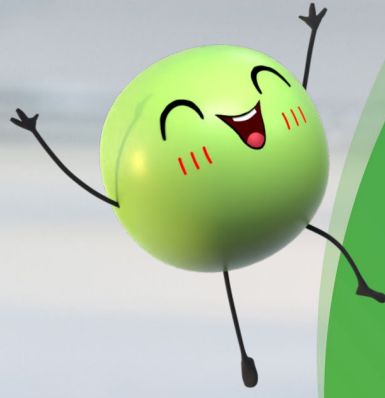


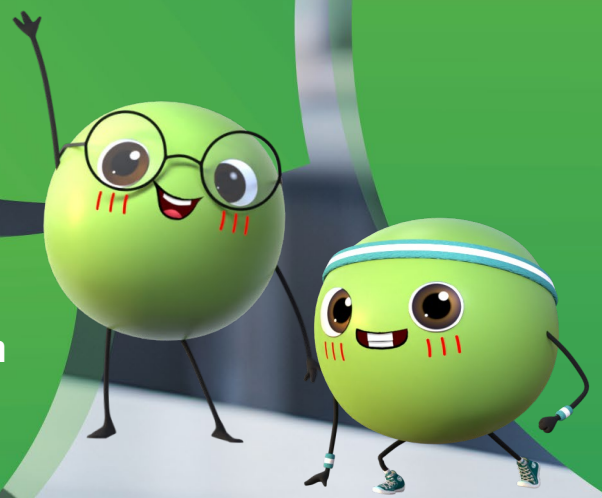
Personal use only



Investor & Analyst Briefing

For the half year ended
31 December 2023

Presented:
20 February 2024 by
Chairman **Matthew Sandblom**
CEO **Jose Palmero**
CFO **Anton Clowes**



Important Notice and Disclaimer

The material in this presentation is a summary of 3P Learning Limited's ("3P") activities and results as at the time of preparation, 20 February 2024.

No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this presentation ("forward-looking statements"). Such forward-looking statements are by their nature not based on historical facts and are subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of 3P and its Directors and officers) which may cause the actual results or performance of 3P to be materially different from any future results or performance expressed or implied by such forward-looking statements. Reliance should not be placed on forward-looking statements and except as required by law or regulation 3P assumes no obligation to update these forward-looking statements. To the maximum extent permitted by law, 3P and its related corporations, directors, officers, employees and agents disclaim any obligation or undertaking to release any updates or revisions to the information in this presentation to reflect any change in expectation or assumptions and disclaim all responsibility and liability for the forward-looking statements (including without limitation, liability for fault or negligence).

This presentation provides information in summary form only and is not intended or represented to be complete. Further, it is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation, or needs of any particular investor.

Due care and consideration should be undertaken when considering and analysing 3P's financial performance. All references to "\$" are to Australian dollars unless otherwise stated.

To the maximum extent permitted by law, neither 3P nor its related corporations, directors, officers, employees and agents, nor any other person, accepts any liability, including without limitation, any liability arising from fault or negligence, for any loss arising from the use or reliance on this presentation or its content or otherwise arising in connection with it.

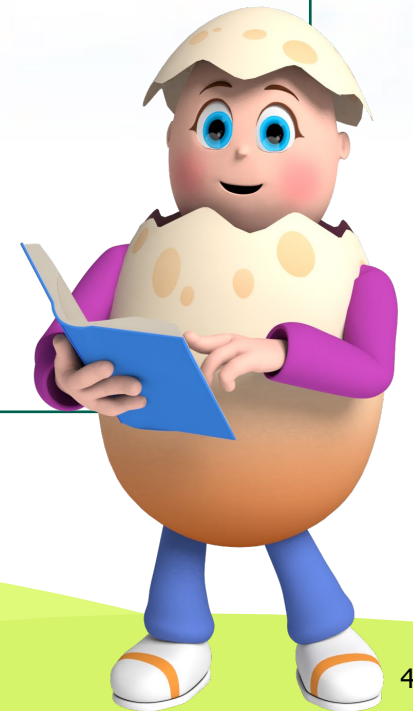
This presentation is not and should not be considered as an offer or invitation to acquire shares in 3P and does not and will not form part of any contract for the acquisition of shares.

This presentation should be read in conjunction with other publicly available materials. Further information is available on 3P's website at: www.3plearning.com/investors

Our Programs

				
<p>Improving student engagement and achievement in mathematics.</p>	<p>Teaching children foundational Maths and problem-solving skills.</p>	<p>Learning to Read made fun and rewarding for children.</p>	<p>Where children learn to write with confidence and effectively.</p>	<p>Writing and Numeracy assessment that makes progress visible.</p>
<p>Ages 6 – 16</p>	<p>Ages 3 – 9</p>	<p>Ages 2 – 12</p>	<p>Ages 6 – 12</p>	<p>Ages 6 – 16</p>

- Chairman's Update
- CEO Update
- Results & Cash Flow
- Q&A
- Appendices



Chairman's Update

Matthew Sandblom



ersorial.us

Highlights

- ✓ Major new product releases:
Writing Legends (Years 1-3, APAC and EMEA), Mathletics New Courses (Fractions Years 3-6, APAC)
- ✓ Re-acquired Reading Eggs US schools Distribution Rights from Edmentum.
- ✓ Since FY22 to date, we will have funded approximately \$33m in acquisitions, more than \$68m in product development, and \$2.4m in the share buy-back program, all from operational cash flow, with no debt.
- ✓ We have honed our focus on highest growth opportunities and made cuts in low priority areas to achieve \$5m of annualised savings initiatives from March 2024.
- ✓ Positive early signs with increases in bundle sales and new business in APAC.
- ✓ All key strategy pieces now in place. Next stage is to complete product rollout, and execute sales and marketing strategies for all major markets to fully deliver on these opportunities.
- ✓ Re-affirm guidance for FY24 at lower end of each of Revenue range (\$112m to \$115m) and Underlying EBITDA range (\$13m to \$15m).

