

**IDP EDUCATION LIMITED**  
**ABN 59 117 676 463**

**Financial Report**  
**For the year ended 30 June 2022**

**Appendix 4E**  
**IDP EDUCATION LIMITED**  
**ABN 59 117 676 463**  
**Year ended 30 June 2022**

**Results for Announcement to the Market**

|                                                                             | <b>30 June 2022</b> | <b>30 June 2021</b> | <b>Movement</b> | <b>Movement</b> |
|-----------------------------------------------------------------------------|---------------------|---------------------|-----------------|-----------------|
|                                                                             | <b>\$'000</b>       | <b>\$'000</b>       | <b>\$'000</b>   | <b>%</b>        |
| Revenue from ordinary activities                                            | 793,331             | 528,742             | 264,589         | 50              |
| Net profit for the year attributable to the owners of IDP Education Limited | 102,604             | 39,683              | 62,921          | 159             |

| <b>Dividends</b>                                          | <b>Amount per ordinary share cents</b> | <b>Franked amount per ordinary share cents</b> |
|-----------------------------------------------------------|----------------------------------------|------------------------------------------------|
| FY21 final dividend                                       | -                                      | -                                              |
| FY22 interim dividend paid                                | 13.5                                   | 1.22                                           |
| FY22 final dividend (declared after balance date)         | 13.5                                   | 1.89                                           |
| Record date for determining entitlements to the dividends |                                        | 8 September 2022                               |
| Dividend payment date                                     |                                        | 29 September 2022                              |

| <b>Net tangible assets per ordinary share</b> | <b>30 June 2022</b> | <b>30 June 2021</b> |
|-----------------------------------------------|---------------------|---------------------|
|                                               | <b>cents</b>        | <b>cents</b>        |
| Net tangible assets per share                 | 6.62                | 94.41               |
| Net assets per share                          | 163.71              | 139.59              |

Net tangible assets are defined as net assets less intangible assets and capitalised development costs.

A significant proportion of the Group's assets are intangible in nature, totalling \$437.3m, including software, goodwill, identifiable intangible assets relating to businesses acquired and capitalised development costs. These assets are excluded from the calculation of net tangible assets per share.

**Other information required by Listing Rule 4.3A**

The remainder of information requiring disclosure to comply with Listing Rule 4.3A is contained in the Financial Report (which includes the Directors' report).

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## Directors' report

The Directors of IDP Education Limited, present the financial report of IDP Education Limited (the Company) and its controlled entities (the Group, IDP Education or IDP) for the financial year ended 30 June 2022.

### Operating and financial review

#### Introduction

A summary of IDP Education's consolidated financial results for the year ending 30 June 2022 ("FY22") is set out below. The financial performance of the Group during FY22 rebounded as the majority of restrictions on operations caused by COVID-19 during FY21 lifted, with the impact of remaining restrictions varying by geography and timing. On aggregate, revenue grew by 50%, EBIT grew 148% and NPAT grew 161% compared to FY21.

#### Summary Financials (A\$m)

|                   | Unit  | FY22  | FY21  | Growth |      |
|-------------------|-------|-------|-------|--------|------|
|                   |       |       |       | \$m    | %    |
| Total Revenue     | A\$m  | 793.3 | 528.7 | 264.6  | 50%  |
| Gross Profit      | A\$m  | 459.5 | 297.8 | 161.6  | 54%  |
| EBIT              | A\$m  | 158.9 | 64.1  | 94.7   | 148% |
| EBIT (Adjusted) * | A\$m  | 163.2 | 71.8  | 91.4   | 127% |
| NPAT              | A\$m  | 102.8 | 39.5  | 63.4   | 161% |
| NPAT (Adjusted) * | A\$m  | 106.6 | 45.0  | 61.6   | 137% |
| EPS               | cents | 36.9  | 14.3  | 22.6   | 158% |
| EPS (Adjusted) *  | cents | 38.2  | 16.3  | 21.9   | 135% |
| Debt              | A\$m  | 156.5 | 56.7  | 99.8   | 176% |

\* Adjusted EBIT, NPAT and earnings per share excludes intangible asset amortisation generated from business combinations, merger and acquisition expenses and expenses incurred to review shareholdings and capital structure.

The Directors believe these adjustments and other non-IFRS measures included in this report are relevant and useful in measuring the financial performance of the Group. Later in the report the Directors also present "underlying" financial measures which remove the impact of foreign exchange movements during the year. The Directors believe that these "adjusted" and "underlying" metrics provide the best measure to assess the performance of the Group by excluding the impact of currency movements, non-cash intangible asset amortisation generated from business combinations, one-off merger and acquisition and one-off capital structure expenses from the reported IFRS measures.

## **Review of Operations**

IDP has a large global footprint and a diversified business model across its four business lines. As a result, the aggregate performance of the Group for any given year is driven by a large number of variables across many countries. This report provides a high-level summary of the highlights and key drivers during the year.

The performance of IDP Education in FY22 rebounded and accelerated during the year as the majority of the restrictions imposed on our markets due to the COVID-19 pandemic were lifted. Revenue grew 50% compared to FY21 with the first half revenue growing 47% primarily from the 62% growth in IELTS revenue, while the second half revenue grew at 53% with Student placement revenue up 68% and IELTS revenue up 52% compared to the same period in FY21.

The acquisition of the IELTS business from the British Council in India was completed in July 2021 and was a significant driver of growth for the year. Revenue from our Indian business grew 149% compared to FY21 as a result of the increase in IELTS volume and the strong rebound in student placement.

COVID-19 travel bans, border closures and lockdowns in the first half continued to impact a small number of source countries and impacted destination countries Australia and New Zealand. The markets impacted did not return to pre-pandemic volumes in FY22. The UK, Canadian and USA destination markets had delays in visa processing and a lack of available flights but the majority of IDP students were able to travel to commence their courses. IELTS testing was also impacted at times during the year with lockdowns and social distancing measures that reduced our capacity to test, and the Indian market had delays in candidates sitting and obtaining results from their domestic qualifying exams that led to lower than expected demand for IELTS testing in May and June 2022.

The Australian student placement market was impacted as borders remained closed to international students until the middle of December 2021 which significantly reduced the volume of students for the second semester intake in July/August 2021. The students that were placed from offshore source markets in the first half were required to commence their studies online. For the first semester intake in February 2022 students could travel and our volumes in the second half were 107% higher than the same period in FY21, but remained below pre pandemic levels.

IDP's other study destinations have also been impacted by the pandemic, but to a lesser extent, as the UK border remained open and IDP delivered 36% volume growth as UK institutions accepted international students in the first semester in September 2021 with a smaller intake in February. Canada's border for international students was open for their Fall intake commencing in September but slower visa processing delayed some student's commencement. Despite the delays in visa processing that caused some students to defer, Canadian volume was 50% higher than FY21. USA institutions accepted international students for the Fall intake in September with a smaller spring intake commencing in January. For the USA IDP volume grew 154% compared to FY21 primarily coming from Indian post graduate students.

IDP Education's English language testing business returned to near full capacity in July 2021 and with the acquisition of the British Councils IELTS business in India in August volume growth accelerated, with total IDP IELTS volumes ending the year at 67% above FY21. A small number of IDP IELTS markets were impacted by COVID-19 during the year with Australia and New Zealand only able to undertake limited testing during lockdowns, and both markets declined as the number of candidates onshore requiring a test was significantly lower, with many international students returning to their home countries. The China market was also impacted by lockdowns and travel bans reducing the British Council testing and the license fee IDP receives in that market.

IDP Education's EBIT growth of 148% was primarily a result of the strong revenue growth in our key revenue lines, student placement and IELTS. Costs increased as we recommenced investing for growth and the saving initiatives that were in place during the pandemic ended. The growth in costs was lower than the growth in revenue with staff costs growth lower than would otherwise be the case as we had kept our teams together during the pandemic.

IDP Education views and manages its business on a geographic basis. Country and regional management are responsible for all activities in their geographic region across each of the Group's key products (Student Placement, English Language Testing, English Language Teaching and Digital Marketing and Events). As a result, the Group's key reporting segments comprise geographic regions. The sections below discuss the Group's results across its three geographic regions.

## Asia

The table below shows the Group's results across its Asian region which includes the following countries: Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Laos, Malaysia, Mauritius, Myanmar, Nepal, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam.

### Asia Segment - Financial Summary

|                                                  | Unit | FY22  | FY21  | Growth |      |
|--------------------------------------------------|------|-------|-------|--------|------|
|                                                  |      |       |       | \$m    | %    |
| Total Revenue                                    | A\$m | 586.5 | 316.2 | 270.2  | 85%  |
| EBIT                                             | A\$m | 206.7 | 76.6  | 130.1  | 170% |
| EBIT Margin                                      | %    | 35%   | 24%   |        |      |
| % of Total Group Revenue                         | %    | 74%   | 60%   |        |      |
| % of Total Group EBIT (Excl Corporate Overheads) | %    | 85%   | 61%   |        |      |

Asia total revenue grew by 85% due to the strong rebound in both student placement volumes and IDP IELTS volumes along with the growth in IELTS volume from the acquisition of the British Councils IELTS India business.

In India, the acquisition of the British Council IELTS business was completed at the end of July and this added to the rebound in the IDP IELTS business following most of the pandemic restrictions being lifted. IDP IELTS revenue grew by 181% including the 11 months of the British Council IELTS business in India. India's student placement business also rebounded to all destinations and revenue grew by 98% relative to FY21.

In China, IDP student placement revenue declined by 13% relative to FY21 and IDP's license fees from the British Council related to the distribution of IELTS in China declined by 21% as the British Council's testing operations were suspended or operating at reduced capacity for the majority of FY22. Some students in China were prepared to commence their courses online but the difficulty in travel from China and the border closure for Australia in the first half saw volume to Australia decline by 34% and volumes to the UK decline by 12% compared with FY21.

Outside of India and China, IDP's performance in the rest of Asia was strong as the pandemic restrictions lifted across most source markets. Revenue growth was 38% driven by strong student placement revenue growth of 65% and IELTS revenue growth of 39%. The English language teaching business in Cambodia and Vietnam delivered 2% growth as the schools managed through government mandated lockdowns and social distancing for a large part of FY22.

The EBIT growth of 170% was a result of the strong rebound in revenue, the expense base returning to normal levels and growing at a rate well below the growth in revenue.

## Australasia

The table below shows the Group's results across its Australasian region which includes the following countries: Australia, Fiji, New Caledonia and New Zealand.

### Australasia Segment - Financial Summary

|                                                  | Unit | FY22 | FY21 | Growth |      |
|--------------------------------------------------|------|------|------|--------|------|
|                                                  |      |      |      | \$m    | %    |
| Total Revenue                                    | A\$m | 38.6 | 45.9 | -7.3   | -16% |
| EBIT                                             | A\$m | 3.3  | 9.2  | -5.8   | -64% |
| EBIT Margin                                      | %    | 9%   | 20%  |        |      |
| % of Total Group Revenue                         | %    | 5%   | 9%   |        |      |
| % of Total Group EBIT (Excl Corporate Overheads) | %    | 1%   | 7%   |        |      |

The Australasian segment revenue decline was a result of lower IELTS volumes and lower student placement revenue in Australia and New Zealand due to lockdowns and the closure of the borders for a significant part of the year. Student placement revenue onshore in Australia and New Zealand was negatively impacted when the borders in both countries closed and the pool of students onshore declined as many students returned to their home countries and were unable to return. IELTS revenue was 26% below FY21 and student placement revenue declined by 10% as the number of international students onshore declined impacting both business lines.

The decline in EBIT of 64% was a result of the revenue decline and expenses returning to normal levels as wage subsidies and voluntary salary reductions ended.

## Rest of World

The table below shows the Group's results across the Rest of World region which includes: Argentina, Azerbaijan, Bahrain, Brazil, Canada, Chile, Colombia, Cyprus, Ecuador, Egypt, Germany, Greece, Iran, Ireland, Italy, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Mexico, Nigeria, Oman, Pakistan, Peru, Poland, Qatar, Romania, Russia, Saudi Arabia, Spain, Switzerland, Turkey, Uruguay, Ukraine, Uzbekistan, the United Arab Emirates ("UAE"), the United Kingdom, and the United States of America.

### Rest of World Segment - Financial Summary

|                                                  | Unit | FY22  | FY21  | Growth |      |
|--------------------------------------------------|------|-------|-------|--------|------|
|                                                  |      |       |       | \$m    | %    |
| Total Revenue                                    | A\$m | 168.3 | 166.6 | 1.7    | 1%   |
| EBIT                                             | A\$m | 32.9  | 39.0  | -6.2   | -16% |
| EBIT Margin                                      | %    | 20%   | 23%   |        |      |
| % of Total Group Revenue                         | %    | 21%   | 32%   |        |      |
| % of Total Group EBIT (Excl Corporate Overheads) | %    | 14%   | 31%   |        |      |

The Rest of World recorded a 1% increase in revenue coming from a 50% growth in student placement revenue, a 12% growth in Digital Marketing revenue and a 5% decline in IELTS revenue. The Rest of the World segment is primarily an IELTS business and the decline in IELTS revenue was mainly due to a 33% decline in Canadian volumes. The Canadian government launched new immigration programs in May 2021 with 90,000 places for international student graduates and essential workers onshore. This underpinned a strong increase in IDP IELTS volumes in May and June in 2021 but the program ended and was not repeated in 2022 leading to a reduction in the market size in FY22.

Digital marketing revenue in the UK and North America also grew during the year driven by core membership subscription services growth of 36% and new products and services from IDP Connect including IQ on demand and IQ consultancy and research services with growth of 25% compared to FY21.

The decline in EBIT of 16% was a result of lower revenue growth as expenses returned to normal levels after the saving initiatives that were in place during the pandemic ended.

## Results by Service

To aid the reader's understanding of the Group's results, IDP Education has also prepared financial results by secondary segments which show revenue and gross profit by service. The analysis below discusses the operational and financial highlights for each of the Group's services.

### Student Placement - Operational and Financial Summary

|                          |       |       |       | Growth |     |
|--------------------------|-------|-------|-------|--------|-----|
|                          | Unit  | FY22  | FY21  | Unit   | %   |
| <u>Volumes</u>           |       |       |       |        |     |
| - Australia              | 000's | 20.1  | 14.5  | 5.6    | 39% |
| - Multi-Destination      | 000's | 35.3  | 23.6  | 11.7   | 50% |
| - Total Volumes          | 000's | 55.4  | 38.1  | 17.3   | 45% |
| <u>Revenue</u>           |       |       |       |        |     |
| - Australia              | A\$m  | 81.8  | 59.7  | 22.1   | 37% |
| - Multi-Destination      | A\$m  | 133.5 | 83.5  | 50.0   | 60% |
| - Total Revenue          | A\$m  | 215.4 | 143.3 | 72.1   | 50% |
| Gross Profit             | A\$m  | 182.8 | 112.2 | 70.6   | 63% |
| Gross Profit Margin      | %     | 85%   | 78%   |        |     |
| <u>Average Fee (A\$)</u> |       |       |       |        |     |
| - Australia              | A\$   | 4,078 | 4,128 | -50.0  | -1% |
| - Multi-destination      | A\$   | 3,778 | 3,535 | 243.0  | 7%  |
| - Total                  | A\$   | 3,886 | 3,760 | 126.0  | 3%  |

*Note: The Average Fee for Student Placement shown in this table is calculated as total Student Placement revenue divided by the number of courses IDP Education enrolled students into at its client education institutions during the period. Total Student Placement revenue includes all revenue associated with all placements including any revenue received from the student. Volume data to calculate the Average Fee only includes IDP Education client education institution course enrolments and excludes course enrolment volumes at education institutions that are not clients of IDP Education.*

Student placement volumes were 45% higher in FY22 and most source markets rebounded as the pandemic-imposed restrictions were lifted. Volume to Australia grew by 39% with the borders closed to international students for most of the first half and limited flights delaying students when the borders opened. Despite the delays the second half was strong with growth of 107% on the same period in FY21. Volume to the UK grew by 36% with the seasonality returning to normal and 74% of students being placed in the first half. Volume to Canada grew by 50% with visa processing delays having a negative impact on the growth rate as students had to delay their commencements. USA student placement volume grew at 154% with IDP volumes primarily post-grad students from India.

Student Placement office expansion continued in FY22 after a pause during FY21 with a total network of 157 student facing offices in 33 countries at the end of June 2022 as 29 new student placement offices were opened during the year.

Revenue for student placement grew 50% as volumes to the UK, Canada and the USA rebounded in the first half and to Australia in the second half as travel restrictions lifted.

Gross profit grew by 63% and Gross Profit margin increased to 85% as the costs of licensing, supporting and development of the student placement platform grew at a significantly lower rate than the revenue growth as volumes rebounded.

The average student placement fee across the business increased by 3% relative to that recorded in FY21. A range of factors contributed to this increase, including:

- An increase in commission rates negotiated with clients, particularly Australian and UK Clients;
- Foreign exchange rates that were favourable during the year compared to FY21; offset by
- A reduction in student charging revenue

## English Language Testing - Operational and Financial Summary

|                     | Unit  | FY22    | FY21    | Growth |     |
|---------------------|-------|---------|---------|--------|-----|
|                     |       |         |         | Unit   | %   |
| Volumes             | 000's | 1,915.6 | 1,149.4 | 766.1  | 67% |
| Revenue             | A\$m  | 511.4   | 325.6   | 185.7  | 57% |
| Gross Profit        | A\$m  | 232.3   | 143.2   | 89.1   | 62% |
| Gross Profit Margin | %     | 45%     | 44%     |        |     |
| Average Fee         | A\$   | 266.9   | 283.3   | -16.4  | -6% |

*The Average Fee for English Language Testing is the average of all English Language Testing revenue divided by the total number of IELTS tests conducted during the period.*

In English Language Testing, IDP Education's IELTS volumes increased 67% in FY22 taking the annual total to 1,915,600 tests with a significant part of that growth coming from the acquisition of the British Council India IELTS business.

Increases in volume occurred in almost all IDP markets as markets opened and restrictions on testing capacity was lifted. Markets that had material volume increases apart from India were Nepal, Iran, Sri Lanka, Thailand, Uzbekistan, Philippines and Vietnam.

Revenue grew by 57% primarily as a result of the growth in Indian revenue of 181% and included growth of 39% from the rest of Asia. Declines in Australasia and the Rest of the World were relatively small in comparison to the growth from Asia.

Gross profit grew by 62% and GP margin increased to 45% as the direct costs per candidate decreased as volumes returned to pre-pandemic levels in most markets providing better capacity utilisation in computer delivered test centres and efficiency in onscreen marking. In addition, the synergies from the acquisition of the British Council IELTS business in India contributed to the margin improvement. A decline in the license fee received from the British Council due to lower testing volumes in China and an increase in the Cambridge Assessment fee offset some of the gross profit margin improvement in FY22.

The average fee decline for English Language Testing of 5.8% was primarily the impact of a 7.6% decline from a higher mix of testing volume from lower priced countries such as India and a 1.6% decline from the lower license fee received from the British Council for testing in China. The annual price increase impact was 2.7% with 0.6% due to a favourable FX rate during FY22 compared to the prior year.

## English Language Teaching - Operational and Financial Summary

|                     | Unit  | FY22  | FY21  | Growth |     |
|---------------------|-------|-------|-------|--------|-----|
|                     |       |       |       | Unit   | %   |
| Courses             | 000's | 69.7  | 73.9  | -4.1   | -6% |
| Revenue             | A\$m  | 20.6  | 20.2  | 0.4    | 2%  |
| Gross Profit        | A\$m  | 12.7  | 12.3  | 0.4    | 3%  |
| Gross Profit Margin | %     | 62%   | 61%   |        |     |
| Average Course Fee  | A\$   | 295.4 | 273.4 | 22.0   | 8%  |

IDP Education's English Language teaching business comprises 9 schools across Cambodia and Vietnam. The division continued to be impacted by government mandated COVID-19 lockdowns social distancing rules and were able to provide a combination of online and physical courses. Total course volumes across the division were down 6% for the year to 69,700 courses.

Revenue increased by 2% as discounting of course fees to retain students that occurred in FY21 was not repeated in FY22 leading to an increase in average price of 8%.

Gross Profit increased by 3% with the higher average price and a 9% increase in average class size improving capacity utilisation.

## Digital Marketing and Events - Financial Summary

|                     | Unit | FY22 | FY21 | Growth |     |
|---------------------|------|------|------|--------|-----|
|                     |      |      |      | \$m    | %   |
| Revenue             | A\$m | 43.3 | 36.4 | 6.8    | 19% |
| Gross Profit        | A\$m | 30.3 | 28.6 | 1.7    | 6%  |
| Gross Profit Margin | %    | 70%  | 78%  |        |     |

The Digital Marketing and Events segment captures the revenue IDP generates from its student placement events and from IDP Connect digital marketing business. Digital Marketing revenue had growth of 14% for the year with the UK market the largest growing at 10% as IDP connect provides services for both domestic and international student recruitment. Revenue growth in Australia was 32% while the USA had growth of 22%. Events are in-country recruitment fairs that IDP holds to promote its university clients to prospective students and their families. Universities that attend these events pay a fee to attend and meet IDP's students in each source country. The events are run on a cost-recovery basis in some markets and make a small loss in some markets and form a key part of the marketing activities for the Group's student placement business. A combination of physical and virtual events were held in FY22 with Events revenue growing 40%. Events and Digital Marketing gross profit increased by 6% but gross profit margin declined to 70% as events margin declined from 22% in FY21, where events were virtual, to 2% in FY22 as the majority of events were physical. Digital marketing gross profit margin declined slightly from 90% in FY21 to 87% in FY22.

## Other - Financial Summary

|                     | Unit | FY22 | FY21 | Growth |      |
|---------------------|------|------|------|--------|------|
|                     |      |      |      | \$m    | %    |
| Revenue             | A\$m | 2.7  | 3.2  | -0.5   | -14% |
| Gross Profit        | A\$m | 1.4  | 1.5  | -0.1   | -7%  |
| Gross Profit Margin | %    | 52%  | 48%  |        |      |

The Group generated a small amount of other revenue in FY22 which was derived via contracted activities for development programs initiated by government or semi-government bodies, office services revenue and other miscellaneous items. Revenue from these activities declined at 14% during the year, while gross profit declined 7%.

### Financial Position

The financial position of IDP Education remains strong. As at 30 June 2022 the Group had total assets of \$974.8m of which 45% related to intangible assets and the remaining being comprised primarily of cash, trade receivables, right-of-use assets and property, plant and equipment. Total assets exceeded total liabilities by \$455.4m.

As at 30 June 2022, IDP has following facilities:

Australian Dollar                      Facility A: Acquisition funding unsecured Cash Advance loan facility for acquisitions  
\$209,157,000

Australian Dollar                      Facility B: Unsecured Cash advance facility to support both general corporate  
\$75,000,000                              purposes and working capital requirements of the Group

The total drawn debt was \$156.5m at 30 June 2022.

From a cash perspective the Group had \$196.6m of cash on the balance sheet as at 30 June 2022.

### Foreign Exchange

IDP Education currently earns revenues and incurs expenses in approximately 50 currencies and as a result is exposed to movements in foreign exchange rates. It is therefore important to consider IDP Education's financial performance on an underlying basis by excluding the impact of foreign exchange movements during the year.

To illustrate the impact of foreign currency exchange rate movements on the FY22 result, IDP Education has restated its FY21 results using the foreign exchange rates that were recorded in FY22. By comparing FY22 to the restated FY21 financials, IDP Education is able to isolate the underlying performance of the business during the period.

The table below summarises this analysis and by comparing to the Summary Financials on page 3 shows that foreign exchange movements had a positive impact on the net profit after tax for the year. The weakening of the Australian dollar contributed \$6.9m favourable exchange movement in revenue, and \$5.7m favourable exchange movement in gross profit which was partly offset by the increase in expenses from exchange movement in IDP's offshore operations. The impact of exchange movements on net profit after tax was favourable \$3.5m.

## Underlying Growth

|                    | Unit | FY22  | FY21* | Growth |      |
|--------------------|------|-------|-------|--------|------|
|                    |      |       |       | \$m    | %    |
| Total Revenue      | A\$m | 793.3 | 535.6 | 257.7  | 48%  |
| Gross Profit       | A\$m | 459.5 | 303.5 | 155.9  | 51%  |
| EBIT               | A\$m | 158.9 | 67.7  | 91.2   | 135% |
| EBIT (Adjusted) ** | A\$m | 163.2 | 75.4  | 87.9   | 117% |
| NPAT               | A\$m | 102.8 | 42.9  | 59.9   | 139% |
| NPAT (Adjusted) ** | A\$m | 106.6 | 48.5  | 58.1   | 120% |

\* Calculated by restating the prior comparable period's financial results using the actual FX rates that were recorded during the current period

\*\* Adjusted EBIT and NPAT excludes acquired intangible amortisation, one-off merger and acquisition expenses and expenses incurred to review shareholdings and capital structure.

IDP Education utilises a variety of methods to manage its foreign currency exchange rate risk. The key method is the use of forward exchange contracts and currency option contracts. IDP Education's hedging policy requires it to put in place hedges to cover the expected net cash operating flows of certain currencies including the GBP, INR, CNY, USD, SGD and CAD.

## Business Strategy and Prospects

Over the past seven years IDP has invested significantly in the transformation of its business from being essentially a pure offline Group to one that has significant digital capabilities.

In its student placement business, this investment has established a technology platform that integrates with IDP's physical office and counsellor network to deliver omni-channel services to its student and client customers.

In English Language Testing, IDP has, with the other co-owners of IELTS, invested in the development of a new technology platform that supports the delivery of IELTS via new modes of delivery such as via a computer in a test centre and more recently online. In parallel, IDP has expanded its physical testing network and has transformed its digital marketing capabilities to reach more prospective test takers.

This long-dated and ongoing program of investment has enabled IDP to increase its market share in both student placement and IELTS. IDP's strategy is to continue to expand its physical network and to complement this with a digital platform that broadens its reach and enables it to deliver best-in-breed services to its students and education institution clients.

Whilst COVID temporarily impacted the long-dated structural growth trajectory of the international education sector, the progressive removal of international border restrictions and the improvement in global mobility is underpinning a recovery in industry volumes. IDP believes it is well placed to benefit from this rebound across its key business lines with its existing business strategy and ongoing agenda of product and service innovation.

From an industry perspective, the re-opening of the Australian border to international students in December 2021 has supported a rebound in demand for an Australian education that is expected to underpin a recovery in volumes for the sector through the second half of calendar 2022 and into 2023.

IDP's other key destination markets of the UK, Canada and the USA remain relatively accessible for international students and regulatory settings around post-study work and migration opportunities are conducive to a rising demand environment. The key constraint to growth remains supply-chain related issues such as delays in visa-processing, particularly for Canada and the availability and affordability of flights.

IELTS testing volumes are also expected to benefit from the ongoing improvement in global mobility and the demand for international education and migration. The key threat to this outlook would be the re-imposition of pandemic related lockdowns, travel restrictions and social distancing rules in key source markets.

## **Risks**

An investor in IDP Education also needs to consider the risks that have the potential to impact the financial performance of the Group going forward. A number of these key risks are summarised below.

**Regulatory risk** - The Group generates a substantial amount of income from placing international students into education institutions in Australia, the United States, the United Kingdom, Ireland, Canada and New Zealand. To the extent that any of these destination countries alter immigration policies, regulation or visa requirements that reduce the number of student or migration visas that they grant, this will have a direct impact on IDP Education's student placement enrolment volumes and/or IELTS test volumes and therefore revenue. Changes by government immigration authorities in these destination countries that decrease or remove the acceptance of IELTS, increase competition from other providers or change the way that tests are administered, could also have a material and adverse impact on the Group's financial position and performance.

**Geopolitical** - Political events and tension, unfavourable press, negative international relations and other international events may reduce the attractiveness of particular destination countries and/or ability of source countries' students and other migrants to pursue international study or immigration. Any future circumstances which reduce the attractiveness of a particular destination country and/or ability of source countries' students or other migrants to pursue international study or immigration may have a material and adverse impact on the Group's financial position and performance.

**Risks of operating a global group** – The global footprint which IDP Education operates across is exposed to regulatory, operating and management complexities and risks. There are certain risks inherent in doing business in foreign jurisdictions such as unexpected changes in legal and regulatory requirements, difficulties in managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political and social instability, natural disasters, infectious disease outbreaks and global pandemics (including the ongoing impact of COVID-19), Cyber attacks, expropriation, nationalisation, the application of sanctions, embargoes or export and trade restrictions and war. There may also be foreign exchange controls which restrict or prohibit repatriation of funds and prohibitions and delays from customers or government agencies. These issues may arise from time to time, in the foreign jurisdictions in which IDP Education operates, which could have a material and adverse impact on the Group's financial position and performance. IDP Education manages its exposure to these external risks through organisational resilience measures including access to funding channels and business continuity management processes.

**Competition** – IDP Education operates in highly competitive markets across all of its geographies and products. IELTS in particular competes with a number of alternative high-stakes English language tests and, in most jurisdictions, IDP Education competes with the British Council as a distributor of IELTS. The following factors have the potential to reduce the number or profitability of IELTS tests that are conducted by IDP Education and therefore could have a material and adverse impact on the Group's financial position and performance: (i) the cost of sitting alternative high-stakes English language tests being lower than that for IELTS; (ii) increased acceptance by destination education institutions and immigration departments of alternative high-stakes English language tests; (iii) an increase in the number of testing centres, and times, at which alternative high-stakes English language tests can be taken; (iv) alternative high-stakes English language tests being marked in quicker timeframes when compared to those for IELTS; or (v) alternative high-stakes English language tests being perceived to be fairer and/or more suited to people whose first language is not English.

