14 August 2020 Investor & Analyst Briefing Full year results to June 2020

Rebekah O'Flaherty – CEO | Dimitri Aroney - CFO



















Overview



FY20 Overview



ARR - royalty adjusted^{1,3} \$50.0M ↑ 1% on pcp

- - Licences^{2,3} $4.7M~\uparrow~3\%~\text{on}~\text{pcp}$



Statutory Revenue \$55.1M ↑ 1% on pcp

Underlying EBITDA \$14.6M ↓ 18% on pcp



Net Dollar Churn Percentage³ 15% 2%-pts improvement on pcp



pcp – prior comparison period

¹ Royalty Adjusted Annual Recurring Revenue (ARR – royalty adjusted), excludes any value from the ME MOE deal announced on 23 June 2020 which will begin in FY21. ² Licences excludes 200,000 licences relating to the ME MOE deal announced on 23 June 2020 which begin in FY21.

³ Refer to Appendices for definitions



Strategy update



2020-2022 Accelerate profitable growth



- At the end of FY19 we completed a 3-year long organisational restructure, including tackling technical debt and investing in scalable sales and marketing systems. We now have a stable cost base positioning us well to enjoy operating leverage as we accelerate sales growth.
- Our 20:22 Accelerate Growth strategy announced in August 2019 is unchanged however we have moderated our growth expectation for the Americas due to funding uncertainty in the USA as a result of COVID-19.

2020-2022 Accelerate Profitable Growth Plan (Year 1)





- Secured a MOE Middle East contract valued at \$10MUSD recognised in FY21 and built an Enterprise Funnel for FY21 (MATS, District, Ministry and Corporate Social Responsibility and Sponsorship).
- Significant refresh of Mathletics activities (30K new activities), Teacher UX and new interactive Modern Learning Environment which supported new business billings in FY20.
- Strengthened our 7-10 Mathletics experience ready for increased market share.
- Launched Mathletics Spanish (May 2020).
- Launched RW Spelling (November 2019).
- Commence scoping of RW Writing our B2C product portfolio for launch in early CY21.

Accelerate profitable sales growth in the Americas



- Challenging conditions in the USA as district and school budgets impacted by COVID-19.
- Licence revenue up in FY20 vs FY19.
- Mathletics Spanish will drive growth in both Latin America and select USA states.
- Partnership with leading assessment provider will unlock new customers for Mathletics.

Enhance customer experience and retention



- Continued to build digital automated customer journeys to improve CEX and cost to serve.
- Continued to improve the B2C acquisition and retention customer journey.
- Addressed root cause to service call volumes.
- Retention improved in APAC and EMEA.
- Net Dollar Churn Percentage improved by 2% points.

FY20 Financial results

FY20 Results Summary

- Overall performance of the company has been relatively resilient during the COVID-19 pandemic. Our people and services have not been impacted to date and we have experienced an increase demand for our products, albeit with regional market dynamics.
- Licence revenue was up 1% to \$51.4M, with Americas up 11% and EMEA up 1%. As flagged at our announcement on 23 June 2020 the agreement with a Ministry of Education from the Middle East will only start contributing to revenue from FY21.
- Other revenue increased 12% due to an increase in Copyright Revenue offset by a reduction in other income due to the impact of AASB16 *Leases* on sublease income.
- ARR-royalty adjusted, grew 1% from 30 June 2019. This excludes the Middle Eastern Ministry of Education deal announced on 23 June 2020, which begins in FY21.
- Expenses were up 11% due to increased average headcount in the Americas and increased product development headcount to support our growth agenda. Headcount is expected to stay reasonably level into the future and is well placed to support a higher volume of business into FY21.
- NPAT was down \$4.3M to \$1.6M.

AU\$M	FY20	FY19	\$+/-	%+/
Revenue & other income ¹	55.1	54.4	0.5	19
Licence revenue				
APAC	30.4	31.1	(0.7)	(2%
EMEA	12.2	12.1	0.1	19
Americas	8.8	7.9	0.9	119
Licence revenue	51.4	51.1	0.3	19
Other revenue and other income	3.7	3.3	0.4	129
	55.1	54.4	0.7	19
Mathematics	39.4	40.4	(1.0)	(2%
Literacy	12.0	10.7	1.3	129
Other Products	-	-	-	0%
Other	3.7	3.3	0.4	129
	55.1	54.4	0.7	19
Expenses	(40.5)	(36.7)	(3.8)	119
Underlying EBITDA	14.6	17.7	(3.1)	(18%
Underlying EBITDA margin (%)	26%	32%	(6%)	-
Underlying Net Profit After Tax	1.7	5.9	(4.2)	(71%
Corporate advisory costs (after-tax)	(0.1)	-	(0.1)	(100%
Net Profit After Tax	1.6	5.9	(4.3)	(73%
Revenue vs. FY19 under AASB16	55.1	54.0	1.1	2%
Expenses vs. FY19 under AASB16	(40.5)	(35.1)	(5.4)	15%
EBITDA vs. FY19 under AASB16	14.6	18.9	(4.3)	(23%
ARR - royalty adjusted				
30-Jun-20 vs. 30-Jun-19	50.0	49.6	0.4	19

¹ Interest revenue of \$0.3m (FY19: \$0.3m) is not shown in revenue and other income as per the statutory full-year report.