ersonal use only

CEO Update

Jose Palmero



Our Purpose: Better Ways to Learn

B2B

Reading



- Reading Eggs
- Reading Eggspress
- Fast Phonics
- The Library
- Reading Journal
- WordFlyers

Maths



- Mathletics
- Mathseeds
- Mathseeds Prime

Writing



- Writing Legends + Grammar

Assessment & Reporting



- Brightpath Progress Writing
- Brightpath Progress Maths

- Add standalone Professional Development for each product vertical

Markets (AMER, EMEA, APAC)



B2C

Reading



- Reading Eggs
- Reading Eggspress
- Fast Phonics
- The Library
- Reading Journal
- WordFlyers

Maths



- Mathletics
- Mathseeds
- Mathseeds Prime
- Master Maths Island

Writing



- Writing Legends + Grammar

- Add Premium Paid Service offering

Markets (AMER, EMEA, APAC)



1H24 Highlights

UNDERLYING¹ EBITDA

\$3.4m

-41%
vs pcp²



REVENUE

\$53.9m

+2%
vs pcp²



B2C BILLINGS³

\$21.8m

+7%
vs pcp²



B2B ARR

\$64.2m

-2%
vs 30 June 2023



UNDERLYING¹ CASH USED IN OPERATIONS BEFORE TAX



(\$2.4m)

- \$3.2m improvement on pcp of \$5.6m⁴ used
- \$18.4m cash balances⁵

CUSTOMERS

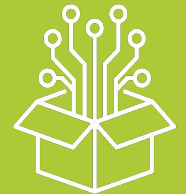
>5.4m



- B2B Licences 4.3m (flat vs 30 June 2023)
- B2B Distributor Licences 0.8m (-7% vs 30 June 2023)
- B2C Licences 291k (-4% vs 30 June 2023)

PRODUCT

\$16.3m

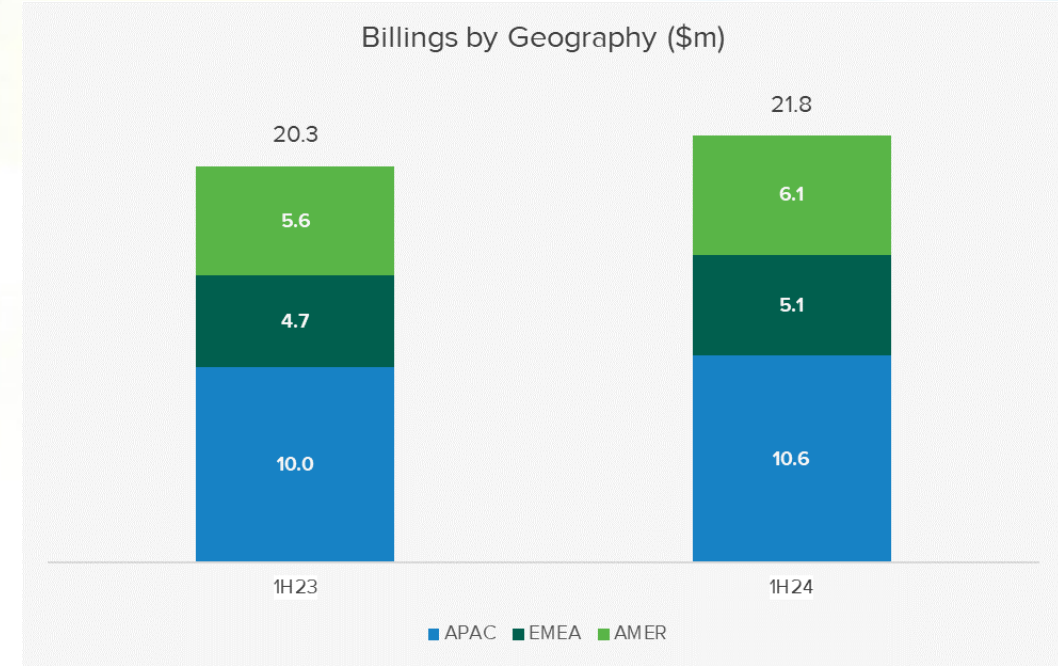
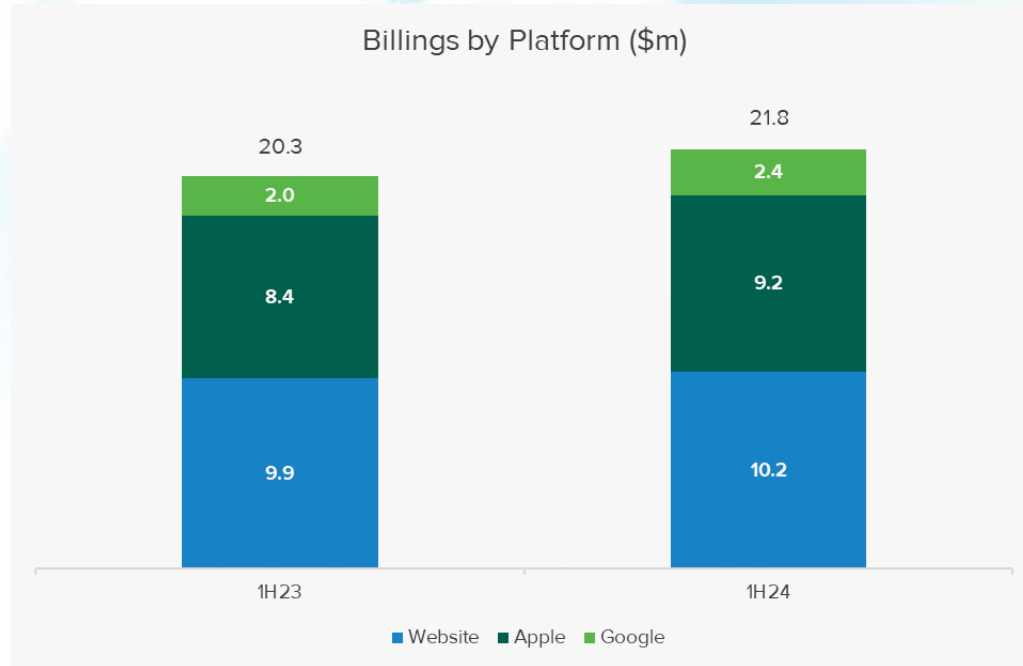