## Directors

The following persons were Directors of IDP Education Limited during the financial year and up to the date of this report unless otherwise stated:

| Name                         | Particulars                                   |
|------------------------------|-----------------------------------------------|
| Peter Polson                 | Non-Executive Director and Chairman           |
| Andrew Barkla                | Managing Director and Chief Executive Officer |
| Ariane Barker                | Non-Executive Director                        |
| Professor David Battersby AM | Non-Executive Director                        |
| Chris Leptos AO              | Non-Executive Director                        |
| Professor Colin Stirling     | Non-Executive Director                        |
| Greg West                    | Non-Executive Director                        |

| Director                                                              | Experience, qualifications and expertise                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Peter Polson</b><br>Non-Executive Director and Chairman            | <ul style="list-style-type: none"> <li>Peter was appointed Non-Executive Director and Chairman of IDP Education Pty Ltd in March 2007 and became Chairman of IDP Education Limited when the company listed on the Australian Stock Exchange in November 2015.</li> <li>Peter has broad experience in the financial services industry, first as Managing Director of the international funds management business with the Colonial Group, then as an executive with the Commonwealth Banking Group with responsibility for all investment and insurance services, including the group's funds management, master funds, superannuation and insurance businesses and third-party support services for brokers, agents and financial advisers.</li> <li>He is currently Chairman of Challenger Limited (listed company director since November 2003), Challenger Life Company Limited, Avant Group Insurance Limited and Very Special Kids.</li> <li>Peter is also a Director of Avant Mutual Group Limited and Avant Group Holdings Limited.</li> </ul>                                                                                                                                                                           |
| <b>Andrew Barkla</b><br>Chief Executive Officer and Managing Director | <ul style="list-style-type: none"> <li>Andrew was appointed as Chief Executive Officer and Managing Director at IDP Education in August 2015.</li> <li>He has extensive experience in the technology, services and software industry, with more than 20 years of senior management experience in roles across Australia, New Zealand, Asia and North America.</li> <li>Prior to joining IDP Education, Andrew worked for SAP as President of Australia and New Zealand. Before this, he held leadership roles at Unisys, including Vice President of Unisys' Asia Pacific Japan operations covering 13 countries, Member of Unisys' Global Executive Committee, and Chairman of Unisys West: a technology services joint venture between BankWest and Unisys.</li> <li>Earlier in his career, Andrew was Vice President and General Manager of PeopleSoft's Asia Pacific region prior to the company's acquisition by Oracle.</li> </ul>                                                                                                                                                                                                                                                                                        |
| <b>Ariane Barker</b><br>Non-Executive Director                        | <ul style="list-style-type: none"> <li>Ariane was appointed as a Non-Executive Director at IDP Education at the completion of its IPO in November 2015 and is Chair of the Audit and Risk Committee.</li> <li>Ariane is a Board Member of Commonwealth Superannuation Corporation since September 2016, a Non-Executive Director and Chair of the Audit and Risk Committee at Atlas Arteria (listed company director since March 2021), a member of the Investment Committee at the Murdoch Children's Research Institute since 2011, a member of the Investment Committee of Victorian Startup Capital Fund and a former Board Director of Emergency Services &amp; State Superannuation (ESSSuper).</li> <li>She has extensive experience in international finance, risk management, debt and equity capital markets and venture capital, with over 20 years in senior executive roles at JBWere (part of National Australia Bank), Merrill Lynch, Goldman Sachs and HSBC in the United States, Europe, Japan, Hong Kong and Australia. She was previously the CEO of Scale Investors from 2017 to February 2021.</li> <li>Ariane is a Fellow and member of the Australian Institute of Company Directors (FAICD).</li> </ul> |

|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Professor David Battersby AM</b><br>Non-Executive Director | <ul style="list-style-type: none"> <li>• David was appointed as a Non-Executive Director at IDP Education in February 2011.</li> <li>• He was appointed Vice-Chancellor of the University of Ballarat in 2006 and, in 2014, he became Foundation Vice-Chancellor of Federation University Australia completing his term of office in 2016.</li> <li>• He took up his current appointment as an Adjunct Professor at Southern Cross University in 2017.</li> <li>• David's previous senior appointments have been at universities in Australia and New Zealand, and he has undertaken consultancies for UNESCO, the OECD and various government agencies.</li> <li>• He was foundation Chair of the Australian Regional Universities Network and the board of the Museum of Australian Democracy at Eureka and is currently on the Board of Directors of the Melbourne Institute of Technology.</li> <li>• David is also Deputy Chair of the Board of Education Australia Limited.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Chris Leptos AO</b><br>Non-Executive Director              | <ul style="list-style-type: none"> <li>• Chris was appointed as a Non-Executive Director of IDP Education at the completion of its IPO in November 2015.</li> <li>• Chris is Chairman of the National Heart Foundation of Australia, Chairman of the Summer Foundation and Non-Executive Director of Summer Housing Ltd.</li> <li>• In 2020 Chris was appointed by the Federal Government to conduct a statutory review of the National Housing and Investment Corporation Act.</li> <li>• In 2021 Chris was appointed by the Federal Government as the Independent Reviewer of the Food and Grocery Code under the Competition and Consumer Act.</li> <li>• He is also a Senior Advisor to Flagstaff Partners, a member of the Advisory Board of the University of Melbourne Faculty of Business &amp; Economics and the Advisory Council of Asialink.</li> <li>• He was previously a Senior Partner with KPMG and Managing Partner Government at Ernst &amp; Young where he had national responsibility for leading the public sector and higher education practice.</li> <li>• In 2000 he was designated a Member of the Order of Australia for services to business and the community, and in 2022 was designated an Officer of the Order of Australia for distinguished service to the not-for-profit sector, to the public sector and to education.</li> <li>• He is a Fellow of the Institute of Chartered Accountants and a Fellow of the AICD.</li> </ul> |
| <b>Professor Colin Stirling</b><br>Non-Executive Director     | <ul style="list-style-type: none"> <li>• Colin was appointed as a Non-Executive Director at IDP Education in February 2018.</li> <li>• He is the President and Vice-Chancellor of Flinders University and brings more than thirty years of experience in international education in Australia, the UK and the USA.</li> <li>• Colin is a Director of Education Australia Limited and has held various other board positions across health, academic and community organisations.</li> <li>• Educated at the University of Edinburgh, and with a PhD from the University of Glasgow, Colin began his award-winning scientific career at the University of California, Berkeley.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Greg West</b><br>Non-Executive Director                    | <ul style="list-style-type: none"> <li>• Greg was appointed as a Non-Executive Director at IDP Education in December 2006.</li> <li>• He is a Chartered Accountant with experience in the education sector, investment banking, financial services and the biotech sector.</li> <li>• Greg is on the Council of the University of Wollongong and is a director of UOWGE Limited, a business arm of the University of Wollongong with universities in Dubai, Hong Kong and Malaysia. Greg is also Executive Chair of Education Australia Limited.</li> <li>• Greg was Chief Executive Officer of a dual listed ASX/Nasdaq biotech company and prior to this he worked at Price Waterhouse and has held senior executive roles in financial services and investment banking with Bankers Trust, Bain &amp; Company, Deutsche Bank and NZI.</li> <li>• Greg is a Director of the St James Foundation Limited, Tinybeans Limited (ASX: TNY) since March 2022 and Fertoz Limited (ASX: FTZ) since February 2022. He is a member of the AICD.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                 |

## Company Secretary

The Company Secretary is Ashley Warmbrand. Mr Warmbrand is a highly experienced company secretary and general counsel, with over 20 years' experience working in both global and large ASX listed organisations.

## Meetings of Directors

The following table sets out the number of meetings (including meetings of committees of directors) held for the year and the number of meetings attended by each Director.

|                              | Board |          | Audit and Risk Committee |          | Remuneration Committee |          | Nomination Committee |          |
|------------------------------|-------|----------|--------------------------|----------|------------------------|----------|----------------------|----------|
|                              | Held  | Attended | Held                     | Attended | Held                   | Attended | Held                 | Attended |
| Peter Polson                 | 7     | 7        | 7                        | 7        | 4                      | 4        | 3                    | 3        |
| Andrew Barkla                | 7     | 7        |                          |          |                        |          | 3                    | 3        |
| Ariane Barker                | 7     | 7        | 7                        | 7        | 4                      | 4        | 3                    | 3        |
| Professor David Battersby AM | 7     | 7        |                          |          |                        |          | 3                    | 3        |
| Chris Leptos AO              | 7     | 7        |                          |          | 4                      | 4        | 3                    | 3        |
| Professor Colin Stirling     | 7     | 7        |                          |          |                        |          | 3                    | 3        |
| Greg West                    | 7     | 7        | 7                        | 7        |                        |          | 3                    | 3        |

## Principal activities

The Group's principal activities during the year were:

- placement of international students into education institutions in Australia, UK, USA, Canada, New Zealand and Ireland. Services include counselling, application processing and pre-departure guidance;
- distribution and administration of International English Language Testing System ("IELTS") tests, a globally recognised high-stakes English language test for study, work and migration purposes. IDP is a co-owner of IELTS with the British Council and Cambridge Assessment;
- operation of English language schools in Vietnam and Cambodia; and
- operation of digital marketing and event services.

There was no significant change in the nature of these activities during the year.

## Significant changes in state of affairs

### Acquisition of the British Council's IELTS operation in India

On 30 July 2021, IDP completed the acquisition of 100% of the British Council's Indian IELTS operations (BC IELTS India). The purchase consideration paid was GBP139.1m (AUD260.7m) in cash.

Both IDP and the British Council administered IELTS tests in India operating parallel pan-Indian distribution networks. The transaction brought BC IELTS India operations under IDP ownership, establishing a single network that provides the foundation for IELTS to build its leadership position in India. IDP is now the sole distributor of IELTS in the Indian market.

India is the largest IELTS market globally by volume and has exhibited one of the highest country growth rates in recent years with historic annual growth of approximately 21% between 2010 and 2019 (prior to the impact of COVID-19).

IELTS, and the high stakes English language testing industry in India more broadly, benefits from several supportive structural growth drivers including strong population growth, a relatively young demographic, a high propensity to study abroad and high levels of demand from migration to English speaking countries. The acquisition is highly strategic for IDP and provides increased exposure to the high-growth Indian IELTS market.

### Chief Executive Officer and Managing Director

On 11 May 2022, IDP announced that its Chief Executive Officer and Managing Director, Mr Andrew Barkla, will step down from his current role in September 2022, after more than seven years in the position.

The Board recognises Mr Barkla's outstanding leadership and was pleased to announce the Company will retain his services under a Service Agreement until September 2023 in a Senior Advisor role to assist with key strategic projects. At the conclusion of this period, it is the Board's intent to recommend to shareholders Mr Barkla be elected as a Non-Executive Director at the 2023 Annual General Meeting (expected to be held in October 2023). The Board believes his skills and experience will contribute to the ongoing growth of IDP.

On 10 August 2022, IDP's Board of Directors announced that Tennealle O'Shannessy has been appointed Chief Executive Officer and Managing Director. Tennealle joins IDP from her current role as CEO of Adore Beauty, Australia's leading online beauty marketplace.

A powerful leader in global education, Ms Tennealle O'Shannessy has a proven track record of building successful digital businesses with a customer-centric approach - experience that aligns with IDP's ambitious strategy to reinvent the international education section.

Ms O'Shannessy is expected to join IDP in February 2023.

Murray Walton, IDP's Chief Financial Officer, will assume the role of interim CEO from 10 September 2022 until Ms O'Shannessy commences with IDP.

### **Future developments**

Likely developments in, and expected results of the operations of the Group in subsequent years are referred to on page 11 except to the extent disclosure of the information would be likely to result in unreasonable prejudice to the Group. The type of information not disclosed includes commercial in confidence information such as detailed operational plans and strategies that would provide third parties with a commercial advantage.

### **Dividends**

In respect of the financial year ended 30 June 2022, an interim dividend of 13.5 cents per share franked at 9% was paid on 28 March 2022. A final dividend of 13.5 cents per share franked at 14% was declared on 24 August 2022, payable on 29 September 2022 to shareholders registered on 8 September 2022.

In respect of the financial year ended 30 June 2021, an unfranked interim dividend of 8 cents per share was paid on 26 March 2021. No final dividend was declared by the Board.

### **Events subsequent to balance date**

Other than the appointment of Ms Tennealle O'Shannessy as Chief Executive Officer and Managing Director announced on 10 August 2022, there has been no other matter or circumstances occurring subsequent to the balance date that has significantly affected, or may significantly affect, the operation of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### **Directors' interests in securities**

The relevant interests of Directors in the Company's securities at the date of this report were:

|                              | Ordinary Shares | Performance Rights |
|------------------------------|-----------------|--------------------|
| Peter Polson                 | 50,000          | -                  |
| Andrew Barkla                | 257,925         | 108,222            |
| Ariane Barker                | 21,684          | -                  |
| Professor David Battersby AM | 10,048          | -                  |
| Chris Leptos AO              | 28,684          | -                  |
| Professor Colin Stirling     | 667             | -                  |
| Greg West                    | 27,817          | -                  |

## Environmental regulation and performance

The Group's operations are not subject to any significant environmental regulations under the government legislation of the countries it operates in. The Group's environmental footprint is relatively small and arises primarily from the energy used and materials consumed in its offices. The Board believes that the Group has adequate systems in place for the monitoring of environmental regulations.

## Indemnification and insurance of officers

During the year, the Company paid a premium in respect of a contract insuring the Directors of IDP Education Limited (as named above), the Company Secretary and all executive officers of IDP against a liability incurred as such a Director, secretary or executive officer 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.

The Company's Constitution provides that the Company will, to the extent permitted by law, indemnify any current or former director or officer in respect of any liability incurred in that capacity and related legal costs. The Company has entered a Deed of Indemnity with each director of the Company. Under the Deed, the Company indemnifies the relevant officer against certain liabilities and legal costs to the extent permitted by law.

## Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are essential and will not compromise their independence.

Details of amounts paid or payable to the auditor Deloitte Touche Tohmatsu for audit and non-audit services provided during the year are outlined in Note 25 to the financial statements.

The Directors have considered the non-audit services provided during the year and are satisfied these services are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

None of the services undermine the general principles relating to auditor independence as set out in *APES 110 'Code of Ethics for Professional Accountants'* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 51.

## Rounding of amounts to the nearest thousand dollars

The Group is of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191* dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' report and financial report are rounded off to the nearest thousand dollars, except where otherwise stated, to the nearest dollar.

## Corporate governance policies

IDP is committed to strong and effective governance frameworks and, wherever possible, complies with the Australian Securities Exchange Corporate Governance Principles and Recommendations (ASX Principles). IDP's Corporate Governance Statement, in addition to corporate governance policies are available in the Investor Centre – Corporate Governance section of the company Website, at [IDP Education Ltd - Investor Relations Site](#).

## Letter from Remuneration Committee Chairman

Dear Shareholder,

On behalf of the Board, I am pleased to present IDP's 2022 Remuneration Report.

As the global leader in international education, we have focused on building trusted human relationships for more than 50 years.

In recent years, our strategic investment in an ambitious digital transformation program has enhanced these personal connections, enabling us to deliver global success to more students, test-takers and our partners.

Now, our expert people - powered by leading technology and data - are offering unmatched services. In doing so we are transforming our industry and helping local dreams become realities, all over the world.

### **FY22 performance**

**Despite the challenges the whole industry has faced over the last 2 years our performance in FY22 has been extremely pleasing with record Revenue (\$793.3m), EBIT (\$158.9m) and NPAT (\$102.8m).**

Whilst our financial outcomes are commendable, we have also delivered some outstanding operational achievements that make the process of applying to an institution simpler, faster and more accurate.

Importantly, we have done this while strengthening the relationships we have with our customers. Our global net promoter score continues to rise, increasing 4 points over the financial year.

Highlights in FY22 include:

- helped students gain entry into 55,000 courses
- 546,082 IDP Live downloads
- all IELTS tests in India are now delivered by IDP
- 5,337 students received an offer through FastLane
- 65 clients onboarded to FastLane
- 1,915,567 IELTS tests delivered - an increase of 67% on FY21
- integration of IDP and British Council IELTS in India delivered significant synergies

These strong results have not happened by chance. Despite our sector being severely impacted by the pandemic, our Board and Global Leadership Team stayed true to our ambitious digital transformation strategy, vision and needs of our customers.

This multi-year transformation is now delivering benefits for our customers, our institutional clients and our teams.

## **Responding to shareholder concerns in relation to the 2021 Remuneration Report**

At our 2021 Annual General Meeting, we incurred a 'first strike'. Two thirds (67%) of voters supported our Remuneration Report, one third (33%) of votes cast were against the adoption of the 2021 Remuneration Report.

The Board were confident that the remuneration decisions made at the beginning of FY21 were appropriate at that time to minimise the adverse financial impacts of the pandemic but to also deliver new products and capabilities that would position IDP to leverage our unique skills to rebound quickly and support IDP's strategic objectives. However, the Board recognises that some remuneration decisions we made in FY21 were not in line with the expectations of all our shareholders. We take this outcome very seriously; management and I actively sought feedback through a program of interviews with key shareholders and proxy advisors and independent analysis from corporate governance specialists to fully understand each issue.

**The key themes that were identified through that process were:**

- overall total remuneration for Executive KMP increased in FY21 when earnings went down and shareholders received a reduced dividend
- there was insufficient explanation and transparency around the FY21 STI EBIT target and the non-financial key performance indicators and outcomes
- executive bonuses were paid whilst IDP was receiving JobKeeper payments
- LTI equity grant to the CEO was not submitted to shareholders for approval at the AGM
- the remuneration mix for the CEO should have a greater weighting to longer term outcomes

We have provided a detailed response to these concerns and the actions taken as a result on page 22 of this report.

### **FY22 reward decisions**

The performance measures and targets were selected by the Board to ensure that the CEO and Executive KMP continue to deliver against our strategy, and their rewards are directly linked to their contribution, Group performance and long term shareholder value creation.

Full details of the remuneration decisions and outcomes for FY22 are set out in the Remuneration Report. The key remuneration decisions for FY22 included:

- recognition of extended responsibilities, movement in external benchmarks and in some instances local market conditions resulted in positioning adjustments to Fixed Annual Remuneration for Executive KMP;
- EPS Compound Annual Growth Rate (CAGR) measured over the 3 years ending 30 June 2021 failed to meet the minimum threshold required under the FY19 LTI and the Performance Rights lapsed;
- Relative Total Shareholder Return (TSR) measured over the 3 years ending 30 June 2021 met the minimum threshold required under the FY19 LTI and the Performance Rights fully vested on 31 August 2021;
- recognising the opportunity and ultimately the delivery of the strategically significant acquisition of the British Council's Indian IELTS operations, a one-off project success payment of \$120k was paid to Warwick Freeland, Chief Strategy Officer and Managing Director IELTS Australia, for his outstanding contribution over the several years it took to bring the project to fruition;
- repayment of voluntary temporary salary reductions in FY20 and FY21 to all staff, including KMP, as IDP's cash flow position improved;
- ensuring the stability of the high performing leadership team who are critical to our performance as our industry rebounds. In view of this a medium term equity grant was made to select Executive KMP, excluding the CEO, to support this during a critical transition period; and
- assessment of the FY22 STI performance outcome at 117% of target (58.5% of maximum).

For FY23 the Board has reviewed the fixed remuneration for the Executive KMP, excluding the CEO, and have applied general market adjustments. Our culture recognises and rewards outstanding performance. In the case of the Chief Strategy Officer the Board have also increased his STI weighting from 50% of FAR to 100% of FAR (30% of any award to be provided as shares and deferred for 12 months) recognising the significant impact this role has on our IELTS business. The Board have also increased the weighting of the LTI for the Chief Operating Officer, considering this role is critical to delivering long term performance outcomes across the whole of the business.

No other remuneration changes are proposed for KMP for FY23.

The EPS CAGR and the Relative TSR performance conditions for the Performance Rights granted under the FY20 LTI have also been tested following the end of the performance period on 30 June 2022. The EPS CAGR failed to meet the minimum threshold and all the Performance Rights will lapse on 31 August 2022. The Relative TSR measure was partially achieved and 11.1% of the Performance Rights will lapse on 31 August 2022.

### **Leadership changes**

In May we announced Mr Andrew Barkla would be stepping down from the role of Chief Executive Officer and Managing Director IDP in September 2022. Mr Barkla will continue to work with the IDP Board as a strategic advisor until September 2023 at which time the Board intends to nominate Mr Barkla as a Non-executive Director at the 2023 Annual General Meeting, expected to occur in October 2023.

On 10 August 2022 the Board announced that Ms Tennealle O'Shannessy would be replacing Mr Barkla as Chief Executive Officer and Managing Director. Ms O'Shannessy is expected to join IDP in February 2023. Details of her employment contract and remuneration were released to the ASX on the same date. The Board also announced that Murray Walton, IDP's CFO, will assume the role of interim CEO from 10 September 2022 until Ms O'Shannessy commences with IDP.

**The last two years have been very challenging for our global teams who have not only been physically isolated but have had to respond to a raft of challenges that our industry has faced. They came together and operated across borders and functions to develop new ways to drive our industry forward for our customers.**

**They have been guided by a tested and, now proven, strategy that aims to help the world's next generation of global leaders connect to their lifelong learning and career aspirations.**

As we continue to transform our business, we will be very focused on delivering sustainable long-term returns to shareholders and positive outcomes for all our stakeholders. As Chairman of the Remuneration Committee I will continue to work closely with fellow Directors, external advisors and management to ensure that IDP retains a strong, motivated and effective leadership team to create the right conditions to allow IDP's incredible growth to continue and further accelerate.

We have engaged with our shareholders and a range of other stakeholders, listened to your feedback and acted. We now seek your support of the Remuneration Report at our Annual General Meeting in October 2022.



Peter Polson

Chair of the Remuneration Committee

24 August 2022

# Remuneration Report

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### 1. Introduction

In FY22, IDP continued its remarkable trajectory as an Australian born, global success story. Since listing in November 2015 with a market capitalisation of approximately \$660m, the business has gone from strength to strength, and is now valued at around \$7b even after two years of a global pandemic. Through some challenging years, IDP's strong focus on retaining its key leaders and skilled teams has paid dividends. While peer companies with exposure to global mobility experienced massive job and revenue losses over recent years, IDP was able to trade through the pandemic, and then deliver its highest ever EBIT result in FY22.

In the two years prior to the pandemic IDP had delivered annual double digit growth in revenue, NPAT and EBIT. The business was on track to do that again in FY20 before the pandemic hit. As a response to the dramatically changed operating conditions our teams quickly re-focused, bringing forward our digitisation plans and delivering market leading customer innovations that mitigated the pandemic's impact and positioned us to be able to re-bound quickly as international travel returned in FY22.

The acquisition of the strategically important British Council India IELTS operations complemented our core business and enables greater customer and client engagement. We introduced the IELTS by IDP app which is now available in 55 countries and makes it even simpler for customers to book, test and check results all in one place. This, combined with our expansion in India and strong contributions from Nepal and Thailand were key contributors to the 67% growth in test volumes.

In December 2021 we launched FastLane, an app unique to IDP that allows students to get an indicative offer from an institution instantly. By 30 June 2022 FastLane had been accepted by 65 leading universities and was on the phones of more than 546,000 students worldwide, transforming the engagement between students and institutions.

These initiatives and innovations mean that IDP is now in the enviable position of returning to pre-pandemic performance levels ahead of our business plan due in no small part to the contribution of our highly experienced executive leadership and dedicated team members.

**The Board is acutely aware of the need to keep our leadership team together as it is their deep industry knowledge and experience gained which is key to accelerating and taking full advantage of the opportunities in a highly competitive post-pandemic world. Remuneration decisions made in FY22 reflect our strong focus on the execution of our strategy and will position IDP to lead the exciting transformation of our industry.**

## 2. Responding to the First Strike

At the 2021 AGM, IDP received a strike against our 2021 Remuneration Report (2021 Report). We take the views of all our shareholders extremely seriously and acknowledge that 33% of shareholders voted against the 2021 Report.

In recognition of the issues identified through the interviews and discussions with major shareholders, proxy advisers and governance specialists the following actions have been taken to further reinforce the alignment of the remuneration framework to our long term strategy.

| What we heard                                                                                                    | What occurred and why                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Remuneration in FY21 increased when earnings and profit declined</b>                                          | <p>Comparing remuneration movements across the pandemic period is complex. In response to the crisis our teams voluntarily reduced Fixed Annual Remuneration (FAR) for up to a nine month period, spanning FY20 and 21.</p> <p>In FY20 FAR was reduced by 20% for three months and the Short Term Incentive (STI) was paid at 65.1%.</p> <p>In FY21 the remuneration reduction continued for the first half, no FAR increases were applied and the Board exercised its discretion to cap STI payment at 100%. As a result Total Annual Remuneration (TAR) increased year on year, however the difference was inflated by the FY20 FAR reduction.</p> <p>In FY22 FAR increases were applied and salary reductions from FY20 and 21 were repaid. Noting that Executive KMP were the first to take a salary reduction, remained with a reduced salary the longest and were the last to be repaid. This will impact the FY21 to FY22 TAR comparison.</p> <p>The success of this approach has been demonstrated with the delivery of the highest ever EBIT result in FY22.</p> |
| <b>FY21 EBIT target too low</b>                                                                                  | <p>It was a challenging and heavily disrupted environment to set targets in given the businesses reliance on international mobility.</p> <p>Emerging from the pandemic the FY22 EBIT target set in August 2021 was the highest ever set for the Group.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>The FY21 non-financial measures were not transparent</b>                                                      | <p>Considering this, greater detail for non-financial STI Key Performance Indicators (KPIs) has been provided in this report, including FY22 targets, rationale for these and actual achievement in <b>Section 6 – FY22 Remuneration Outcomes and Alignment to Performance</b> demonstrating the relationship between STI outcomes and shareholder benefit.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Executive bonuses were paid when government wage subsidies were received during the period</b>                | <p>No Australian JobKeeper subsidies were received in FY22.</p> <p>A total of \$705k of COVID-19 government wage subsidies were received in 8 of the 33 countries IDP operates in.</p> <p>As with FY21 any wage subsidies were removed from the financial results when calculating any STI award.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Long Term Incentive (LTI) equity grants to the CEO were not presented for shareholder approval at the AGM</b> | <p>To provide greater transparency to shareholders future LTI equity grants to the CEO will be submitted to shareholders for approval at the next available AGM, notwithstanding that we intend to settle any subsequent vesting by on market purchase.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>There should be a greater proportion of CEO reward linked to longer term performance</b>                      | <p>The remuneration framework was adjusted to increase the weighting on long term performance. As we evolve our structure to a more performance aggressive remuneration mix, the value of the FY22 LTI grant to the CEO and select KMP executives was increased as follows:</p> <ul style="list-style-type: none"> <li>• CEO increased to 100% of FAR. This increases the CEO's LTI weighting from 23.1% to 33.3% of Total Target remuneration (TTR).</li> <li>• CFO and CSO increased to 50% of FAR. This increases the LTI weighting to 25% of TTR.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

### 3. Key Management Personnel

The following people were KMP<sup>1</sup> of IDP for the full financial year ended 30 June 2022 and to the date of this report:

| Executive KMP                | Position                                                           |
|------------------------------|--------------------------------------------------------------------|
| Andrew Barkla <sup>2</sup>   | Managing Director and Chief Executive Officer (CEO)                |
| Murray Walton                | Chief Financial Officer (CFO)                                      |
| Warwick Freeland             | Chief Strategy Officer and Managing Director IELTS Australia (CSO) |
| Harmeet Pental               | Chief Operating Officer (COO)                                      |
| Non-Executive Directors      |                                                                    |
| Peter Polson                 | Chairman                                                           |
| Ariane Barker                | Non-Executive Director                                             |
| Professor David Battersby AM | Non-Executive Director                                             |
| Chris Leptos AO              | Non-Executive Director                                             |
| Greg West                    | Non-Executive Director                                             |
| Professor Colin Stirling     | Non-Executive Director                                             |

<sup>1</sup> Key management personnel (KMP) is defined by AASB 124 Related Party disclosures. Only Directors, the Chief Executive Officer and executives that have the authority and responsibility for planning, directing and controlling the activities of IDP, directly or indirectly and are responsible for the Group's governance are classified as KMP.

<sup>2</sup> As announced in May 2022, Mr Barkla will step down as CEO in September 2022 and will continue to be employed with IDP as a strategic advisor to the Board until September 2023.

#### 4. Remuneration Strategy & Framework

At IDP our remuneration strategy is designed to support and reinforce our business purpose and strategy, including sustainable long-term growth.

As the leading global education services company with offices in over 30 countries around the world, IDP connects prospective students with the education institution that will help them achieve their life long learning ambitions. To remain the global leader requires not only dedicated management and teams to deliver now, but deep technical and digital expertise to design new models and innovations that will challenge and disrupt the industry and keep IDP at the forefront of the global market. Accordingly, the remuneration framework is designed to incentivise and reward our executives to meet key short term financial and operational objectives but also to reward decision making over the long term that is aligned with longer term shareholder interests.

Our global footprint requires global leadership and, with executives based in different countries, we need to ensure our framework is fair, equitable, competitive and appropriate in the countries in which we operate in order to attract and retain the diverse skills necessary to drive IDP forward. IDP's remuneration strategy and framework provides the flexibility to adjust the weighting between remuneration elements of the overall package to meet different industry and/or local market expectations when sourcing the necessary talent.

