| Net foreign exchange loss/(gain) | 1,259 | (398) |
| Other operating expenses | 1,358 | 1,241 |
| Travel expenses | 379 | 381 |
| | 3,237 | 1,527 |

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

6 Buy-back of distributor rights

| | 31 Dec 2024 | 31 Dec 2023 |
|--------------------------------|-------------|---------------|
| | \$ '000 | \$ '000 |
| Buy-back of distributor rights | - | 19,591 |
| | <u>-</u> | <u>19,591</u> |

On 21 December 2023, Blake eLearning Pty Ltd, a wholly owned subsidiary of 3P Learning Limited, entered into a binding agreement with Edmentum Inc. to re-acquire the US schools Distribution Rights for Reading Eggs ("Rights") effective 2 February 2024.

The Rights cost totalled \$20.5 million (USD 13.3 million), including a foreign exchange rate loss of \$0.8 million at 30 June 2024. These Rights, prior to being assigned in perpetuity to Edmentum Inc. in 2010, were an "internally generated intangible asset" which cannot be capitalised under Australian Accounting Standards irrespective of how the costs are incurred, e.g. paid to a third party (Edmentum Inc.). As a result, the total Rights cost was expensed in full during the previous financial year.

7 Depreciation and amortisation expenses

| | 31 Dec 2024 | 31 Dec 2023 |
|---|--------------|--------------|
| | \$ '000 | \$ '000 |
| Amortisation of intangible assets | 1,496 | 545 |
| Amortisation of other intangible assets from business combination | 2,936 | 3,517 |
| Amortisation of right-of-use assets | 435 | 430 |
| Depreciation of plant and equipment | 315 | 288 |
| | <u>5,182</u> | <u>4,780</u> |

8 Employee expenses

| | 31 Dec 2024 | 31 Dec 2023 |
|--|---------------|---------------|
| | \$ '000 | \$ '000 |
| Bonus expenses | 664 | 1,170 |
| Defined contribution superannuation expenses | 2,844 | 2,824 |
| Salaries and other short-term benefits | 24,705 | 26,235 |
| Staff costs capitalised | (2,383) | (1,693) |
| | <u>25,830</u> | <u>28,536</u> |

9 Marketing expenses

| | 31 Dec 2024 | 31 Dec 2023 |
|--------------------------|--------------|--------------|
| | \$ '000 | \$ '000 |
| Advertising expenses | 7,539 | 7,879 |
| Other marketing expenses | 1,041 | 919 |
| | <u>8,580</u> | <u>8,798</u> |

10 Taxation

The effective tax rate of 62% for the half year ended 31 December 2024 is due to the impact of foreign tax rate and the recognition of tax losses not previously recognised.

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

11 Earnings per share

Reconciliation of earnings to profit or loss from continuing operations

| | 31 Dec 2024 | 31 Dec 2023 |
|---|--------------|-----------------|
| | \$ '000 | \$ '000 |
| Loss after income tax | (666) | (11,951) |
| Non-controlling interest | - | 5 |
| Earnings used to calculate basic earnings per share (EPS) | <u>(666)</u> | <u>(11,946)</u> |

Weighted average number of ordinary shares outstanding during the half year used in calculating basic and diluted EPS

| | 31 Dec 2024 | 31 Dec 2023 |
|--|--------------------|-------------|
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic EPS | <u>272,906,522</u> | 275,565,323 |
| Weighted average number of ordinary shares used in calculating diluted EPS | <u>272,906,522</u> | 275,565,323 |

Basic and diluted earnings per share

| | 31 Dec 2024 | 31 Dec 2023 |
|------------------------|-------------|-------------|
| | Cents | Cents |
| Basic loss per share | (0.24) | (4.34) |
| Diluted loss per share | (0.24) | (4.34) |

In the comparative period, the Group commenced an on-market buy-back of its ordinary shares up to a maximum value of \$10.0 million (excluding transaction costs) on 23 August 2023. During the financial year ended 30 June 2024, the Group bought back 3,577,648 ordinary shares at a cost of \$4.5 million (excluding transaction costs).

No share was bought back during the half year ended 31 December 2024 and the on-market buy-back ended on 22 August 2024.

