EDU HOLDINGS LIMITED

# ANNUAL REPORT

Delivering career-ready qualifications in
Healthcare, Education and Community Services

YEAR ENDED
31 DECEMBER 2024

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# Corporate Directory

## DIRECTORS

**Gary Burg:** Non-Executive Chair

**Adam Davis:** Chief Executive Officer and Managing Director

**Peter Mobbs:** Non-Executive Director

**Jonathan Pager:** Non-Executive Director

**Greg Shaw:** Non-Executive Director

**Joshua Bolot:** Alternate Director to Greg Shaw

## COMPANY SECRETARIES

**Lyndon Catzel:** Chief Financial Officer and Company Secretary

**Andrew Palfreyman:** Joint Company Secretary

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 3, Building 5B, 1-59 Quay Street
Haymarket, NSW 2000

## AUDITOR

RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney NSW 2000

## SHARE REGISTRY

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

**Investor Enquiries:** 1300 288 664

## STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX)

**ASX Code:** EDU

## COMPANY WEBSITE

www.eduholdings.com.au

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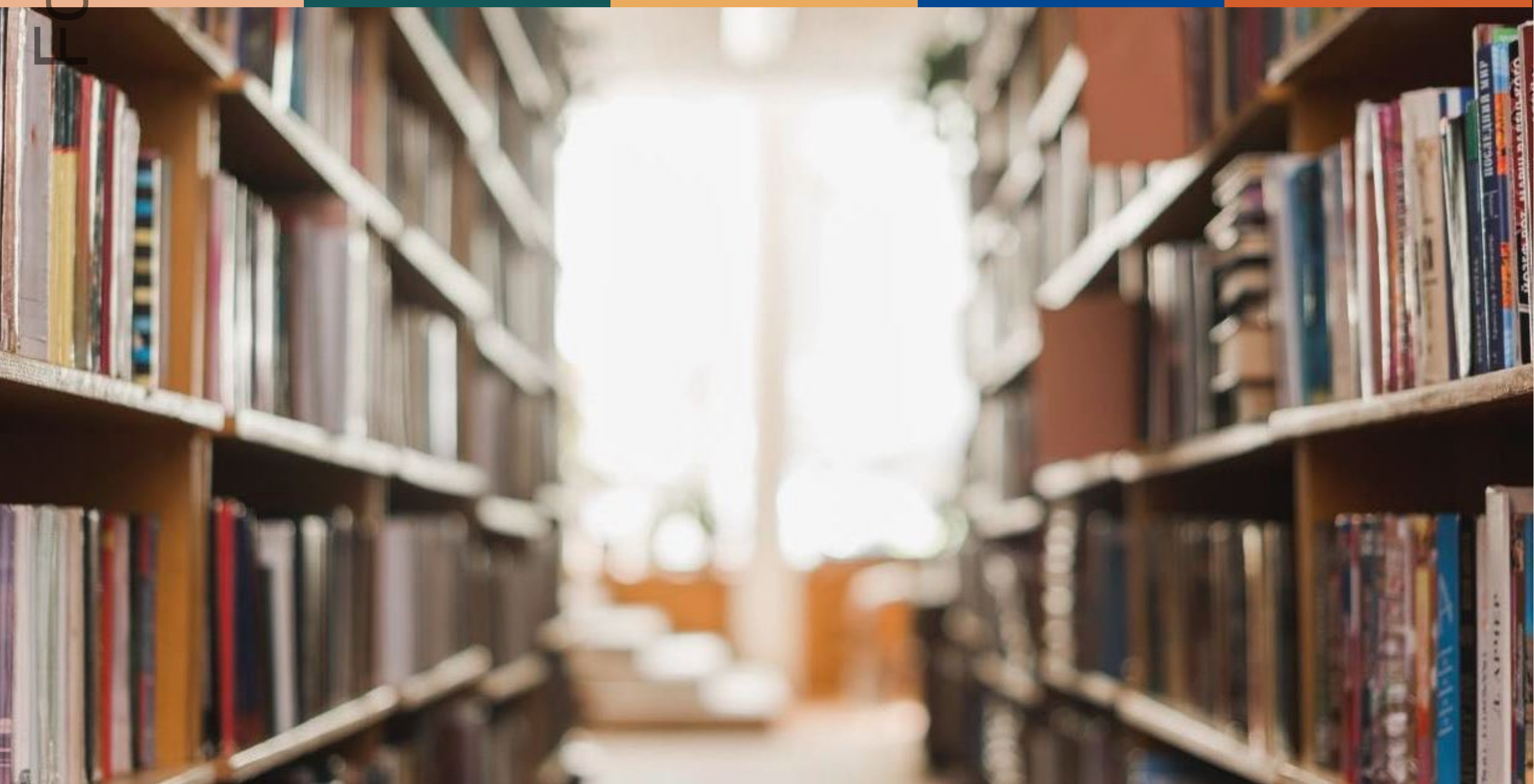