##### Remuneration Strategy

To set executive remuneration that is fair, equitable, competitive and appropriate for the markets in which we operate, is mindful of internal relativities and ensures that the mix and balance of remuneration is appropriate to attract, motivate, retain and fairly reward all senior executives and other key employees and is consistent with contemporary Corporate Governance standards.

| Remuneration Principles                                   |                                                                                                                                                                                     |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Aligned to longer term strategy</b>                    | Reward is linked to shareholder value accretion via appropriate equity (or equivalent) incentives to selected senior executives and employees linked to long-term Group performance |
| <b>We are a global company</b>                            | The strategy applies to all employees and Directors within IDP's global business operations                                                                                         |
| <b>Market competitive</b>                                 | Fair, competitive and appropriate pay for the markets in which IDP operates, mindful of relevant internal relativities                                                              |
| <b>Pay for performance</b>                                | A meaningful portion of executive reward is 'at risk', dependent upon meeting pre-determined performance benchmarks, both short (annual) and long term (3+ years)                   |
| <b>Reward policies are transparent</b>                    | FAR is fair and competitive (internal and external) for all positions under transparent policies and review procedures                                                              |
| <b>Reward linked to collective effort</b>                 | The weighting toward shared KPIs and performance measures recognises IDP's success requires collaboration                                                                           |
| <b>Remuneration is only part of our value proposition</b> | Reward is one important component of the overall employee experience supporting the attraction, development and retention of a highly skilled and diverse workforce                 |

## Executive Remuneration Framework

Executive KMP total remuneration packages are comprised of the following elements:

### At-Risk Remuneration



The table below explains the purpose of each of the remuneration elements of IDP's Remuneration Framework and how they align to IDP performance and shareholder interests.

|                                  | Fixed Annual Remuneration (FAR)                                                                                                                                                                                                                                                                                                                                                                      | Short Term Incentive (STI)                                                                                                                                                   | Long Term Incentive (LTI)                                                                                                                                                         |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Purpose</b>                   | Attract and retain executives with the right capability and experience to deliver against the strategic priorities                                                                                                                                                                                                                                                                                   | Ensure a portion of remuneration is "at risk" and linked to the delivery of agreed measures that support IDP's strategic objectives                                          | Align Executive KMP accountability and remuneration with the long term interests of shareholders by rewarding the delivery of sustained performance over the long term            |
| <b>How is it delivered?</b>      | Cash – salary and superannuation / pension                                                                                                                                                                                                                                                                                                                                                           | Cash and deferred equity (select KMP)                                                                                                                                        | Performance Rights                                                                                                                                                                |
| <b>How is it determined?</b>     | Reviewed annually with reference to internal and external benchmarks                                                                                                                                                                                                                                                                                                                                 | Awarded annually following assessment of performance by the Board                                                                                                            | Granted annually with performance assessed over a 3 year period                                                                                                                   |
| <b>Alignment to Performance</b>  | Based on relevant market relativities, reflecting responsibilities, performance, qualifications, experience and geographic location                                                                                                                                                                                                                                                                  | STI performance criteria are set by reference to Group and Business Unit financial (50%) and non-financial performance measures (50%)                                        | Performance is assessed equally against an absolute and a market relative company performance measure over a 3 year period                                                        |
| <b>Alignment to shareholders</b> | Executive KMP are expected to hold IDP shares equal to 20% of FAR within five years from the date of appointment to their role                                                                                                                                                                                                                                                                       | Any payment is subject to achieving prescribed performance hurdles and a proportion of the CEO's and COO's STI award is delivered as deferred equity for a further 12 months | The LTI is delivered in equity and the EPS CAGR and Relative Total Shareholder Return (TSR) measures and performance hurdles are aligned to long-term shareholder value accretion |
| <b>Board discretion</b>          | Before determining remuneration outcomes and vesting, we assess alignment with overall Group performance – both financial and non-financial. In addition, the Board has full discretion over the outcome of any variable reward payment and vesting<br>The Board has the discretion to adjust/modify/cancel the STI and LTI outcomes – recognising overall outcomes relative to shareholder benefits |                                                                                                                                                                              |                                                                                                                                                                                   |
| <b>Malus and Clawback</b>        | Executive KMP are subject to malus and clawback provisions that enable the Board to adjust any unvested STI or LTI awards as appropriate. This applies to circumstances including material misstatement or omission in the financial statements, fraud, dishonesty, conduct exposing IDP to potential reputational damage or other serious misconduct                                                |                                                                                                                                                                              |                                                                                                                                                                                   |
| <b>Benefits</b>                  | We also provide market competitive benefits to attract and retain key talent. Benefits may include, but are not limited to, accident, disability and death insurance, health insurance, car parking and participation in local benefit programs                                                                                                                                                      |                                                                                                                                                                              |                                                                                                                                                                                   |

## Remuneration delivery timeline

Reward is realised over an extended period supporting a focus on short term delivery that underpins sustainable long-term performance.

- FAR is delivered over 12 months
- The STI is earned over the financial year performance period and the cash component is paid in September after confirmation of the annual results. Select Executive KMP have a proportion of their STI award deferred and delivered as service rights in IDP which vest over a further 12 months
- The LTI awards only vest if pre-determined IDP Group performance hurdles are achieved over a three year period

We believe this aligns with shareholder interests and a large proportion of reward is at risk and subject to achievement of measures aligned to longer term shareholder value accretion and share price performance.

The timing of Executive KMP remuneration outcomes can be illustrated in the following diagram:



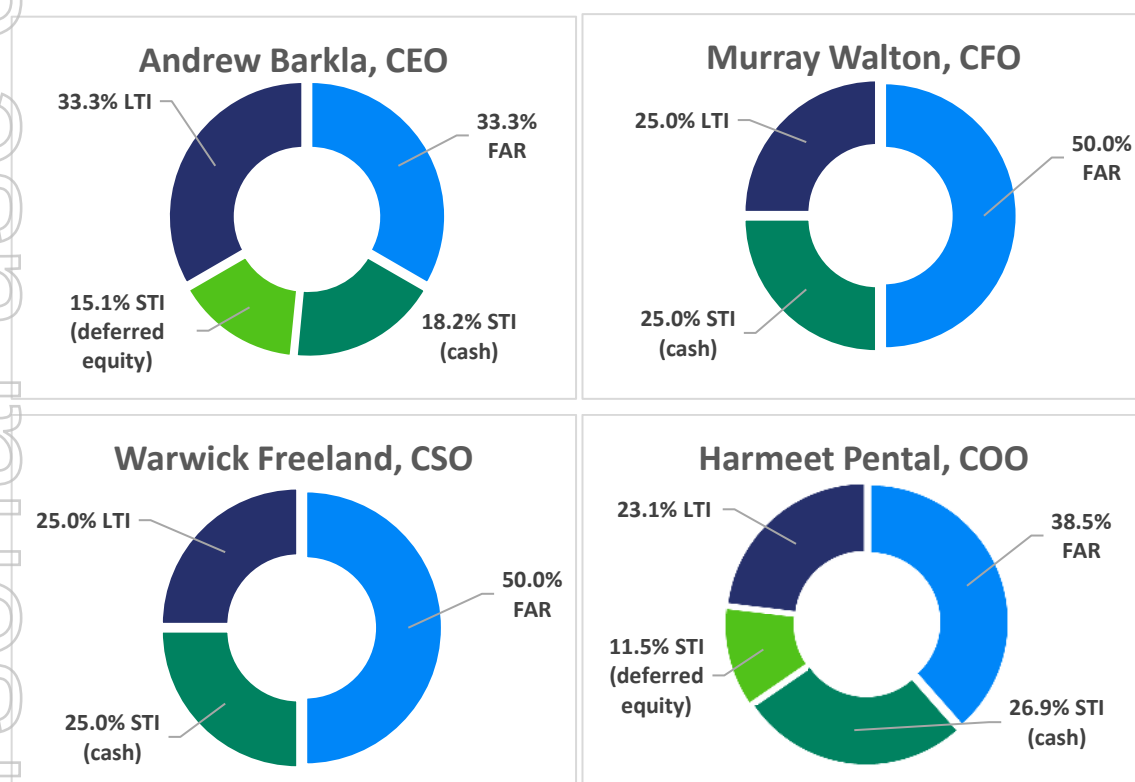
## Remuneration mix

IDP's remuneration framework, including STI targets, has been developed to provide greater transparency and consistency in setting executive remuneration packages.

The intent of the remuneration structure is to provide the right balance of fixed and variable reward that aligns Executive KMP rewards with shareholder interests and alignment to our pay for performance philosophy, focusing efforts on driving growth and sustained long term performance. A large proportion of the target reward mix is variable and will only be realised if executives meet critical performance hurdles and is therefore at risk.

Over recent years the balance has progressively moved to a more "performance based" mix where a greater proportion of total reward is "at risk" and dependent on meeting key Group objectives – short and long term – that support IDP's growth agenda. The Board believes the mix of fixed to variable and short to long term rewards is right for IDP to attract and retain the critical executive talent needed to lead a global education services company but will continue to evaluate the appropriateness of this mix to ensure it meets our needs into the future.

The illustrations below provide an overview of the TTR mix for the CEO and other Executive KMP.



## Total Target Remuneration

The table below shows the actual TTR for FY22 for each of the Executive KMP:

|                                   |             | Fixed Annual<br>Remuneration<br>(\$) | STI<br>(At-Target)<br>(\$) | LTI<br>(At-Target) <sup>1</sup><br>(\$) | Total Target<br>Remuneration<br>(\$) |
|-----------------------------------|-------------|--------------------------------------|----------------------------|-----------------------------------------|--------------------------------------|
| <b>Andrew Barkla</b>              | <b>2022</b> | <b>1,075,830</b>                     | <b>1,075,830</b>           | <b>1,075,830</b>                        | <b>3,227,490</b>                     |
|                                   | 2021        | 1,050,000                            | 1,050,000                  | 630,000                                 | 2,730,000                            |
| <b>Murray Walton</b>              | <b>2022</b> | <b>601,680</b>                       | <b>300,840</b>             | <b>300,840</b>                          | <b>1,203,360</b>                     |
|                                   | 2021        | 575,770                              | 287,885                    | 201,520                                 | 1,065,175                            |
| <b>Warwick Freeland</b>           | <b>2022</b> | <b>523,372</b>                       | <b>261,686</b>             | <b>261,686</b>                          | <b>1,046,744</b>                     |
|                                   | 2021        | 455,106                              | 227,553                    | 204,798                                 | 887,457                              |
| <b>Harmeet Pental<sup>2</sup></b> | <b>2022</b> | <b>567,078</b>                       | <b>567,078</b>             | <b>340,247</b>                          | <b>1,474,403</b>                     |
|                                   | 2021        | 486,720                              | 486,720                    | 146,016                                 | 1,119,456                            |

<sup>1</sup>The remuneration value used to determine the number of performance rights awarded under the LTI Plans

<sup>2</sup> For FY22 this represents conversion from Arab Emirates Dirham (AED) to AUD based on 3 month average FX rate (Apr-Jun 2022). For FY21 this represents conversion from SGD to AUD based on 3 month average FX rate (Apr-Jun 2021)

## 5. FY22 Remuneration Structure

This section provides details of each of the remuneration elements and relevant performance conditions in FY22.

### 5.1 Fixed Annual Remuneration

What were the changes to fixed annual remuneration in FY22?

In FY21 the Board did not apply any increases in FAR to Executive KMP.

In FY22 the Board conducted a review of Executive KMP remuneration to ensure remuneration remained fair and reasonable and market competitive, whilst also continuing to drive outstanding annual business performance. The review included an independent benchmark report against two bespoke comparator groups comprising ASX listed companies of similar size, type and market capitalisation.

Considering the review outcomes the following changes to Executive KMP FAR were approved by the Board effective 1 July 2021:

- Andrew Barkla, CEO – 2.46% increase to \$1,075,830 pa to reflect local Australian market movement;
- Murray Walton, CFO – 4.5% increase to \$601,680 pa to reflect local Australian market movement and alignment with external benchmarks;
- Warwick Freeland, CSO – 15% increase to \$523,372 pa to reflect local Australian market movement, critical skills and alignment with external benchmarks;
- Harmeet Pental, COO – 3.8% increase to SGD\$520,981 pa<sup>1</sup> to reflect local Singapore market movement

In FY20 at the height of the COVID-19 pandemic all IDP staff, including IDP Directors and Senior Executives, agreed to a voluntary reduction in salary of 20% for the period April to September 2020. Subsequently, staff agreed to another temporary salary reduction of 10% for the period October to December 2020. This was agreed to on the understanding that the temporary reduction would be re-paid once IDP had returned to a more stable cash flow position.

This was achieved and by September 2021 all IDP staff received backpay of the salary reduction in FY20 and FY21.

<sup>1</sup> Harmeet Pental relocated from Singapore to UAE during FY22 due to COVID-19 effective 1 October 2021

## 5.2 FY22 Short Term Incentive

|                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance period                                                 | 1 year - 1 July 2021 to 30 June 2022.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| How much can Executive KMP earn?                                   | <ul style="list-style-type: none"> <li>The CEO and the COO had a target opportunity of 100% of FAR and a maximum STI opportunity of 200% of FAR.</li> <li>The CFO and the CSO had a target opportunity of 50% of FAR and a maximum opportunity of 100% of FAR.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| How is performance assessed and what are the performance measures? | <p>STI awards are assessed over a 12-month period aligned with the Group's financial year.</p> <p>During FY22, the key performance criteria were:</p> <p>Financial – 50% weighting</p> <ul style="list-style-type: none"> <li>Earnings Before Interest and Taxation;</li> </ul> <p>Non financial - 50% weighting</p> <ul style="list-style-type: none"> <li>Rebound &amp; Accelerate (5%)</li> <li>Expand on our Unique Model (25%)</li> <li>Maximise Global Scale (10%)</li> <li>Service Excellence (5%)</li> <li>Our People (5%)</li> </ul> <p>Specific achievement against the KPI's set for FY22 is detailed in <b>Section 6 – FY22 Remuneration outcomes aligned to IDP financial performance</b></p>                                                                                                                                                                                                                              |
| Rewarding performance                                              | <p>The STI performance weightings are set under a predetermined matrix with the Board determination final.</p> <p>Executive KMP STI performance criteria each have a minimum threshold achievement level, a target level and a stretch component that is designed to encourage above target performance.</p> <ul style="list-style-type: none"> <li>Failure to achieve the minimum threshold level of performance will result in no payment for that KPI;</li> <li>Achievement of target performance will usually deliver 100% payment for that KPI; and</li> <li>Achievement of or exceeding the stretch target will deliver payment up to 200% for that KPI.</li> </ul>                                                                                                                                                                                                                                                               |
| How is it paid?                                                    | <p>The CEO's STI is paid as follows:</p> <ul style="list-style-type: none"> <li>STI amounts up to \$100,000 and 50% of any amount above \$100,000 are paid in cash subsequent to 30 June 2022; and</li> <li>50% of any amount above \$100,000 is satisfied through a grant of service rights issued under the IDP Education Employee Incentive Plan (IDIP) subject to a vesting condition that the CEO remains employed for a further 12 months from the end of the financial year.</li> </ul> <p>The COO's STI is paid as follows:</p> <ul style="list-style-type: none"> <li>70% is paid in cash subsequent to 30 June 2022; and</li> <li>30% is satisfied through a grant of service rights issued under the IDIP subject to a vesting condition that the COO remains employed for a further 12 months from the end of the financial year.</li> </ul> <p>The STI for the CFO and CSO is paid in cash subsequent to 30 June 2022.</p> |

### 5.3 FY22 Long Term Incentive

| <b>Performance period</b>                                                 | 3 years – 1 July 2021 to 30 June 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------|----------------|----|----------------|-----|------------------------|------------|------------------------|-------------|----------------------|-------------------------------------|-------------------------------|----|--------------------------------|-----|--------------------------------------------------------------|----------------------------------------|
| <b>How is performance assessed and what are the performance measures?</b> | <p>We assess the FY22 LTI against two equally weighted, independent performance targets:</p> <p><b>Tranche 1 - EPS CAGR Hurdle (50% weighting)</b></p> <p>Tranche 1 will vest if IDP achieves a CAGR in EPS of at least 53% per annum above the Base Year EPS of 15.04 cents per share for FY21 over the Performance Period as per the following table:</p> <table> <tr> <th>CAGR in EPS</th><th>% of Rights vesting in this tranche</th></tr> <tr> <td>&lt;53% per annum</td><td>0%</td></tr> <tr> <td>≥53% per annum</td><td>25%</td></tr> <tr> <td>Between 53% and 66% pa</td><td>25% to 50%</td></tr> <tr> <td>Between 66% and 71% pa</td><td>50% to 100%</td></tr> </table> <p>The EPS CAGR is high relative to prior years because the Base Year EPS of 15.04 for FY21 is low due to the impact of COVID-19 on IDP's results. If the FY19 EPS (normalised base year) were applied the EPS CAGR rates would range from 15% to 23% per annum.</p> <p>The Board reserves the right to amend the EPS CAGR targets set if the impact of COVID-19 materially changes from the assumptions currently implied subject to IDP's Remuneration Principles and Framework.</p> <p><b>Tranche 2 - Relative TSR performance hurdle (50% weighting)</b></p> <p>The TSR measure represents changes in the value of our share price over a period including reinvested dividends. These are expressed as a percentage of the opening value of the shares. Relative TSR is selected as a performance hurdle because we believe this provides the most direct measure of shareholder return and reflects an investor's choice to invest in this company or our direct competitors.</p> <p>Tranche 2 will vest if IDP achieves a TSR ranking against the component companies in a selected 'peer' group of ASX listed companies over the Performance Period as per the following table:</p> <table> <tr> <th>Relative TSR Ranking</th><th>% of Rights vesting in this tranche</th></tr> <tr> <td>&lt; 50<sup>th</sup> percentile</td><td>0%</td></tr> <tr> <td>At 50<sup>th</sup> percentile</td><td>50%</td></tr> <tr> <td>&gt; 50<sup>th</sup> percentile to 75<sup>th</sup> percentile</td><td>Pro-rated vesting between 50% and 100%</td></tr> </table> <p>If any of the selected companies, listed below, are delisted for any reason during the Performance Period their TSR result at the time of delisting will be deemed to be the TSR result for the Performance Period.</p> <p>The Board retains full discretion to determine and calculate the vesting outcomes.</p> | CAGR in EPS | % of Rights vesting in this tranche | <53% per annum | 0% | ≥53% per annum | 25% | Between 53% and 66% pa | 25% to 50% | Between 66% and 71% pa | 50% to 100% | Relative TSR Ranking | % of Rights vesting in this tranche | < 50 <sup>th</sup> percentile | 0% | At 50 <sup>th</sup> percentile | 50% | > 50 <sup>th</sup> percentile to 75 <sup>th</sup> percentile | Pro-rated vesting between 50% and 100% |
| CAGR in EPS                                                               | % of Rights vesting in this tranche                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| <53% per annum                                                            | 0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| ≥53% per annum                                                            | 25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| Between 53% and 66% pa                                                    | 25% to 50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| Between 66% and 71% pa                                                    | 50% to 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| Relative TSR Ranking                                                      | % of Rights vesting in this tranche                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| < 50 <sup>th</sup> percentile                                             | 0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| At 50 <sup>th</sup> percentile                                            | 50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| > 50 <sup>th</sup> percentile to 75 <sup>th</sup> percentile              | Pro-rated vesting between 50% and 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| <b>How is it paid?</b>                                                    | <p>Performance rights.</p> <p>Each performance right that vests at the end of the performance period entitles the executive to one fully paid ordinary IDP share at no cost.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| <b>Fair value</b>                                                         | <p>EPS CAGR - \$37.04 at grant date of 27 October 2021 for the CEO</p> <p>EPS CAGR - \$36.38 at grant date of 27 October 2021 for the other KMP</p> <p>Relative TSR - \$30.45 at grant date of grant dates of 4 October and 27 October 2021</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |
| <b>How many Performance Rights are awarded?</b>                           | <p>We determine the number of rights to be awarded by dividing a percentage of an executive's FAR as at 1 July by the VWAP of shares over the 5 trading days immediately following the day on which we released our financial results. For the FY22 grant, this was \$29.34.</p> <div>  </div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |             |                                     |                |    |                |     |                        |            |                        |             |                      |                                     |                               |    |                                |     |                                                              |                                        |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                          | <p>Andrew Barkla – 100% of FAR</p> <p>Murray Walton – 50% of FAR</p> <p>Warwick Freeland – 50% of FAR</p> <p>Harmeet Pental – 60% of FAR</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>What is the LTI Comparator Group?</b> | <p>When selecting a representative comparator group for the FY22 LTI the Board has selected a group of companies in the ASX/S&amp;P200 (excluding Resources, Financials, REIT's, Investment Companies and selected others) that are positioned immediately above and below IDP's average market capitalisation. The Board believes this provides a statistically meaningful group of similar sized ASX listed companies to IDP.</p> <p>The companies selected as the FY22 LTI comparator group based on the above criteria are the same 24 companies as selected for the FY21 LTI plan.</p> <p>The group includes:</p> <p>Domain Holdings Australia Limited, ALS Limited, Altium Limited, Tyro Payments Limited, Appen Limited, Nanosonics Limited, Carsales.Com Limited, Healius Limited, JB Hi-Fi Limited, Megaport Limited, Nextdc Limited, IRESS Limited, Ansell Limited, Pushpay Holdings Limited, AusNet Services Limited, Link Administration Holdings Limited, WiseTech Global Limited, Pro Medicus Limited, Computershare Limited, Technology One Limited, Seek Limited, Ebos Group Limited, Medibank Private Limited, ResMed Inc.</p> |
| <b>Service Condition</b>                 | <p>Continuous employment with IDP Education from the date the Performance Rights are granted until the Vesting Date</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

## 5.4 Recognition Award

Retention is the single biggest people issue the Group faces today. This is not unique to IDP, however our positioning in the ASX top 100 and recognition as the education technology leader in our industry has made our people a logical target. This has had an unintentional consequence of our senior executives being regularly approached with significant offers given the premiums being paid for operational and leadership talent in the technology sector. As such, remuneration remains a key focus of the Board, and it has never been more challenging to ensure our settings are appropriate.

The success of the business as we emerged from the pandemic and looked to seize the opportunities in front of us ultimately relied on the steady hands and deep knowledge of our KMP and senior executive team. The risk to the business of losing such critical knowledge is significant. In the interests of incentivising long-term retention and performance, the Board has made a one-off medium-term equity grant called the Recognition Award (RA) to the Executive KMP – excluding the CEO.

The Board is confident this award is aligned to our shareholders' interests by providing a non-continuing equity award which rewards these Executive KMP for staying with IDP during a critical period of recovery and growth.

The vesting period coincides with the expected delivery of a number of strategically and operationally important initiatives that will drive improved financial performance and set the foundation for future growth. In addition, keeping the executive management team intact is even more critical as a CEO transition occurs.

|                                               |                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Purpose</b>                                | The RA is a one off equity grant to the equivalent value of 80% of FAR designed to recognise the outstanding skills and capabilities gained in IDP and to retain select executives who are critical to the delivery of significant Group initiatives over the forthcoming 2 years. |
| <b>Service period</b>                         | 2 years - 1 September 2021 to 31 August 2023.                                                                                                                                                                                                                                      |
| <b>Fair value</b>                             | \$36.46 at grant date of 4 October 2021                                                                                                                                                                                                                                            |
| <b>How is it paid?</b>                        | Service Rights.<br>Each Service Right that vests at the end of the Service period entitles the executive to one fully paid ordinary IDP share at no cost.                                                                                                                          |
| <b>How are the Service Rights calculated?</b> | FAR x 80% / \$24.54 (IDP closing share price on 30 June 2021) = number of Service Rights awarded.<br>                                                                                          |
| <b>Vesting criteria</b>                       | The grant will only vest if the executive remains employed with IDP up to and including 31 August 2023.                                                                                                                                                                            |

## 5.5 Project success payment to CSO

The strategically significant acquisition of the British Council's Indian IELTS operations has already delivered additional revenue in FY22. The positive impact of this acquisition has been recognised in FY22 through a one off payment of \$120k. This multiyear project has sat outside of annual STI KPIs due to an inability to predict what the deal would look like or which year it would be achieved within given the complexity of the partnership arrangement. This one off payment recognises the success of this multiyear project.

## 6. FY22 Remuneration Outcomes and Alignment to Performance

### 6.1 FY22 financial performance

The Group had delivered its highest ever revenue in FY19 and was on track to exceed its revenue target again in FY20 when the pandemic began. Initially it was difficult to forecast how a company that relies almost entirely on international mobility to generate customers would navigate such a challenge. But through the vision and dedication of our leaders and teams we were able to accelerate our digital transformation and continue to service and support our customers and client institutions while developing new products for the virtual/ remote environment we all found ourselves in.

This innovation hasn't stopped as we emerge from the pandemic, we have a far greater understanding of our capability, we understand what our people, customers and clients want and we are committed to continue to listen, to expand and deepen our ability to deliver on this.

IDP's historical financial performance over the last five years will assist shareholders to understand the context of the remuneration framework, management's performance and how the Group's performance impacts the remuneration outcomes for the Executive KMP.

| Measure                          | FY22  | FY21  | FY20  | FY19  | FY18  |
|----------------------------------|-------|-------|-------|-------|-------|
| Revenue (\$m)                    | 793.3 | 528.7 | 587.1 | 598.1 | 487.2 |
| EBIT (\$m)                       | 158.9 | 64.1  | 108.1 | 97.1  | 75.9  |
| NPAT (\$m)                       | 102.8 | 39.5  | 68.0  | 66.3  | 51.5  |
| Basic EPS (cents per share)      | 36.86 | 14.26 | 26.23 | 26.26 | 20.59 |
| Dividend (cents per share)       | 13.50 | 8.00  | 24.00 | 18.50 | 14.00 |
| Share Price as at 30 June (\$)   | 23.82 | 24.54 | 15.49 | 17.66 | 10.58 |
| Average STI payout (% of target) | 117.0 | 100.0 | 65.1  | 112.3 | 122.5 |
| LTI Outcome (% vested)           | 50    | 100   | 100   | 100   | 100   |

IDP has continued to grow in size and complexity since it listed on the ASX in 2015. Over this period financial performance has improved as have the returns delivered to shareholders.

Set out in the table below is IDP's TSR performance relative to the ASX100, ASX200 and the ASX300 since IDP listed in November 2015. These comparisons have been chosen because they represent the broad market indices within which IDP shares have traded since listing. TSR is the measure of the returns that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends.

**The table also shows that IDP's total shareholder return has grown eight fold since listing, outperforming the ASX 100 and ASX300 by a significant margin.**



Note: the ASX 100 and ASX200 are shown as one line as TSR has been almost identical over this period.

## 6.2 Summary of remuneration decisions in FY22

The table below provides a summary of remuneration decisions taken by the Board in FY22:

|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CEO           | <ul style="list-style-type: none"> <li>• 2.46% general market increase in FAR (no FAR increase in FY21)</li> <li>• Repayment of the FY20 and FY21 temporary salary reduction</li> <li>• LTI grant value increased to 100% of FAR</li> <li>• FY22 STI award of 117% of Target</li> <li>• FY19 LTI Plan <ul style="list-style-type: none"> <li>▪ EPS Award failed to meet the minimum threshold and lapsed</li> <li>▪ Relative TSR vested at 100% of maximum</li> </ul> </li> </ul>                                                                                                                                                                                                                                                        |
| Executive KMP | <ul style="list-style-type: none"> <li>• Increase in FAR of between 3.8% and 15% for local market movements, increased responsibilities and alignment to external benchmarks</li> <li>• Repayment of FY20 and FY21 temporary salary reduction</li> <li>• One off equity grant of 80% of FAR called the Recognition Award</li> <li>• FY22 STI award of 117% of Target</li> <li>• FY19 LTI Plan <ul style="list-style-type: none"> <li>▪ EPS Award failed to meet the minimum threshold and lapsed</li> <li>▪ Relative TSR vested at 100% of maximum</li> </ul> </li> <li>• Significant impact of the acquisition of the British Council's Indian IELTS operations recognised through a one-off payment of \$120,000 to the CSO</li> </ul> |
| NEDs          | <ul style="list-style-type: none"> <li>• Director aggregate fee pool increased to \$2m pa approved at the 2021 AGM</li> <li>• No change to Director annual base fees</li> <li>• Repayment of FY20 and FY21 temporary fee reduction</li> <li>• Increase in annual fee for the role of Chair of the Audit &amp; Risk Committee</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                  |

## 6.3 FY22 STI performance outcome

IDP's strategic plan has been re-tested and refreshed to position us to come out of the "blocks" fast as international travel returns and to ensure our priorities remained focused on developing and improving our human connections through the powerful combination of our world leading technology and our people. The Board are confident that the specific STI key performance indicators (KPI) set in FY22 reinforce the refreshed strategic plan and encourage the delivery of improved financial performance, through service and technology innovation, resulting in improvement in shareholder returns. The KPI's reinforce IDP's roadmap for continued development of our customer experience and support the ongoing growth strategies.

Our refreshed IDP strategy reflects our vision to transform the industry and highlights our roadmap to recovery and strategic growth:

1. *"Rebound and Accelerate"* – leverage our global leadership position to help people reignite their global ambitions
2. *"Expand on our Unique Model"* - deliver unrivalled services that elevate us from our competitors and solve problems for our customers
3. *"Maximise Global Scale"* – aiming higher, we will transform the global industry for customers, clients and our teams

These phases are supported by our continued focus on *Service Excellence* and building capability in *Our People*.

The FY22 STI KPI's are all aligned to the refreshed strategy and are underpinned by achieving IDP's highest ever EBIT target and the delivery of new digital and systems technology and operational improvements that contribute to the embedding and development of our unique customer experience. Successfully meeting these challenging targets allowed us to keep sight of delivering for today and positioning the Group for the future by investing in enhanced customer experiences through new product developments leading to year on year growth.

| KMP KPIs<br>Aligned to Strategy | Rebound &<br>Accelerate                                                              | Expand on our<br>unique model                                                                                                                                                                  | Maximize global<br>scale                                                     |
|---------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Student<br>Placement            |                                                                                      | <ul style="list-style-type: none"> <li>Counsellor productivity</li> <li>Document management via app</li> <li>2000 offers made via OIP IDP Live</li> <li>500k IDP Live app downloads</li> </ul> | <ul style="list-style-type: none"> <li>Applied growth +43% for MD</li> </ul> |
| IELTS                           | <ul style="list-style-type: none"> <li>IELTS unified distribution - India</li> </ul> | <ul style="list-style-type: none"> <li>IELTS online launched Q3 FY22</li> <li>New app for test takers</li> <li>IELTS modernization platform</li> </ul>                                         | <ul style="list-style-type: none"> <li>Increase IELTS MS + 1.5%</li> </ul>   |
| Service<br>Excellence           |                                                                                      | <ul style="list-style-type: none"> <li>Student NPS + 2</li> <li>Client NPS baseline established</li> </ul>                                                                                     |                                                                              |
| Our<br>People                   |                                                                                      | <ul style="list-style-type: none"> <li>Global counsellor training</li> <li>Office mgmt. competency framework</li> <li>Accredited PMI capability</li> </ul>                                     |                                                                              |

The EBIT target of \$122.685m (at budget FX rate) set at the beginning of FY22 was the highest ever and consistent with our longer term growth expectations.