APAC

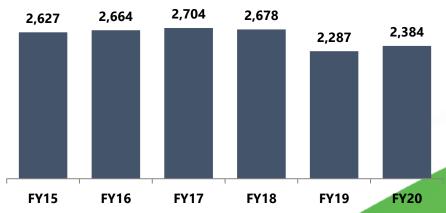
- ARR-royalty adjusted, was up 7% and licences were up 4% reflecting increased H2-20 sales driven by improved FY20 retention, improved back to school new business and COVID-19 demand.
- Licence revenue was down 2% due to FY19 churn issues impacting H1-20 and as H2-20 performance improvements are only partially recognised as revenue in FY20.
- Copyright fee revenue was up \$0.8M due to increased usage of our materials by teachers during the school year.
- Expenses were up \$0.6M mainly due to increased variable costs needed to meet the COVID-19 demand during H2-20.

Focus & Outlook

- Driving new and renewal sales with our refreshed Mathletics offering and improved customer experience.
- Build on the FY20 Readiwriter-Spelling traction and expand our literacy offering with Readiwriter-Writing.
- New opportunities outside ANZ to increase licences with an aim of driving Enterprise Sales.
- We expect H1-21 revenue and EBITDA to be behind prior year due to accelerated timing of 3rd party revenue as a result of billing in Q4-20 rather than Q1-21. Over the FY21 full year we expect single digit revenue and EBITDA growth.

AU\$M	FY20	FY19	\$+/-	%+/-
Revenue - Maths & Literacy	30.4	31.1	(0.7)	(2%)
Revenue - Copyright fees, and				
other	3.4	2.6	0.8	31%
Total revenue	33.8	33.7	0.1	0%
Expenses	(8.4)	(7.8)	(0.6)	8%
EBITDA before corporate				
overheads*	25.4	25.9	(0.5)	(2%)
EBITDA margin (%)	75%	77%		
ARPU (\$)	\$12.93	\$12.12	\$0.81	7%
Full Time Equivalent (number)	58	56	2	4%
ARR - royalty adjusted	30.7	28.6	2.1	7%

Licences 000s



* The change in licence numbers from FY18 to FY19 included the sunsetting of Spellodrome and IntoScience legacy products (~60k) and cessation of selling licences by volume bands and move to the sale by exact student numbers (~110k)



EMEA

- FY20 revenue increased 1% in AUD (6% decline in GBP). H1-20 was impacted by Brexit uncertainty; however, H2-20 showed 9% growth on H1-20.
- Readiwriter Spelling performed well contributing to the strong H2-20 performance.
- Expenses were impacted \$0.4M by variable cost accrued on the agreement with the Ministry of Education from the Middle East and a \$0.3M FX loss vs a \$0.1M gain in FY19.

Focus & Outlook

- Delivering on the Middle Eastern Ministry of Education agreement in FY21 to improve our prospects of renewal and expansion.
- Continuing to build our enterprise sales through large Ministry of Education or Department of Education deals and Corporate Social Responsibility partnerships.
- Driving new business and retention improvements from enhanced product and customer experience.
- Leverage our installed base with our expanded and stronger product portfolio, including Readiwriter Spelling, improvements to Reading Eggs which better meet UK curriculum needs and significant content related enhancements to 7-10 Mathletics.

AU\$M	FY20	FY19	\$+/-	%+/-
Revenue - Maths and Literacy	12.2	12.1	0.1	1%
Revenue - Other	-	-	-	NM
Total revenue	12.2	12.1	0.1	1%
Expenses	(5.7)	(4.7)	(1.0)	21%
EBITDA	6.5	7.4	(0.9)	(12%)
EBITDA margin (%)	53%	61%		
Full Time Equivalent (number)	48	52	(4)	(8%)
ARR - royalty adjusted	10.9	11.3	(0.4)	(4%)
£M	FY20	FY19	\$+/-	%+/-
Revenue - Maths and Literacy	6.3	6.7	(0.4)	(6%)
Total revenue	6.3	6.7	(0.4)	(6%)
EBITDA	3.2	3.8	(0.6)	(16%)
EBITDA margin (%)	51%	57%	()	()
ARPU (£)	£4.66	£4.67	(£0.01)	(0%)



* ARR-royalty adjusted excludes amounts from the Middle Eastern National Ministry of Education deal announced on 23 June 2020 which will begin in FY21.

^ Licence count excludes 200,000 licences which will be activated in FY21 on the Middle Eastern National Ministry of Education deal announced on 23 June 2020.



Americas

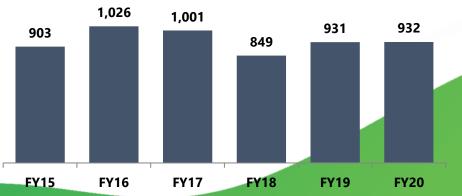
- Licence revenue was up 11% (5% in USD) despite challenging conditions in USA market due to funding uncertainty caused by COVID-19.
- ARR-royalty adjusted, has been impacted by product mix and discounts offered through multi-year retention strategies.
- Other revenue declined due to the adoption of AASB 16 Leases¹.
- Expenses up as previously flagged in our 31 December 2019 Half Year Investor briefing, due to higher average sales & marketing headcount during H1-20 versus H1-19.

Focus & Outlook

- Pivot USA sales team to optimise go-to-market in post COVID-19 market conditions and be ready to execute if additional USA federal funding is made available.
- Outside of USA, we have a pipeline of enterprise opportunities that are well placed to close in H1-21.
- Growing new and renewal sales with a refreshed Mathletics; including Mathletics Spanish to drive enterprise sales into the LATAM region and expanded common-core aligned content and activities.
- We expect billings growth in H1-21 however revenue growth will come through H2-21 due to our revenue recognition policy on licence revenue.