# Contents



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## About this Annual Report

This Annual Report is a summary of the operations, activities and financial performance of EDU Holdings Limited (ABN 85 108 962 152) (**EDU, EDU Holdings** or **the Company**) and its controlled entities (**Group**) for the year ended 31 December 2024 (**FY24**).

Any reference to the financial year relates to the period from 1 January 2024 to 31 December 2024, unless otherwise stated. The previous corresponding period (**PCP**) refers to the financial year ended 31 December 2023. All comparisons are to the PCP, unless otherwise stated.

The Company's Corporate Governance Statement, detailing its compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, can be found on its website:

www.eduholdings.com.au

# Letter from the Chair & Chief Executive Officer

Dear Shareholders,

On behalf of the Board, we are pleased to present our Annual Report for the year ended 31 December 2024 (FY24).

FY24 was a landmark year for the Company, marked by significant achievements across financial, operational, and strategic fronts. Despite an evolving regulatory landscape and market uncertainties, the Company delivered record results, achieving a strong return to profitability.

The Group achieved total revenue and other income of $42.3m, nearly doubling the $21.6m recorded in the PCP. Gross profit rose to $24.3m, up from $11.4m, reflecting the increased scale and improved class sizes. Group EBITDA surged from $0.5m to $7.9m, while net profit after tax improved by $5.6m, reaching a $2.6m profit. Strong cash generation delivered a $3.7m boost to cash at bank, which closed the year at $6.5m, up from $2.8m in the PCP. This was after repaying $0.5m of debt during the year and completing a selective buyback and cancellation of approximately 9% of the Company's issued shares for $0.9m, an initiative expected to enhance earnings per share in the coming years.

Ikon reported another year of robust growth, with total student enrolments reaching a record 2,492 in Trimester 3, 2024, up from 955 in the PCP. Revenue rose 142% to $28.0m, while EBITDA improved by $6.7m to $8.9m. Notably, Ikon secured accreditation for four new courses during the year, including three postgraduate programmes, each for the maximum allowable period of seven years. These courses, designed for both domestic and international students, are expected to provide important revenue diversification and create extended articulation pathways for Ikon.

ALG student enrolments continued to recover. Term 4, 2024 marked its seventh consecutive term of growth, with enrolments reaching 1,608, a 40% increase on the PCP. Revenue grew by 43% to $14.2m, while EBITDA improved by $1.4m to $1.3m, compared to a $44k loss in the PCP.

While the Company's financial and operational performance has strengthened, the Board acknowledges the ongoing regulatory uncertainties and challenges facing the international student market, which represents 84% of the Company's revenue. The Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 (**ESOS Bill**) was not enacted, effective 1 January 2025, as was anticipated. However, the Government subsequently issued Ministerial Direction 111 (**MD111**), which adopts the enrolment caps under the ESOS Bill to prioritise offshore visa processing. Ikon's indicative 2025 cap is 200 and ALG's is 447.

Under MD111, processing of offshore visa applications up to 80% of a provider's cap are prioritised. Once the threshold has been reached, visa processing continues at standard priority. The Board notes that the majority of Ikon's and ALG's applications are currently from onshore.

The medium to longer-term impact of MD111 and other regulatory changes remains uncertain at this time, noting visa grants in the vocational sector have declined significantly over the past year. The Board is actively developing strategies to mitigate potential impacts on the international student market, including a strengthened focus on domestic student enrolments. Ikon's domestic student commencements are unaffected by the caps.

As we enter 2025, we remain cautiously optimistic about our prospects. We are well placed to build on our strong second-half performance: revenue of $25.4m, EBITDA of $5.6m and NPAT of $2.6m. Our improved financial position and operational momentum provide a solid foundation to navigate regulatory shifts and competitive pressures. However, we are acutely aware that the Company is not immune to market conditions. We will continue to invest for the future, focus on delivering high-quality education, strengthen stakeholder relationships, and drive sustainable growth across our businesses.