12 Trade and other receivables

| | 31 Dec 2024 | 30 Jun 2024 |
|--|---------------|-------------|
| | \$ '000 | \$ '000 |
| Trade receivables | 10,269 | 6,220 |
| Less: Allowance for expected credit losses | (29) | (36) |
| Net trade receivables | <u>10,240</u> | 6,184 |
| Other receivables | 7 | 10 |
| Total current trade and other receivables | <u>10,247</u> | 6,194 |

13 Deferred contract costs

| | 31 Dec 2024 | 30 Jun 2024 |
|--------------------------------------|--------------|-------------|
| | \$ '000 | \$ '000 |
| Current assets | 2,051 | 2,402 |
| Non-current assets | 380 | 696 |
| Total deferred contract costs | <u>2,431</u> | 3,098 |

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

13 Deferred contract costs (continued)

Reconciliation of deferred contract costs:

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

| | 31 Dec 2024 | 30 Jun 2024 |
|---|--------------|--------------|
| | \$ '000 | \$ '000 |
| Opening balance | 3,098 | 3,601 |
| Additions | 3,440 | 9,908 |
| Deferred contract costs | (3,038) | (10,411) |
| Deferred contract costs on buy-back of distributor rights | (1,069) | - |
| Closing balance | 2,431 | 3,098 |

14 Other assets

| | 31 Dec 2024 | 30 Jun 2024 |
|-----------------------------|--------------|--------------|
| | \$ '000 | \$ '000 |
| Current assets | | |
| Prepayments | 2,591 | 3,439 |
| Holding deposits | 275 | 359 |
| Restricted cash | 5,575 | 4,140 |
| Total current assets | 8,441 | 7,938 |
| Non-current assets | | |
| Prepayments | 158 | 183 |

Restricted cash refers to security deposits held by Westpac Banking Corporation and National Australia Bank in relation to merchant banking facilities and includes \$1.4 million cash consideration for the Intrepica Pty Ltd acquisition that was held in trust at 31 December 2024.

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

15 Intangible assets

Movements in carrying amounts of intangible assets

| | Goodwill \$ '000 | Product develop- ment \$ '000 | Intellectual property \$ '000 | Patents and trademarks \$ '000 | Customer contracts and distributor relation- ships \$ '000 | Total \$ '000 |
|--|---------------------|--|-------------------------------------|---|--|------------------|
| 31 December 2024 | | | | | | |
| Opening balance | 132,532 | 19,438 | 315 | 276 | 2,373 | 154,934 |
| Additions | - | 2,498 | 204 | 32 | - | 2,734 |
| Amortisation expenses | - | (4,210) | (88) | (18) | (116) | (4,432) |
| Closing value at 31 December 2024 | 132,532 | 17,726 | 431 | 290 | 2,257 | 153,236 |
| 31 December 2024 | | | | | | |
| Cost | 132,532 | 45,624 | 996 | 418 | 8,189 | 187,759 |
| Accumulated amortisation and impairment | - | (27,898) | (565) | (128) | (5,932) | (34,523) |
| Closing value at 31 December 2024 | 132,532 | 17,726 | 431 | 290 | 2,257 | 153,236 |

| | Goodwill \$ '000 | Product develop- ment \$ '000 | Intellectual property \$ '000 | Patents and trademarks \$ '000 | Customer contracts and distributor relation- ships \$ '000 | Total \$ '000 |
|---|---------------------|--|-------------------------------------|---|--|------------------|
| 30 June 2024 | | | | | | |
| Opening balance | 177,052 | 23,884 | 430 | 265 | 4,182 | 205,813 |
| Additions | - | 3,638 | 67 | 47 | - | 3,752 |
| Amortisation expenses | - | (7,456) | (182) | (36) | (1,809) | (9,483) |
| Impairment loss | (44,520) | (628) | - | - | - | (45,148) |
| Closing value at 30 June 2024 | 132,532 | 19,438 | 315 | 276 | 2,373 | 154,934 |
| 30 June 2024 | | | | | | |
| Cost | 177,052 | 43,126 | 792 | 386 | 8,190 | 229,546 |
| Accumulated amortisation and impairment | (44,520) | (23,688) | (477) | (110) | (5,817) | (74,612) |
| Closing value at 30 June 2024 | 132,532 | 19,438 | 315 | 276 | 2,373 | 154,934 |

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

15 Intangible assets (continued)

Impairment testing of intangible assets

The goodwill acquired through business combinations has been allocated to the following Cash-Generating Units:

| | 31 Dec 2024 | 30 Jun 2024 |
|-----|----------------|----------------|
| | \$ '000 | \$ '000 |
| B2B | 89,784 | 89,784 |
| B2C | 42,748 | 42,748 |
| | <u>132,532</u> | <u>132,532</u> |

Goodwill is tested annually for impairment. At 31 December 2024, management determined there are no internal or external indicators of impairment.