- \$14.4m product development - expensed
- \$1.1m Writing Legends investment - capitalised
- \$0.8m one-off investment in other products - capitalised

1. 'Underlying' is a non-statutory measure and is the primary reporting measure used by the CEO, CFO and Board of Directors for assessing the performance of our business.
 2. pcp: prior comparison period which is 1H23.
 3. Billings are reported on a 'gross' basis before any commissions are deducted by Apple and/or Google.
 4. Restated to include \$254k of lease liability payments.
 5. Includes \$5.8m restricted cash (holding deposits paid for merchant banking facilities) and \$0.5m term deposits (original maturities of more than 3 months).

Performance in the Consumer Market

7% consumer billings¹ growth in 1H24 vs 1H23, across all key markets and channels.



- Reading Eggs, Mathseeds and Mathletics billings were \$21.8m, up 7% on pcp, with net billings contribution margin of 50% including direct sales, marketing and platform commission costs.
- Strong performance from Google Play store (up 17% on pcp) and iOS (up 8% on pcp).
- Price increase for new customers effective January 2023.
- Introduced new subscription options within App Store and Google Play.

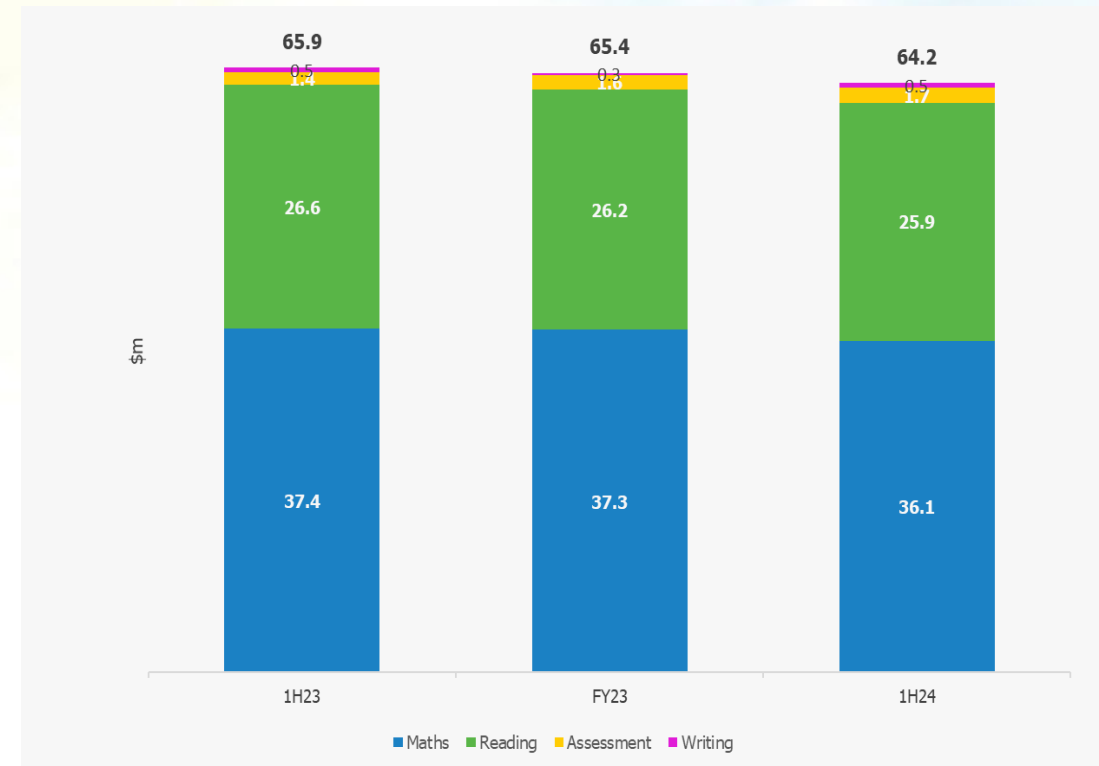
1. Billings are reported on a 'gross' basis before any commissions are deducted by Apple and/or Google and exclude Workbooks.

Performance in the Schools Market

	1H24	FY23	+/-	% +/-	1H23
Closing ARR ¹ (\$m)	64.2	65.4	(1.2)	(2%)	65.9
Licences (m)	5.2	5.2	(0.1)	(1%)	5.4
Exit ARPU ² (\$)	12.4	12.5	(0.1)	(1%)	12.2

- ARR is down 2% on 30 June 2023 principally due to lower performance of US retention and new business.
- US 3rd party distributor performance in particular, was lower than expected prior to 3PL re-acquiring the US distribution rights.
- Exit ARPU is down 1% on 30 June 2023.
- B2B Revenue was \$32.2m, 1% up on 1H23.

The graph below shows school ARR trajectory for 1H23 (Dec-22), FY23 (Jun-23) and 1H24 (Dec-23).



