

## ASX Market Release

27 February 2024

The Board of EDU Holdings Limited (**EDU or the Company**) is pleased to report its results for the year ended 31 December 2023 (**FY23**).

### Important Notes

The Company's financial year-end is 31 December. FY23 refers to the 12-month period that commenced 1 January 2023 and ended 31 December 2023.

All comparisons are to the previous corresponding period unless otherwise noted.

**Ikon** refers to Proteus Technologies Pty Ltd, the Company's higher education provider and **ALG** refers to Australian Learning Group Pty Limited, the Company's vocational education provider. Ikon and ALG are wholly owned subsidiaries of the Company.

### Highlights

- **Revenue up 22% to \$21.6m**
- **EBITDA returns to positive of \$0.5m**
- **Material \$1.8m improvement to net loss after tax of \$3.0m**
- **Ikon revenue up 47% - strong growth in international enrolments**
- **Operating leverage delivered in Ikon - net profit after tax up \$1.2m on \$3.7m additional revenue**
- **ALG enrolments returned to growth during the year - second half revenue up 12% on first half**
- **Material latent capacity expected to deliver further operating leverage as ALG student numbers rebuild and Ikon continues to grow**

### Group

Revenue for the year increased by \$3.9m (+22%) to \$21.6m. With operating expenses largely contained and gross margin up 1 ppt to 53%, EBITDA improved by \$2.0m to \$0.5m and net loss after tax improved by \$1.8m to \$3.0m.

Cash at 31 December 2023 was \$3.1m, noting this had increased to \$5.3m by 31 January 2024. Cash receipts are seasonal and based on tuition fee payment dates, with receipts in the first half of the year typically higher than the second.

Commenting on the Group's performance, CEO, Adam Davis said: "It's pleasing to see Ikon delivering operating leverage, recording a \$1.2m improvement to net profit after tax on \$3.7m of additional revenue. We expect a similar thematic in ALG as student numbers rebuild. The Group retains material latent capacity to support higher student enrolments in both businesses, without a material step-up in operating expenses.

We're off to a strong start in FY24, with a sharp increase in Ikon enrolments and continued enrolment growth in ALG."

### Higher Education – Ikon

Ikon enrolments climbed strongly in FY23, up 44% on the PCP. To the end of Trimester 3, 2023, Ikon's 3-year CAGR in enrolments was 32%. Ikon ended the year with a record 955 enrolments in Trimester 3, 2023, up 48% on the 645 enrolments in the PCP.

Ikon's Bachelor of Early Childhood Education program (**BECE**) continued to gain traction during the period, particularly within the international student market. BECE is now Ikon's largest course representing approximately 42% of its FY23 enrolments, up from 23% last year.

Momentum also continued to build in Ikon's online offering for domestic students with 56% of domestic students choosing to study online in Trimester 3, 2023 compared to 41% in the PCP. Online has now become Ikon's preferred study mode for domestic students, in keeping with global trends. Online delivery provides students with additional flexibility, broadens Ikon's student catchment and facilitates larger class sizes, thereby generating a higher margin compared to on-campus delivery.

Revenue for FY23 was up 47% to \$11.6m, reflecting the 44% growth in enrolments, further boosted by the annual price increase, effective from Trimester 1, 2023. A shift in student mix to BECE, with its lower pricing but generally higher average study load, resulted in average revenue per enrolment declining slightly.

Gross profit improved 47% to \$7.0m, reflecting a gross margin of 60%, in line with the PCP. The Board considers this a positive outcome given the shift in mix to BECE with its lower pricing.

EBITDA for the year was \$2.1m compared to \$0.5m in FY22, and net profit after tax improved by \$1.2m to \$0.4m, as operating leverage benefits emerged.

In keeping with its product development plan, Ikon submitted two new courses to TEQSA for accreditation in December 2023. Ikon intends to submit additional new courses to TEQSA for accreditation in 2024.

Commenting on Ikon's performance, CEO, Adam Davis said: "After several years of investing in Ikon to build an appropriate organisational structure, campus footprint and operating capability to support the provision of quality higher education, we are very excited to see operating leverage emerging with increased student numbers and revenue. Additional revenue of \$3.7m translated to an improvement of \$1.2m of net profit after tax.

With its market position as a specialist, quality provider, its growing mix of domestic and international students, and new courses on the way, I remain optimistic about Ikon's future.

Ikon has had a strong start to 2024 and we look forward to updating the market on Ikon's student numbers in the week commencing 18 March 2024, following the Trimester 1 census date."

### Vocational – ALG

During FY23, we saw a turnaround in ALG enrolments, ending the year with 1,145 enrolments in Term 4, 2023, up 9% on the PCP. ALG has now recorded four consecutive terms of enrolment growth from 1,007 in Term 1, 2023 to 1,230 in Term 1, 2024.

Encouragingly, FY23 new student enrolments (NSEs), which the Board considers a leading indicator for enrolments, were up 41% on the PCP.

Notwithstanding the turnaround during FY23, enrolments for the year were down 9% on FY22. This was largely offset by the annual price increase, effective at the start of 2023, with tuition revenue for the year down only 1% to \$9.6m. With \$0.3m of additional rental income on sub-leased premises, ALG's FY23 revenue was 2% higher than the PCP.

Gross margin declined 1 ppt to 44%, however through disciplined cost management and mindful of the Company's strategy to preserve ALG's capacity for the recovery, EBITDA improved by \$0.4m to a loss of \$0.1m and its net loss after tax improved by \$0.4m to \$2.2m.

Commenting on ALG's performance, CEO, Adam Davis said: "Whilst we still have a way to go, ALG has now recorded four consecutive terms of student growth. NSEs are up, enrolments are increasing and operating losses have been reducing term on term. ALG retains significant latent capacity, and we expect a similar operating leverage thematic to emerge in ALG (as has been the case in Ikon) as student numbers rebuild.

With an average course duration of 24 months, many of the new students that commenced with ALG in 2023 will still be studying in 2025."

FY23 has seen a continuation of the shift in ALG's mix towards its Community Services courses, which are closely aligned to employment outcomes in areas of skills shortages. ALG expanded its Certificate III Individual Support (Ageing) to Brisbane in Term 3, 2023 and launched a Certificate IV of Community Services in Sydney and Melbourne in Term 4, 2023.

The Board is conscious of the ongoing changes to settings and regulations impacting the international student market, including currently declining visa grant rates. While this may reduce the inflow of international students to Australia in the short to medium-term, and have other broader impacts, the Company will continue to respond and adapt accordingly. The Board considers EDU's businesses to be well-positioned as low-risk, high-quality providers offering courses aligned to occupations with long-term skills shortages.

This announcement was authorised for release by the EDU Board of Directors.

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