The Board's view is that Executive KMP have performed extremely well in navigating the economic impacts of COVID-19 and beyond and delivered superior results when measured against the KPI's set for FY22. Performance against these metrics as detailed in the table below has delivered the largest ever EBIT of \$142.908m (actual restated at budget FX rate and excluding wage subsidies of \$705k), 16.5% above target and representing an increase of 115% on FY21 result of \$66.6m. However, given the impact of COVID-19 on international travel over FY20 and FY21 a more appropriate reference is to the FY19 result (being the last full financial year unaffected by the global pandemic) of \$114.8m and represents an increase of 24.5% and reinforces IDP's position as the global leader in our industry.

Excellent outcomes against the challenging non-financial metrics has led to significant productivity and customer experience improvements, increased counsellor performance, reduction of costs and our highest ever revenue since listing.

Highlights in FY22 include:

- 546,082 IDP Live downloads
- 5,337 offers made through FastLane in FY22
- 65 clients onboarded to FastLane
- student placement (SP) Net Promoter Score (NPS) of 64 up from 58 in FY21
- 52% growth in Applied Volumes
- full integration of the BC & IDP teams in India achieved with significant savings delivered

The Board has reviewed the annual performance and determined not to exercise any discretion which has resulted in an overall award of 117% of target (58.5% of maximum potential). A breakdown of the outcomes and reasoning for each KPI outcome against target is provided in the table overleaf:

| Measure Weighting &                      | KPIs                                                                       | Why this is important?                                                                                                                                                                                                                                                                                        | Outcome                                                                                                                                                                                                                                                                                              | Result       |
|------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Financial</b><br>50%                  | Achieve Group consolidated EBIT of <b>\$122.685m</b> (at budget FX rate)   | EBIT is a key indicator of financial performance. It ensures appropriate focus on profit and cost and is a strong indicator of underlying Group profitability                                                                                                                                                 | <p>Result was <b>\$142.908m</b> (excludes wage subsidies) - FY22 target exceeded by 16.5%, an increase of 115% on last year's result and an increase of 24.5% on FY19 result</p> <p>Threshold Target Maximum</p>  | <b>63.0%</b> |
| <b>Rebound and Accelerate</b><br>5%      | IELTS unified distribution - India                                         | A single organisation structure will reduce overheads, improve synergies and allow IDP to increase IELTS tests - increasing our strength in the Partnership.                                                                                                                                                  | <p>Full integration was achieved to plan resulting in significant savings well above expectations</p> <p>Threshold Target Maximum</p>                                                                             | <b>7.5%</b>  |
| <b>Expand on our Unique Model</b><br>25% | Increase Counsellor Productivity                                           | Reducing non-customer facing admin tasks for Counsellors and increasing adoption and usage of the IDP Live App will help drive productivity and allow Counsellors to focus a greater proportion of time on lead generation and client support and allow customers to submit offers-in-principle in real time. | <p>All productivity milestones achieved according to plan</p> <p>Threshold Target Maximum</p>                                                                                                                     | <b>30.6%</b> |
|                                          | Achieve 500,000 downloads of the IDP Live App and improve AI data accuracy | This will also embed a unique transactional model to students and to realise a connected community of clients, students and counsellors on one platform in real time.                                                                                                                                         | <p><b>546,082</b> downloads of IDP Live achieved whilst improving the app store review score</p> <p>Threshold Target Maximum</p>                                                                                |              |

|                                  |                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                    |             |
|----------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|                                  | Reduce document management through adoption of IDP Live app                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>New service released to students (via IDP Live app) and counsellors in May 2022, uploading over 2000 documents in the first two weeks of release. Artificial Intelligence overall classification accuracy was 97.4% and overall field extraction accuracy of 89.8% for passports and IELTS test results</p> <p>Threshold Target Maximum</p>  |             |
|                                  | Achieve 2,000 offers made through Offers in Principle (OiP) on IDPO Live             |                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>Target exceeded - <b>5,337</b> total Offers in Principle made in FY22 against a target of 2,000</p> <p>Threshold Target Maximum</p>                                                                                                                                                                                                          |             |
|                                  | Implement IELTS Online, new platform, products and Candidate Booking Experience (BX) | <p>The platform will enable IDP to launch "IELTS Online" to compete with other disruptive tests and connect directly to our new booking system.</p> <p>The platform will empower and enable the test taker to move beyond the competitors mobile app offerings. It will also allow IDP to start replacing software at every CD test centre - which will support new products like Single Skills in FY23, to further strengthen our testing business.</p> | <p>Successful live tests undertaken in March 2022</p> <p>IELTS Online launched in 12 approved countries in accordance with plan</p> <p>New platform delivered in July due to re-allocation of resources to support our efforts in China</p> <p>Threshold Target Maximum</p>                                                                   |             |
| <b>Maximise Global Scale 10%</b> | Increase Applied Volumes in key areas (UK/US/CA/IR) by 43%                           | Applied Volume is a key leading indicator to assess IDP's rebound performance in our key markets (it excludes Australia as borders continued to be closed during FY22).                                                                                                                                                                                                                                                                                  | <p><b>52% growth</b> – exceeded target</p> <p>Threshold Target Maximum</p>                                                                                                                                                                                                                                                                    | <b>5.4%</b> |

|                                 |                                                                                                                               |                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                   |             |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|                                 | Increase IELTS Market share by 1.5% to 45.2% in countries where IDP and BC compete                                            | Increasing market share leads to direct economic benefit.                                                                                                                                                        | <b>42.8%</b> market share - threshold <b>not achieved</b><br><div> Threshold Target Maximum </div>                                                                                                                                                                                                                                                                |             |
| <b>Service Excellence</b><br>5% | Improve Customer Experience and lifetime value - Achieve an SP NPS Score of 60, a 2 point improvement on the FY21 score of 58 | Increasing overall NPS is a measure of whether IDP's innovations, culture and decision making are truly customer centric (as it's measured over time) and leads to increased customer attraction and fulfilment. | Student Placement <b>NPS of 64</b> – exceeded target<br><div> Threshold Target Maximum </div>                                                                                                                                                                                                                                                                     | <b>5.5%</b> |
| <b>Our People</b><br>5%         | Design and launch “Leading from the Front” development program                                                                | Will accelerate recovery through development of critical people capability and operational management skills.                                                                                                    | Co-designed onboarding journey (improved speed to productivity) – incorporating destination certification and readiness assessments for Office Managers<br><br>Destination certification developed and launched for Canada – UK assessment launched<br><br>AU certification – development complete ready for July launch<br><div> Threshold Target Maximum </div> | <b>5.0%</b> |
|                                 |                                                                                                                               |                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                   | <b>117%</b> |

The table below provides a summary of Executive KMP STI amounts earned for the FY22 performance year:

| FY22             | STI At-Target<br>\$  | STI at Maximum<br>\$ | STI Achieved<br>% | STI Awarded<br>% | STI Awarded <sup>1,2</sup><br>\$ | STI Forfeited<br>\$ |
|------------------|----------------------|----------------------|-------------------|------------------|----------------------------------|---------------------|
| Andrew Barkla    | 1,075,830            | 2,151,660            | 117               | 117              | 1,258,362 <sup>3</sup>           | 893,298             |
| Murray Walton    | 300,840              | 601,680              | 117               | 117              | 351,882                          | 249,798             |
| Warwick Freeland | 261,686              | 523,372              | 117               | 117              | 306,085                          | 217,287             |
| Harmeet Pental   | 567,078 <sup>4</sup> | 1,134,156            | 117               | 117              | 663,293 <sup>5</sup>             | 470,863             |

#### 6.4 FY19 LTI performance

LTI Awards are granted annually to all Executive KMP and are granted as performance rights with both an earnings (EPS CAGR) and shareholder return (IDP TSR relative to an agreed comparator group) measure over a set three year performance period.

The EPS CAGR and the Relative TSR performance condition for the Performance Rights awarded under the FY19 LTI were tested following the end of the performance period on 30 June 2021. The results and vesting outcomes are detailed below and Performance Rights vested on 31 August 2021, at no cost to the Executive KMP, as shown in the table below.

| FY19 LTI     | Target                                                                                                                                                              | Result                       | % of Performance Rights Vested |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------|
| EPS CAGR     | 50% of performance rights will vest if an EPS CAGR of at least 12% is achieved.<br>100% of performance rights will vest if an EPS CAGR of at least 14% is achieved. | Failed                       | 0%                             |
| Relative TSR | TSR – comparator group as at 1 July 2019<br>threshold = 50th percentile<br>maximum = 75th percentile                                                                | 100 <sup>th</sup> percentile | 100%                           |

There are currently three other unvested LTI grants and the current expectation of each grant for performance vesting is as follows:

| Award    | EPS CAGR Vesting Date | Vesting Probability | Relative TSR Vesting Date | Vesting Probability |
|----------|-----------------------|---------------------|---------------------------|---------------------|
| FY20 LTI | 31 August 2022        | Nil                 | 31 August 2022            | Certain (partial)   |
| FY21 LTI | 31 August 2023        | Possible            | 31 August 2023            | Possible            |
| FY22 LTI | 31 August 2024        | Possible            | 31 August 2024            | Possible            |

<sup>1</sup> STI amounts indicated have been achieved in respect of the year ended 30 June 2022 are only payable subsequent to 30 June 2022 upon ratification and recommendation by the Remuneration Committee and approval by the Board

<sup>2</sup> With the exception noted in footnote 3 and 5, all STI amounts will be paid in cash

<sup>3</sup> Includes an STI amount of \$579,181 satisfied through a grant of service rights issued under the IDIP. The service rights are subject to a vesting condition that Andrew Barkla remains employed until 30 June 2023

<sup>4</sup> Conversion from AED to AUD based on 3 month average FX rate (Apr-Jun 2022)

<sup>5</sup> Includes an STI amount of \$198,988 satisfied through a grant of service rights issued under the IDIP. The service rights are subject to a vesting condition that Harmeet Pental remains employed until 30 June 2023

## 6.5 Total Realised Remuneration (non-statutory) – FY22

This is an additional voluntary disclosure which the Board believes provides a transparent view of what the Executive KMP actual take-home pay was in FY22. These outcomes are aligned with IDP's performance during FY22, as well as being aligned to IDP's longer term performance.

The table below is not required under Australian Accounting Standards or the Corporations Act 2001, and is provided to assist in understanding actual realised outcomes. These figures include FAR, FY22 STI cash amounts not deferred and to be paid in September 2022. It also includes the value of previous years STI deferred shares and LTI awards that vested during FY22 and became exercisable. The values differ from the values shown in the statutory remuneration tables in section 7 that shows the accounting expense for both vested and unvested awards.

**The increases in FAR between FY21 and FY22 represent the difference between the impact of the temporary salary reduction in FY21 and full payment of contractual FAR in FY22. Increases in Other cash payments include re-payment of the salary reduction in both FY20 and FY21 and in the case of Warwick Freeland also include the \$120,000 project success payment (refer to Section 5.5).**

|                  |      | FAR       | Other cash payments <sup>1</sup> | STI Cash payments <sup>2</sup> | Vesting of prior year Deferred STI awards <sup>3</sup> | Vesting of prior year LTI awards <sup>4</sup> | Total Realised Remuneration |
|------------------|------|-----------|----------------------------------|--------------------------------|--------------------------------------------------------|-----------------------------------------------|-----------------------------|
|                  | Year | \$        | \$                               | \$                             | \$                                                     | \$                                            | \$                          |
| Andrew Barkla    | 2022 | 1,072,291 | 132,038                          | 679,182                        | 425,809                                                | 711,079                                       | 3,020,399                   |
|                  | 2021 | 971,250   | 20,128                           | 575,000                        | 268,774                                                | 7,060,965                                     | 8,896,117                   |
| Murray Walton    | 2022 | 589,934   | 71,971                           | 351,882                        | -                                                      | 257,620                                       | 1,271,407                   |
|                  | 2021 | 532,587   | -                                | 287,885                        | -                                                      | 598,102                                       | 1,418,574                   |
| Warwick Freeland | 2022 | 520,649   | 177,230 <sup>5</sup>             | 306,085                        | -                                                      | 262,106                                       | 1,266,070                   |
|                  | 2021 | 420,973   | -                                | 227,553                        | -                                                      | 741,756                                       | 1,390,282                   |
| Harmeet Pental   | 2022 | 557,562   | 205,125                          | 464,305                        | 158,823                                                | 389,419                                       | 1,775,233                   |
|                  | 2021 | 485,242   | 135,540                          | 351,336                        | -                                                      | 1,127,413                                     | 2,099,531                   |
| Total            | 2022 | 2,740,436 | 586,364                          | 1,801,455                      | 584,632                                                | 1,620,224                                     | 7,333,110                   |
|                  | 2021 | 2,410,052 | 155,668                          | 1,441,774                      | 268,774                                                | 9,528,236                                     | 13,804,504                  |

**The reduction in total realised remuneration from FY21 (\$13.8m) to FY22 (\$7.3m) relates primarily to the vesting of the final tranche of CEO Options issued in 2015 and the vesting of the full FY18 LTI award that were both exercised in FY21. In FY22 there were no Options remaining and only 50% of the FY19 LTI grant vested and became exercisable during FY22 resulting in a significant reduction in actual remuneration received by the Executive KMP in FY22.**

<sup>1</sup> Other cash payments include service related benefits, repayment of salary foregone in FY20 and FY21 and local benefits for offshore roles

<sup>2</sup> Represents the cash component relating to the FY22 STI plan earned in the relevant financial year

<sup>3</sup> Represents the value of vested Deferred STI award granted in prior years based on the taxable value as reported to the Australian Taxation Office or in the case of Harmeet Pental an equivalent value

<sup>4</sup> Represents the value of vested LTI Awards based on the taxable value as reported to the Australian Taxation Office or in the case of Harmeet Pental an equivalent value

<sup>5</sup> Includes a one off payment of \$120,000 for the successful delivery of the British Council IELTS India acquisition completed in FY22

## 7. Executive KMP – Statutory Remuneration

The following table has been prepared in accordance with Section 300A of the Corporations Act 2001 and details the statutory accounting expense of all remuneration-related items for the Executive KMP. Note that the table below accrues amounts for equity awards being expensed throughout FY22 that are yet to, and may never, be realised by the Executive KMP. The statutory remuneration table below differs from the FY22 KMP Realised Remuneration outlined on page 41. Differences arise mainly due to the accounting treatment of share-based payments (performance rights, options and service rights).

|                             |                   | Short Term Benefits |                        |                          |                                             | Post<br>Employment<br>Benefits | Long<br>Term<br>Benefits | Equity<br>Based<br>Benefits                                 |                             |
|-----------------------------|-------------------|---------------------|------------------------|--------------------------|---------------------------------------------|--------------------------------|--------------------------|-------------------------------------------------------------|-----------------------------|
|                             | Financial<br>Year | Salary<br>\$        | STI <sup>1</sup><br>\$ | Other <sup>2</sup><br>\$ | Non-monetary<br>Benefits <sup>3</sup><br>\$ | Superannuation<br>\$           | Leave <sup>4</sup><br>\$ | Performance<br>Rights/<br>Service Rights <sup>5</sup><br>\$ | Total<br>Remuneration<br>\$ |
| Andrew Barkla               | 2022              | 1,044,791           | 1,258,362              | 132,038                  | -                                           | 27,500                         | 22,840                   | 910,774                                                     | 3,396,305                   |
|                             | 2021              | 946,250             | 1,050,000              | 20,128                   | -                                           | 25,000                         | 27,369                   | 497,322                                                     | 2,566,069                   |
| Murray Walton               | 2022              | 562,434             | 351,882                | 71,971                   | -                                           | 27,500                         | 20,162                   | 387,538                                                     | 1,421,487                   |
|                             | 2021              | 507,587             | 287,885                | -                        | -                                           | 25,000                         | 15,474                   | 75,011                                                      | 910,957                     |
| Warwick Freeland            | 2022              | 493,149             | 306,085                | 177,230 <sup>6</sup>     | -                                           | 27,500                         | 37,263                   | 346,698                                                     | 1,387,925                   |
|                             | 2021              | 395,973             | 227,553                | -                        | -                                           | 25,000                         | 12,231                   | 77,951                                                      | 738,708                     |
| Harmeet Pental <sup>7</sup> | 2022              | 557,562             | 663,293                | 91,502                   | 113,623                                     | -                              | 35,790                   | 548,737                                                     | 2,010,507                   |
|                             | 2021              | 485,242             | 486,720                | 20,927                   | 114,613                                     | -                              | -                        | 222,128                                                     | 1,329,630                   |
| <b>Total</b>                | <b>2022</b>       | <b>2,657,936</b>    | <b>2,579,622</b>       | <b>472,741</b>           | <b>113,623</b>                              | <b>82,500</b>                  | <b>116,055</b>           | <b>2,193,747</b>                                            | <b>8,216,224</b>            |
|                             | 2021              | 2,335,052           | 2,052,158              | 41,055                   | 114,613                                     | 75,000                         | 55,074                   | 872,412                                                     | 5,545,364                   |

The increase in Total Remuneration from \$5.55m in FY21 to \$8.2m in FY22 is due largely to an increase in Equity Based Benefits (\$0.87m to \$2.2m) attributed to the increase in the weighting of the FY22 LTI award to the CEO and the value of the Recognition Award granted to select Executive KMP in FY22. In addition, increases in Short Term Benefits include improved outcomes of the FY22 STI (\$0.5m), repayment of salary foregone in FY20 and FY21 and a one-off payment to Warwick Freeland for the successful acquisition of British Council IELTS India Operation all of which were paid in FY22.

<sup>1</sup> STI includes both cash and service rights expected to be paid/vest in future periods as a result of FY22 STI outcomes.

<sup>2</sup> Includes re-payment of salary foregone in 2020 paid as a lump sum in September 2021 and in the case of Harmeet Pental also includes medical insurance

<sup>3</sup> Non-monetary benefits for Harmeet Pental represent housing benefit for this offshore position

<sup>4</sup> Long term benefits represent long service leave accrued but untaken during the year

<sup>5</sup> Equity based benefits represent benefits issued under the LTI and the Recognition Award. It represents statutory accounting expenses measured under AASB 2, which are based on the grant date fair value, amortised on a straight line basis over the vesting period. Refer to share based payments accounting policy (note 23) for further details

<sup>6</sup> Includes an additional one-off payment of \$120,000 in relation to the successful acquisition of British Council IELTS India Operations

<sup>7</sup> Harmeet Pental is paid in foreign currency and the figures are impacted by variations in the FX rate

## Executive KMP LTI Outcomes

| Executive KMP           | Award             | Performance Rights/<br>Service Rights | Grant<br>Date | Opening<br>Balance | Granted<br>during<br>year | Exercised<br>during<br>year | Forfeited<br>during<br>year <sup>1</sup> | Closing<br>Balance –<br>vested and<br>exercisable | Closing<br>Balance –<br>vested but<br>not<br>exercisable | Closing<br>Balance -<br>unvested |
|-------------------------|-------------------|---------------------------------------|---------------|--------------------|---------------------------|-----------------------------|------------------------------------------|---------------------------------------------------|----------------------------------------------------------|----------------------------------|
| <b>Andrew Barkla</b>    | The FY19 Award    | Performance Rights                    | 27-Sep-18     | 49,723             | -                         | 24,861                      | 24,862                                   | -                                                 | -                                                        | -                                |
|                         | The FY20 Award    | Performance Rights                    | 01-Oct-19     | 38,485             | -                         | -                           | -                                        | -                                                 | -                                                        | 38,485                           |
|                         | The FY21 Award    | Performance Rights                    | 07-Sep-20     | 33,070             | -                         | -                           | -                                        | -                                                 | -                                                        | 33,070                           |
|                         | The FY22 Award    | Performance Rights                    | 09-Nov-21     | -                  | 36,667                    | -                           | -                                        | -                                                 | -                                                        | 36,667                           |
| <b>Murray Walton</b>    | The FY19 Award    | Performance Rights                    | 27-Sep-18     | 18,015             | -                         | 9,007                       | 9,008                                    | -                                                 | -                                                        | -                                |
|                         | The FY20 Award    | Performance Rights                    | 01-Oct-19     | 12,310             | -                         | -                           | -                                        | -                                                 | -                                                        | 12,310                           |
|                         | The FY21 Award    | Performance Rights                    | 07-Sep-20     | 10,578             | -                         | -                           | -                                        | -                                                 | -                                                        | 10,578                           |
|                         | The FY22 Award    | Performance Rights                    | 09-Nov-21     | -                  | 10,253                    | -                           | -                                        | -                                                 | -                                                        | 10,253                           |
| <b>Warwick Freeland</b> | Recognition Award | Service Rights                        | 19-Oct-21     | -                  | 19,614                    | -                           | -                                        | -                                                 | -                                                        | 19,614                           |
|                         | The FY19 Award    | Performance Rights                    | 27-Sep-18     | 18,308             | -                         | 9,154                       | 9,154                                    | -                                                 | -                                                        | -                                |
|                         | The FY20 Award    | Performance Rights                    | 01-Oct-19     | 12,510             | -                         | -                           | -                                        | -                                                 | -                                                        | 12,510                           |
|                         | The FY21 Award    | Performance Rights                    | 07-Sep-20     | 10,750             | -                         | -                           | -                                        | -                                                 | -                                                        | 10,750                           |
| <b>Harmeet Pental</b>   | The FY22 Award    | Performance Rights                    | 09-Nov-21     | -                  | 8,919                     | -                           | -                                        | -                                                 | -                                                        | 8,919                            |
|                         | Recognition Award | Service Rights                        | 19-Oct-21     | -                  | 17,061                    | -                           | -                                        | -                                                 | -                                                        | 17,061                           |
|                         | The FY19 Award    | Performance Rights                    | 27-Sep-18     | 27,231             | -                         | 13,615                      | 13,616                                   | -                                                 | -                                                        | -                                |
|                         | The FY20 Award    | Performance Rights                    | 01-Oct-19     | 19,175             | -                         | -                           | -                                        | -                                                 | -                                                        | 19,175                           |
| <b>Harmeet Pental</b>   | The FY21 Award    | Performance Rights                    | 07-Sep-20     | 17,553             | -                         | -                           | -                                        | -                                                 | -                                                        | 17,553                           |
|                         | The FY22 Award    | Performance Rights                    | 09-Nov-21     | -                  | 10,331                    | -                           | -                                        | -                                                 | -                                                        | 10,331                           |
|                         | Recognition Award | Service Rights                        | 19-Oct-21     | -                  | 16,469                    | -                           | -                                        | -                                                 | -                                                        | 16,469                           |

<sup>1</sup> This represents 50% of the FY19 LTI plan that lapsed during FY22 in accordance with the performance conditions of the plan.

## Executive KMP Shareholdings

Details of ordinary shares held by the Executive KMP and their related parties are provided in the table below:

| Executive KMP    | Opening Balance | Performance/ Service Rights exercised | Net change other <sup>1</sup> | Closing Balance |
|------------------|-----------------|---------------------------------------|-------------------------------|-----------------|
| Andrew Barkla    | 351,561         | 40,175                                | (150,000)                     | 241,736         |
| Murray Walton    | 62,250          | 9,007                                 | (24,007)                      | 47,250          |
| Warwick Freeland | -               | 9,154                                 | (5,000)                       | 4,154           |
| Harmeet Pental   | 40,264          | 19,327                                | (15,000)                      | 44,591          |

## 8. Executive KMP Employment Agreements

Remuneration and other terms of employment are covered in a formal employment contract. The employment contracts include provisions requiring a minimum notice period by both the Executive and IDP Education. If either party provides notice, the Group may make a payment in lieu of notice.

For all Executive KMP, in the event of serious misconduct or other circumstances warranting summary dismissal, notice is not required.

The minimum notice period for each Executive KMP are set out in the table below.

|                      | Contract type | Notice period by Executive | Notice period by IDP | Redundancy Payment                                                                                     |
|----------------------|---------------|----------------------------|----------------------|--------------------------------------------------------------------------------------------------------|
| <b>Executive KMP</b> |               |                            |                      |                                                                                                        |
| Andrew Barkla        | Ongoing       | 3 months                   | 9 months             | If terminated by reason of redundancy, 5 weeks notice and 34 weeks severance                           |
| Murray Walton        | Ongoing       | 3 months                   | 3 months             | General redundancy terms apply as mandated by the Fair Work Act 2009                                   |
| Warwick Freeland     | Ongoing       | 13 weeks                   | 26 weeks             | General redundancy terms apply as mandated by the Fair Work Act 2009                                   |
| Harmeet Pental       | Ongoing       | 6 months                   | 6 months             | General retrenchment provisions apply in accordance with Ministry of Manpower (Singapore) requirements |

<sup>1</sup>These amounts represent ordinary shares purchased or sold directly or indirectly by the Executive KMP during the financial year. These transactions have no connection with the roles and responsibilities as employees of the Group.

## 9. Non-Executive Director Remuneration

Non-executive Director fees are determined by reference to external survey data, taking account of the Group's relative size and business complexity.

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, under the ASX Listing Rules, the total amount paid to all Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Group in a general meeting. This amount, being the fee pool limit, has been fixed at \$2,000,000 per financial year.

Each Non-executive Director's total remuneration package may be comprised of the following elements:

- Base fee
- Committee fee

Non-executive Directors have no entitlement to STI or LTI.

No retirement benefits are payable to Non-executive Directors other than statutory superannuation entitlements.

The below table provides further details relating to the components of the Non-executive Director remuneration.

| Component                    | Delivered | Description                                                                                                                                               |
|------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Base Fee</b>              | Cash      | The base fee represents remuneration for service on the IDP Education Board. The base fee for the Chair represents the entire remuneration for that role. |
| <b>Committee Chair fees</b>  | Cash      | Committee Chair fees represent remuneration for chairing Board committees.                                                                                |
| <b>Committee Member Fees</b> | Cash      | Committee member fees represent remuneration for service on an IDP Board Committee.                                                                       |

Directors' fees were reviewed in 2021 by independent remuneration advice against comparable ASX listed companies. At the Annual General Meeting on 19 October 2021 an increase to the total fee pool to \$2,000,000 was approved by shareholders. Subsequently, the Board has approved an increase in the fee for the Chair of the Audit & Risk Committee from \$20,000pa to \$40,000pa in FY22 to align with market relativities and reflect the increasing demands of the role and also to recognise the scale and complexity of IDP. The current Non-executive Director remuneration fee structure is within the approved fee pool and is shown in the following table:

|                              | \$ per annum |
|------------------------------|--------------|
| <b>Base Fee</b>              |              |
| Chair                        | 350,000      |
| Non-executive Director       | 150,000      |
| <b>Committee Chair Fees</b>  |              |
| Audit and Risk Committee     | 40,000       |
| Nomination Committee         | 10,000       |
| Remuneration Committee       | 10,000       |
| <b>Committee Member Fees</b> |              |
| Audit and Risk Committee     | 10,000       |
| Nomination Committee         | 10,000       |
| Remuneration Committee       | 10,000       |

# Non-executive Director Statutory Remuneration Table

|                                |                |                | Short Term Benefits |                    |                       | Post Employment Benefits | Long Term Benefits | Equity Based Benefits |                    |
|--------------------------------|----------------|----------------|---------------------|--------------------|-----------------------|--------------------------|--------------------|-----------------------|--------------------|
|                                | Financial Year | Directors Fees | STI                 | Other <sup>1</sup> | Non-monetary Benefits | Superannuation           | Leave              | Performance Rights    | Total Remuneration |
|                                |                | \$             | \$                  | \$                 | \$                    | \$                       | \$                 | \$                    | \$                 |
| <b>Non-Executive Directors</b> |                |                |                     |                    |                       |                          |                    |                       |                    |
| Peter Polson                   | 2022           | 322,500        | -                   | 43,396             | -                     | 27,500                   | -                  | -                     | 393,396            |
|                                | 2021           | 298,927        | -                   | -                  | -                     | 24,823                   | -                  | -                     | 323,750            |
| Ariane Barker                  | 2022           | 205,688        | -                   | 23,750             | -                     | -                        | -                  | -                     | 229,438            |
|                                | 2021           | 175,750        | -                   | -                  | -                     | -                        | -                  | -                     | 175,750            |
| Professor David Battersby AM   | 2022           | 145,455        | -                   | 18,265             | -                     | 16,372                   | -                  | -                     | 180,092            |
|                                | 2021           | 135,160        | -                   | -                  | -                     | 12,840                   | -                  | -                     | 148,000            |
| Greg West                      | 2022           | 154,545        | -                   | 19,406             | -                     | 17,395                   | -                  | -                     | 191,346            |
|                                | 2021           | 143,607        | -                   | -                  | -                     | 13,643                   | -                  | -                     | 157,250            |
| Chris Leptos AM                | 2022           | 154,545        | -                   | 19,406             | -                     | 17,395                   | -                  | -                     | 191,346            |
|                                | 2021           | 143,607        | -                   | -                  | -                     | 13,643                   | -                  | -                     | 157,250            |
| Professor Colin Stirling       | 2022           | 145,455        | -                   | 18,265             | -                     | 16,372                   | -                  | -                     | 180,092            |
|                                | 2021           | 135,160        | -                   | -                  | -                     | 12,840                   | -                  | -                     | 148,000            |
| <b>Total</b>                   | 2022           | 1,128,188      | -                   | 142,488            | -                     | 95,034                   | -                  | -                     | 1,365,710          |
|                                | 2021           | 1,032,211      | -                   | -                  | -                     | 77,789                   | -                  | -                     | 1,110,000          |

<sup>1</sup>At the height of the COVID-19 pandemic the Board, the executive team and staff elected to take a temporary reduction in salary to help IDP cashflows during a turbulent time. As IDP has returned to a more stable financial position any salary foregone in FY20 and FY21 was repaid as a one-off lump sum payment in September 2021

The increase in Total Remuneration from \$1.1m in FY21 to \$1.37m in FY22 is due largely to an increase in annual Director Fees representing full payment of Fees for FY22 (following the temporary salary reduction in FY21) and the repayment of Annual Fees that were temporarily reduced in FY20 and FY21 – shown as “Other”.