1. ARR excludes Copyright Agency Limited.
2. Exit ARPU calculated as ARR dividend by number of licences.








Growth Driver 1

Growth Driver 1: Product Go-to-Market

- ✓ Major new product releases (APAC, EMEA)
 - Writing Legends (Years 1-3, APAC and EMEA)
 - Mathletics New Courses (Fractions Years 3-6, APAC)
 - Brightpath Progress Writing (EMEA), Mathseeds Prime (Year 4, APAC)
- ✓ Focus on US-specific market needs for Reading Eggs and Mathseeds
 - District Reporting, Alignment to US State Standards
 - Target First 5 States (by market penetration), then Top 15 States to continue building groundswell support and brand recognition
- ✓ B2C US Home Schooler market growth, driven by more customised product
- ✓ Positive early signs with increases in ARPU and billings (APAC & EMEA)

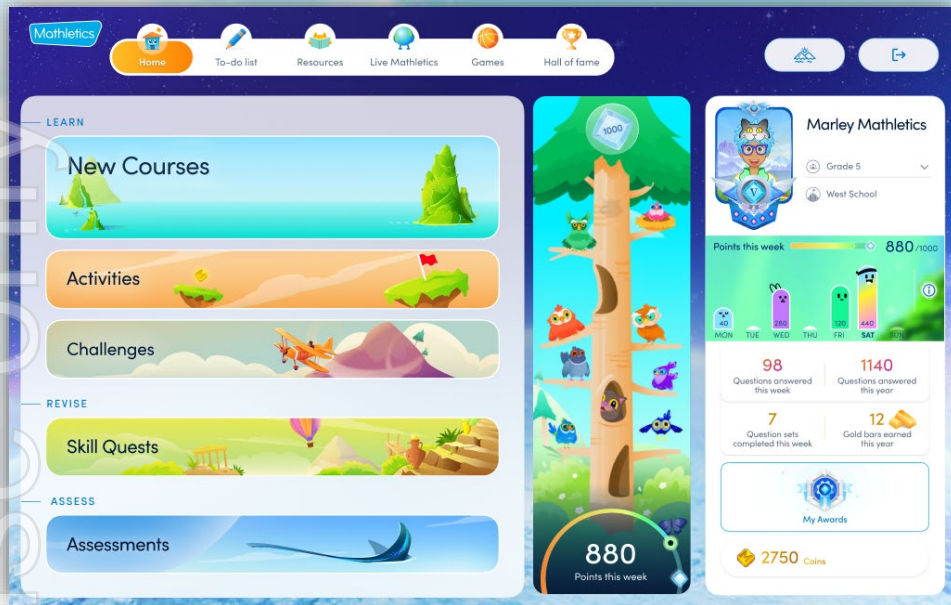
Product Releases and Improvements

	Achieved in 1H24	What's coming CY24
	New certificates	Read Aloud Fluency feature, US District Reports, My Reading Goals K and 1 Grade 2 Lessons
	Global: New Student Centre and certificates, Teacher Assign & review APAC: New Courses Units: Fractions Years 3-6 Results Reporting	New Courses Number and Algebra Units for Years 3-6 Updates to Live Maths & World Maths Day
	APAC: August release of all new site with Map- based lessons for Years 1-2. Reward realms. EMEA release for Years 1-3	APAC & EMEA Lessons for Years 3-5 Long Writes feature for essay writing
	EMEA: Writing Assessment EMEA	AMER: Math Assessment & Writing trial Build Reading Assessment
	APAC: Year 4 EMEA: Year 4	APAC: Year 5 Stadium Games

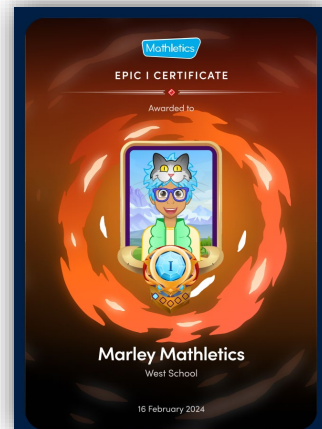
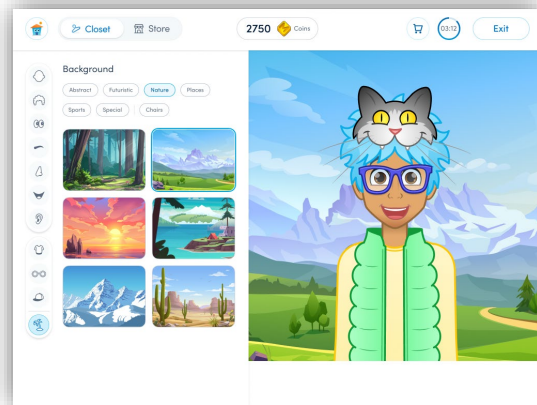
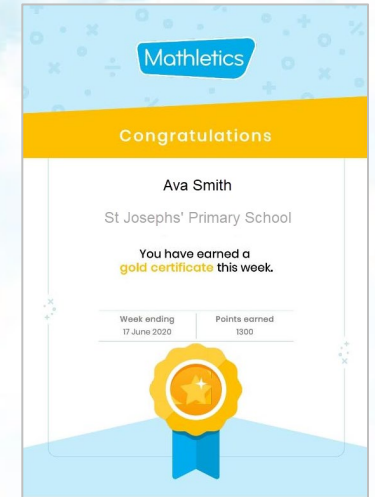
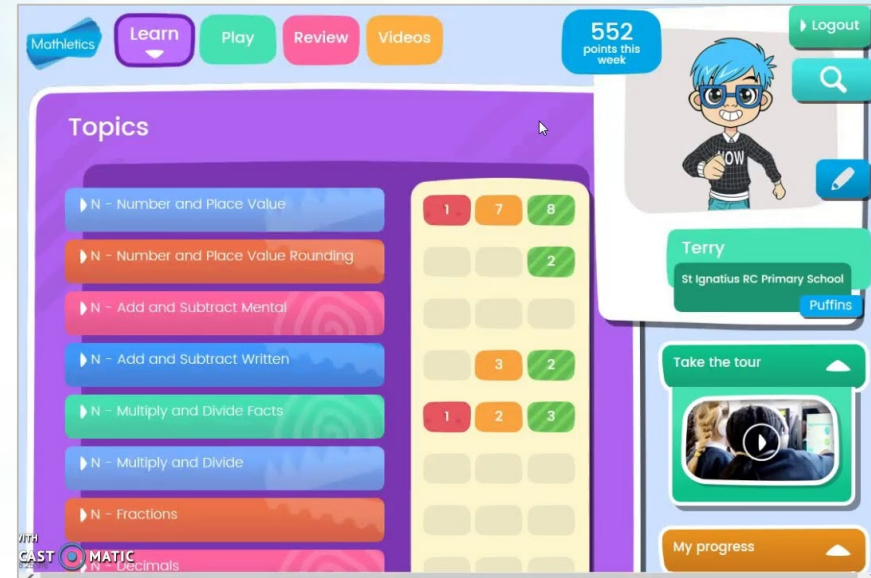
ersonal use only