AU\$M	FY20	FY19	\$+/-	%+/-
Revenue - Maths and Literacy	8.8	7.9	0.9	11%
Revenue - Other	0.3	0.7	(0.4)	(57%)
Total revenue	9.1	8.6	0.5	6%
Expenses	(9.5)	(8.2)	(1.3)	16%
EBITDA	(0.4)	0.4	(0.8)	(200%)
EBITDA margin (%)	(4%)	5%		-195%
Full Time Equivalent (number)	47	51	(4)	(8%)
ARR - royalty adjusted	8.5	9.7	(1.2)	(12%)
US\$M	FY20	FY19	\$+/-	%+/-
Revenue - Maths and Literacy	5.9	5.6	0.3	5%
Other revenue and income	0.2	0.5	(0.3)	(60%)
Total revenue	6.1	6.1	-	0%
EBITDA	(0.3)	0.2	(0.5)	(250%)
EBITDA margin (%)	(5%)	3%	(8%)	
ARPU (US\$)	\$6.33	\$6.25	\$0.09	1%

Licences 000s





FY20 Income statement

- Employee expenses have increased by \$3.7M due higher salesrelated costs in the Americas, variable selling costs accrued on the Middle Eastern Ministry of Education deal and variable selling costs that arose from increased demand as a result of the COVID-19 pandemic.
- Headcount increase from June 2019 of 255 to 265 FTEs.
- Marketing expenses increased \$0.3M across all regions to accelerate growth.
- Technology and occupancy costs have decreased by \$1.2M due to \$1.5M reduction to occupancy expenses from the adoption of AASB 16 *Leases* offset by \$0.3M increase in licence fees and other system costs.
- Other expenses includes a \$0.7M swing in FX losses (\$0.1M FX loss in FY20 vs. \$0.6M gain in FY19).
- As previously flagged in our 31 December 2019 Half Year Investor briefing, \$1.0M of increased depreciation & amortisation is due to the impacts of adopting AASB 16 and \$0.9M is due to the amortisation of Readiwriter Spelling which begun this year.
- There are \$0.1M corporate advisory costs after tax which have been excluded from underlying EBITDA, underlying EBIT and underlying NPAT.
- The effective tax rate is impacted by the contribution of the Americas carryforward tax losses which were not recognised, and due to the full utilisation of blackhole expenditure in FY19 which arose from the 2014 IPO.

Total Revenue1 55.1 54.6 0.5 1% Employee expenses (29.9) (26.2) (3.7) 14% Marketing expenses (2.1) (1.8) (0.3) 17% Technology and occupancy (2.1) (1.8) (0.3) 17% expenses (4.8) (6.0) 1.2 (20%) Other expenses (3.7) (2.9) (0.8) 28% Expenses (40.5) (36.9) (3.6) 10% Underlying EBITDA 14.6 17.7 (3.1) (18%) Underlying EBITDA margin (%) 26% 32% (6%) Depreciation & amortisation (11.4) (9.1) (2.3) 25% Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT 3.2 8.6 (5.4) (63%) Vinderlying EBIT margin 6% 16% (10%) Net interest - 0.1 (0.1) (100%) Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2					
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Marketing expenses (2.1) (1.8) (0.3) 17% Technology and occupancy expenses (4.8) (6.0) 1.2 (20%) Other expenses (3.7) (2.9) (0.8) 28% Expenses (40.5) (36.9) (3.6) 10% Underlying EBITDA 14.6 17.7 (3.1) (18%) Underlying EBITDA margin (%) 26% 32% (6%) Depreciation & amortisation (11.4) (9.1) (2.3) 25% Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT margin 6% 16% (10%) Net interest - 0.1 (0.1) (100%) Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2.8) 1.3 (46%) Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT	Total Revenue ¹	55.1	54.6	0.5	1%
Technology and occupancy expenses (4.8) (6.0) 1.2 (20%) Other expenses (3.7) (2.9) (0.8) 28% Expenses (40.5) (36.9) (3.6) 10% Underlying EBITDA 14.6 17.7 (3.1) (18%) Underlying EBITDA 26% 32% (6%) Depreciation & amortisation (11.4) (9.1) (2.3) 25% Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT margin 6% 16% (10%) Net interest - 0.1 (0.1) (100%) Profit before tax 3.2 8.7 (5.5) (63%) Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21	Employee expenses	(29.9)	(26.2)	(3.7)	14%
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Other expenses (3.7) (2.9) (0.8) 28% Expenses (40.5) (36.9) (3.6) 10% Underlying EBITDA 14.6 17.7 (3.1) (18%) Underlying EBITDA margin (%) 26% 32% (6%) Depreciation & amortisation (11.4) (9.1) (2.3) 25% Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT margin 6% 16% (10%) Net interest - 0.1 (0.1) (100%) Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2.8) 1.3 (46%) Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1)					
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Underlying EBITDA margin (%) 26% 32% (6%) Depreciation & amortisation (11.4) (9.1) (2.3) 25% Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT margin 6% 16% (10%) Net interest - 0.1 (0.1) (100%) Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2.8) 1.3 (46%) Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Expenses	(40.5)	(36.9)	(3.6)	10%
Depreciation & amortisation (11.4) (9.1) (2.3) 25% Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT margin 6% 16% (10%) Net interest - 0.1 (0.1) (100%) Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2.8) 1.3 (46%) Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Underlying EBITDA	14.6	17.7	(3.1)	(18%)
Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT margin 6% 16% (10%) Net interest - 0.1 (0.1) (100%) Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2.8) 1.3 (46%) Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Underlying EBITDA margin (%)	26%	32%	(6%)	
Underlying EBIT 3.2 8.6 (5.4) (63%) Underlying EBIT margin 6% 16% (10%) Net interest - 0.1 (0.1) (100%) Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2.8) 1.3 (46%) Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Depreciation & amortisation	(11.4)	(9.1)	(2.3)	25%
Net interest - 0.1 (0.1) (100%) Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2.8) 1.3 (46%) Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Underlying EBIT	3.2			(63%)
Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2.8) 1.3 (46%) Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Underlying EBIT margin	6%	16%	(10%)	
Profit before tax 3.2 8.7 (5.5) (63%) Tax benefit/(expense) (1.5) (2.8) 1.3 (46%) Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Net interest	-	0.1	(0.1)	(100%)
Tax rate 47% 32% 15% Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1) (0.1) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Profit before tax	3.2	8.7	. ,	
Underlying NPAT 1.7 5.9 (4.2) (71%) Corporate advisory costs (after-tax) (0.1) - (0.1)	Tax benefit/(expense)	(1.5)	(2.8)	1.3	(46%)
Corporate advisory costs (after-tax) (0.1) - (0.1) (100%) NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Tax rate	47%	32%	15%	
NPAT 1.6 5.9 (4.3) (73%) Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Underlying NPAT	1.7	5.9	(4.2)	(71%)
Underlying EPS (cents) 1.21 4.24 (3.03) (71%)	Corporate advisory costs (after-tax)	(0.1)	-	(0.1)	(100%)
	NPAT	1.6	5.9	(4.3)	(73%)
	Underlying FPS (cents)	1,21	4,24	(3.03)	(71%)
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¹ Interest revenue of \$0.3m (FY19: \$0.3m) is shown in Net interest here and not in total revenue as per the statutory full-year report.