## Non-executive Director Shareholdings

Details of ordinary shares held by the Non-executive Directors and their related parties are provided in the table below:

|                                                 | Opening<br>Balance | Performance<br>Rights<br>Exercised | Options<br>Exercised | Net<br>Change<br>Other <sup>1</sup> | Closing<br>Balance |
|-------------------------------------------------|--------------------|------------------------------------|----------------------|-------------------------------------|--------------------|
| <b>Non-executive Directors</b>                  |                    |                                    |                      |                                     |                    |
| <b>Peter Polson</b>                             | 52,817             | -                                  | -                    | (2,817)                             | 50,000             |
| <b>Ariane Barker</b>                            | 21,684             | -                                  | -                    | -                                   | 21,684             |
| <b>Professor David Battersby AM<sup>2</sup></b> | 10,048             | -                                  | -                    | -                                   | 10,048             |
| <b>Greg West<sup>2</sup></b>                    | 27,817             | -                                  | -                    | -                                   | 27,817             |
| <b>Chris Leptos AO</b>                          | 28,684             | -                                  | -                    | -                                   | 28,684             |
| <b>Professor Colin Stirling<sup>2</sup></b>     | -                  | -                                  | -                    | 667                                 | 667                |

<sup>1</sup> These amounts represent ordinary shares purchased or sold directly or indirectly by the Non-executive Directors during the financial year. These transactions have no connection with the roles and responsibilities as Non-executive Directors of the Group

<sup>2</sup> Indicates previous representatives of Education Australia

## 10. Remuneration Governance

This section of the Remuneration Report describes the role of the Board and the Remuneration Committee, and the use of remuneration consultants when making remuneration decisions.

The Board is responsible for IDP's remuneration strategy and policy. Consistent with this responsibility, the Board has established the Remuneration Committee (the Committee).

In summary, the role of the Committee includes assisting and advising the Board on remuneration policies and practices for the Board, the Chief Executive Officer (CEO), the other Executive KMP, senior executives and other persons whose activities, individually or collectively, affect the financial soundness of the Group. The Committee advises the Board on remuneration practices and policies which are fair and responsible to drive a high performance culture and align with shareholder outcomes.

The Committee's role and interaction with the Board, internal and external advisors, are further illustrated below:



Further information on the Committee's role, responsibilities and membership is contained in the Corporate Governance Statement. The Remuneration Committee Charter can also be viewed in the Corporate Governance section of the Investor Centre of the IDP website.

As at 30 June 2022, the Committee comprised the following Non-executive Directors:

- Mr Peter Polson (Chairman)
- Ms Ariane Barker
- Mr Chris Leptos

The Directors' Report provides information regarding:

- Skills, experience and expertise of the Committee members; and
- Number of meetings and attendance of members at the Committee meetings.

### 10.1 Minimum Shareholding Requirement

The minimum shareholding policy requires Non-executive Directors to hold shares to the equivalent value of the annual base fee within 3 years from the date of appointment as a Non-executive Director or in the case of a Non-executive Director who was previously a representative of Education Australia (a major shareholder in IDP) they are required to comply with the policy within 3 years from 30 August 2021 (the date Education Australia ceased being IDP's major shareholder). As at 30 June 2022, all Directors with this obligation hold more shares than their threshold requirement.

There is also a voluntary minimum shareholding for Executive KMP and other members of the Global Leadership Team under which they are expected to retain IDP shares to the value of 20% of FAR. This minimum shareholding is expected to be achieved within a five year period from the later of:

- 26 November 2015 (IDP's IPO listing); or
- the commencement date of employment (or appointment if an internal promotion) of any new Global Leadership Team member.

Minimum shareholding requirements are detailed below:

|                                | Percentage Required            |
|--------------------------------|--------------------------------|
| <b>Non-executive Directors</b> | 100% of Board fee <sup>1</sup> |
| <b>CEO</b>                     | 20% of FAR                     |
| <b>Other KMP</b>               | 20% of FAR                     |

<sup>1</sup> The Board fee includes the annual base fee and any fees payable for Committee membership or Committee Chair responsibilities

## 10.2 Use of remuneration consultants

The Board directly engages external advisors to provide input to the process of reviewing Executive KMP and Non-executive Director remuneration. A Use of Remuneration Consultants Policy was reviewed and approved by the Board on 22 June 2022.

During FY22, Crichton and Associates Pty Limited (Crichton and Associates) were engaged by the Board to provide remuneration recommendations in relation to KMP. Crichton and Associates invoiced IDP Education \$31,580 for these services.

The following arrangements were made to ensure that the remuneration recommendations have been made free from undue influence:

- Crichton and Associates takes instructions from an independent Non-executive Director and the Committee and is accountable to the Board for all work completed;
- During any assignment, Crichton and Associates may seek input from management, however deliverables are provided directly to the Remuneration Committee and considered by the Board; and
- Professional fee arrangements are agreed directly with the Remuneration Committee Chairman.

Consequently, the Board is satisfied that the remuneration recommendations were made free from undue influence from any member of the KMP.

In addition to providing remuneration recommendations, Crichton and Associates also provided services relating to other aspects of remuneration in respect of the Group's employees, including the provision of valuation services, equity award offer documentation and related consulting services. For these services Crichton and Associates invoiced IDP Education \$117,003 during FY22.

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



Peter Polson  
Chairman



Andrew Barkla  
Managing Director

Melbourne  
24 August 2022

24 August 2022

The Board of Directors  
IDP Education Limited  
Level 10, Melbourne Quarter 2,  
697 Collins Street  
Docklands VIC 3008

Dear Board Members

## Auditor's Independence Declaration to IDP Education Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of IDP Education Limited.

As lead audit partner for the audit of the financial statements of IDP Education Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Genevra Cavallo  
Partner  
Chartered Accountants

## Financial report

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**Consolidated statement of profit or loss  
for the year ended 30 June 2022**

|                                                      | Notes | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|------------------------------------------------------|-------|------------------------|------------------------|
| Revenue                                              | 3     | 793,331                | 528,742                |
| Expenses                                             | 4.1   | (595,107)              | (426,283)              |
| Depreciation and amortisation                        |       | (38,228)               | (37,588)               |
| Finance income                                       |       | 866                    | 1,617                  |
| Finance costs                                        | 4.2   | (7,615)                | (6,899)                |
| Share of loss of associates                          |       | (1,115)                | (728)                  |
| <b>Profit for the year before income tax expense</b> |       | <b>152,132</b>         | <b>58,861</b>          |
| Income tax expense                                   | 5     | (49,292)               | (19,398)               |
| <b>Profit for the year</b>                           |       | <b>102,840</b>         | <b>39,463</b>          |
| Profit for the year attributable to:                 |       |                        |                        |
| Owners of IDP Education Limited                      |       | 102,604                | 39,683                 |
| Non-controlling interests                            |       | 236                    | (220)                  |
|                                                      |       | <b>102,840</b>         | <b>39,463</b>          |

| <b>Earnings per share for profit attributable to ordinary equity holders</b> | Notes | 30 June 2022 | 30 June 2021 |
|------------------------------------------------------------------------------|-------|--------------|--------------|
| Basic earnings per share (cents per share)                                   | 7     | 36.86        | 14.26        |
| Diluted earnings per share (cents per share)                                 | 7     | 36.79        | 14.22        |

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

**Consolidated statement of comprehensive income  
for the year ended 30 June 2022**

|                                                                                                                  | Notes | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|------------------------------------------------------------------------------------------------------------------|-------|------------------------|------------------------|
| <b>Profit for the year</b>                                                                                       |       | 102,840                | 39,463                 |
| <b>Other comprehensive income</b>                                                                                |       |                        |                        |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                                            |       |                        |                        |
| Net investment hedge of foreign operations                                                                       |       | -                      | (1,562)                |
| Exchange differences arising on translating foreign operations                                                   |       | 5,237                  | (1,160)                |
| Gains/(losses) arising on changes in fair value of hedging instruments entered into for cash flow hedges         |       |                        |                        |
| Forward foreign exchange contracts                                                                               |       | (4,359)                | (1,765)                |
| Cumulative gains/(losses) arising on changes in fair value of hedging instruments reclassified to profit or loss |       | 1,765                  | 270                    |
| Income tax related to gains/(losses) recognised in other comprehensive income                                    | 5     | (7)                    | (604)                  |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>                                       |       | -                      | -                      |
| Other comprehensive income for the year, net of income tax                                                       |       | 2,636                  | (4,821)                |
| <b>Total comprehensive income for the year</b>                                                                   |       | <b>105,476</b>         | <b>34,642</b>          |
| Total comprehensive income attributable to:                                                                      |       |                        |                        |
| Owners of IDP Education Limited                                                                                  |       | 105,248                | 34,832                 |
| Non-controlling interests                                                                                        |       | 228                    | (190)                  |
|                                                                                                                  |       | <b>105,476</b>         | <b>34,642</b>          |

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

**Consolidated statement of financial position  
as at 30 June 2022**

|                                                               | Notes | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|---------------------------------------------------------------|-------|------------------------|------------------------|
| <b>CURRENT ASSETS</b>                                         |       |                        |                        |
| Cash and cash equivalents                                     | 20    | 196,608                | 306,948                |
| Trade and other receivables                                   | 8     | 93,185                 | 72,444                 |
| Contract assets                                               | 9     | 48,918                 | 31,877                 |
| Derivative financial instruments                              | 22    | 2,079                  | 736                    |
| Current tax assets                                            |       | 7,728                  | 5,137                  |
| Other current assets                                          | 14    | 21,654                 | 14,681                 |
| <b>Total current assets</b>                                   |       | <b>370,172</b>         | <b>431,823</b>         |
| <b>NON-CURRENT ASSETS</b>                                     |       |                        |                        |
| Contract assets                                               | 9     | 3,447                  | 2,333                  |
| Investment in associates                                      |       | 3,901                  | 4,941                  |
| Property, plant and equipment                                 | 11    | 26,417                 | 22,258                 |
| Rights-of-use assets                                          | 12    | 90,783                 | 79,392                 |
| Intangible assets                                             | 13    | 413,598                | 109,453                |
| Capitalised development costs                                 | 10    | 23,666                 | 16,306                 |
| Deferred tax assets                                           | 5     | 18,229                 | 15,007                 |
| Other non-current assets                                      | 14    | 24,573                 | 13,929                 |
| <b>Total non-current assets</b>                               |       | <b>604,614</b>         | <b>263,619</b>         |
| <b>TOTAL ASSETS</b>                                           |       | <b>974,786</b>         | <b>695,442</b>         |
| <b>CURRENT LIABILITIES</b>                                    |       |                        |                        |
| Trade and other payables                                      | 15    | 125,046                | 93,008                 |
| Lease liabilities                                             | 19    | 18,436                 | 17,882                 |
| Contract liabilities                                          | 16    | 51,852                 | 41,768                 |
| Provisions                                                    | 17    | 21,434                 | 13,605                 |
| Current tax liabilities                                       |       | 5,850                  | 1,815                  |
| Derivative financial instruments                              | 22    | 7,004                  | 2,757                  |
| <b>Total current liabilities</b>                              |       | <b>229,622</b>         | <b>170,835</b>         |
| <b>NON-CURRENT LIABILITIES</b>                                |       |                        |                        |
| Borrowings                                                    | 18    | 156,453                | 56,745                 |
| Lease liabilities                                             | 19    | 81,525                 | 68,473                 |
| Deferred tax liabilities                                      | 5     | 48,218                 | 4,913                  |
| Provisions                                                    | 17    | 3,600                  | 6,482                  |
| <b>Total non-current liabilities</b>                          |       | <b>289,796</b>         | <b>136,613</b>         |
| <b>TOTAL LIABILITIES</b>                                      |       | <b>519,418</b>         | <b>307,448</b>         |
| <b>NET ASSETS</b>                                             |       | <b>455,368</b>         | <b>387,994</b>         |
| <b>EQUITY</b>                                                 |       |                        |                        |
| Issued capital                                                | 21    | 276,888                | 278,145                |
| Reserves                                                      |       | (9,510)                | (12,884)               |
| Retained earnings                                             |       | 188,299                | 123,270                |
| <b>Equity attributable to owners of IDP Education Limited</b> |       | <b>455,677</b>         | <b>388,531</b>         |
| Non-controlling interests                                     |       | (309)                  | (537)                  |
| <b>TOTAL EQUITY</b>                                           |       | <b>455,368</b>         | <b>387,994</b>         |

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

**Consolidated statement of changes in equity  
for the year ended 30 June 2022**

|                                                                                      | Note | Issued<br>capital<br>\$'000 | Cash flow<br>hedge reserve<br>\$'000 | Foreign currency<br>translation reserve<br>\$'000 | Share based<br>payments<br>reserve<br>\$'000 | Retained<br>earnings<br>\$'000 | Equity attributable<br>to owners of IDP<br>Education Limited<br>\$'000 | Non-<br>controlling<br>interests<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------------------------------------------|------|-----------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|--------------------------------|------------------------------------------------------------------------|--------------------------------------------|-----------------|
| <b>As at 1 July 2020</b>                                                             |      | <b>270,959</b>              | <b>(189)</b>                         | <b>(1,432)</b>                                    | <b>8,464</b>                                 | <b>105,854</b>                 | <b>383,656</b>                                                         | <b>(347)</b>                               | <b>383,309</b>  |
| Change in the fair value of cash flow<br>hedges, net of income tax                   |      | -                           | (1,047)                              | -                                                 | -                                            | -                              | (1,047)                                                                | -                                          | (1,047)         |
| Exchange differences arising on<br>translating the foreign operations                |      | -                           | -                                    | (3,994)                                           | -                                            | -                              | (3,994)                                                                | 30                                         | (3,964)         |
| Foreign currency exchange differences<br>recycled to profit or loss                  |      | -                           | -                                    | 190                                               | -                                            | -                              | 190                                                                    | -                                          | 190             |
| Profit for the year                                                                  |      | -                           | -                                    | -                                                 | -                                            | 39,683                         | 39,683                                                                 | (220)                                      | 39,463          |
| Total comprehensive income for the year                                              |      | -                           | (1,047)                              | (3,804)                                           | -                                            | 39,683                         | 34,832                                                                 | (190)                                      | 34,642          |
| Exercise of share options                                                            | 21.1 | 405                         | -                                    | -                                                 | -                                            | -                              | 405                                                                    | -                                          | 405             |
| Acquisition of treasury shares                                                       | 21.2 | (9,567)                     | -                                    | -                                                 | -                                            | -                              | (9,567)                                                                | -                                          | (9,567)         |
| Share-based payments schemes<br>including tax effect – value of employee<br>services |      | -                           | -                                    | -                                                 | 1,472                                        | -                              | 1,472                                                                  | -                                          | 1,472           |
| Issue of treasury shares to employees                                                |      | 16,348                      | -                                    | -                                                 | (16,348)                                     | -                              | -                                                                      | -                                          | -               |
| Dividends paid                                                                       | 6    | -                           | -                                    | -                                                 | -                                            | (22,267)                       | (22,267)                                                               | -                                          | (22,267)        |
| <b>As at 30 June 2021</b>                                                            |      | <b>278,145</b>              | <b>(1,236)</b>                       | <b>(5,236)</b>                                    | <b>(6,412)</b>                               | <b>123,270</b>                 | <b>388,531</b>                                                         | <b>(537)</b>                               | <b>387,994</b>  |

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

**Consolidated statement of changes in equity (continued)**  
**for the year ended 30 June 2022**

|                                                                                      | Note | Issued<br>capital<br>\$'000 | Cash flow<br>hedge reserve<br>\$'000 | Foreign currency<br>translation reserve<br>\$'000 | Share based<br>payments<br>reserve<br>\$'000 | Retained<br>earnings<br>\$'000 | Equity attributable<br>to owners of IDP<br>Education Limited<br>\$'000 | Non-<br>controlling<br>interests<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------------------------------------------|------|-----------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|--------------------------------|------------------------------------------------------------------------|--------------------------------------------|-----------------|
| <b>As at 1 July 2021</b>                                                             |      | <b>278,145</b>              | <b>(1,236)</b>                       | <b>(5,236)</b>                                    | <b>(6,412)</b>                               | <b>123,270</b>                 | <b>388,531</b>                                                         | <b>(537)</b>                               | <b>387,994</b>  |
| Exchange differences arising on<br>translating the foreign operations                |      | -                           | -                                    | 4,460                                             | -                                            | -                              | 4,460                                                                  | (8)                                        | 4,452           |
| Change in the fair value of cash flow<br>hedges, net of income tax                   |      | -                           | (1,816)                              | -                                                 | -                                            | -                              | (1,816)                                                                | -                                          | (1,816)         |
| Profit for the year                                                                  |      | -                           | -                                    | -                                                 | -                                            | 102,604                        | 102,604                                                                | 236                                        | 102,840         |
| Total comprehensive income for the year                                              |      | -                           | (1,816)                              | 4,460                                             | -                                            | 102,604                        | 105,248                                                                | 228                                        | 105,476         |
| Acquisition of treasury shares                                                       | 21.2 | (5,567)                     | -                                    | -                                                 | -                                            | -                              | (5,567)                                                                | -                                          | (5,567)         |
| Share-based payments schemes<br>including tax effect – value of employee<br>services |      | -                           | -                                    | -                                                 | 5,040                                        | -                              | 5,040                                                                  | -                                          | 5,040           |
| Issue of treasury shares to employees                                                | 21.2 | 4,310                       | -                                    | -                                                 | (4,310)                                      | -                              | -                                                                      | -                                          | -               |
| Dividends paid                                                                       | 6    | -                           | -                                    | -                                                 | -                                            | (37,575)                       | (37,575)                                                               | -                                          | (37,575)        |
| <b>As at 30 June 2022</b>                                                            |      | <b>276,888</b>              | <b>(3,052)</b>                       | <b>(776)</b>                                      | <b>(5,682)</b>                               | <b>188,299</b>                 | <b>455,677</b>                                                         | <b>(309)</b>                               | <b>455,368</b>  |

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

**Consolidated statement of cash flow**  
**for the year ended 30 June 2022**

|                                                                                       | Notes | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|---------------------------------------------------------------------------------------|-------|------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                           |       |                        |                        |
| Receipts from customers                                                               |       | 789,820                | 526,472                |
| Payments to suppliers and employees                                                   |       | (596,689)              | (395,109)              |
| Interest received                                                                     |       | 866                    | 1,902                  |
| Interest paid                                                                         |       | (6,172)                | (4,776)                |
| Income tax paid                                                                       |       | (47,191)               | (11,588)               |
| <b>Net cash inflow from operating activities</b>                                      | 20    | <b>140,634</b>         | <b>116,901</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                           |       |                        |                        |
| Proceeds from disposal of right of use assets and intangible assets                   |       | -                      | 666                    |
| Payments for acquisition of a subsidiary, net of cash acquired                        | 27    | (260,441)              | -                      |
| Payments for investment in associates                                                 |       | (188)                  | (172)                  |
| Payments for plant and equipment, intangible assets and capitalised development costs |       | (29,648)               | (20,140)               |
| <b>Net cash outflow from investing activities</b>                                     |       | <b>(290,277)</b>       | <b>(19,646)</b>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                           |       |                        |                        |
| Proceeds from borrowings                                                              | 18    | 100,000                | 56,745                 |
| Repayments of borrowings                                                              | 18    | -                      | (61,571)               |
| Proceeds from exercise of share options                                               | 21.1  | -                      | 405                    |
| Payments for treasury shares                                                          | 21.2  | (5,567)                | (9,567)                |
| Repayment of lease liabilities                                                        | 19    | (19,350)               | (17,483)               |
| Dividends paid                                                                        | 6     | (37,575)               | (64,250)               |
| <b>Net cash inflow/(outflow) from financing activities</b>                            |       | <b>37,508</b>          | <b>(95,721)</b>        |
| Net (decrease)/increase in cash and cash equivalents                                  |       | (112,135)              | 1,534                  |
| Cash and cash equivalents at the beginning of the year                                |       | 306,948                | 307,089                |
| Effect of exchange rates on cash holdings in foreign currencies                       |       | 1,795                  | (1,675)                |
| <b>Cash and cash equivalents at the end of the year</b>                               |       | <b>196,608</b>         | <b>306,948</b>         |

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

# Notes to the consolidated financial statements for the year ended 30 June 2022

## Notes to the financial statements

### 1. Basis of preparation

This general purpose financial report for the year ended 30 June 2022 has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial statements are for the consolidated entity, consisting of IDP Education Limited (the Company) and its controlled subsidiaries (the Group). IDP Education Limited is a for profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX).

The consolidated financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 24 August 2022.

#### 1.1. Compliance with IFRS

This general purpose financial report complies with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### 1.2. Historical cost convention

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial assets and financial liabilities (including derivative instruments) that have been recognised at fair value through profit and loss.

#### 1.3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out in the relevant notes except for those disclosed in notes 1.8 to 1.9.

The accounting policies adopted are consistent with those of the previous financial year except as noted. When the presentation or classification of items in the financial report is amended, comparative amounts are also reclassified.

The financial report has been prepared on a going concern basis.

#### 1.4. Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

- Assessment of uncertain tax positions: Note 5 – Income taxes, Note 14 – Other assets and Note 30 – Contingent liabilities
- Note 13 – Intangible assets – Impairment test of goodwill and intangible assets with indefinite useful lives
- Note 22.3 – Fair value of financial instruments
- Note 23.3 – Fair value of share-based payments
- Note 27 – Fair value of identifiable assets and liabilities arising from business combination

#### 1.5. Rounding of amounts

The Company is of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the consolidated financial statements and the Directors' report have been rounded to the nearest thousand dollars unless otherwise stated.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 1. Basis of preparation (continued)

### 1.6. Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include

- **AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions and AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021**

The adoption of these amendments did not have a material impact on the financial statements of the Group.

### 1.7. Standards and Interpretations in issue not yet effective

At the date of authorisation of the consolidated financial statements, other Standards and Interpretations on issue but not yet effective were as listed below.

| Standard and Interpretation                                                                                                                                                                                                                                                                                                                                                                                                             | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB10 & AASB128], AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections | 1 January 2022                                               | 30 June 2023                                                  |
| AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current                                                                                                                                                                                                                                                                                                                     | 1 January 2023                                               | 30 June 2023                                                  |
| AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments                                                                                                                                                                                                                                                                                                                          | 1 January 2022                                               | 30 June 2023                                                  |
| AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates                                                                                                                                                                                                                                                                                                    | 1 January 2023                                               | 30 June 2023                                                  |
| AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction                                                                                                                                                                                                                                                                                            | 1 January 2023                                               | 30 June 2023                                                  |

At the date of authorisation of the financial statements, no IASB Standards and IFRIC Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued.

The Directors of the Group do not anticipate that the adoption of the above amendments will have a material impact in future periods on the financial statements of the Group.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 1. Basis of preparation (continued)

### 1.8. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### 1.9. Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent's functional currency. For each Group controlled entity, the Group determines the functional currency and items included in the financial statements of each Group controlled entity are measured using that functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent balance sheet date:

- (i) Foreign currency monetary items are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the profit or loss with exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation; and
- (ii) Non-monetary items which are measured at historical cost are not retranslated.

#### Group consolidation

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## Financial Performance

### 2. Segment information

#### Basis of segmentation

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Maker in assessing performance and determining the allocation of resources. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Chief Operating Decision Maker determined that its operating segments comprise the geographic regions of:

- Asia – which includes Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Laos, Malaysia, Mauritius, Myanmar, Nepal, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam;
- Australasia – which includes Australia, Fiji, New Zealand and New Caledonia; and
- Rest of World – which includes Argentina, Azerbaijan, Bahrain, Brazil, Canada, Chile, Colombia, Cyprus, Ecuador, Egypt, Germany, Greece, Iran, Ireland, Italy, Jordan, Kenya, Kazakhstan, Kuwait, Lebanon, Mexico, Nigeria, Oman, Pakistan, Peru, Poland, Qatar, Romania, Russia, Saudi Arabia, Spain, Switzerland, Turkey, Ukraine, Uruguay, Uzbekistan, the United Arab Emirates, the United Kingdom and the United States of America.
- These geographic segments are based on the Group's management reporting system and the way management views the business.

The principal activities of each segment are provision of student placement services, International English Language Testing (IELTS), English language teaching services and digital marketing and event services.

#### Geographic segment revenue and results

|                           | Segment revenue        |                        | Segment EBIT           |                        |
|---------------------------|------------------------|------------------------|------------------------|------------------------|
|                           | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
| Asia                      | 586,454                | 316,215                | 206,718                | 76,616                 |
| Australasia               | 38,574                 | 45,903                 | 3,331                  | 9,161                  |
| Rest of World             | 168,303                | 166,624                | 32,884                 | 39,045                 |
| <b>Consolidated total</b> | <b>793,331</b>         | <b>528,742</b>         | <b>242,933</b>         | <b>124,822</b>         |
| Corporate cost            |                        |                        | (84,052)               | (60,679)               |
| <b>EBIT</b>               |                        |                        | <b>158,881</b>         | <b>64,143</b>          |
| Net finance cost          |                        |                        | (6,749)                | (5,282)                |
| <b>Profit before tax</b>  |                        |                        | <b>152,132</b>         | <b>58,861</b>          |

#### Service segment

The Group also uses a secondary segment which shows revenue and gross profit by service. Revenue by service segment is disclosed in Note 3. Gross profit (i.e. revenue less direct costs) by service segment is shown below:

|                              | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|------------------------------|------------------------|------------------------|
| Student placement            | 182,763                | 112,195                |
| IELTS examination            | 232,279                | 143,219                |
| English language teaching    | 12,739                 | 12,329                 |
| Digital marketing and events | 30,258                 | 28,588                 |
| Other                        | 1,414                  | 1,518                  |
|                              | <b>459,453</b>         | <b>297,849</b>         |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 3. Revenue

### Accounting policy

The Group's revenue mainly comprises of:

- Student placement revenue
- IELTS examination revenue
- English language teaching revenue
- Digital marketing revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer.

The Group recognises revenue when it transfers control of a service to a customer.

Under AASB 15, revenue recognition for each of the major revenue streams is as follows:

| Revenue stream                    | Performance obligation                                                              | Timing of recognition                                                                                                                                                                                      |
|-----------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Student placement revenue         | Institution application service, visa application service and pre-departure service | Point in time recognition when the performance obligations are satisfied after applying the withdrawal rate (i.e. when students withdraw from the courses after the enrolments are confirmed).             |
| IELTS examination revenue         | Provision of English language testing service                                       | Over time from the date the testing commences, until the testing results are issued.<br>Revenue is calculated based on the input method (i.e. resources consumed and cost incurred).                       |
| English language teaching revenue | Provision of English language teaching courses                                      | Over time starting from the expiry of the trial period, until the completion of the courses.<br>Revenue is calculated based on the output method (i.e. lessons delivered).                                 |
| Digital marketing revenue         | Hosting the advertising content online, lead generation and enquiry processing      | Over time starting from the date that the content goes live, until the expiry of the advertising contract.<br>Revenue is calculated based on the input method (i.e. resources consumed and cost incurred). |

### Disaggregation of revenue

The Group derives its revenue from the transfer of services over time and at a point in time in the following major services.

| Timing of revenue recognition       | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|-------------------------------------|------------------------|------------------------|
| <b>At a point in time</b>           |                        |                        |
| Student placement revenue           | 215,360                | 143,278                |
| Other revenue                       | 2,738                  | 3,192                  |
| <b>Over time</b>                    |                        |                        |
| IELTS examination revenue           | 511,358                | 325,627                |
| English language teaching revenue   | 20,603                 | 20,200                 |
| Digital marketing and event revenue | 43,272                 | 36,445                 |
| <b>Total revenue</b>                | <b>793,331</b>         | <b>528,742</b>         |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 4. Expenses and finance costs

### 4.1 Expenses

|                                       | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|---------------------------------------|------------------------|------------------------|
| Service providers fees                | 276,745                | 190,766                |
| Employee benefits expenses            | 204,394                | 155,879                |
| Occupancy expenses                    | 10,395                 | 8,206                  |
| Marketing expenses                    | 30,319                 | 18,083                 |
| Administrative expenses               | 19,739                 | 11,812                 |
| IT and communication expenses         | 23,751                 | 20,309                 |
| Consultancy and professional expenses | 18,456                 | 15,964                 |
| Travel expenses                       | 4,695                  | 1,557                  |
| Foreign exchange loss                 | 4,978                  | 342                    |
| Other expenses                        | 1,635                  | 3,365                  |
|                                       | <b>595,107</b>         | <b>426,283</b>         |

### 4.2 Finance costs

|                                        | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|----------------------------------------|------------------------|------------------------|
| Interest on borrowings                 | 2,310                  | 712                    |
| Interest expenses on lease liabilities | 4,330                  | 3,914                  |
| Other finance costs                    | 975                    | 2,273                  |
|                                        | <b>7,615</b>           | <b>6,899</b>           |

### 4.3 Included in the employee benefit expenses

|                                 | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|---------------------------------|------------------------|------------------------|
| Share-based payments            | 5,168                  | 2,160                  |
| Governments wages subsidies (1) | (705)                  | (7,973)                |
| Defined contribution plans      | 12,498                 | 10,635                 |

#### (1) COVID-19 related governments wages subsidies

During FY21, IDP received \$7.973m government wages subsidies from governments in Australia and foreign jurisdictions as a result of COVID-19 pandemic.