We extend our sincere gratitude to our staff, whose dedication and resilience underpin our success, as well as to our education agents, industry partners, and other stakeholders for their continued support. Most importantly, we thank our students for entrusting us with their education and future aspirations.

**Gary Burg**
Chair

**Adam Davis**
Chief Executive Officer

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# Corporate Overview

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# Snapshot

## COMPANY OVERVIEW

**2** Operating businesses

Ikon Institute of Australia — Higher Education (HE)

Australian Learning Group — Vocational Education & Training (VET)

**$42.3m**
FY24 Revenue and other income

**$7.9m**
FY24 EBITDA

**$2.6m**
FY24 Net profit after tax

**118**
Permanent team members

**29**
Courses offered across HE and VET

**4,100**
Students at year-end

**4**
State operations NSW, VIC, QLD, SA + Online

## STOCK OVERVIEW

ASX ticker code
**EDU**

Market Capitalisation
**$21.8m**
25 February 2025

Share price
**14.5c**
25 February 2025

## INVESTMENT PROPOSITION

1 **Quality tertiary education group**

A leading provider of higher and vocational education, delivering superior student outcomes for domestic and international students

2 **In-demand course mix, aligned to long-term skills shortages**

Offering employment-focused courses in large and growing sectors with long-term skills shortages

3 **Earnings leverage emerged**

FY24 net profit after tax up $5.6m on $20.7m of additional revenue

Delivered higher margins with student number and revenue growth

4 **Strategic Growth: Organic and Acquisitions**

Ambitious HE-focused product development program underway.

4 new programmes (including 3 post-graduate courses) recently accredited. Others in development

Renewed focus on growth

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# Highlights[1]

**Revenue surged 96%**

Momentum accelerated - 2H24 revenue of $25.4m, up 51% on 1H24 and 125% on PCP

**Higher education (Ikon) enrolments up 113%**

Trimester 3, 2024 enrolments up 161%

**Vocational (ALG) enrolments rebuilt**

FY24 total enrolments up 31% on PCP

**NPAT turnaround of $5.6m**

FY24 NPAT of $2.6m, vs $3.0m loss in PCP

2H24 NPAT of $2.6m, with margin of 10%

**Operating efficiency gained**

Successfully integrated Ikon and ALG under new org structure, implementing shared services model to streamline operations & enhance scalability

**Selective buyback completed**

9% of shares repurchased at 6c per share

On-market buyback continuing

**Strong cashflow generated**

Net cash up $4.2m on PCP, after $0.9m selective buyback and $0.5m debt repayment

**Expanded course offerings**

Strategic entry to postgraduate market, with accreditation of 3 Masters courses and 1 Bachelor program. Launch planned for 1H25

[1] All comparisons are to the previous corresponding period, unless otherwise indicated

# Performance Highlights

## Financials

In FY24, EDU recorded EBITDA of $7.9m, up materially on the $0.5m in the PCP, and delivered net profit after tax of $2.6m, up $5.6m on the $3.0m loss reported in the PCP. Ikon's enrolments climbed sharply, up 113% on the PCP, driven by the 244% increase in NSEs and benefitting from its current low level of completions, given its 3-4 year course durations. ALG's enrolments grew 31% in FY24, with NSEs up 17%. Cash increased to $6.5m compared to $2.8m at 31 December 2023.

| | FY24 | vs | FY23 |
|---|---|---|---|
| Revenue and other income | **$42.3m** | ↑ | $21.6m |
| EBITDA | **$7.9m** | ↑ | $0.5m |
| Net profit / (loss) after tax | **$2.6m** | ↑ | ($3.0m) |

| | DEC-24 | vs | DEC-23 |
|---|---|---|---|
| Cash balance | **$6.5m** | ↑ | $2.8m |

## Student performance indicators

| | FY24 | vs | FY23 |
|---|---|---|---|
| Letters of Offer | **5,649** | ↑ | 3,172 |
| New Student Enrolments | **2,976** | ↑ | 1,462 |
| Students at year-end[1] | **4,100** | ↑ | 2,100 |
| Total enrolments[2] | **11,053** | ↑ | 6,807 |

[1] Students in the last trimester or term of the year

[2] Enrolments is the sum of students enrolled in all trimesters and terms during the year

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# Delivering on Strategy

### Focusing on higher value courses

Revenue mix:

**67%** of Group revenue was HE vs **55%** FY23

### Expanding course portfolio (including into the post-graduate market)

Programs:

**29** FY24 vs **21** FY23

### Developing articulation pathways into HE to lengthen study duration

**32** months in FY24 vs **28** months in FY23

### Leveraging online delivery

Domestic students undertaking online study:

**65%** in FY24 vs **51%** FY23

| | Certificates | Diplomas | Degrees |
|---|---|---|---|
| | Australian Learning Group | Australian Learning Group, Ikon Institute of Australia | Ikon Institute of Australia |
| **Average price** | **$9,700** | **$19,000** | **$48,000** |
| Average duration | < 1 year | 1-2 years | 2-4 years |

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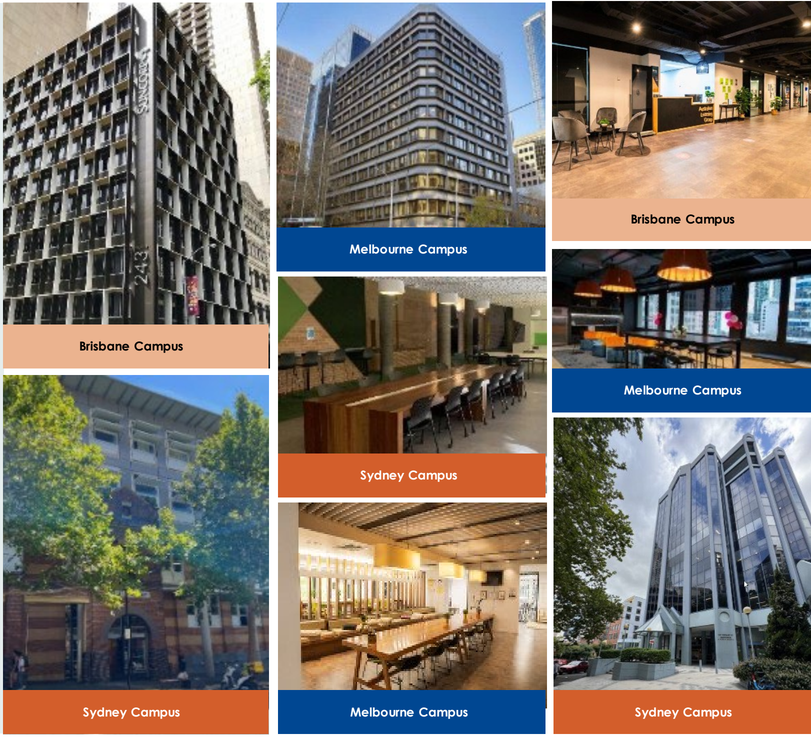
# Operating leverage

In FY24 EDU leveraged underutilised classroom space and benefited from operating leverage in its organisational structure as student volume grew

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## NATIONAL CAMPUS FOOTPRINT

**67**

Classrooms
FY24

**9**

Campuses across
4 states + Online

## CAPACITY

**4,345 sqm**[1]

in Sydney
operating at **67% capacity**

**2,330 sqm**

in Melbourne
operating at **86% capacity**

[1] Includes 2 new leases at 187 Thomas St, Sydney, executed in December 2024

## COURSES & CLASSROOMS

| | FY24 | FY23 |
|---|---|---|
| **Courses** | 29 | 21 |
| **Classrooms** | 67 | 49 |

Capacity increased in Sydney and Melbourne to accommodate growth, including from new courses launched.

# Directors' Report

Your Directors present their Annual Report on the consolidated entity consisting of EDU Holdings Limited (ABN 85 108 962 152) **(EDU, EDU Holdings or the Company)** and its controlled entities **(Group)** for the year ended 31 December 2024.

## Directors

The names of the Directors during the financial year and up to the date of this report are:

### Gary Burg:

Non-Executive Chair (non-independent) (appointed 24 March 2016)

### Adam Davis:

Chief Executive Officer and Managing Director (non-independent) (appointed 16 February 2015)

### Peter Mobbs:

Non-Executive Director (independent) (appointed 16 February 2015)

### Jonathan Pager:

Non-Executive Director (independent) (appointed 16 February 2015)

### Greg Shaw:

Non-Executive Director (non-independent) (appointed 18 July 2022)

### Joshua Bolot:

Alternate Director (non-independent) to Greg Shaw (appointed 3 July 2023)

### PRINCIPAL ACTIVITY

The principal activity of the Group during the period was the provision of tertiary education services.