16 Trade and other payables

| | 31 Dec 2024 | 30 Jun 2024 |
|---------------------------------------|--------------|--------------|
| | \$ '000 | \$ '000 |
| Trade payables | 2,752 | 2,588 |
| Accrued expenses | 3,455 | 3,862 |
| GST payable | 480 | 156 |
| Other payables | 267 | 420 |
| Total trade and other payables | <u>6,954</u> | <u>7,026</u> |

Trade and other payables represents 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.

17 Contract liabilities

| | 31 Dec 2024 | 30 Jun 2024 |
|-----------------------------------|---------------|---------------|
| | \$ '000 | \$ '000 |
| Current liabilities | 41,292 | 42,282 |
| Non-current liabilities | 2,302 | 2,038 |
| Total contract liabilities | <u>43,594</u> | <u>44,320</u> |

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.

3P Learning Limited

Notes to the consolidated financial statements

For the half year ended 31 December 2024

18 Borrowings

| | 31 Dec 2024 | 30 Jun 2024 |
|-------------------------|--------------|--------------|
| | \$ '000 | \$ '000 |
| Non-current borrowings | 9,000 | 1,000 |
| Total borrowings | 9,000 | 1,000 |

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 a revolving facility commitment of \$10.0 million expiring on 27 June 2027. Management expects the total borrowings will be fully repaid by 30 June 2025. The bank loan facility was temporarily increased to \$15.0 million on 5 December 2024 and will reduce back to \$10.0 million in March 2025. The bank facility is secured by fixed and floating charges over the Group's assets.

19 Dividends

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

20 Fair value measurement

The carrying amounts of cash and cash equivalents, term deposits, 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.

21 Contingencies

In the opinion of the Directors, at 31 December 2024 (30 June 2024: \$1.0 million) a \$1.0 million contingent liability exists in relation to the acquisition of Pairwise Pty Ltd. 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 31 December 2024, no future contingent payment amounts have been included in the consideration paid.

22 Events occurring after the reporting date

The consolidated financial report was authorised for issue on 18 February 2025 by the Board of Directors.

On 3 January 2025, the Group completed the acquisition of 100% of the shares in Intrepica Pty Ltd (creators of LiteracyPlanet) for cash consideration of \$1.4 million. LiteracyPlanet launched in 2009 to inspire a lifetime of learning for students, educators and parents, and to improve English Literacy skills and education accessibility worldwide. LiteracyPlanet complements the Group's suite of programs and enhances the literacy product offerings for students in School Years 2 to 10. As at 31 December 2024, the cash consideration of \$1.4 million was held in trust (refer to note 14) and was subsequently transferred in January 2025 upon completion of the acquisition.

No other matters or circumstances have arisen since the end of the financial half year ended 31 December 2024 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.

3P Learning Limited

Directors' declaration

In the opinion of the directors of the Company:

1. the condensed consolidated financial statements and notes set out on page 9 to 22 are in accordance with the *Corporations Act 2001* including:
 - a. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the six months period ended on that date and
 - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Matthew Sandblom
Executive Chairman

Dated: 18 February 2025



Independent Auditor's Review Report

To the shareholders of 3P Learning Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half year report** of 3P Learning Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half year report of 3P Learning Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2024 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half year report** comprises:

- Consolidated statement of financial position as at 31 December 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 22 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises 3P Learning Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Half year report

The Directors of the Company are responsible for:

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

Auditor's Responsibilities for the Review of the Half year report

Our responsibility is to express a conclusion on the Half year report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half year report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Daniel Robinson

Partner

Sydney

18 February 2025



The award-winning team behind



3P Learning Limited

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