FY20 Cash flow

- FX and other non-cash has increased due FX differences, increased share-based payments and increase in non-cash customer contracts.
- Improved working capital due to improved H2 billings in EMEA and APAC combined with supplier focused working capital management.
- We have released a significant amount of new product in FY20. Our capitalised product and system development costs are \$1.6M higher than FY19 due to a higher proportion of later stage development work carried out, in line with our product release roadmap.
- Repayment of lease liabilities and receipts from sub-leases occurred as a result of adopting AASB 16 *Leases*. In the prior year these costs were included in EBITDA.



\$M	FY20	FY19	\$+/-					
Underlying EBITDA	14.6	17.7	(3.1)					
FX and other non-cash	(0.5)	(0.9)	0.4					
Change in working capital	0.3	(3.2)	3.5					
Operating free cash flow before intangibles	14.4	13.6	0.8					
Investment in product development & other intangibles	(10.6)	(9.0)	(1.6)					
Operating free cash flow after intangibles*	3.8	4.6	(0.8)					
Net interest paid/received	0.0	0.1	(0.1)					
Repayment of lease liabilities	(1.4)	0.0	(1.4)					
Receipts from sub-leases	0.5	0.0	0.5					
Income tax (paid)/refunded	(1.3)	(1.6)	0.3					
Net cash flows before investments	1.6	3.1	(1.5)					
Purchase of PP&E	(0.1)	(0.4)	0.3					
Net cash flows after investments	1.5	2.7	(1.2)					
Cash flow conversion ¹ (before capital								
expenditure)	99%	77%	22%					
Cash flow conversion ² (after capital expenditure)	26%	26%	0%					
Impact of AASB16								
*Operating free cash flow after intangibles	3.8	5.2	(1.4)					
¹ Cash flow conversion calculated as operating free cash flow as a percentage of EBITDA.	w before c	apital exp	enditure					
² Cash flow conversion calculated as operating free cash flow	w after cap	ital exper	diture as					

a percentage of EBITDA.

FY20 Balance sheet

- Cash of \$27.1M is up \$1.3M with no bank debt.
- Lease receivable, Right-of-use assets and Lease liabilities are a result of adopting AASB 16 *Leases* accounting standard in FY20. Refer to appendices for further details.
- Increase in intangibles due to continued investment in product development.
- Trade and other payable increased due to the VAT deferral relief scheme implemented by the UK government in response to the COVID-19 pandemic and due to higher 3rd party royalties accrued at year end.
- No dividend declared with cash being retained to support working capital and growth opportunities.