### DIVIDENDS

No dividends have been paid or declared during the year ended 31 December 2024 (December 2023: $nil).

### ENVIRONMENTAL REGULATION & PERFORMANCE

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

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# Information on Directors

## Gary Burg

B.Acc (Wits), MBA (Wits)

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### Experience and Expertise

Gary has been involved with the broader Global Capital Group since 1995 in South Africa and in Australia since 2001. In Australia, Gary has been involved in a number of businesses across a range of sectors including energy, life insurance, financial services and education. Gary is currently a Director of ClearView Limited and Global Capital Holdings (Australia) Pty Ltd, which is the investment manager of Global Capital Principal Investment business in Australia Limited.

### Other Current ASX Directorships

ClearView Wealth Limited (ASX: CVW)

### Former ASX Directorships in the Last Three Years

None

### Special Responsibilities

- Audit and Finance Committee member
- Remuneration and Nomination Committee member

### Interests in Shares and Performance Rights

As at the date of this report, Gary Burg has the following direct or indirect interest in the Company:

- 28,820,473 fully paid ordinary shares
- Contractual rights to shares: None

# Information on Directors

## Adam Davis

B.AppFin (Macquarie University)

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### Experience and Expertise

Adam has extensive experience in the education sector, having founded and then acted as Chief Executive Officer and Managing Director of ASX-listed Tribeca Learning Limited (Tribeca). The company was acquired in 2006 by Kaplan, Inc., a division of NYSE-listed Graham Holdings Company (formerly The Washington Post Company), to form the foundation of its Australian operations.

Under Adam's stewardship, Tribeca acquired and integrated numerous education businesses servicing the Australian financial services sector, consolidating a fragmented market and creating the leading national provider. Tribeca offered a broad range of accredited courses and continuing education programs, and its customers included most of the major financial institutions in Australia. Adam holds a Bachelor of Applied Finance degree from Macquarie University.

### Other Current ASX Directorships

None

### Former ASX Directorships in the Last Three Years

None

### Special Responsibilities

- Chief Executive Officer & Managing Director
- Director of Proteus Technologies Pty Ltd (Ikon Institute)
- Director of Australian Learning Group Pty Limited (ALG)
- Director of EDU Corporate Services Pty Ltd
- Director of Tasman Institute Pty Limited

### Interests in Shares and Performance Rights

As at the date of this report, Adam Davis has the following direct or indirect interest in the Company:

- 10,000,000 fully paid ordinary shares
- 2,591,595 Performance Rights
- Contractual rights to shares: None

# Information on Directors

## Peter Mobbs

B.Com, LL.B (WSU), Grad Dip Legal Practice (College of Law), GAICD

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### Experience and Expertise

Peter is Managing Partner at Five Sigma, an EdTech focused, global growth fund and Managing Director of Greyrock, a private investment company with investments across all asset classes with a focus on education and technology.

He holds 20+ years' experience as an entrepreneur and executive operating within the private education industry, across higher education, vocational and corporate training sectors.

Peter is a two times exited founder – one to a global listed education business and one to private equity. He holds public and private company experience as a founder, CEO, executive, non-executive director and chair. Peter holds degrees in commerce and law, is admitted to practise in the Supreme Court of NSW and is a graduate of the AICD Company Directors Course.

### Other Current ASX Directorships

None

### Former ASX Directorships in the Last Three Years

None

### Special Responsibilities

- Risk and Compliance Committee Chair
- Chair of Proteus Technologies Pty Ltd (Ikon Institute)

### Interests in Shares and Performance Rights

As at the date of this report, Peter Hobbs has the following direct or indirect interest in the Company:

- 4,526,671 fully paid ordinary shares
- Contractual rights to shares: None

# Information on Directors

## Jonathan Pager

M.Ec (Macquarie University)

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### Experience and Expertise

Jonathan has over 25 years' experience as a management consultant and corporate adviser across a wide range of industries in Australia and overseas and is currently Managing Director of Pager Partners Corporate Advisory. He has a Master of Economics and qualified as a Chartered Accountant with Deloitte, where he commenced his career. He has restructured and listed a range of public companies and been a director of publicly listed companies in the resources and industrial sectors.