During FY22, IDP didn't receive wages subsidies from Australia. There was \$0.705m wages subsidies received from governments in foreign jurisdictions.

Government wage subsidies are recognised as deductions against employee expenses as permitted under AASB 112 *Government Grants* and deductions against payments to employees and suppliers in the Consolidated statement of cash flow.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 5. Income taxes

#### Critical accounting estimates and assumptions

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result the calculation of the Group's tax charge involves a degree of estimation and judgment in respect of certain items. The Group recognises liabilities for potential tax issues based on management's assessment of whether additional taxes may be payable. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determination is made.

#### Accounting policy

IDP Education Limited is the head entity in a tax-consolidated group under Australian taxation law. As a result, the Company and Australian entities controlled by the Company are all subject to income tax through membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, the entities controlled by the Group have agreed to pay an amount to or from the head entity equal to the tax liability or asset assumed by the head entity for that period as noted above. Such amounts are reflected in amounts receivable from or payable to the head entity. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- (i) The initial recognition of assets or liabilities in a transaction that is not a business combination;
- (ii) The initial recognition of goodwill; and
- (iii) The initial recognition of assets and liabilities in a transaction which at the time of the transaction affects neither accounting profit nor taxable profit (taxable loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised to the extent that it is probable that future tax profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 5. Income taxes (continued)

#### 5.1 Income tax recognised in profit or loss

|                                                                                           | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|-------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Current tax</b>                                                                        |                        |                        |
| Current tax expense in respect of the current year                                        | 51,021                 | 23,613                 |
| Withholding taxes                                                                         | 1,063                  | (112)                  |
| Adjustments recognised in the current year in relation to the current tax of prior years  | 1,391                  | (1,867)                |
|                                                                                           | 53,475                 | 21,634                 |
| <b>Deferred tax</b>                                                                       |                        |                        |
| In respect of the current year                                                            | (4,183)                | (2,236)                |
| Total income tax expense recognised in the current year relating to continuing operations | <b>49,292</b>          | <b>19,398</b>          |

The income tax expense for the year can be reconciled to the accounting profit as follows

|                                                                                             | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|---------------------------------------------------------------------------------------------|------------------------|------------------------|
| Profit before tax                                                                           | 152,132                | 58,861                 |
| Income tax expense calculated at 30% (2021: 30%)                                            | 45,640                 | 17,658                 |
| <i>Tax effect of:</i>                                                                       |                        |                        |
| Non-deductible expenses                                                                     | 953                    | 286                    |
| Attributed income                                                                           | 3,047                  | 1,345                  |
| Unused tax losses, tax offsets and timing differences not recognised as deferred tax assets | 121                    | 3,878                  |
| Withholding taxes                                                                           | 1,063                  | (112)                  |
| Effect on deferred tax balances due to the change in income tax rate                        | 59                     | 68                     |
| Adjustments recognised in the current year in relation to the current tax of prior years    | 1,391                  | (1,867)                |
| Non-assessable income                                                                       | (145)                  | (626)                  |
| Other deductible items                                                                      | (342)                  | (814)                  |
| Adjustments recognised in relation to prior year deferred tax balances                      | 501                    | (811)                  |
| Effect of tax rate in foreign jurisdictions                                                 | (2,996)                | 393                    |
| <b>Income tax recognised in profit or loss</b>                                              | <b>49,292</b>          | <b>19,398</b>          |

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 5. Income taxes (continued)

#### 5.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

|                          | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|--------------------------|------------------------|------------------------|
| Deferred tax assets      | 18,229                 | 15,007                 |
| Deferred tax liabilities | (48,218)               | (4,913)                |
|                          | <b>(29,989)</b>        | <b>10,094</b>          |

#### 2022

Temporary differences and tax losses

| \$'000                                 | Opening<br>balance | Acquired<br>through<br>business<br>combinations | Recognised<br>in<br>profit or loss | Recognised<br>in other<br>comprehensive<br>income | Recognised<br>in<br>reserves | Closing<br>balance |
|----------------------------------------|--------------------|-------------------------------------------------|------------------------------------|---------------------------------------------------|------------------------------|--------------------|
| Accrued expenses                       | 3,349              | -                                               | 436                                | -                                                 | -                            | 3,785              |
| Deferred capital<br>expenditure        | 674                | -                                               | 668                                | -                                                 | -                            | 1,342              |
| Employee benefits                      | 4,179              | 164                                             | 1,980                              | -                                                 | (1,888)                      | 4,435              |
| Leases                                 | 2,033              | 141                                             | 484                                | -                                                 | -                            | 2,658              |
| Trade receivables                      | 408                | -                                               | 245                                | -                                                 | -                            | 653                |
| Derivative<br>financial<br>instruments | 715                | -                                               | 27                                 | 778                                               | -                            | 1,520              |
| Unrealised foreign<br>exchange losses  | 220                | -                                               | (434)                              | -                                                 | -                            | (214)              |
| Plant, property<br>and equipment       | 1,425              | 136                                             | (721)                              | -                                                 | -                            | 840                |
| Deferred revenue                       | 605                | -                                               | 1,183                              | -                                                 | -                            | 1,788              |
| Intangible assets                      | (4,870)            | (42,812)                                        | 279                                | (785)                                             | -                            | (48,188)           |
| Prepayments                            | (34)               | -                                               | (54)                               | -                                                 | -                            | (88)               |
| Tax losses                             | 1,096              | -                                               | (341)                              | -                                                 | -                            | 755                |
| Others                                 | 294                | -                                               | 431                                | -                                                 | -                            | 725                |
| <b>Net deferred tax</b>                | <b>10,094</b>      | <b>(42,371)</b>                                 | <b>4,183</b>                       | <b>(7)</b>                                        | <b>(1,888)</b>               | <b>(29,989)</b>    |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 5. Income taxes (continued)

### 5.2 Deferred tax balances (continued)

2021

Temporary differences and tax losses

| \$'000                                 | Opening balance | Recognised in<br>profit or loss | Recognised in<br>other<br>comprehensive<br>income | Recognised in<br>reserves | Closing balance |
|----------------------------------------|-----------------|---------------------------------|---------------------------------------------------|---------------------------|-----------------|
| Accrued expenses                       | 2,359           | 990                             | -                                                 | -                         | 3,349           |
| Deferred capital<br>expenditure        | 377             | 297                             | -                                                 | -                         | 674             |
| Employee benefits                      | 4,999           | 596                             | -                                                 | (1,416)                   | 4,179           |
| Leases                                 | 886             | 1,147                           | -                                                 | -                         | 2,033           |
| Trade receivables                      | 877             | (469)                           | -                                                 | -                         | 408             |
| Derivative<br>financial<br>instruments | 369             | (103)                           | 449                                               | -                         | 715             |
| Hedge of net<br>investments            | 923             | -                               | (923)                                             | -                         | -               |
| Unrealised foreign<br>exchange losses  | 242             | (22)                            | -                                                 | -                         | 220             |
| Plant, property<br>and equipment       | 2,815           | (1,390)                         | -                                                 | -                         | 1,425           |
| Deferred revenue                       | 180             | 425                             | -                                                 | -                         | 605             |
| Intangible assets                      | (5,082)         | 342                             | (130)                                             | -                         | (4,870)         |
| Prepayments                            | (33)            | (1)                             | -                                                 | -                         | (34)            |
| Tax losses                             | 571             | 525                             | -                                                 | -                         | 1,096           |
| Others                                 | 395             | (101)                           | -                                                 | -                         | 294             |
| <b>Net deferred tax</b>                | <b>9,878</b>    | <b>2,236</b>                    | <b>(604)</b>                                      | <b>(1,416)</b>            | <b>10,094</b>   |

### 5.3 Unrecognised deferred tax assets

|                                                                                                                                                                     | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following: |                        |                        |
| - temporary differences                                                                                                                                             | 1,333                  | 1,388                  |
| - tax losses                                                                                                                                                        | 6,129                  | 6,120                  |
|                                                                                                                                                                     | 7,462                  | 7,508                  |

The unrecognised tax losses will expire between 5 years and indefinite.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 6. Dividends

#### Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### 6.1 Dividends paid

|                                                                                                                               | 30 June 2022    |               | 30 June 2021    |               |
|-------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|-----------------|---------------|
|                                                                                                                               | cents per share | Total \$'000  | cents per share | Total \$'000  |
| Final dividend paid in respect of prior financial year – 0% franked (2021: 0%) at the Australia corporate tax rate of 30%     | -               | -             | -               | -             |
| Interim dividend paid in respect of current financial year - 9% franked (2021: 0%) at the Australia corporate tax rate of 30% | 13.50           | 37,575        | 8.0             | 22,267        |
| <b>Total</b>                                                                                                                  |                 | <b>37,575</b> |                 | <b>22,267</b> |

There was no final dividend declared for the financial year ended 30 June 2021.

The interim dividend of 13.5 cents per share franked at 9% for the financial year ended 30 June 2022 was declared on 8 February 2022 to shareholders registered on 4 March 2022. The payment was made on 28 March 2022.

#### 6.2 Dividends proposed and not recognised at the end of the reporting period

The final dividend of 13.5 cents per share franked at 14% for the financial year ended 30 June 2022 was declared on 24 August 2022 to shareholders registered on 8 September 2022. This dividend has not been included as a liability in the financial statements. The total estimated dividend to be paid is \$37.575m.

#### 6.3 Franking credits

The balance of the franking account at 30 June 2022 was \$6.973m (2021: \$2.264m) based on the Australian corporate tax rate of 30% (2021: 30%).

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 7. Earnings per share

#### Accounting policy

##### Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the reporting period.

##### Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account:

- the after income tax effect of any interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

|                    | 30 June 2022 |         | 30 June 2021 |         |
|--------------------|--------------|---------|--------------|---------|
|                    | Cents        |         | Cents        |         |
|                    | Basic        | Diluted | Basic        | Diluted |
| Earnings per share | 36.86        | 36.79   | 14.26        | 14.22   |

|                                                                                         | 30 June 2022        | 30 June 2021        |
|-----------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                         | \$000               | \$000               |
| Earnings used in calculating earnings per share                                         |                     |                     |
| Earnings used in the calculation of basic and diluted earnings per share                | 102,604             | 39,683              |
| <b>Weighted average number of shares used as the denominator</b>                        | <b>30 June 2022</b> | <b>30 June 2021</b> |
| Weighted average number of shares used as denominator in calculating basic EPS          | 278,336,211         | 278,336,211         |
| Weighted average of potential dilutive ordinary shares:                                 |                     |                     |
| - performance rights                                                                    | 546,736             | 631,421             |
| <b>Weighted average number of shares used as denominator in calculating diluted EPS</b> | <b>278,882,947</b>  | <b>278,967,632</b>  |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## Assets and liabilities

### 8. Trade and other receivables

#### Accounting policy

Receivables arise from revenue that has been billed, but not yet settled by the customer.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised as the relevant performance obligations identified in a customer contract are satisfied. Refer to Note 3 for further details of revenue recognition.

Where revenue recognised precedes billings it results in a contract asset as disclosed in Note 9 below, and where cash amounts are received in advance of revenue recognition it results in a contract liability as disclosed in Note 16.

IDP's credit terms are generally 30 to 60 days from the date of invoice. As such, the carrying amount of receivables approximates their fair value.

|                       | 30 June 2022  | 30 June 2021  |
|-----------------------|---------------|---------------|
|                       | \$'000        | \$'000        |
| Trade receivables     | 91,751        | 70,195        |
| Credit loss allowance | (2,375)       | (2,302)       |
|                       | <b>89,376</b> | <b>67,893</b> |
| Other receivables     | 3,809         | 4,551         |
|                       | <b>93,185</b> | <b>72,444</b> |

#### Credit Loss Allowance

The Group applies the simplified approach under AASB 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Expected credit losses are measured by grouping trade receivables and contract assets based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

A provision allowance is determined based on historic credit loss rates for each group of customers, adjusted for any material expected changes to the customers' future credit risk.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 9. Contract assets

|                            | 30 June 2022  | 30 June 2021  |
|----------------------------|---------------|---------------|
|                            | \$'000        | \$'000        |
| Student placement services | 52,365        | 34,210        |
| Current                    | 48,918        | 31,877        |
| Non-current                | 3,447         | 2,333         |
|                            | <b>52,365</b> | <b>34,210</b> |

Amounts relating to contract assets are balances where revenue recognised precedes billings under customer contracts. The Group recognised contract assets for any performance obligations satisfied. Any amount previously recognised as contract assets is reclassified to trade receivables at the point at which it is invoiced to the customer.

### 10. Capitalised development costs

#### Accounting policy

Capitalised development costs represent internally developed systems not yet put into use. These assets will be transferred to intangible assets or plant, property and equipment as appropriate on the date of completion.

Capitalised development costs arising from the development phase of an internal project are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to use the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount recognised is the sum of the expenditure incurred from the date when the project development first meets the recognition criteria listed above. Where above criteria is not met, development expenditure is recognised in profit or loss in the period in which it is incurred.

|                                                 |      | 30 June 2022  | 30 June 2021  |
|-------------------------------------------------|------|---------------|---------------|
|                                                 | Note | \$'000        | \$'000        |
| <b>Balance at beginning of the year</b>         |      | <b>16,306</b> | <b>5,709</b>  |
| Additions                                       |      | 19,721        | 16,567        |
| Transfers to property, plant and equipment      | 11   | (1,363)       | (4,992)       |
| Transfers to intangible assets                  | 13   | (10,962)      | (960)         |
| Effect of foreign currency exchange differences |      | (36)          | (18)          |
| <b>Balance at end of the year</b>               |      | <b>23,666</b> | <b>16,306</b> |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 11. Property, plant and equipment

### Accounting policy

Property, plant and equipment is carried at cost, net of accumulated depreciation and impairment losses, if any. Property, plant and equipment are depreciated using the straight-line basis over their estimated useful economic lives. The expected depreciation rate for each class of depreciable assets are:

| <u>Class of Fixed Asset</u> | <u>Depreciation rate</u>  |
|-----------------------------|---------------------------|
| Leasehold Improvements      | Lease term or useful life |
| Plant and equipment         | 20-33%                    |

### Impairment

The carrying values of property, plant and equipment are reviewed annually for indications of impairment to ensure they are not in excess of the recoverable amount for these assets. An impairment loss is recognised to the extent that the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

| <b>Cost</b>                                     | <b>Leasehold<br/>improvements<br/>\$'000</b> | <b>Plant and<br/>equipment<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|-------------------------------------------------|----------------------------------------------|-------------------------------------------|-------------------------|
| Balance at 30 June 2020                         | 27,398                                       | 23,548                                    | 50,946                  |
| Additions                                       | 210                                          | 2,997                                     | 3,207                   |
| Transfer from capitalised development costs     | 2,932                                        | 2,060                                     | 4,992                   |
| Disposals                                       | (2,153)                                      | (1,190)                                   | (3,343)                 |
| Effect of foreign currency exchange differences | (1,326)                                      | (1,500)                                   | (2,826)                 |
| Balance at 30 June 2021                         | 27,061                                       | 25,915                                    | 52,976                  |
| Additions                                       | 4,940                                        | 5,337                                     | 10,277                  |
| Acquired through business combinations          | 1,238                                        | 3,721                                     | 4,959                   |
| Transfer from capitalised development costs     | -                                            | 1,363                                     | 1,363                   |
| Disposals                                       | (84)                                         | (1,303)                                   | (1,387)                 |
| Effect of foreign currency exchange differences | (278)                                        | (59)                                      | (337)                   |
| Balance at 30 June 2022                         | 32,877                                       | 34,974                                    | 67,851                  |
| <b>Accumulated depreciation</b>                 |                                              |                                           |                         |
| Balance at 30 June 2020                         | (11,464)                                     | (15,266)                                  | (26,730)                |
| Depreciation for the year                       | (4,186)                                      | (4,352)                                   | (8,538)                 |
| Disposals                                       | 2,088                                        | 1,163                                     | 3,251                   |
| Effect of foreign currency exchange differences | 181                                          | 1,118                                     | 1,299                   |
| Balance at 30 June 2021                         | (13,381)                                     | (17,337)                                  | (30,718)                |
| Depreciation for the year                       | (3,786)                                      | (4,880)                                   | (8,666)                 |
| Acquired through business combinations          | (1,055)                                      | (3,720)                                   | (4,775)                 |
| Disposals                                       | 80                                           | 1,248                                     | 1,328                   |
| Effect of foreign currency exchange differences | 698                                          | 699                                       | 1,397                   |
| Balance at 30 June 2022                         | (17,444)                                     | (23,990)                                  | (41,434)                |
| <b>Net Book Value</b>                           |                                              |                                           |                         |
| At 30 June 2021                                 | 13,680                                       | 8,578                                     | 22,258                  |
| At 30 June 2022                                 | 15,433                                       | 10,984                                    | 26,417                  |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 12. Right-of-use assets

### Accounting policy

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses in accordance with AASB 136 *Impairment of Assets*, if any, and adjusted for certain remeasurement of the lease liability.

### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office and IT equipment that have a lease term of 12 months or less or for leases of low-value assets such as printers and other IT equipment for use by staff in its offices. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying value of right-of-use assets is presented below:

|                                                 | Office buildings |
|-------------------------------------------------|------------------|
| <b>Cost</b>                                     | <b>\$'000</b>    |
| Balance at 30 June 2020                         | 102,416          |
| Additions                                       | 22,617           |
| Disposal                                        | (2,802)          |
| Effect of foreign currency exchange differences | (5,853)          |
| Balance at 30 June 2021                         | 116,378          |
| Additions                                       | 31,988           |
| Disposal                                        | (3,473)          |
| Effect of foreign currency exchange differences | 3,480            |
| Balance at 30 June 2022                         | 148,373          |
| <b>Accumulated depreciation</b>                 |                  |
| Balance at 30 June 2020                         | (19,818)         |
| Depreciation for the year                       | (20,830)         |
| Disposal                                        | 2,708            |
| Effect of foreign currency exchange differences | 954              |
| Balance at 30 June 2021                         | (36,986)         |
| Depreciation for the year                       | (22,251)         |
| Disposal                                        | 2,978            |
| Effect of foreign currency exchange differences | (1,331)          |
| Balance at 30 June 2022                         | (57,590)         |
| <b>Net Book Value</b>                           |                  |
| At 30 June 2021                                 | <b>79,392</b>    |
| At 30 June 2022                                 | <b>90,783</b>    |

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 12. Right-of-use assets (continued)

| Amounts recognised in the Statement of Profit or Loss | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|-------------------------------------------------------|------------------------|------------------------|
| Depreciation expenses on right-of-use assets          | 22,251                 | 20,830                 |
| Interest expenses on lease liabilities                | 4,330                  | 3,914                  |
| Expenses relating to short term or low value leases   | 953                    | 205                    |
| Occupancy expenses                                    | 9,442                  | 8,001                  |

### 13. Intangible assets

#### Critical accounting estimates and assumptions

##### Impairment of goodwill and other intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are allocated to a cash-generating unit (CGU) or group of CGUs and tested for impairment annually to determine whether they have subject to any impairment in accordance with the accounting policy stated below.

A CGU is the smallest identifiable group of assets that generate cash flows largely independent of cash flows of other groups of assets. Goodwill and other indefinite life intangible assets are allocated to CGU or group of CGUs which are no larger than one of the Group's operating segments.

The recoverable amounts of the CGU or group of CGUs to which the assets have been allocated have been determined based on the value in use calculations. These calculations are performed based on cash flow projections and other supplementary information which, given their forward looking nature, require the adoption of assumptions and estimates.

The key assumptions and estimates utilised in management's assessments relate primarily to:

- Three years cash flow forecasts sourced from internal budgets and management forecasts;
- Terminal value growth rates applied to the period beyond the three year cash flow forecasts; and
- Post-tax discount rates, used to discount the cash flows to present value.

Each of these assumptions and estimates is based on a "best estimate" at the time of performing the valuation. However, increase in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the carrying value of CGU or group of CGUs to exceed their recoverable amount.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 13. Intangible assets (continued)

#### Accounting policy

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as expenses. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

#### Capitalisation of configuration and customisation costs in Software-as-a-Service (SAAS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the Directors applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term.

Part of the customisation and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with cloud-based software applications (referred to as bridging modules or APIs). Judgement was applied in determining whether the additional code meets the definition of and recognition criteria for an intangible asset in AASB 138 *Intangible Assets*.

Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customisation and modification of the cloud-based software is deemed significant.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 13. Intangible assets (continued)

| Cost                                                                   |      | Software        | Brand<br>and trade<br>names | Customer<br>relationships | Website<br>technology<br>and<br>database | Goodwill       | Contracts<br>for<br>English<br>language<br>testing | Total           |
|------------------------------------------------------------------------|------|-----------------|-----------------------------|---------------------------|------------------------------------------|----------------|----------------------------------------------------|-----------------|
|                                                                        | Note | \$'000          | \$'000                      | \$'000                    | \$'000                                   | \$'000         | \$'000                                             | \$'000          |
| <b>Balance at 30 June 2020</b>                                         |      | <b>26,940</b>   | <b>15,156</b>               | <b>14,252</b>             | <b>7,248</b>                             | <b>38,963</b>  | <b>35,200</b>                                      | <b>137,759</b>  |
| Additions                                                              |      | 241             | -                           | -                         | -                                        | -              | -                                                  | 241             |
| Transfer from capitalised development costs                            | 10   | 960             | -                           | -                         | -                                        | -              | -                                                  | 960             |
| Disposals                                                              |      | (165)           | -                           | -                         | -                                        | -              | -                                                  | (165)           |
| Effect of foreign currency exchange differences                        |      | (35)            | 398                         | 395                       | 204                                      | 726            | -                                                  | 1,688           |
| <b>Balance at 30 June 2021</b>                                         |      | <b>27,941</b>   | <b>15,554</b>               | <b>14,647</b>             | <b>7,452</b>                             | <b>39,689</b>  | <b>35,200</b>                                      | <b>140,483</b>  |
| Additions                                                              |      | 12              | -                           | -                         | -                                        | -              | -                                                  | 12              |
| Acquired through business combinations                                 | 27   | -               | -                           | -                         | -                                        | 126,136        | 171,246                                            | 297,382         |
| Transfer from capitalised development costs                            | 10   | 10,962          | -                           | -                         | -                                        | -              | -                                                  | 10,962          |
| Effect of foreign currency exchange differences                        |      | 44              | (634)                       | (629)                     | (326)                                    | 189            | 3,911                                              | 2,555           |
| <b>Balance at 30 June 2022</b>                                         |      | <b>38,959</b>   | <b>14,920</b>               | <b>14,018</b>             | <b>7,126</b>                             | <b>166,014</b> | <b>210,357</b>                                     | <b>451,394</b>  |
| <b>Accumulated amortisation</b>                                        |      |                 |                             |                           |                                          |                |                                                    |                 |
| <b>Balance at 30 June 2020</b>                                         |      | <b>(12,431)</b> | <b>(360)</b>                | <b>(3,954)</b>            | <b>(5,869)</b>                           | <b>-</b>       | <b>-</b>                                           | <b>(22,614)</b> |
| Amortisation for the year                                              |      | (6,447)         | -                           | -                         | -                                        | -              | -                                                  | (6,447)         |
| Amortisation of intangible assets generated from business combinations |      | -               | (71)                        | (827)                     | (875)                                    | -              | -                                                  | (1,773)         |
| Disposals                                                              |      | 40              | -                           | -                         | -                                        | -              | -                                                  | 40              |
| Effect of foreign currency exchange differences                        |      | 78              | -                           | (128)                     | (186)                                    | -              | -                                                  | (236)           |
| <b>Balance at 30 June 2021</b>                                         |      | <b>(18,760)</b> | <b>(431)</b>                | <b>(4,909)</b>            | <b>(6,930)</b>                           | <b>-</b>       | <b>-</b>                                           | <b>(31,030)</b> |
| Amortisation for the year                                              |      | (5,869)         | -                           | -                         | -                                        | -              | -                                                  | (5,869)         |
| Amortisation of intangible assets generated from business combinations |      | -               | (71)                        | (845)                     | (526)                                    | -              | -                                                  | (1,442)         |
| Effect of foreign currency exchange differences                        |      | (33)            | -                           | 248                       | 330                                      | -              | -                                                  | 545             |
| <b>Balance at 30 June 2022</b>                                         |      | <b>(24,662)</b> | <b>(502)</b>                | <b>(5,506)</b>            | <b>(7,126)</b>                           | <b>-</b>       | <b>-</b>                                           | <b>(37,796)</b> |
| <b>Net Book Value</b>                                                  |      |                 |                             |                           |                                          |                |                                                    |                 |
| <b>At 30 June 2021</b>                                                 |      | <b>9,181</b>    | <b>15,123</b>               | <b>9,738</b>              | <b>522</b>                               | <b>39,689</b>  | <b>35,200</b>                                      | <b>109,453</b>  |
| <b>At 30 June 2022</b>                                                 |      | <b>14,297</b>   | <b>14,418</b>               | <b>8,512</b>              | <b>-</b>                                 | <b>166,014</b> | <b>210,357</b>                                     | <b>413,598</b>  |

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 13. Intangible assets (continued)

#### Software

Software is amortised over the useful life of 3 to 5 years.

#### Brand and trade names

Brand and trade names are separately identifiable intangible assets arising from business combinations and are recognised at fair value at the acquisition date. The useful life of brand and trade names are assessed based on nature of the specific market and assets. Brand and trade names from the UK digital marketing CGU are considered to have an indefinite useful life and as such are not amortised but are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Brand and trade names from other CGUs are amortised over 15 years.

#### Customer relationships

Customer relationships are separately identifiable intangible assets arising from business combinations and are recognised at fair value at the acquisition date. Customer relationships are amortised between 8 and 19 years.

#### Website technology and database

Website technology and database is a separately identifiable intangible asset arising from a business combination and is recognised at fair value at the acquisition date. Website technology and database are amortised between 3 and 5 years.

#### Contracts for English language testing and Goodwill

Contracts for English language testing are recognised at their fair value at date of acquisition. During FY22, an intangible asset for Intellectual Property exclusivity in the Indian market of \$171.2m was recognised as part of the acquisition accounting of BC India IELTS operation, which represents an enhancement of the value of the existing contracts for English language testing between the IELTS partners. Please refer to the note 27 for details.

There is no termination date in accordance with its term and management has assessed the events and circumstances, which supports an indefinite useful life assessment for Contracts for English language testing.

Contracts of English language testing and goodwill are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Contracts of English language testing and goodwill are allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the Contracts for English language testing and business combination in which the goodwill arose.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 13. Intangible assets (continued)

#### Impairment testing and key assumptions

A summary by CGU of the carrying amount of goodwill and intangible assets with indefinite useful lives is detailed below:

| CGU/Group of CGUs             | 30 June 2022       |                                                             | 30 June 2021       |                                                             |
|-------------------------------|--------------------|-------------------------------------------------------------|--------------------|-------------------------------------------------------------|
|                               | Goodwill<br>\$'000 | Intangible assets with<br>indefinite useful lives<br>\$'000 | Goodwill<br>\$'000 | Intangible assets with<br>indefinite useful lives<br>\$'000 |
| Asia - IELTS testing          | 131,958            | 189,782                                                     | 4,476              | 14,625                                                      |
| Australasia - IELTS testing   | 3,451              | 11,275                                                      | 3,451              | 11,275                                                      |
| Rest of World - IELTS testing | 2,847              | 9,300                                                       | 2,847              | 9,300                                                       |
| China - Student placement     | 2,451              | -                                                           | 2,451              | -                                                           |
| UK – Digital marketing        | 25,307             | 13,861                                                      | 26,464             | 14,495                                                      |
|                               | 166,014            | 224,218                                                     | 39,689             | 49,695                                                      |

The Group tests whether goodwill and intangible assets with indefinite useful lives are subject to any impairment annually or whenever an impairment indicator is present. The recoverable amount is based on a value in use calculation which uses discounted cash flow projections based on three years internal budgets and management forecasts. Cash flow projections during the forecast period are based on management's best estimate of volume growth, expenses, inflation and foreign exchange rates throughout the period.

#### Key assumptions

| CGU/Group of CGUs             | Valuation<br>method | Years of cash flow<br>projection | Terminal<br>growth rate | Post-tax discount rate % |      |
|-------------------------------|---------------------|----------------------------------|-------------------------|--------------------------|------|
|                               |                     |                                  |                         | 2022                     | 2021 |
| Asia - IELTS testing          | Value in use        | 3                                | 3.0%                    | 8.1%                     | 8.1% |
| Australasia - IELTS testing   | Value in use        | 3                                | 0%                      | 8.1%                     | 8.1% |
| Rest of World - IELTS testing | Value in use        | 3                                | 3.0%                    | 8.1%                     | 8.1% |
| China - Student placement     | Value in use        | 3                                | 2.5%                    | 16%                      | 16%  |
| UK – Digital marketing        | Value in use        | 3                                | 2.0%                    | 12.5%                    | 11%  |

As a result, as at 30 June 2022 and 2021, the recoverable amount supports the carrying amount and no impairment has been recognised.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 14. Other assets

|                                 | 30 June 2022  | 30 June 2021  |
|---------------------------------|---------------|---------------|
|                                 | \$'000        | \$'000        |
| <b>Other current assets</b>     |               |               |
| Prepayments                     | 6,894         | 4,922         |
| Refundable deposits             | 14,276        | 9,307         |
| Other assets                    | 484           | 452           |
|                                 | <b>21,654</b> | <b>14,681</b> |
| <b>Other non-current assets</b> |               |               |
|                                 | 30 June 2022  | 30 June 2021  |
|                                 | \$'000        | \$'000        |
| Prepayments                     | 394           | 144           |
| Tax deposits                    | 24,179        | 13,785        |
|                                 | <b>24,573</b> | <b>13,929</b> |

### Critical accounting estimates and assumptions

The Group is subject to GST and other value added taxes in Australia and foreign jurisdictions. As a result, the Group's indirect tax positions involve a degree of estimation and judgment in respect of the interpretations adopted by management in relation to the applicability of GST or Services taxes in certain jurisdictions.