Product - Mathletics

New Mathletics

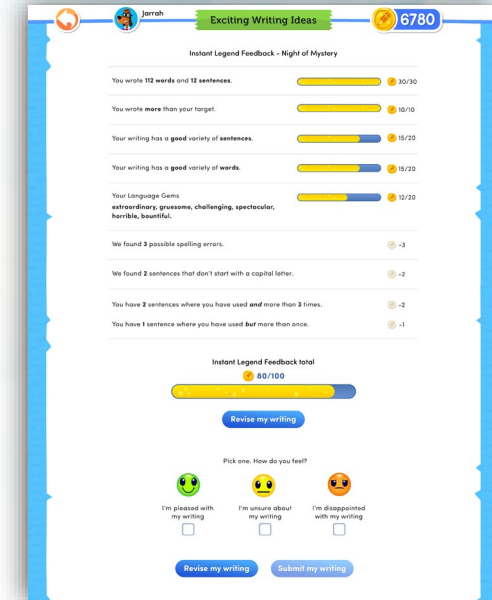


Old Mathletics



- ✓ New Mathletics significantly improved user experience, new student centre, and teacher assign module, new avatar system and certificates
- ✓ New courses developed based on HITS (high impact teaching strategies)
- ✓ New courses include worked solutions, videos and topic explanations

Product – Writing Legends



- ✓ Lessons for Year 1 to 3 now available, aim to have Years 4 and 5 completed by December 2024
- ✓ 1,300 schools already trialed the product
- ✓ Objective is to have all Reading Eggs customers trial Writing Legends in CY24



Growth Driver 2: US Market (impact of Edmentum transaction)

✓ Primary reason for re-acquisition of US schools Distribution Rights for Readings Eggs (“**Rights**”) was opportunity for significant expansion in the US market for 3P

✓ Before acquisition of Rights:

- Recent 12 months performance produced an EBITDA of about USD1.9m for 3PL.

✓ Direct distribution from 2 February 2024:

- Additional investment in people (+20 FTE in US) and marketing USD2.3m p.a.

- On a standalone investment basis, expected additional contribution to EBITDA >USD1.2m p.a.

- Diminishing¹ unwind of deferred revenue and distribution costs (FY25: USD1.3m and USD850k respectively)

- No change to accounting revenue recognition

1. Relates to Edmentum only.



Growth Driver 2

Growth Driver 2: US Market (opportunity)

- ✓ Reading Eggs is a key product for our growth strategy, and controlling the entire product lifecycle represents a significant opportunity in itself, with no reliance on 3rd parties.
 - Focus on Reading Eggs customer retention post Edmentum handover
 - 67k Elementary (K-5) Public Schools. Reading Eggs, Mathseeds, and Mathletics already capture about 10% of market
 - Upsell/cross sell opportunities for other products to long-standing customer base of about 6,000 schools, including districts.
- ✓ Direct selling will be at a more profitable contribution margin.



Growth Driver 3: Operational Leverage

- ✓ Our goal is to achieve double digit B2B billings growth in all key markets from FY25.
- ✓ We've just passed peak product development costs and expect this to decline in the coming years both in absolute dollar terms and as a percentage of revenue.
- ✓ We will continue to maintain strong cost discipline, and seek to improve Underlying EBITDA margins from FY25.

ersonal use only



Results & Cash Flow

Anton Clowes

P&L Key Drivers

Profit and Loss Statement \$m	1H24	1H23	+/-	%+/-
Revenue				
B2B	32.2	32.0	0.2	1%
B2C	21.7	20.6	1.1	5%
Total revenue	53.9	52.6	1.3	2%
Cost of Revenue	(2.5)	(2.4)	(0.1)	(4%)
Gross Profit	51.4	50.2	1.2	2%
Expenses				
Sales & Marketing	(27.6)	(24.9)	(2.7)	(11%)
Product & Technology	(14.4)	(12.9)	(1.5)	(12%)
General & Admin	(6.0)	(6.6)	0.6	9%
Total Expenses	(48.0)	(44.4)	(3.6)	(8%)
Underlying EBITDA¹	3.4	5.8	(2.4)	(41%)
<i>EBITDA margin (%)</i>	6%	11%		
Depreciation & Amortisation	(1.3)	(1.4)	0.1	7%
Net interest income	0.3	-	0.3	100%
Unrealised foreign currency gain/(loss)	0.4	(0.5)	0.9	180%
Underlying Net Profit Before Tax	2.8	3.9	(1.1)	(28%)
Underlying Income Tax benefit/(expense)	2.5	(0.1)	2.6	2600%
Underlying Net Profit After Tax	5.3	3.8	1.5	39%
Reading Eggs rights US (after tax) ²	(13.7)	-	(13.7)	(100%)
Pro-forma Expenses (after tax)				
PPA D&A	(3.5)	(3.4)	(0.1)	(3%)
Integration, retention & merger (after tax)	(0.1)	-	(0.1)	(100%)
Statutory Net (Loss)/Profit After Tax	(12.0)	0.4	(12.4)	(3100%)