SM30-Jun-2030-Jun-19Cash and cash equivalents27.125.8Trade and other receivables11.110.8Lease receivable*0.6-Total current assets38.836.6Lease receivable*1.2-Property, plant and equipment0.61.0Right-of-use assets*2.8-Deferred tax assets4.85.0Intangibles and goodwill20.919.6Total non-current assets30.325.6Total assets69.162.2Trade and other payables8.27.2Income tax payable0.20.4Contract liabilities23.924.3Lease liabilities*1.6-Provisions0.70.7Lease liabilities*3.33.4Total non-current liabilities3.33.4Total non-current liabilities3.33.4 </th <th></th> <th></th> <th></th>			
Trade and other receivables 11.1 10.8 Lease receivable* 0.6 - Total current assets 38.8 36.6 Lease receivable* 1.2 - Property, plant and equipment 0.6 1.0 Right-of-use assets* 2.8 - Deferred tax assets 4.8 5.0 Intangibles and goodwill 20.9 19.6 Total non-current assets 30.3 25.6 Total assets 69.1 62.2 Income tax payable 0.2 0.4 Contract liabilities 23.9 24.3 Lease liabilities* 1.6 - Provisions 1.7 1.6 Total current liabilities 33.3 34 Total non-current liabilities 3.3 3.4 Total current liabilities 7.2 4.1 Total non-current liabilities 7.2 4.1 Total non-current liabilities 7.2 4.1 Total liabilities 42.8 37.6 Net assets 26.3 24.6 Contributed equity 3	\$M	30-Jun-20	30-Jun-19
Trade and other receivables11.110.8Lease receivable*0.6Total current assets38.836.6Lease receivable*1.2Property, plant and equipment0.61.0Right-of-use assets*2.8Deferred tax assets4.85.0Intangibles and goodwill20.919.6Total non-current assets30.325.6Total assets69.162.2Trade and other payables8.27.2Income tax payable0.20.4Contract liabilities23.924.3Lease liabilities*1.6	Cash and cash equivalents	27.1	25.8
Total current assets38.836.6Lease receivable*1.2-Property, plant and equipment0.61.0Right-of-use assets*2.8-Deferred tax assets4.85.0Intangibles and goodwill20.919.6Total non-current assets30.325.6Total assets69.162.2Trade and other payables8.27.2Income tax payable0.20.4Contract liabilities23.924.3Lease liabilities*1.6-Provisions1.71.6Total current liabilities35.633.5Provisions0.70.7Lease liabilities*3.2-Contract liabilities3.33.4Total non-current liabilities7.24.1Total non-current liabilities42.837.6Net assets26.324.6Contract liabilities34.534.4Retained earnings(16.2)(17.8)Reserves88.0		11.1	10.8
Lease receivable*1.2Property, plant and equipment0.61.0Right-of-use assets*2.8Deferred tax assets4.85.0Intangibles and goodwill20.919.620.919.6Total non-current assets30.325.6Total assets69.162.2Trade and other payables8.27.2Income tax payable0.20.4Contract liabilities23.924.3Lease liabilities*1.6-Provisions1.71.6Provisions0.70.7Lease liabilities*3.33.4Total non-current liabilities3.33.4Total non-current liabilities7.24.1Total non-current liabilities7.24.1Total non-current liabilities7.24.1Contract liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Lease receivable*	0.6	-
Property, plant and equipment0.61.0Right-of-use assets*2.8Deferred tax assets4.85.0Intangibles and goodwill20.9 Total non-current assets30.325.6Total assets69.162.2 Trade and other payables8.27.2Income tax payable0.20.4Contract liabilities23.924.3Lease liabilities*1.6-Provisions1.71.6 Total current liabilities 3.2-Contract liabilities3.33.4 Total non-current liabilities 7.24.1 Total non-current liabilities42.837.6 Net assets 26.3 24.6Contract liabilities3.33.4Total non-current liabilities3.2-Contract liabilities*3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Total current assets	38.8	36.6
Right-of-use assets*2.8Deferred tax assets4.8Deferred tax assets4.8State5.0Intangibles and goodwill20.919.670tal non-current assetsTotal non-current assets30.325.670tal assetsTotal assets69.1Cotal assets69.10.20.4Contract liabilities23.924.324.3Lease liabilities*1.6Provisions1.71.670tal current liabilitiesStofe33.5Provisions0.71.71.6Total current liabilities3.33.43.3Total non-current liabilities7.24.142.8Total liabilities3.32.6.324.6Contributed equity34.534.434.5Retained earnings(16.2)88.0	Lease receivable*	1.2	_
Deferred tax assets 4.8 5.0 Intangibles and goodwill 20.9 19.6 Total non-current assets 30.3 25.6 Total assets 69.1 62.2 Trade and other payables 8.2 7.2 Income tax payable 0.2 0.4 Contract liabilities 23.9 24.3 Lease liabilities* 1.6 - Provisions 1.7 1.6 Total current liabilities 35.6 33.5 Provisions 0.7 0.7 Lease liabilities* 3.3 3.4 Total non-current liabilities 3.3 3.4 Total non-current liabilities 7.2 4.1 Total non-current liabilities 7.2 4.1 Total liabilities 42.8 37.6 Net assets 26.3 24.6 Contributed equity 34.5 34.4 Retained earnings (16.2) (17.8) Reserves 8 8.0	Property, plant and equipment	0.6	1.0
Intangibles and goodwill 20.9 19.6 Total non-current assets 30.3 25.6 Total assets 69.1 62.2 Trade and other payables 8.2 7.2 Income tax payable 0.2 0.4 Contract liabilities 23.9 24.3 Lease liabilities* 1.6 - Provisions 1.7 1.6 Total current liabilities 35.6 33.5 Provisions 0.7 0.7 Lease liabilities* 3.2 - Contract liabilities 3.3 3.4 Total current liabilities 3.3 3.4 Total non-current liabilities 7.2 4.1 Total liabilities 42.8 37.6 Net assets 26.3 24.6 Contributed equity 34.5 34.4 Retained earnings (16.2) (17.8) Reserves 8 8.0	Right-of-use assets*	2.8	-
Total non-current assets30.325.6Total assets69.162.2Trade and other payables8.27.2Income tax payable0.20.4Contract liabilities23.924.3Lease liabilities*1.6-Provisions1.71.6Total current liabilities35.633.5Provisions0.70.7Lease liabilities*3.2-Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Deferred tax assets	4.8	5.0
Total assets69.162.2Trade and other payables8.27.2Income tax payable0.20.4Contract liabilities23.924.3Lease liabilities*1.6-Provisions1.71.6Total current liabilities35.633.5Provisions0.70.7Lease liabilities*3.2-Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Intangibles and goodwill	20.9	19.6
Trade and other payables8.27.2Income tax payable0.20.4Contract liabilities23.924.3Lease liabilities*1.6-Provisions1.71.6Total current liabilities35.633.5Provisions0.70.7Lease liabilities*3.2-Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Total non-current assets	30.3	25.6
Income tax payable0.20.4Contract liabilities23.924.3Lease liabilities*1.6-Provisions1.71.6Total current liabilities35.633.5Provisions0.70.7Lease liabilities*3.2-Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Total assets	69.1	62.2
Contract liabilities23.924.3Lease liabilities*1.6-Provisions1.71.6Total current liabilities35.633.5Provisions0.70.7Lease liabilities*3.2-Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Trade and other payables	8.2	7.2
Lease liabilities*1.6Provisions1.7Total current liabilities35.633.5Provisions0.7Lease liabilities*3.2Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.3Contributed equity34.5A4.8Retained earnings(16.2)(17.8)8Reserves8	Income tax payable	0.2	0.4
Provisions1.71.6Total current liabilities35.633.5Provisions0.70.7Lease liabilities*3.2-Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Contract liabilities	23.9	24.3
Total current liabilities35.633.5Provisions0.70.7Lease liabilities*3.2-Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Lease liabilities*	1.6	-
Provisions0.70.7Lease liabilities*3.2-Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0		1.7	1.6
Lease liabilities*3.2Contract liabilities3.3Total non-current liabilities7.2Total liabilities42.8Total liabilities42.8Net assets26.3Contributed equity34.5Retained earnings(16.2)Reserves8	Total current liabilities	35.6	33.5
Contract liabilities3.33.4Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Provisions	0.7	0.7
Total non-current liabilities7.24.1Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Lease liabilities*	3.2	-
Total liabilities42.837.6Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Contract liabilities	3.3	3.4
Net assets26.324.6Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Total non-current liabilities	7.2	4.1
Contributed equity34.534.4Retained earnings(16.2)(17.8)Reserves88.0	Total liabilities	42.8	37.6
Retained earnings(16.2)(17.8)Reserves88.0	Net assets	26.3	24.6
Retained earnings(16.2)(17.8)Reserves88.0	Contributed equity	34.5	34.4
Reserves 8 8.0		(16.2)	(17.8)
Total equity 26.3 24.6	5	8	8.0
	Total equity	26.3	24.6