Tax deposits represent GST paid in advance in foreign jurisdictions and are recognised as an asset on the basis that the Group has a right to obtain future economic benefits, either by receiving a cash refund, or by applying the payment against a future tax liability should one crystallise. Tax deposits are classified as non-current as the timeline for filing and processing of GST refunds is expected to take longer than 12 months and the Group is currently subject to legal proceedings and reviews by the Indian tax authorities in relation to the interpretation of GST legislation for which the tax deposits relate. The Group currently expects all deposits to be refunded in full. Further details on the legal proceedings and reviews are disclosed in Note 30.

Where the final outcome of these matters is different from the amounts that were initially recorded, any differences will impact the profit and loss in the period in which such determination is made.

### 15. Trade and other payables

| Current                   | 30 June 2022   | 30 June 2021  |
|---------------------------|----------------|---------------|
|                           | \$'000         | \$'000        |
| Trade payables            | 88,522         | 64,962        |
| Employee benefits payable | 35,937         | 27,382        |
| Other payables            | 587            | 664           |
|                           | <b>125,046</b> | <b>93,008</b> |

As at 30 June 2022 and 2021, the carrying value of trade and other payables approximated their fair value.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 16. Contract liabilities

|                                                                      | 30 June 2022  | 30 June 2021  |
|----------------------------------------------------------------------|---------------|---------------|
|                                                                      | \$'000        | \$'000        |
| Amounts received in advance of delivery of exams (1)                 | 19,219        | 17,663        |
| Amounts received in advance of student placement services (2)        | 2,207         | 2,643         |
| Amounts received in advance of events (3)                            | 3,041         | 1,585         |
| Amounts received in advance of language courses (4)                  | 7,272         | 2,170         |
| Amounts received in advance of online digital marketing services (5) | 20,113        | 17,707        |
|                                                                      | <b>51,852</b> | <b>41,768</b> |

(1) The contract liabilities arise in respect to IELTS fees paid by candidates in advance of the IELTS testing month

(2) The contract liabilities arise as a result of fees paid by students in advance of the student placement services

(3) The contract liabilities arise as a result of exhibition fees paid by participants in advance of the event date

(4) The contract liabilities arise as a result of tuition fees paid by participants in advance of the tuition date

(5) The contract liabilities arise as a result of digital marketing contracts fees paid by customers in advance of service delivery

The brought-forward contract liabilities from 30 June 2021 (\$41.768m) have been fully recognised in the current reporting period revenue.

## 17. Provisions

### Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### Provision for make good

A make good liability or obligation is provided for to dismantle, remove and restore items of property, plant and equipment in properties leased by the Group. The provision calculation is based on the terms of the lease agreements.

### Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

|                     | 30 June 2022  | 30 June 2021  |
|---------------------|---------------|---------------|
|                     | \$'000        | \$'000        |
| Employee benefits   | 23,266        | 18,272        |
| Make good provision | 1,768         | 1,815         |
|                     | <b>25,034</b> | <b>20,087</b> |
| Current             | 21,434        | 13,605        |
| Non-current         | 3,600         | 6,482         |
|                     | <b>25,034</b> | <b>20,087</b> |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## Capital structure and financing

### 18. Borrowings

|                    | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|--------------------|------------------------|------------------------|
| <b>Non-current</b> |                        |                        |
| Bank loans         | 156,453                | 56,745                 |
| <b>Total</b>       | <b>156,453</b>         | <b>56,745</b>          |

### 18.1 Reconciliation of liabilities arising from financing activities

|             | Opening<br>balance<br>\$'000 | Financing<br>cash flows (i)<br>\$'000 | Impact of foreign<br>currency<br>translation<br>\$'000 | Other<br>changes<br>\$'000 | Closing<br>balance<br>\$'000 |
|-------------|------------------------------|---------------------------------------|--------------------------------------------------------|----------------------------|------------------------------|
| <b>2022</b> |                              |                                       |                                                        |                            |                              |
| Bank loans  | 56,745                       | 100,000                               | -                                                      | (292)                      | 156,453                      |
| <b>2021</b> |                              |                                       |                                                        |                            |                              |
| Bank loans  | 59,831                       | (4,826)                               | 1,347                                                  | 393                        | 56,745                       |

(i) The cash flows from bank loans make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

### 18.2 Financing arrangements

The Group has access to the following borrowing facilities at the end of the year:

|                                          | Currency | 30 June 2022<br>'000 | 30 June 2021<br>'000 |
|------------------------------------------|----------|----------------------|----------------------|
| Cash advance facility A (1)              | AUD      | 209,157              | 209,157              |
| Facility utilised at end of the year     | AUD      | (156,745)            | (56,745)             |
| Facility not utilised at end of the year | AUD      | 52,412               | 152,412              |
| Cash advance facility B (1)              | AUD      | 75,000               | 75,000               |
| Facility utilised at end of the year     | AUD      | -                    | -                    |
| Facility not utilised at end of the year | AUD      | 75,000               | 75,000               |

(1) Cash advance facility A and B will expire on 31 July 2024.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 19. Lease liabilities

### Accounting policy

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate as the discount rate. The discount rate is generally calculated using incremental borrowing rates for the specific lease terms and currencies. Reference interest rates based on risk-free rates in major countries and currencies were used to calculate the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in substance fixed payments less any lease incentives receivables;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement rate;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Payment of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It will be remeasured when there is a change in index or rate for future lease payments, a change in the Group's estimated amount payable under a residue value guarantee or changes in the Group's assessment of probabilities of exercising a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

|                               | 30 June 2022  | 30 June 2021  |
|-------------------------------|---------------|---------------|
| <b>Maturity analysis</b>      | <b>\$'000</b> | <b>\$'000</b> |
| Year 1                        | 22,832        | 21,154        |
| Year 2 to 5                   | 62,012        | 50,501        |
| Year 5 onwards                | 29,820        | 26,769        |
|                               | 114,664       | 98,424        |
| Less: interest expenses       | (14,703)      | (12,069)      |
|                               | <b>99,961</b> | <b>86,355</b> |
| Presented as:                 |               |               |
| Current lease liabilities     | 18,436        | 17,882        |
| Non-current lease liabilities | 81,525        | 68,473        |
|                               | <b>99,961</b> | <b>86,355</b> |

The Group does not face a significant liquidity risk with regard to its lease liabilities.

### 19.1 Reconciliation of liabilities arising from financing activities

|                   | Opening balance<br>\$'000 | Financing cash<br>flows \$'000 | New leases<br>\$'000 | Impact of<br>foreign<br>currency<br>translation<br>\$'000 | Closing balance<br>\$'000 |
|-------------------|---------------------------|--------------------------------|----------------------|-----------------------------------------------------------|---------------------------|
| <b>2022</b>       |                           |                                |                      |                                                           |                           |
| Lease liabilities | 86,355                    | (19,350)                       | 31,431               | 1,525                                                     | 99,961                    |
| <b>2021</b>       |                           |                                |                      |                                                           |                           |
| Lease liabilities | 84,563                    | (17,483)                       | 21,220               | (1,945)                                                   | 86,355                    |

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 20. Cash flow information

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with maturities of three months or less, net of bank overdrafts.

The reconciliation of net profit for the year after tax to net cash flows from operating activities is as follows:

|                                                   | 30 June 2022   | 30 June 2021   |
|---------------------------------------------------|----------------|----------------|
|                                                   | \$'000         | \$'000         |
| Net profit after tax                              | 102,840        | 39,463         |
| Adjustment for:                                   |                |                |
| Depreciation and amortisation                     | 38,228         | 37,588         |
| Credit losses                                     | 744            | 1,339          |
| Share of loss of an associate                     | 1,115          | 728            |
| Net foreign exchange loss                         | 4,978          | 342            |
| Finance costs                                     | 7,615          | 6,899          |
| Share-based payments                              | 5,168          | 2,160          |
| Loss/(Gain) on disposal of assets                 | 240            | (355)          |
| Movement in working capital:                      |                |                |
| Trade and other receivables                       | (18,808)       | (5,376)        |
| Contract assets                                   | (18,155)       | (7,414)        |
| Other assets                                      | (16,342)       | (3,893)        |
| Trade and other payables and contract liabilities | 35,012         | 39,526         |
| Current and deferred tax assets                   | (521)          | 8,399          |
| Provisions                                        | 4,692          | 2,271          |
| <b>Cash generated from operations</b>             | <b>146,806</b> | <b>121,677</b> |
| Interest paid                                     | (6,172)        | (4,776)        |
| <b>Net cash inflow from operating activities</b>  | <b>140,634</b> | <b>116,901</b> |

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 21. Issued capital

#### 21.1 Share capital

|                            | Note | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|----------------------------|------|------------------------|------------------------|
| Ordinary shares fully paid |      | 282,369                | 282,369                |
| Treasury shares            | 21.2 | (5,481)                | (4,224)                |
|                            |      | <b>276,888</b>         | <b>278,145</b>         |

| Movement in ordinary shares (fully paid) | Number of shares | \$ per share | \$'000  |
|------------------------------------------|------------------|--------------|---------|
| Balance at 30 June 2020                  | 278,336,211      |              | 281,964 |
| Exercise of options                      | -                | 1.44         | 405     |
| Balance at 30 June 2021                  | 278,336,211      |              | 282,369 |
| Addition                                 | -                |              | -       |
| Balance at 30 June 2022                  | 278,336,211      |              | 282,369 |

#### 21.2 Treasury shares

| Movement in treasury shares    | Note | Number of shares | \$ per share | \$'000   |
|--------------------------------|------|------------------|--------------|----------|
| Balance at 30 June 2020        |      | 630,387          |              | 11,005   |
| Acquisition of treasury shares |      | 466,399          | 20.51        | 9,567    |
| Transfer to employees          | 23.2 | (912,828)        | 17.91        | (16,348) |
| Balance at 30 June 2021        |      | 183,958          |              | 4,224    |
| Acquisition of treasury shares |      | 203,258          | 27.39        | 5,567    |
| Transfer to employees          | 23.2 | (188,867)        | 22.82        | (4,310)  |
| Balance at 30 June 2022        |      | 198,349          |              | 5,481    |

During FY22, 188,867 treasury shares were transferred to employees under the performance rights plans (Note 23.2). These shares therefore ceased to be held as treasury shares after these dates.

During FY22, IDP Education Employee Share Scheme Trust acquired 203,258 shares (at an average price of \$27.39 per share) to be held in the Trust for the benefit of IDP group employees who are participants in the IDP Education Employee Incentive Plan.

As at 30 June 2022, there were 198,349 treasury shares (\$5.481m) held in the Trust. These shares will be transferred to eligible employees under the Performance Rights plan once the vesting conditions are met.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 22. Financial instruments

### 22.1 Financial assets and liabilities

|                                           | 30 June 2022 | 30 June 2021 |
|-------------------------------------------|--------------|--------------|
|                                           | \$'000       | \$'000       |
| <b>Financial assets</b>                   |              |              |
| Cash and cash equivalents                 | 196,608      | 306,948      |
| Derivative financial instruments          |              |              |
| Foreign exchange forward/option contracts | 2,079        | 736          |
| Trade and other receivables               | 93,185       | 72,444       |
| Contract assets                           | 52,365       | 34,210       |
| <b>Financial liabilities</b>              |              |              |
| Borrowings                                | 156,453      | 56,745       |
| Lease liabilities                         | 99,961       | 86,355       |
| Derivative financial instruments          |              |              |
| Foreign exchange forward/option contracts | 7,004        | 2,757        |
| Trade and other payables                  | 125,046      | 93,008       |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 22. Financial Instruments (continued)

### Accounting policy

Derivative financial instruments and hedge accounting

#### Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income (OCI) and later reclassified to profit or loss when the hedged item affects profit or loss.

#### Cash flow hedges

Hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses.

The Group uses forward currency contracts and options as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in profit or loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast transaction occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

#### Hedge of net investments in foreign operations

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

### 22.2 Financial risk management objectives and policies

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk) and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, the use of financial derivatives and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's Corporate Treasury function reports at least quarterly to the Group's Audit and Risk Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 22. Financial Instruments (continued)

### 22.2 Financial risk management objectives and policies (continued)

#### Market risk

##### Foreign currency risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. Predominantly these foreign currencies include British Pounds (GBP), Indian Rupee (INR), Chinese Yuan (CNY), Canadian dollar (CAD) and United States dollar (USD).

Foreign currency exchange rate risk arises from:

- GBP payments to the University of Cambridge Local Examinations Syndicate test materials commitment;
- Other foreign currencies income or operational expenses (mainly CNY and INR); and
- GBP, USD, CAD and NZD receivable from student placement revenue and IELTS examination fees.

#### Cash flow hedge

The Group utilises a variety of methods to manage its foreign currency exchange rate risk. The key method is the use of forward exchange contracts and currency option contracts. The Group's hedging policy permits the purchase of forward exchange contracts up to 100% and currency option contracts up to 50% of the currency exposure on the current and following year's forecast cash operating expenses and revenues (net of any forecast cash receipts and payments in the same currency). The main currencies currently covered by the hedging strategy are GBP, INR, CNY, CAD and USD.

The Group's current policy is to enter into hedges during the current year covering up to 25% each quarter of the foreign currency exchange rate exposure of the following financial year's forecast cash operating expenses (net of any forecast cash receipts). The balance of the hedge program is completed when the Board approves the Group's budget and cash flow forecasts for the following financial year (which is prior to the commencement of that financial year).

The following table details the significant forward currency contracts and options outstanding at the end of the reporting period.

|                    | Foreign currency       |                        | Fair value (AUD)       |                        |
|--------------------|------------------------|------------------------|------------------------|------------------------|
|                    | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
| <b>Buy GBP</b>     |                        |                        |                        |                        |
| 0 to 3 months      | 17,164                 | 8,142                  | (909)                  | (153)                  |
| 3 to 6 months      | 5,000                  | 2,500                  | (9)                    | 106                    |
| 6 months to 1 year | 10,000                 | 5,000                  | 42                     | 243                    |
| <b>Sell INR</b>    |                        |                        |                        |                        |
| 0 to 3 months      | (1,902,156)            | (343,000)              | (500)                  | (52)                   |
| 3 to 6 months      | (1,425,000)            | -                      | (278)                  | -                      |
| 6 months to 1 year | (2,430,000)            | -                      | (172)                  | -                      |
| <b>Buy CNY</b>     |                        |                        |                        |                        |
| 0 to 3 months      | 40,178                 | 27,832                 | 467                    | 125                    |
| 3 to 6 months      | 12,500                 | 30,000                 | 78                     | 94                     |
| 6 months to 1 year | 25,000                 | 60,000                 | 168                    | 76                     |
| <b>Sell CAD</b>    |                        |                        |                        |                        |
| 0 to 3 months      | (35,020)               | (11,100)               | (1,975)                | (462)                  |
| 3 to 6 months      | (6,250)                | (11,100)               | (199)                  | (459)                  |
| 6 months to 1 year | (12,500)               | (22,200)               | (412)                  | (907)                  |
| <b>Sell USD</b>    |                        |                        |                        |                        |
| 0 to 3 months      | (10,654)               | (3,750)                | (755)                  | (139)                  |
| 3 to 6 months      | (3,750)                | (3,750)                | (189)                  | (137)                  |
| 6 months to 1 year | (7,500)                | (7,500)                | (386)                  | (274)                  |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 22. Financial Instruments (continued)

### 22.2 Financial risk management objectives and policies (continued)

#### Market risk (continued)

#### Foreign currency risk management (continued)

#### Foreign currency denominated monetary assets and monetary liabilities

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| AUD equivalent   | 30 June 2022 |             | 30 June 2021 |             |
|------------------|--------------|-------------|--------------|-------------|
|                  | Assets       | Liabilities | Assets       | Liabilities |
|                  | \$'000       | \$'000      | \$'000       | \$'000      |
| USD              | 27,703       | (13,901)    | 15,891       | (13,879)    |
| CNY              | 1,407        | (4,469)     | 1,289        | (7,530)     |
| GBP              | 53,809       | (40,427)    | 34,913       | (25,722)    |
| INR              | 13,305       | (53,975)    | 52,969       | (30,340)    |
| NZD              | 1,916        | (54)        | 816          | (105)       |
| VND              | 2,512        | (5,417)     | 1,300        | (6,097)     |
| CAD              | 26,160       | (2,622)     | 19,682       | (2,424)     |
| AED              | 9,834        | (3,149)     | 8,870        | (1,801)     |
| BDT              | 8,208        | (1,748)     | 3,268        | (1,929)     |
| NPR              | 8,334        | (1,527)     | 2,362        | (1,283)     |
| Other Currencies | 17,841       | (25,070)    | 12,019       | (18,585)    |
| Total            | 171,029      | (152,359)   | 153,379      | (109,695)   |

#### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% movement in the Australian dollar against the significant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and foreign exchange contracts. A positive number below indicates an increase in profit or equity whereas a negative number below indicates a decrease in profit or equity.

|                         |      | Effect on profit or loss | Effect on equity |
|-------------------------|------|--------------------------|------------------|
|                         |      | \$'000                   | \$'000           |
| <b>USD</b>              |      |                          |                  |
| 2022                    | -10% | 1,074                    | (1,398)          |
| 2021                    | -10% | 156                      | (1,398)          |
| <b>CNY</b>              |      |                          |                  |
| 2022                    | -10% | (238)                    | 1,071            |
| 2021                    | -10% | (485)                    | 1,405            |
| <b>GBP</b>              |      |                          |                  |
| 2022                    | -10% | 1,041                    | 5,450            |
| 2021                    | -10% | 715                      | 2,957            |
| <b>INR</b>              |      |                          |                  |
| 2022                    | -10% | (3,764)                  | (11,405)         |
| 2021                    | -10% | 1,760                    | 1,205            |
| <b>CAD</b>              |      |                          |                  |
| 2022                    | -10% | 1,831                    | (2,875)          |
| 2021                    | -10% | 1,342                    | (2,369)          |
| <b>AED</b>              |      |                          |                  |
| 2022                    | -10% | 520                      | 520              |
| 2021                    | -10% | 550                      | 550              |
| <b>Other currencies</b> |      |                          |                  |
| 2022                    | -10% | 388                      | 794              |
| 2021                    | -10% | (640)                    | (393)            |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 22. Financial Instruments (continued)

### 22.2 Financial risk management objectives and policies (continued)

#### Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

At 30 June 2022, the Group was exposed to the variable interest rate loans of \$156.7m (2021: \$56.7m).

#### Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit is affected through the impact on floating rate borrowings, as follows:

|      | Increase/decrease in<br>basis points | Effect on profit or loss<br>\$'000 | Effect on equity<br>\$'000 |
|------|--------------------------------------|------------------------------------|----------------------------|
| 2022 | 150                                  | 1,647                              | 1,647                      |
| 2021 | 50                                   | 199                                | 199                        |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

#### Liquidity risk management

The Board of Directors is ultimately responsible for liquidity risk management. The Group has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has a policy which describes the manner in which cash balances will be invested. The investment policy is to ensure sufficient flexibility to capture investment opportunities as they may occur, yet maintain reasonable parameters in the execution of the investment program.

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. The table has been drawn up based on the net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

|                                      | Less than 1<br>year \$'000 | 1-5 years<br>\$'000 | More than 5<br>years<br>\$'000 | Total<br>\$'000 | Carrying<br>amount<br>\$'000 |
|--------------------------------------|----------------------------|---------------------|--------------------------------|-----------------|------------------------------|
| <b>30 June 2022</b>                  |                            |                     |                                |                 |                              |
| - Trade and other payables           | 125,046                    | -                   | -                              | 125,046         | 125,046                      |
| - Interest-bearing borrowings        | 4,269                      | 161,370             | -                              | 165,639         | 156,453                      |
| - Lease liabilities                  | 22,832                     | 62,012              | 29,820                         | 114,664         | 99,961                       |
| - Foreign exchange forward contracts | 7,004                      | -                   | -                              | 7,004           | 7,004                        |
|                                      | <b>159,151</b>             | <b>223,382</b>      | <b>29,820</b>                  | <b>412,353</b>  | <b>388,464</b>               |
| <b>30 June 2021</b>                  |                            |                     |                                |                 |                              |
| - Trade and other payables           | 93,008                     | -                   | -                              | 93,008          | 93,008                       |
| - Interest-bearing borrowings        | 755                        | 58,317              | -                              | 59,072          | 56,745                       |
| - Lease liabilities                  | 21,154                     | 50,501              | 26,769                         | 98,424          | 86,355                       |
| - Foreign exchange forward contracts | 2,757                      | -                   | -                              | 2,757           | 2,757                        |
|                                      | <b>117,674</b>             | <b>108,818</b>      | <b>26,769</b>                  | <b>253,261</b>  | <b>238,865</b>               |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 22. Financial Instruments (continued)

### 22.2 Financial risk management objectives and policies (continued)

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with financial institutions that are rated the equivalent of investment grade and above. Credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure for cash and cash equivalents is controlled by counterparty limits that are reviewed and approved by the Audit and Risk Committee annually.

The Group's customer base comprises Australia, UK, US, Canada and New Zealand universities and institutions and IELTS test centres. Credit risk assessments are conducted on new and renegotiated contracts to evaluate each customer's creditworthiness. Management considers the Group's credit risk is low due to the industry characteristic of major customers and the diverse customer base.

Management also considers many factors that influence the credit risk of its customer base including the industry default risk and country in which customers operate in. Management closely monitors the economic and political environment in geographical areas to limit the exposure to particular volatility. The Group's activities are increasingly geographically spread reducing the credit risk associated with one particular market or region.

Carrying value of financial assets represents the Group's maximum exposure to credit risk because the financial assets are not offset by the financial liabilities as they do not meet the net presentation requirements under AASB 132 and the Group does not have agreements in place to enable offset as a result of credit event.

### 22.3 Fair value of financial instruments

#### Critical accounting estimates and assumptions

The Group measures fair value of financial instruments at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 22. Financial Instruments (continued)

#### 22.3 Fair value of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

| Financial assets/<br>financial liabilities     | Fair value hierarchy | Fair value as at<br>30 June 2022<br>\$'000 | Fair value as at<br>30 June 2021<br>\$'000 | Valuation techniques and<br>key inputs                                                                                                                                                                                                                                      | Significant<br>unobservable<br>inputs | Relationship of<br>unobservable<br>inputs to fair<br>value |
|------------------------------------------------|----------------------|--------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------|
| Foreign currency forward and options contracts | Level 2              | Assets: 2,079<br><br>Liabilities: 7,004    | Assets: 736<br><br>Liabilities: 2,757      | Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. | N/A                                   | N/A                                                        |

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values as detailed in Note 22.1.

#### 22.4 Capital management

The Group's objective is to maintain an optimal capital structure for the business which ensures sufficient liquidity, provide returns for shareholders, benefits for other stakeholders and to minimise the cost of capital.

As at 30 June 2022, IDP has following facilities:

|                                    |                                                                                                                                      |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Australian Dollar<br>\$209,157,000 | Facility A: Acquisition funding unsecured Cash Advance loan facility for acquisitions                                                |
| Australian Dollar<br>\$75,000,000  | Facility B: Unsecured Cash advance facility to support both general corporate purposes and working capital requirements of the Group |

The Company has complied with all bank lending requirements during the year and at the date of this report.

IDP's capital management is characterised by:

- Ongoing cash flow forecast analysis, detailed budgeting processes and consistent cash repatriation of surplus available cash from its overseas operations to ensure net cost of funds is minimised;
- The Group may adjust the level of dividends paid to shareholders, return capital to shareholders or issue new shares in order to maintain or adjust the capital structure;
- Maintain gearing to a level that does not limit IDP growth opportunities; and
- Monitor the gearing ratio of the Group.

As at 30 June 2022, the net leverage ratio was nil (2021: nil). The ratio is calculated as Net Debt to Earnings before Interest, tax, depreciation and amortisation (EBITDA) as defined by the loan covenants.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## Other notes

### 23. Share-based payments

#### Critical accounting estimates and assumptions

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or performance right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23.3 below.

#### Accounting policy

Share-based compensation benefits are provided to key management personnel (KMP) and certain employees via long-term incentive (LTI) performance rights and options plans.

The fair value of equity-settled rights and options granted under the plans is recognised as an employee benefit expense over the period during which the employees become unconditionally entitled to the rights and options with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights and options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights and options that are expected to vest which are revised at the end of each reporting period. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

The fair value is measured at grant date and the expense recognised over the life of the plan. The fair value of performance rights and options is independently determined using Monte Carlo Simulation or similar pricing model that takes into account the exercise price, the term of the plan, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The expected price volatility is based on the historic volatility (based on the remaining life of the plans), adjusted for any expected changes to future volatility due to publicly available information.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 23. Share-based payments (continued)

#### 23.1 Performance rights and option plans

The LTI plan is designed to align executives' interest with those of shareholders by incentivising participants to deliver long term shareholders returns. Under the plan, participants are granted performance rights or options that have vesting hurdles. The vesting hurdles must be satisfied at the end of the performance period for the rights to vest.

Details of the current performance rights and options plans are summarised in the table below.

| Performance rights/options awards | No. of performance rights | Grant date             | Grant date fair value | Exercise price | Vesting conditions              | Vesting date            |
|-----------------------------------|---------------------------|------------------------|-----------------------|----------------|---------------------------------|-------------------------|
| FY20 LTI award – tranche 1        | 67,546                    | 1-Oct-19               | 15.17                 | N/A            | EPS target CAGR                 | 31-Aug-22               |
| FY20 LTI award – tranche 2        | 67,540                    | 1-Oct-19               | 7.79                  | N/A            | Total shareholder return hurdle | 31-Aug-22               |
| FY20 IDP plan award – tranche 1   | 46,241                    | 1-Oct-19               | 15.17                 | N/A            | EPS target CAGR                 | 31-Aug-22               |
| FY20 IDP plan award – tranche 2   | 46,219                    | 1-Oct-19               | 7.79                  | N/A            | Total shareholder return hurdle | 31-Aug-22               |
| FY21 LTI award – tranche 1        | 58,286                    | 7-Sep-20               | 19.16                 | N/A            | EPS target CAGR                 | 31-Aug-23               |
| FY21 LTI award – tranche 2        | 58,291                    | 7-Sep-20               | 14.86                 | N/A            | Total shareholder return hurdle | 31-Aug-23               |
| FY21 IDP plan award – tranche 1   | 65,060                    | 7-Sep-20               | 19.16                 | N/A            | EPS target CAGR                 | 31-Aug-23               |
| FY21 IDP plan award – tranche 2   | 65,094                    | 7-Sep-20               | 14.86                 | N/A            | Total shareholder return hurdle | 31-Aug-23               |
| FY21 Deferred STI                 | 24,981                    | 9-Sep-21               | 32.17                 | N/A            | Service condition               | 1-Jul-22                |
| FY22 LTI award – tranche 1        | 56,585                    | 4-Oct-21/<br>27-Oct-21 | 36.38/<br>37.04       | N/A            | EPS target CAGR                 | 31-Aug-24               |
| FY22 LTI award – tranche 2        | 56,592                    | 4-Oct-21/<br>27-Oct-21 | 30.45                 | N/A            | Total shareholder return hurdle | 31-Aug-24               |
| FY22 IDP plan award – tranche 1   | 46,811                    | 4-Oct-21               | 36.38                 | N/A            | EPS target CAGR                 | 31-Aug-24               |
| FY22 IDP plan award – tranche 2   | 46,850                    | 4-Oct-21               | 30.45                 | N/A            | Total shareholder return hurdle | 31-Aug-24               |
| FY22 recognition award            | 125,409                   | 4-Oct-21               | 36.46                 | N/A            | Service condition               | 31-Aug-23               |
| FY22 digital campus award         | 10,225                    | 4-Oct-21               | 36.54/<br>36.46       | N/A            | Service condition               | 31-Aug-22/<br>31-Aug-23 |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 23. Share-based payments (continued)

### 23.2 Movements during the year

The table below summarises the movement in the number of performance rights/options in these plans during the year:

2022

|                                        | Grant date             | Vesting period (years) | Exercise price | Number of options or rights |                         |                           |                           | Closing balance | Vested and exercisable at balance date |
|----------------------------------------|------------------------|------------------------|----------------|-----------------------------|-------------------------|---------------------------|---------------------------|-----------------|----------------------------------------|
|                                        |                        |                        |                | Opening balance             | Granted during the year | Exercised during the year | Forfeited during the year |                 |                                        |
| <b>Performance right plans</b>         |                        |                        |                |                             |                         |                           |                           |                 |                                        |
| FY19 LTI                               | 27-Sep-18              | 3.0                    | \$0.00         | 174,210                     | -                       | (87,103)                  | (87,107)                  | -               | -                                      |
| FY19 IDP plan award                    | 27-Sep-18              | 3.0                    | \$0.00         | 154,322                     | -                       | (77,151)                  | (77,171)                  | -               | -                                      |
| FY20 LTI                               | 1-Oct-19               | 3.0                    | \$0.00         | 135,086                     | -                       | -                         | -                         | 135,086         | -                                      |
| FY20 IDP plan award                    | 1-Oct-19               | 3.0                    | \$0.00         | 110,746                     | -                       | -                         | (18,286)                  | 92,460          | -                                      |
| FY21 LTI                               | 7-Sep-20               | 3.0                    | \$0.00         | 116,577                     | -                       | -                         | -                         | 116,577         | -                                      |
| FY21 IDP plan award                    | 7-Sep-20               | 3.0                    | \$0.00         | 150,270                     | -                       | -                         | (20,116)                  | 130,154         | -                                      |
| FY20 deferred STI                      | 7-Sep-20               | 1.0                    | \$0.00         | 24,613                      | -                       | (24,613)                  | -                         | -               | -                                      |
| FY22 LTI                               | 4-Oct-21/<br>27-Oct-21 | 3.0                    | \$0.00         | -                           | 113,177                 | -                         | -                         | 113,177         | -                                      |
| FY22 IDP plan award                    | 4-Oct-21               | 3.0                    | \$0.00         | -                           | 98,359                  | -                         | (4,698)                   | 93,661          | -                                      |
| FY21 deferred STI                      | 9-Sep-21               | 1.0                    | \$0.00         | -                           | 24,981                  | -                         | -                         | 24,981          | -                                      |
| FY22 recognition award                 | 4-Oct-21               | 2.0                    | \$0.00         | -                           | 125,409                 | -                         | -                         | 125,409         | -                                      |
| FY22 digital campus award              | 4-Oct-21               | 1.0-2.0                | \$0.00         | -                           | 10,462                  | -                         | (237)                     | 10,225          | -                                      |
| <b>Total Performance Rights</b>        |                        |                        |                | <b>865,824</b>              | <b>372,388</b>          | <b>(188,867)</b>          | <b>(207,615)</b>          | <b>841,730</b>  | <b>-</b>                               |
| <b>Weighted average exercise price</b> |                        |                        |                | <b>-</b>                    | <b>-</b>                | <b>-</b>                  | <b>-</b>                  | <b>-</b>        | <b>-</b>                               |

