

ASX ANNOUNCEMENT

23 April 2020

Business update

3P Learning Limited (ASX: 3PL) ('3P Learning' or 'Company') provides the following update on its business operations for the period ended 31 March 2020 (Q3-FY20) and conditions for the remainder of FY20.

Despite the uncertainty surrounding COVID-19, there has been no interruption to the Company's operations including sales, marketing and product development with our technology suite scaling well with increased usage and demand. The longer-term impact from COVID-19 on 3P Learning, and the education and ed-tech sectors more broadly, is difficult to assess at this time. The Company has, however, seen an increase in demand for its products and services.

Although we've seen increased demand, full year revenue and EBITDA will be moderated by our product sales mix (3P Learning owned vs 3rd party owned products), timing (when we can recognise associated revenue) as well as increased sales commissions and variable wage costs to support customer demand, which are recorded immediately.

As outlined in our last market update on 14 February 2020, we expect group licence revenue and EBITDA growth in H2-FY20 compared to H2-FY19 and we anticipate full year EBITDA to be down compared to FY19 due to the outlined revenue and cost recognition factors.

We expect the Company to generate positive operating cash flows for the full year and, subject to COVID-19 adversely impacting the timing of cash collections for future billings, we also expect cash to be higher at the end of FY20, compared to the prior corresponding period (pcp).

We expect an increase in deferred revenue for the full year compared to pcp which is a positive indicator for FY21.

We exited the key back to school selling season in ANZ recording a 2 percentage point (%-pt) increase in school retention rates on the pcp and importantly, this improvement was evident prior to COVID-19.

This improvement in retention was also achieved in the United Kingdom (UK); however, the overall impact of COVID-19 on school purchasing decisions in the UK remains uncertain.

The USA has been particularly impacted by the COVID-19 pandemic and this, coupled with the region just entering its key selling period, makes it difficult to provide an update or outlook for the region in FY20.

3P Learning CEO, Ms O'Flaherty said, "We will continue to monitor the effect of COVID-19 on our business and make further updates if necessary. In the meantime, we continue to focus on supporting our customers and staff during this unprecedented period."

This announcement has been authorised for release by the Chairman of the Board of 3P Learning Limited.

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For further information, please contact 3P Learning Investor Relations – investors@3plearning.com