- B2B revenue remains steady, up 1% on pcp. APAC and EMEA regions performed well, partially offset by poor US new business and distributor performance.
- B2C revenue up 5% on pcp stemming from billings growth and new pricing from January 2023.
- S&M costs up \$2.7m from additional investment in FTE and B2B go-to-market costs for new products.
- P&T costs up \$1.5m from additional investment in product development FTE.
- Underlying EBITDA of \$3.4m, down \$2.4m on pcp.
- Significant items include \$13.7m² after tax acquisition of US schools Distribution Rights for Readings Eggs ("**Rights**") and \$3.5m D&A of acquired products for Blake & Brightpath.

1. Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding unrealised foreign exchange gains and losses, corporate advisory costs, restructure and integration costs, and buy-back of distribution rights.

2. 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 estimated Rights cost has been expensed in full during the period.

B2C Performance Metrics

\$m	1H24	1H23	+/-	% +/-
Gross Billings ¹	21.8	20.3	1.5	7%
Licences ⁵ (k)	291.0	314.0	(23.0)	(7%)
ARPU ² (\$)	74.9	64.6	10.3	16%

\$m	1H24	1H23	+/-	% +/-
Gross Billings ¹	21.8	20.3	1.5	7%
Commissions Deducted	(2.1)	(2.1)	-	-
Net Billings ³	19.7	18.2	1.5	8%
Sales & Marketing Costs (excl. commissions)	(9.9)	(10.5)	0.6	6%
Net Billings Contribution	9.8	7.7	2.1	27%
Net Billings Contribution Margin (%)	50%	42%		

- Gross billings improved 7% in 1H24 due to new pricing for new customers from January 2023 combined with a higher percentage of annual subscriptions.
- Net billings have grown 8% after commissions deducted by Apple and Google.
- B2C ARPU increased 16% while licences declined on pcp.
- Net billings contribution margin improved to 50% from 42% in pcp.

1. Gross billings are reported before any commissions are deducted by Apple or Google and exclude Workbooks.
2. ARPU is calculated as Gross Billings dividend by the number of licences.
3. Net billings are reported after any commissions are deducted by Apple or Google and exclude Workbooks.
4. Includes direct Sales & Marketing expenses, platform commission costs and hosting & infrastructure costs.
5. B2C licences reflects the number of parents subscribers using 3P Learning products.

\$m	1H24	1H23	+/-	% +/-
Revenue	21.7	20.6	1.1	5%
Expenses				
Sales, Marketing & Cost of Revenue ⁴	(12.9)	(13.1)	0.2	2%
Contribution Margin	8.8	7.5	1.3	17%
Contribution margin (%)	41%	36%		

- B2C Revenue has increased 5% to \$21.7m with billings growth and new pricing from January 2023.
- Contribution margin of 41% has increased 5 percentage points.
- Contribution margin is calculated after direct sales & marketing costs, commissions paid to Apple & Google, and hosting infrastructure expenses.

B2B Performance Metrics

\$m	1H24	FY23
Opening ARR	65.4	64.4
Acquired business	-	1.4
New business	3.4	5.5
Net upsell/downsell	1.0	1.9
Net churn	(5.1)	(8.8)
FX impact	(0.5)	1.0
Closing ARR	64.2	65.4
<i>Movement % period on period</i>	(2%)	
<i>Churn %</i>	(8%)	(14%)
Exit ARPU ¹ (\$)	12.4	12.5

- Exit ARPU remains steady.
- Churn improved by 6 percentage points to 8%.