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 23. Share-based payments (continued)

#### 23.2 Movements during the year (continued)

2021

|                                 | Grant date | Vesting period (years) | Exercise price | Number of options or rights |                         |                           |                           | Closing balance | Vested and exercisable at balance date |
|---------------------------------|------------|------------------------|----------------|-----------------------------|-------------------------|---------------------------|---------------------------|-----------------|----------------------------------------|
|                                 |            |                        |                | Opening balance             | Granted during the year | Exercised during the year | Forfeited during the year |                 |                                        |
| Options plan                    |            |                        |                |                             |                         |                           |                           |                 |                                        |
| CEO incentive award options     | 17-Aug-15  | 3.0                    | \$1.44         | 295,000                     | -                       | (295,000)                 | -                         | -               | -                                      |
| Total Options                   |            |                        |                | 295,000                     | -                       | (295,000)                 | -                         | -               | -                                      |
| Performance right plans         |            |                        |                |                             |                         |                           |                           |                 |                                        |
| FY18 LTI                        | 15-Sep-17  | 3.0                    | \$0.00         | 342,341                     | -                       | (342,341)                 | -                         | -               | -                                      |
| FY18 IDP plan award             | 15-Sep-17  | 3.0                    | \$0.00         | 260,021                     | -                       | (260,021)                 | -                         | -               | -                                      |
| FY19 LTI                        | 27-Sep-18  | 3.0                    | \$0.00         | 174,210                     | -                       | -                         | -                         | 174,210         | -                                      |
| FY19 IDP plan award             | 27-Sep-18  | 3.0                    | \$0.00         | 160,180                     | -                       | -                         | (5,858)                   | 154,322         | -                                      |
| FY20 LTI                        | 1-Oct-19   | 3.0                    | \$0.00         | 135,086                     | -                       | -                         | -                         | 135,086         | -                                      |
| FY20 IDP plan award             | 1-Oct-19   | 3.0                    | \$0.00         | 110,746                     | -                       | -                         | -                         | 110,746         | -                                      |
| FY19 deferred STI               | 1-Oct-19   | 1.0                    | \$0.00         | 15,466                      | -                       | (15,466)                  | -                         | -               | -                                      |
| FY21 LTI                        | 7-Sep-20   | 3.0                    | \$0.00         | -                           | 116,577                 | -                         | -                         | 116,577         | -                                      |
| FY21 IDP plan award             | 7-Sep-20   | 3.0                    | \$0.00         | -                           | 152,386                 | -                         | (2,116)                   | 150,270         | -                                      |
| FY20 deferred STI               | 7-Sep-20   | 1.0                    | \$0.00         | -                           | 24,613                  | -                         | -                         | 24,613          | -                                      |
| Total Performance Rights        |            |                        |                | 1,198,050                   | 293,576                 | (617,828)                 | (7,974)                   | 865,824         | -                                      |
| Total All Plans                 |            |                        |                | 1,493,050                   | 293,576                 | (912,828)                 | (7,974)                   | 865,824         | -                                      |
| Weighted average exercise price |            |                        |                | 0.28                        | -                       | 0.47                      | -                         | -               | -                                      |

#### 23.3 Fair value and pricing model

The fair value of performance rights and options granted under the Plan is estimated at the date of grant using a Monte Carlo Simulation Model taking into account the terms and conditions upon which the performance rights/options were granted. The model simulates the total shareholders return of the Company to the vesting date using the Monte Carlo Simulation technique. The simulation repeated numerous times produce a distribution of payoff amounts. The performance rights fair value is taken as the average payoff amount calculated, discounted back to the valuation date.

In valuing the performance rights, a number of assumptions were used as shown in the table below:

|                           | September 2021/<br>October 2021 |
|---------------------------|---------------------------------|
|                           | <b>Performance Rights</b>       |
| Exercise price            | -                               |
| Share value at grant date | 32.23 – 37.27                   |
| Expected volatility       | 50%                             |
| Expected dividend yield   | 0.22%                           |
| Risk free interest rate   | 0.04%-0.33%                     |

The expected volatility is a measure of the amount by which the price is expected to fluctuate during a period.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 23. Share-based payments (continued)

### 23.4 Total share-based payment expenses for the year

The following expenses were recognised in employees benefit expenses during the year relating to share-based payments described above:

|                                      | 2022         | 2021         |
|--------------------------------------|--------------|--------------|
|                                      | \$'000       | \$'000       |
| LTI performance rights/options plans | 5,168        | 2,160        |
|                                      | <b>5,168</b> | <b>2,160</b> |

## 24. Related party transactions

| <u>Transactions with key management personnel</u>          | 30 June 2022     | 30 June 2021     |
|------------------------------------------------------------|------------------|------------------|
|                                                            | \$               | \$               |
| Short-term employee benefits                               | 7,094,598        | 5,575,089        |
| Post-employment benefits                                   | 177,534          | 152,789          |
| Other long-term benefits                                   | 116,055          | 55,074           |
| Share-based payments                                       | 2,193,747        | 872,412          |
| <b>Total compensation paid to key management personnel</b> | <b>9,581,933</b> | <b>6,655,364</b> |

Refer to the Remuneration Report, which forms part of the Directors' Report for further details regarding KMP's remuneration.

### Commitments with key management personnel

On 11 May 2022, IDP announced that its Chief Executive Officer and Managing Director, Mr Andrew Barkla, will step down from his current role in September 2022, after more than seven years in the position.

The Company has entered into a Service Agreement with Mr Andrew Barkla to retain his services until September 2023 in a Senior Advisor role to assist with key strategic projects. The salary for the 12 months service period will be \$1,050,000 including superannuation.

## 25. Remuneration of auditors

The auditor of IDP Education Limited is Deloitte Touche Tohmatsu (Australia). During the year, the following fees were paid or payable for services provided by the auditors of the Group or its related practices.

|                                                                             | 30 June 2022     | 30 June 2021   |
|-----------------------------------------------------------------------------|------------------|----------------|
|                                                                             | \$               | \$             |
| <b>Group Auditor, Deloitte Touche Tohmatsu (Australia)</b>                  |                  |                |
| Audit and review of financial statements                                    | 537,750          | 488,335        |
| Other consultancy service (1)                                               | 165,860          | 155,549        |
| <b>Member firms of Deloitte Touche Tohmatsu in relation to subsidiaries</b> |                  |                |
| Audit and review of financial statements                                    | 295,741          | 291,763        |
| Taxation advisory services                                                  | 10,327           | 12,644         |
|                                                                             | <b>1,009,678</b> | <b>948,291</b> |

(1) Other consultancy service primarily relates to IT support services in relation to Human Resource Application and control assessment software. The IT support services company (Presence of IT) was acquired by Deloitte during FY20.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 26. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

| Name of subsidiary                          | Principal activity                                           | Place of incorporation and operation | Proportion of voting power controlled by the Group |      |
|---------------------------------------------|--------------------------------------------------------------|--------------------------------------|----------------------------------------------------|------|
|                                             |                                                              |                                      | 2022                                               | 2021 |
| IELTS Australia Pty Limited                 | Examinations                                                 | Australia                            | 100%                                               | 100% |
| IDP World Pty Ltd                           | Holding company                                              | Australia                            | 100%                                               | 100% |
| IDP Education Pty Ltd (South Korea)         | Student Placements & Examinations                            | Korea                                | 100%                                               | 100% |
| IDP Education Services Co. Ltd (1)          | Student Placements & Examinations                            | Thailand                             | 100%                                               | 100% |
| IDP Education (Vietnam) Ltd                 | Student Placements & Examinations                            | Vietnam                              | 100%                                               | 100% |
| Yayasan Pendidikan Australia (2)            | Student Placements & Examinations                            | Indonesia                            | 100%                                               | 100% |
| PT IDP Consulting Indonesia                 | Student Placements & Examinations                            | Indonesia                            | 100%                                               | 100% |
| IDP Consulting (Hong Kong) Co. Ltd          | Holding company                                              | Hong Kong                            | 100%                                               | 100% |
| IDP Education India Pvt Ltd                 | Student Placements & Examinations                            | India                                | 100%                                               | 100% |
| IDP Education Cambodia Ltd                  | Student Placements, Examinations & English Language Teaching | Cambodia                             | 100%                                               | 100% |
| IDP Education (Canada) Ltd                  | Client Relations, Student Placements & Examinations          | Canada                               | 100%                                               | 100% |
| IDP Education (Bangladesh) Pvt Ltd          | Student Placements & Examinations                            | Bangladesh                           | 100%                                               | 100% |
| IDP Education (Egypt) LLC                   | Student Placements & Examinations                            | Egypt                                | 100%                                               | 100% |
| IDP Education Consulting (Beijing) Co., Ltd | Student Placements                                           | China                                | 100%                                               | 100% |
| IDP Business Consulting (Shanghai) Co., Ltd | Student Placements                                           | China                                | 100%                                               | 100% |
| Beijing Promising Education Limited         | Student Placements                                           | China                                | 100%                                               | 100% |
| IDP Education Services New Zealand Limited  | Student Placements & Examinations                            | New Zealand                          | 100%                                               | 100% |
| IDP Education Turkey LLC                    | Student Placements & Examinations                            | Turkey                               | 100%                                               | 100% |
| IDP Education Lanka (Private) Limited       | Student Placements & Examinations                            | Sri Lanka                            | 100%                                               | 100% |
| IDP Education Pakistan (Private) Limited    | Student Placements & Examinations                            | Pakistan                             | 100%                                               | 100% |
| IDP Education Nepal Private Limited         | Examinations                                                 | Nepal                                | 100%                                               | 100% |
| IDP Education Japan Limited                 | Examinations                                                 | Japan                                | 100%                                               | 100% |
| IDP Connect Limited                         | Digital marketing and online students recruitment            | United Kingdom                       | 100%                                               | 100% |
| Complete University Guide Limited           | Digital marketing                                            | United Kingdom                       | 100%                                               | 100% |
| Hotcourses Data Limited                     | Digital marketing                                            | United Kingdom                       | 100%                                               | 100% |
| Hotcourses Inc                              | Client Relations                                             | United States of America             | 100%                                               | 100% |
| Hotcourses Pty Limited                      | Client Relations                                             | Australia                            | 100%                                               | 100% |
| Hotcourses India Private Limited            | Online services                                              | India                                | 100%                                               | 100% |
| IDP Education India Services LLP            | Shared services                                              | India                                | 100%                                               | 100% |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 26. Subsidiaries (continued)

| Name of subsidiary                                   | Principal activity                | Place of incorporation and operation | Proportion of voting power controlled by the Group |      |
|------------------------------------------------------|-----------------------------------|--------------------------------------|----------------------------------------------------|------|
|                                                      |                                   |                                      | 2022                                               | 2021 |
| IDP Education Student Services Nepal Private Limited | Student Placements                | Nepal                                | 51%                                                | 51%  |
| IDP Education Exam Services Private Limited (3)      | Examinations support service      | India                                | 100%                                               | -    |
| IDP Education Services Nigeria limited (4)           | Student Placements & Examinations | Nigeria                              | 100%                                               | -    |
| IDP Education Singapore Pte Ltd                      | Student Placements & Examinations | Singapore                            | 100%                                               | 100% |

(1) IDP Education Limited owns 100% ordinary Class A shares, which represents 49% of total shares of IDP Education Services Co. Ltd. According to the company constitution, ordinary Class A shares holds 100% voting right of the company. Based on these facts and circumstances, management determined that, in substance, the Group controls these entities with no non-controlling interest

(2) Foundation controlled through IDP Education Limited's capacity to control management of the company

(3) Acquired during the year. Please refer to the note 27.

(4) IDP Nigeria subsidiary was established during the year.

## 27. Business Combination

On 30 July 2021, IDP completed the acquisition of 100% of BC IELTS India. The purchase consideration paid was GBP139.1m (AUD260.7m) in cash.

Both IDP and the British Council administered IELTS tests in India operating parallel pan-Indian distribution networks. The transaction brought BC IELTS India operations under IDP ownership, establishing a single network that provides the foundation for IELTS to build its leadership position in India. IDP is now the sole distributor of IELTS in the Indian market.

As part of the acquisition accounting, an intangible asset for Intellectual Property exclusivity in the Indian market of \$171.2m was recognised, which represents an enhancement of the value of the existing contracts for English language testing between the IELTS partners. Goodwill of \$126.1m was also recognised as part of the acquisition accounting. Goodwill represents the value attributable to synergies from combining operations of the acquiree and the acquirer.

As a result, the Group consolidates IDP Education Exam Services Private Limited (previously known as BC Examinations and English Services India Pvt Ltd) from 30 July 2021.

BC IELTS Indian business contributed consolidated revenue of \$96.2m and contributed a net profit after tax of \$27.1m during FY22 since acquisition. If the acquisition had taken place at the beginning of the year the contribution to consolidated revenue would have been \$103.1m and the contribution to net profit would have been \$28.6m.

Details of the consideration and fair value of assets and liabilities acquired are as follows:

|                                                      | \$'000         |
|------------------------------------------------------|----------------|
| Cash consideration paid                              | 260,669        |
| Less: fair value of net identifiable assets acquired | (134,533)      |
| <b>Goodwill on acquisition</b>                       | <b>126,136</b> |
| The cash outflow on acquisition is as follows:       |                |
| Cash consideration paid                              | 260,669        |
| Cash and cash equivalent balances acquired           | (228)          |
| <b>Net cash outflow</b>                              | <b>260,441</b> |

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 27. Business Combination (continued)

The assets and liabilities arising from the acquisition at acquisition date are as follows:

|                                         | Fair value<br>\$'000 |
|-----------------------------------------|----------------------|
| <i>Assets</i>                           |                      |
| Cash and cash equivalents               | 228                  |
| Receivables and other current assets    | 10,526               |
| Total current assets                    | 10,754               |
| Property, plant and equipment           | 184                  |
| Intangible asset                        | 171,246              |
| Deferred tax assets                     | 441                  |
| Total non-current assets                | 171,871              |
| Total assets                            | 182,625              |
| <i>Liabilities</i>                      |                      |
| Payables and other current liabilities  | 5,280                |
| Total current liabilities               | 5,280                |
| Deferred tax liabilities                | 42,812               |
| Total non-current liabilities           | 42,812               |
| Total liabilities                       | 48,092               |
| <b>Net identifiable assets acquired</b> | <b>134,533</b>       |

#### Accounting policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred on the acquisition date at fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses. Costs incurred for the acquisition of the British Council's Indian IELTS operations were \$5.9m, which were expensed in FY21.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 28. Deed of cross guarantee

The following wholly-owned entities have entered into a Deed of Cross Guarantee.

| Company                      | Financial year entered into agreement |
|------------------------------|---------------------------------------|
| IDP Education Limited        | 30 June 2017                          |
| IELTS Australia Pty Limited* | 30 June 2017                          |
| IDP World Pty Ltd*           | 30 June 2017                          |

\* These entities are not required to prepare and lodge a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The companies that are members of this deed guarantee the debts of the others and represent the "Closed Group" from the date of entering into the agreement. These are the only members of the Deed of Cross Guarantee and therefore these companies also represent the 'Extended Closed Group'.

### 28.1 Statement of profit or loss, other comprehensive income and a summary of movements in consolidated retained profits of the Closed Group for Deed of Cross Guarantee purposes

|                                                                                                        | 30 June 2022  | 30 June 2021  |
|--------------------------------------------------------------------------------------------------------|---------------|---------------|
| Statement of comprehensive income                                                                      | \$'000        | \$'000        |
| Revenue                                                                                                | 323,600       | 279,913       |
| Dividend income                                                                                        | 24,314        | 4,674         |
| Expenses                                                                                               | (222,643)     | (210,151)     |
| Depreciation and amortisation                                                                          | (16,226)      | (16,657)      |
| Finance income                                                                                         | 409           | 1,141         |
| Finance costs                                                                                          | (3,254)       | (3,318)       |
| Share of loss of associates                                                                            | (1,115)       | (728)         |
| Profit for the year before income tax expense                                                          | 105,085       | 54,874        |
| Income tax expense                                                                                     | (31,235)      | (16,455)      |
| Profit for the year of the Closed Group                                                                | 73,850        | 38,419        |
| <b>Other comprehensive income</b>                                                                      |               |               |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                                  |               |               |
| Net investment hedge of foreign operations                                                             | -             | (1,562)       |
| Exchange differences arising on translating foreign operations                                         | (93)          | (111)         |
| Gain/loss arising on changes in fair value of hedging instruments entered into for cash flow hedges    |               |               |
| Forward foreign exchange contracts                                                                     | (4,359)       | (1,765)       |
| Cumulative gain arising on changes in fair value of hedging instruments reclassified to profit or loss | 1,765         | 270           |
| Income tax related to gains/losses recognised in other comprehensive income                            | 778           | (474)         |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>                             | -             | -             |
| Other comprehensive income for the year, net of income tax                                             | (1,909)       | (3,642)       |
| <b>Total comprehensive income for the year of the Closed Group</b>                                     | <b>71,941</b> | <b>34,777</b> |
|                                                                                                        | 30 June 2022  | 30 June 2021  |
| <b>Summary of movements in consolidated retained profits</b>                                           | <b>\$'000</b> | <b>\$'000</b> |
| Retained profits at 1 July                                                                             | 60,162        | 44,010        |
| Profit for the year                                                                                    | 73,850        | 38,419        |
| Dividends paid                                                                                         | (37,575)      | (22,267)      |
| Retained profits at 30 June of the Closed Group                                                        | 96,437        | 60,162        |

# Notes to the consolidated financial statements for the year ended 30 June 2022

## 28. Deed of Cross Guarantee (continued)

### 28.2 Consolidated statement of financial position of the Closed Group for Deed of Cross Guarantee purposes

|                                      | 30 June 2022<br>\$'000 | 30 June 2021<br>\$'000 |
|--------------------------------------|------------------------|------------------------|
| <b>CURRENT ASSETS</b>                |                        |                        |
| Cash and cash equivalents            | 143,685                | 234,522                |
| Trade and other receivables          | 75,390                 | 56,796                 |
| Contract assets                      | 48,918                 | 31,877                 |
| Derivative financial instruments     | 2,079                  | 736                    |
| Current tax assets                   | 5,218                  | 3,086                  |
| Other current assets                 | 6,705                  | 5,625                  |
| <b>Total current assets</b>          | <b>281,995</b>         | <b>332,642</b>         |
| <b>NON-CURRENT ASSETS</b>            |                        |                        |
| Contract assets                      | 3,447                  | 2,333                  |
| Investments in subsidiaries          | 83,878                 | 63,906                 |
| Investments in associates            | 3,901                  | 4,941                  |
| Property, plant and equipment        | 8,645                  | 9,291                  |
| Right-of-use assets                  | 24,226                 | 26,869                 |
| Intangible assets                    | 238,568                | 54,728                 |
| Capitalised development costs        | 22,998                 | 15,889                 |
| Deferred tax assets                  | 8,438                  | 9,034                  |
| Other non-current assets             | 394                    | 144                    |
| <b>Total non-current assets</b>      | <b>394,495</b>         | <b>187,135</b>         |
| <b>TOTAL ASSETS</b>                  | <b>676,490</b>         | <b>519,777</b>         |
| <b>CURRENT LIABILITIES</b>           |                        |                        |
| Trade and other payables             | 108,120                | 86,893                 |
| Lease liabilities                    | 6,662                  | 6,578                  |
| Contract liabilities                 | 4,647                  | 6,436                  |
| Provisions                           | 13,102                 | 10,639                 |
| Derivative financial instruments     | 7,004                  | 2,757                  |
| <b>Total current liabilities</b>     | <b>139,535</b>         | <b>113,303</b>         |
| <b>NON-CURRENT LIABILITIES</b>       |                        |                        |
| Borrowings                           | 156,453                | 56,745                 |
| Lease liabilities                    | 20,471                 | 23,211                 |
| Provisions                           | 1,196                  | 1,522                  |
| <b>Total non-current liabilities</b> | <b>178,120</b>         | <b>81,478</b>          |
| <b>TOTAL LIABILITIES</b>             | <b>317,655</b>         | <b>194,781</b>         |
| <b>NET ASSETS</b>                    | <b>358,835</b>         | <b>324,996</b>         |
| <b>EQUITY</b>                        |                        |                        |
| Issued capital                       | 276,888                | 278,145                |
| Reserves                             | (14,490)               | (13,311)               |
| Retained earnings                    | 96,437                 | 60,162                 |
| <b>TOTAL EQUITY</b>                  | <b>358,835</b>         | <b>324,996</b>         |

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 29. Parent entity information

IDP Education Limited is the parent entity of the Group. The financial information presented below represents that of the parent and is not comparable to the consolidated results.

| Financial position                | 30 June 2022        | 30 June 2021        |
|-----------------------------------|---------------------|---------------------|
|                                   | \$'000              | \$'000              |
| Current assets                    | 321,069             | 302,884             |
| Total assets                      | 528,131             | 482,904             |
| Current liabilities               | 64,936              | 135,669             |
| Total liabilities                 | 243,056             | 217,147             |
| <b>Equity</b>                     |                     |                     |
| Issued capital                    | 276,888             | 278,145             |
| Retained earnings                 | 22,321              | 1,231               |
| Reserves                          | (14,134)            | (13,619)            |
| <b>Total equity</b>               | <b>285,075</b>      | <b>265,757</b>      |
| <b>Financial performance</b>      | <b>30 June 2022</b> | <b>30 June 2021</b> |
|                                   | <b>\$'000</b>       | <b>\$'000</b>       |
| Profit for the year               | 58,665              | 29,089              |
| Other comprehensive income        | (1,245)             | (4,254)             |
| <b>Total comprehensive income</b> | <b>57,420</b>       | <b>24,835</b>       |

During the year, the parent entity received \$79.3m dividends income from the subsidiaries (2021: \$54.7m).

### 30. Contingent liabilities

The Group currently has an open Indian Services Tax matter and Indian GST matters which are subject to legal proceedings and reviews by Indian tax authorities in the ordinary course of business.

In relation to the Indian Services Tax matter, the matter in dispute was adjudicated by the Indian Customs, Excise & Services Tax Appellate Tribunal in IDP's favour and the formal appeal deadline for the Indian tax authority has passed. Whilst a subsequent tax period remains in dispute, the matters in dispute are consistent with those adjudicated and as a result it is not currently probable that a material cash outflow will be required.

Whilst GST in India is administered at a state level and therefore matters are at various stages of review by state tax authorities, where disputes have arisen, they relate to similar matters as those adjudicated for the Indian Services Tax matters outlined above. Amounts for states where a formal review has commenced, or where refund claims have been disputed as at 30 June 2022 total \$23.0m. The Group exercises a degree of judgement on the basis that, should one or more of the state based tax authorities initiate further reviews, this amount could change. Based on advice from leading external tax and legal counsel in India on these matters, the recent Indian Customs, Excise & Service Tax Appellate Tribunal decision adjudicated in IDP's favour on similar matters noted above, and guidance issued by the Indian Central Tax Authority, the Group consider that whilst a potential liability exists, it is not currently probable that a material cash outflow will be required. As a result, the matters are considered to be contingent liabilities with no provision recognised on the balance sheet at 30 June 2022.

## Notes to the consolidated financial statements for the year ended 30 June 2022

### 31. Events after the reporting period

#### Appointment of new Chief Executive Office and Managing Director

On 10 August 2022, IDP's Board of Directors announced that Tennealle O'Shannessy has been appointed Chief Executive Officer and Managing Director. Tennealle joins IDP from her current role as CEO of Adore Beauty, Australia's leading online beauty marketplace.

A powerful leader in global education, Ms Tennealle O'Shannessy has a proven track record of building successful digital businesses with a customer-centric approach - experience that aligns with IDP's ambitious strategy to reinvent the international education section.

Ms O'Shannessy is expected to join IDP in February 2023.

There has been no other matter or circumstances occurring subsequent to the balance date that has significantly affected, or may significantly affect, the operation of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Directors' declaration

In the Directors' opinion:

- (a) the consolidated financial statements and notes of IDP Education Limited and its controlled entities (the Group) set out on pages 53 to 104 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 28 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 28.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Peter Polson  
Chairman



Andrew Barkla  
Managing Director

Melbourne

24 August 2022

## Independent Auditor's Report to the members of IDP Education Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of IDP Education Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How the scope of our audit responded to the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Assessment of uncertain tax positions</b></p> <p><i>Refer to Note 5 Income Taxes, Note 14 Other assets and Note 30 Contingent Liabilities</i></p> <p>The Group operates across many jurisdictions including Australasia, Asia and various other locations. Consequently, the Group is subject to inspections and audit activities by tax and revenue authorities on a range of tax matters, estimates and assumptions during the normal course of business, including transfer pricing, indirect taxes and transaction related tax matters.</p> <p>The Group currently has open Indian service tax and GST matters which are subject to legal proceedings and reviews by Indian tax authorities. Total amounts in dispute as at 30 June 2022 were \$23m which have been disclosed as a contingent liability. The Group has also deposited \$24.2m with the Indian tax authorities in relation to the GST matters, which have been recorded as a non-current asset as at 30 June 2022.</p> <p>Significant judgement is therefore exercised in the determination of the tax position in relation to these matters, including the determination of whether a liability or contingent liability exists.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Understanding the process that management have undertaken to identify and assess uncertain tax positions, including the monitoring and guidance issued by regulatory authorities,</li> <li>In conjunction with our tax specialists, we: <ul style="list-style-type: none"> <li>Assessed the status of tax assessments and investigations and the process to monitor developments in ongoing disputes by management,</li> <li>Evaluated external tax advice where available, including assessing the independence, competency and objectivity of management's tax advisors,</li> <li>Evaluated the Group's accounting policy for tax deposits, and</li> <li>Read recent tax rulings and correspondence with local tax authorities, to assess that the tax positions have been appropriately accounted for or adjusted to reflect the latest external tax developments.</li> </ul> </li> </ul> <p>We also assessed the adequacy of the disclosures in the Notes to the financial statements.</p> |
| <p><b>Valuation of identifiable intangible assets acquired in business combination</b></p> <p><i>Refer to Note 27 Business Combination</i></p> <p>On 30 July 2021, the Group completed the acquisition of 100% of BC IELTS India. The purchase consideration paid was GBP139.1m (equivalent of \$260.7m) in cash.</p> <p>As part of the acquisition accounting, an intangible asset for Intellectual Property exclusivity in the Indian market of \$171.2m was recognised.</p> <p>The valuation of identifiable intangible assets incorporated significant judgements and estimates, including factors such as forecast cashflows and discount rate.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Reviewing the Sale and Purchase Agreement and other documentation to assess the key terms of the business combination, including the acquisition date and purchase consideration,</li> <li>In conjunction with our valuation specialists, we: <ul style="list-style-type: none"> <li>Evaluated management's external purchase price accounting advice and purchase price allocation report, including assessing the independence, competency and objectivity of management's external valuation specialists,</li> <li>Assessed the valuation methodology used to value the identifiable intangibles,</li> <li>Agreed forecasted cash flows used in the valuation to the Board approved acquisition business case,</li> <li>Evaluated the underlying cashflow forecast assumptions for reasonableness,</li> </ul> </li> </ul>                                                                                                                                                                   |

|  |                                                                                                                                                                                                                                                                                                                                                                                |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ul style="list-style-type: none"> <li>○ Assessed the discount rate and terminal growth rate used in the valuation to our own independent rate and external market data, and</li> <li>○ Tested the calculations in the valuation model for mathematical accuracy.</li> </ul> <p>We also assessed the adequacy of the disclosures in the Notes to the financial statements.</p> |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 21 to 50 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of IDP Education Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Genevra Cavallo*

Genevra Cavallo  
Partner  
Chartered Accountants  
Melbourne, 24 August 2022

## Corporate Directory

### Directors

Peter Polson

*Chairman*

Andrew Barkla

*Managing Director and Chief Executive Officer*

Ariane Barker

Professor David Battersby AM

Chris Leptos AO

Professor Colin Stirling

Greg West

### Secretary

Ashley Warmbrand

### Principal registered office in Australia

Level 10

697 Collins Street

DOCKLANDS VIC 3008

AUSTRALIA

Ph: +61 3 9612 4400

### Share Registry

Link Market Service Limited

Tower 4

727 Collins Street

MELBOURNE VIC 3008

Australia

### Auditor

Deloitte Touche Tohmatsu

477 Collins Street

MELBOURNE VIC 3000

AUSTRALIA

Ph: +61 3 9671 7000

### Stock exchange listing

IDP Education Limited shares are listed on the Australian Securities Exchange (Listing code: IEL)

### Website

[www.idp.com](http://www.idp.com)

### ABN

59 117 676 463