* Impact of AASB16 Lease accounting standard

Investment in products & technology assets



- We exit FY20 with a stronger product portfolio having launched Readiwriter Spelling, and enhanced Mathletics with Spanish language, 700+ Problem Solving & Reasoning activities, created 30,000+ new Understanding, Practicing and Fluency activities addressing global curricula; and improving the overall teacher and student experience.
- In FY19 we had lower proportion capitalised as it related to early stage R&D investment. In FY20 our focus returned to later stage development activities and therefore capitalisation rates were higher, and more consistent with FY18.
- From May 2020 we started using a lower cost external provider to assist in developing our products. This investment was achieved within the same cost envelope and is expected to provide additional development efficiencies into FY21.
- Software and curriculum content are amortised over 3 years.
- During FY21 we expect capex to increase to \$12.0M to enable development of features which open up new markets or expand opportunities within existing markets.

Investment split by asset type and accounting treatment

<i>y</i>		9		
CAPEX	%	OPEX	%	Total
7.8	85%	1.4	15%	9.2
1.9	83%	0.4	17%	2.3
0.9	36%	1.6	64%	2.5
10.6	76%	3.4	24%	14.0
CAPEX	%	ΟΡΕΧ	%	Total
6.3	72%	2.4	28%	8.7
1.5	75%	0.5	25%	2.0
1.1	52%	1.0	48%	2.1
	7.8 1.9 0.9 10.6 CAPEX 6.3 1.5	7.8 85% 1.9 83% 0.9 36% 10.6 76% CAPEX % 6.3 72% 1.5 75%	7.8 85% 1.4 1.9 83% 0.4 0.9 36% 1.6 10.6 76% 3.4 CAPEX % OPEX 6.3 72% 2.4 1.5 75% 0.5	7.8 85% 1.4 15% 1.9 83% 0.4 17% 0.9 36% 1.6 64% 10.6 76% 3.4 24% CAPEX % OPEX % 6.3 72% 2.4 28% 1.5 75% 0.5 25%

Product and systems balances

\$М	Opening Value	Add	Amort'n	Closing Value
Mathematics	10.4	7.8	(7.0)	11.2
Literacy	2.6	1.9	(1.0)	3.5
Digital Systems	1.6	0.9	(1.0)	1.5
Total Product and Systems Development Assets	14.6	10.6	(9.0)	

Outlook



FY21 Group Outlook



- **APAC:** We expect single digit revenue and EBITDA growth for the full year.
- EMEA: Significant revenue and EBITDA growth are expected in FY21 following the closure of our MOE agreement as well as other enterprise opportunity in the funnel.
- Americas: We expect continued market uncertainty in the USA due to funding challenges; however, we have a pipeline of enterprise opportunities in the Americas and expect license revenue growth for the full year.
- On a group basis we expect double digit revenue and EBIDTA growth in FY21.
- Our cost base is now set, our mix of cost is optimised and we expect to deliver revenue growth with increased operating leverage.
- We enter FY21 with strong operating leverage allowing our existing headcount to drive significant revenue growth at high margins similar to other SaaS businesses.