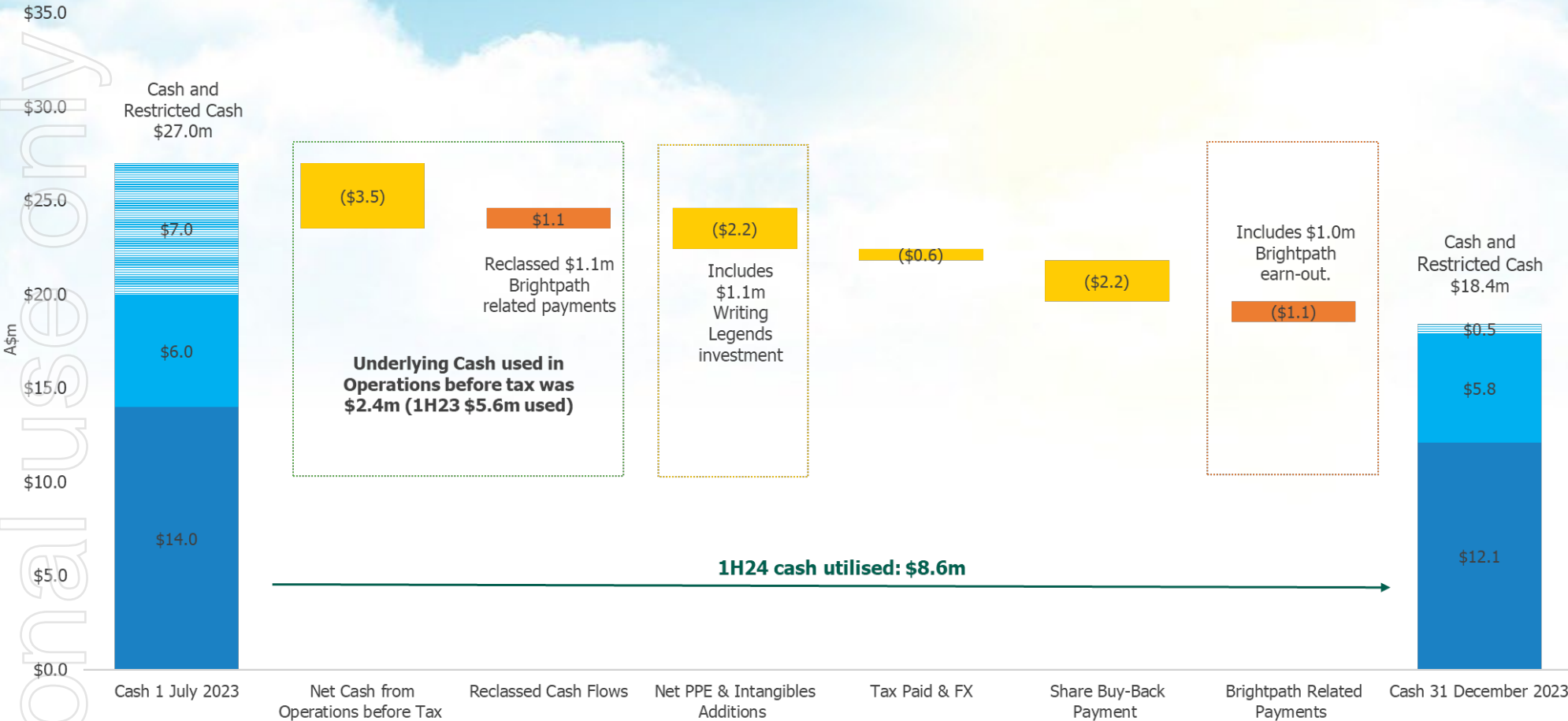
\$m	1H24	1H23	+/-	% +/-
Revenue	32.2	32.0	0.2	1%
Expenses				
Sales, Marketing & Cost of Revenue ²	(17.2)	(14.2)	(3.0)	(21%)
Contribution Margin	15.0	17.8	(2.8)	(16%)
<i>Contribution margin (%)</i>	47%	56%		
Licences (m)	5.2	5.4	(0.2)	(4%)
Annual Recurring Revenue (\$m)	64.2	65.9	(1.7)	(3%)
Exit ARPU (\$)	12.4	12.2	0.2	2%

- B2B revenue remain steady at \$32.2m with APAC and EMEA regions performing well offset by lower US new business and distributor performance.

1. Exit ARPU is calculated as ARR divided by the number of licences.
 2. Includes direct Sales & Marketing expense, platform commission costs and hosting & infrastructure cots.