Appendices



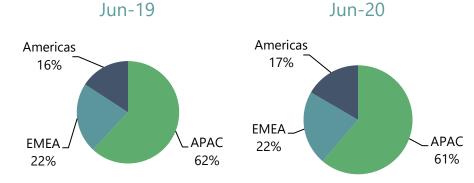
Revenue by geography and product family



Revenue by Geography

A\$M	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
APAC	30.1	30.8	31.8	34.4	33.7	33.8
EMEA	10.3	12.6	13.0	13.0	12.1	12.2
Americas	4.4	5.9	7.7	8.0	8.6	9.1
Total	44.8	49.3	52.5	55.4	54.4	55.1

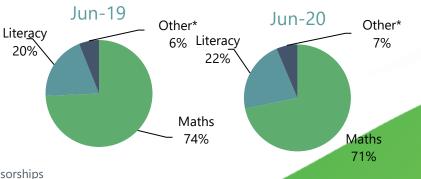
Revenue split by Geography



Revenue by Product Family

A\$M	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
Mathematics	32.9	36.9	39.6	40.9	40.4	39.4
Literacy	7.9	8.9	9.3	9.8	10.7	12.0
Other*	4.0	3.5	3.6	4.7	3.3	3.7
Total	44.8	49.3	52.5	55.4	54.4	55.1

Revenue split by Product Family



* Other revenue includes STEMscopes, copyright fees, workbook sales, IntoScience and sponsorships

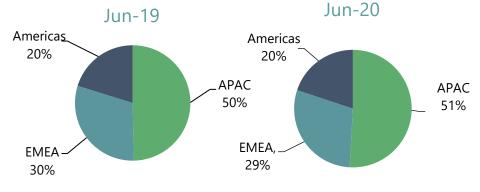
Licences by geography and product family



Licences by Geography

000s	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
APAC	2,627	2,664	2,704	2,678	2,287	2,384
EMEA	1,498	1,660	1,737	1,534	1,337	1,366
Americas	903	1,026	1,001	849	931	932
Total	5,028	5,350	5,442	5,061	4,555	4,682
Legacy						
contract*	185	185	0	0	0	0
IntoScience**	99	117	85	15	0	0
Total	5,312	5,652	5,527	5,076	4,555	4,682

Licences split by Geography



Licences by Product Family

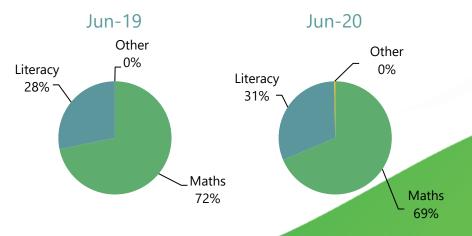
000s	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20
Mathematics	3,606	3,818	3,953	3,583	3,271	3,214
Literacy	1,422	1,532	1,489	1,478	1,283	1,455
Other***	0	0	0	0	1	13
Total	5,028	5,350	5,442	5,061	4,555	4,682
Legacy						
contract*	185	185	0	0	0	0
IntoScience**	99	117	85	15	0	0
Total	5,312	5,652	5,527	5,076	4,555	4,682

* Legacy Middle East contracts for Mathletics licences

** IntoScience product not actively sold from February 2017

*** STEMscopes sold from late June 2019

Licences split by Product Family



ARR Analysis



Group							EMEA						
A\$M	H1-19	H2-19	FY19	H1-20	H2-20	FY20	A\$M	H1-19	H2-19	FY19	H1-20	H2-20	FY2
Opening ARR - royalty adjusted	49.9	52.0	49.9	49.6	49.3	49.6	Opening ARR - royalty adjusted	12.6	12.0	12.6	11.3	11.3	11
Acquired business*	2.0	0.3	2.3	-	-	-	Acquired business	-	-	-	-	-	
New business	2.5	2.7	5.2	2.8	5.5	8.3	New business	0.7	0.7	1.4	0.7	1.1	1
Net upsell/downsell	0.8	(0.9)	(0.1)	0.4	(0.7)	(0.3)	Net upsell/downsell	0.2	-	0.2	(0.1)	0.1	
Net churn	(3.7)	(4.7)	(8.4)	(4.0)	(3.4)	(7.4)	Net churn	(1.6)	(1.6)	(3.2)	(1.0)	(1.0)	(2.
FX impact	0.5	0.2	0.7	0.5	(0.7)	(0.2)	FX Impact	0.1	0.2	0.3	0.4	(0.6)	(0.
Closing ARR - royalty adjusted	52.0	49.6	49.6	49.3	50.0	50.0	Closing ARR - royalty adjusted	12.0	11.3	11.3	11.3	10.9	10
Net dollar churn %		(17%)	(17%)	(17%)	(15%)	(15%)	Net dollar churn %		(25%)	(25%)	(22%)	(18%)	(189
Exit ARPU (A\$)	10.25	10.89	10.89	10.95	10.68	10.68	Exit ARPU (A\$)	8.25	8.45	8.45	8.91	7.98	7.9