Cash Balance Bridge

Cash Flow & Liquidity

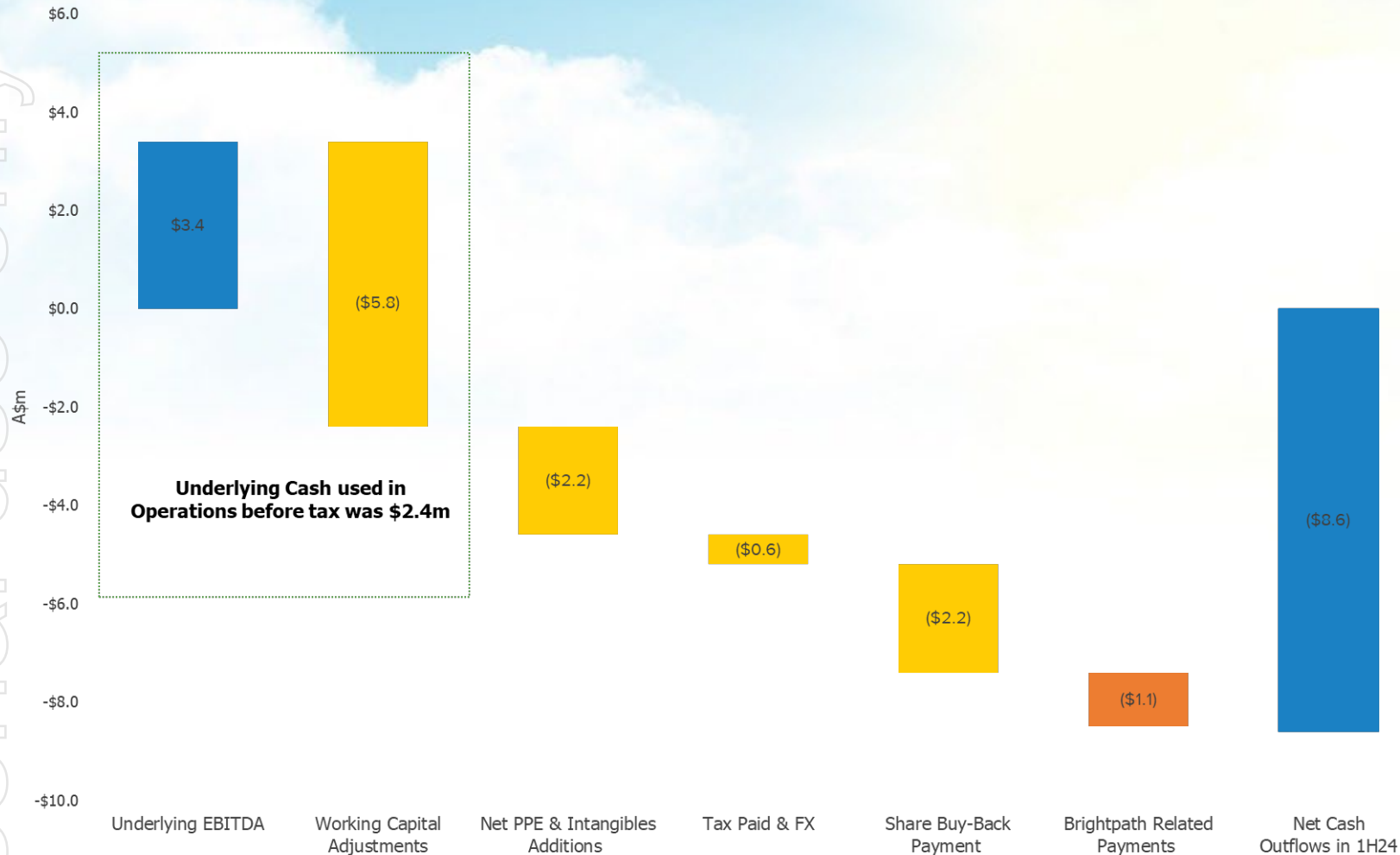


- Underlying cash used in operations before tax was \$2.4m (1H23: \$5.6m¹ used).
- Brightpath related payments of \$1.1m includes \$1.0m earn-out amount.
- Net PPE & intangibles includes \$1.1m Writing Legends investment.
- Shares purchased under the buy-back program \$2.2m.
- Closing cash balance at end of 1H24 is \$18.4m and includes \$5.8m restricted cash and \$0.5m short term deposits.
- No debt.

1. Restated to include \$254k of lease liability payments.

EBITDA Cash Flow Bridge

EBITDA Cash Flow Reconciliation

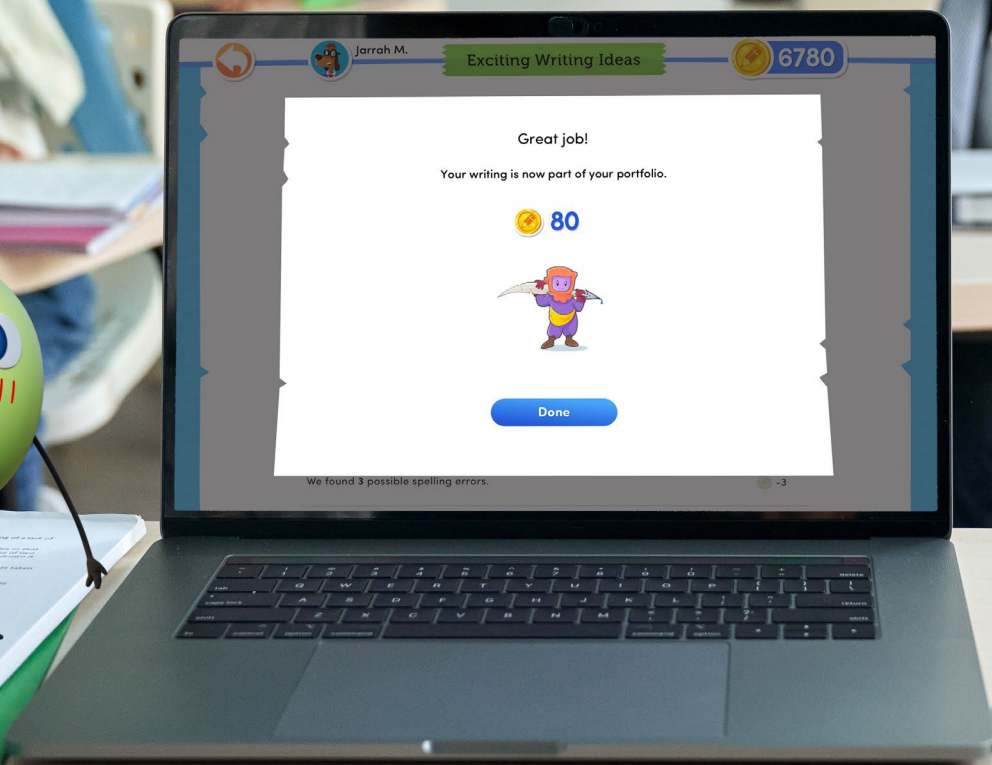


- Underlying cash used in operations before tax was \$2.4m (1H23: \$5.6m¹ used).
- Improved working capital outflows (1H24 \$5.8m vs pcp \$11.3m) reflects partial FY23 timing-tailwind combined with lower payments in the half compared to pcp.
- Brightpath related payments of \$1.1m includes \$1.0m earn-out amount.
- Net PPE & intangibles includes \$1.1m Writing Legends investment.
- Shares purchased under the buy-back program \$2.2m.
- Net cash utilised in 1H24 was \$8.6m.

1. Restated to include \$254k of lease liability payments.

ersonal use only

Q&A



Appendices

Personal use only



Term	Definition
ARR	Annual Recurring Revenue
Churn Percentage	Churn Percentage is calculated as a proportion of the opening School ARR in a rolling 12 or 6 month period (as relevant).
EBITDA	Earnings before interest, tax, depreciation and amortisation, restructure and integration costs, corporate advisory costs, buy-back of distributor rights, and unrealised foreign exchange gain and losses.
Exit Average Revenue per User (Exit ARPU)	Exit ARPU represents the closing ARR divided by the closing number of licences.
Licences	B2B Licences reported reflect the number of individual students using 3P Learning products and excludes teacher or administrator users. B2C Licences reported reflect the number of parent-subscribers using 3P Learning products.
Licence Revenue	Licence Revenue includes all statutory revenue recorded on the sale of online education products.
Net Churn	Net Churn represents the School ARR which was not renewed by a customer at the end of a subscription period, offset by the value of recovered subscriptions previously churned.
Prior comparison period (pcp)	Prior comparison period is six months to 31 December 2022.
Underlying	Underlying is a non-statutory measure and is the primary reporting measure used by the CEO, CFO and Board of Directors for assessing the performance of the business.

ersonal use only



Thank You