АРАС							Americas						
А\$М	H1-19	H2-19	FY19	H1-20	H2-20	FY20	A\$M	H1-19	H2-19	FY19	H1-20	H2-20	FY20
Opening ARR - royalty adjusted	29.8	30.6	29.8	28.6	29.7	28.6	Opening ARR - royalty adjusted	7.5	9.2	7.5	9.7	8.2	9.7
Acquired business	-	-	-	-	-	-	Acquired business*	2.1	0.2	2.3	-	-	_
New business	1.1	1.6	2.7	1.2	3.8	5.0	New business	0.6	0.5	1.1	0.9	0.6	1.5
Net upsell/downsell	0.2	(1.0)	(0.8)	0.2	(0.9)	(0.7)	Net upsell/downsell	0.3	0.1	0.4	0.2	0.1	0.3
Net churn	(0.6)	(2.7)	(3.3)	(0.3)	(1.9)	(2.2)	Net churn	(1.5)	(0.5)	(2.0)	(2.7)	(0.5)	(3.2)
FX impact	0.1	0.1	0.2	-	-		FX Impact	0.2	0.2	0.4	0.1	0.1	0.2
Closing ARR - royalty adjusted	30.6	28.6	28.6	29.7	30.7	30.7	Closing ARR - royalty adjusted	9.2	9.7	9.7	8.2	8.5	8.5
Net dollar churn %		(11%)	(11%)	(10%)	(8%)	(8%)	Net dollar churn %		(27%)	(27%)	(35%)	(33%)	(33%)
Exit ARPU (A\$)	11.23	12.51	12.51	12.49	12.88	12.88	Exit ARPU (A\$)	10.53	10.42	10.42	9.68	9.12	9.12

* In FY19, AMER acquired \$2.3M upon gaining the Mathseeds distribution rights. Value has been estimated based on 3rd party information.

Statutory EBITDA



Reconciliation of Segment EBITDA to Statutory EBITDA per note 4 of the FY2020 financial statements*

\$M	FY20	FY19	Mvmt	Growth
APAC Underlying EBITDA	25.4	25.9	(0.5)	(2%)
Less : Corporate Costs and Development	(16.9)	(16.0)	(0.9)	6%
Add : Intersegment Royalties & Charges	6.2	6.9	(0.7)	(10%)
Statutory EBITDA*	14.7	16.8	(2.1)	(13%)
EMEA Underlying EBITDA	6.5	7.4	(0.9)	(12%)
Less : Intersegment Royalties & Charges	(3.8)	(4.2)	0.4	(10%)
Statutory EBITDA	2.7	3.2	(0.5)	(16%)
Americas Underlying EBITDA Less : Intersegment Royalties & Charges	(0.4) (2.4)	0.4 (2.7)	(0.8) 0.3	(200%) (11%)
Statutory EBITDA	(2.8)	(2.3)	(0.5)	22%
Group Underlying EBITDA	14.6	17.7	(3.1)	(18%)

*Statutory EBITDA as disclosure in Note 4 of Financial Report as at 30 June 2020.

Impact of AASB16 Leases



FY19 income statement, notionally adjusted for the FY20 impacts of adopting AASB16 Leases

A\$M	FY19 Actuals	AASB16 Leases impact *	Pro forma FY19	Change
Total Revenue	54.4	(0.6)	53.8	(1%)
Employee expenses	(26.2)	-	(26.2)	-
Marketing expenses	(1.8)	-	(1.8)	-
Technology and occupancy expenses	(6.0)	1.6	(4.4)	(27%)
Other expenses	(2.7)	-	(2.7)	-
Expenses	(36.7)	1.6	(35.1)	(4%)
EBITDA	17.7	1.0	18.7	6%
EBITDA margin (%)	33%		35%	
Depreciation & amortisation	(9.1)	(1.0)	(10.1)	11%
EBIT	8.6	-	8.6	-
EBIT margin	16%		16%	
Net interest	0.1	(0.1)	-	(100%)
Profit before tax	8.7	(0.1)	8.6	(1%)
Tax Benefit/(Expense)	(2.8)	-	(2.8)	-
Tax rate	32%		33%	
NPAT	5.9	(0.1)	5.8	(2%)

* The above income statement shows the impact of adopting AASB16 Leases on the FY19 results, based on leases in existence as at 30 June 2019. Sub-lease income would decrease \$0.6M, lease expense would decrease \$1.6M, depreciation would increase \$1.0M and net interest expense would increase \$0.1M.

Definitions



Term	Definition
Annual Recuring Revenue - Royalty Adjusted (ARR - Royalty Adjusted)	ARR - royalty adjusted is the annualised customer contract value of all active licence contracts in effect at a particular date, adjusted for the annualised value of royalties payable to third parties on that contract.
Licences	Licences reported reflect the number of indivdiual students using 3P Learning products. It excludes any teacher or administrator users.
Net Churn	Net churn represents the ARR - royalty adjusted value of licences which were not renewed by a customer at the end of a subscription period, offset by the value of recovered subscriptions previously churned.
Net Dollar Churn Percentage	Net dollar churn percentage is calculated as a proportion of the opening ARR - royalty adjusted value in a rolling 12-month period.
Licence Revenue	Licence revenue includes all statutory revenue recorded on the sale of online education products. Specifically it includes first party products recognised as "Licence fees" and 3rd party products recognised as "Net commission revenue" in the statutory financial statements.
Average Revenue per User (ARPU)	ARPU represents the rolling 12-month Licence Revenue divided by the average licences. Average licences are calculated as (opening licences + closing licences) / 2
Exit Average Revenue per User (Exit ARPU)	Exit ARPU represents the closing ARR - royalty adjusted divided by the closing number of licences.



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The release of this announcement has been authorised by the Board of 3P Learning Limited

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