### Other Current ASX Directorships

None

### Former ASX Directorships in the Last Three Years

None

### Special Responsibilities

- Chair of Audit and Finance Committee
- Risk and Compliance Committee member

### Interests in Shares and Performance Rights

As at the date of this report, Jonathan Pager has the following direct or indirect interest in the Company:

- 3,137,476 fully paid ordinary shares
- Contractual rights to shares: None

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# Information on Directors

## Greg Shaw

B.Com (University of Queensland), CA

### Experience and Expertise

Greg is the Chief Executive Officer of Mulpha International. He has over 25 years' experience as CEO of listed businesses in Australia, including as CEO of Ardent Leisure, one of Australia's largest leisure and hospitality owners.

Greg has extensive management experience across a range of industry sectors, including education, leisure, entertainment, property, and finance sectors.

Greg qualified as a Chartered Accountant.

### Other Current ASX Directorships

None

### Former ASX Directorships in the Last Three Years

None

### Special Responsibilities

- Chair of Remuneration and Nomination Committee

### Interests in Shares and Performance Rights

As at the date of this report, Greg Shaw has the following direct or indirect interest in the Company:

- 23,076,923 fully paid ordinary shares
- Contractual rights to shares: None

# Information on Directors

## Joshua Bolot

B.Com (University of Auckland)

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### Experience and Expertise

Joshua has nearly 25 years of experience across investment banking, corporate advisory and private equity. He is currently Head of Principal Investments & Corporate Development at Mulpha Australia.

Prior to this, he has been with Monash Private Capital, Investec Bank and Deutsche Bank, where he was involved in a wide variety of M&A, capital raisings and strategic reviews for ASX listed and privately held companies.

Joshua has a Bachelor of Commerce in Accounting and Finance (1st Class Honours in Finance) from the University of Auckland.

### Other Current ASX Directorships

None

### Former ASX Directorships in the Last Three Years

None

### Special Responsibilities

- Alternate for Greg Shaw

### Interests in Shares and Performance Rights

As at the date of this report, Joshua Bolot has the following direct or indirect interest in the Company:

- 23,096,923 fully paid ordinary shares
- Contractual rights to shares: None

# Information on Company Secretary

## Lyndon Catzel

B.Ec (Sydney University), CA

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### Experience and Expertise

Lyndon has over 25 years' financial, operational and strategic experience as a CEO, CFO and COO across numerous private businesses in funds administration, financial services, healthcare, software and wholesale distribution. He has a proven track record of financial management, capital raising, development of management teams and strategy execution.

Lyndon started his career in Deloitte's Assurance and Advisory Division before moving to its Corporate Finance Division. He then worked for SG Hambros (the Mergers & Acquisitions Division of Societe Generale). Lyndon is a Chartered Accountant and holds a Bachelor of economics (Finance and Accounting) from the University of Sydney.

### Special Responsibilities

- Chief Financial Officer
- Director of Proteus Technologies Pty Ltd (Ikon Institute)
- Director of Australian Learning Group Pty Limited (ALG)
- Director of EDU Corporate Services Pty Ltd
- Director of Tasman Institute Pty Limited

### Interests in Shares and Performance Rights

As at the date of this report, Lyndon Catzel has the following direct or indirect interest in the Company:

- 926,923 fully paid ordinary shares
- 2,159,662 Performance Rights
- Contractual rights to shares: None

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# Operating and Financial Review

EDU Holdings Limited (**EDU**) owns and operates tertiary education businesses, with a current focus on Healthcare, Education and Community Services fields of study.

The Company's strategy is to foster and support growth in its existing businesses, through initiatives such as course, campus and delivery-mode expansion, while concurrently pursuing strategic acquisition opportunities.

The Board includes directors with extensive experience in for-profit education and corporate development.

EDU currently has two wholly-owned operating businesses:

- Proteus Technologies Pty Ltd, trading as Ikon Institute of Australia (**Ikon**); and
- Australian Learning Group Pty Limited (**ALG**).

These are serviced by a third subsidiary, EDU Corporate Services Pty Ltd (**EDU CS**), which provides shared services to Ikon and ALG. Material progress was made during 2024 in integrating the businesses and implementing EDU's shared services operating model.

Ikon is a higher education (**HE**) provider, servicing both domestic and international students. Ikon operates from campuses in Sydney, Melbourne, Brisbane, Adelaide and Online.

ALG is a vocational education and training (**VET**) provider, exclusively focussed on the international student market. The business operates from campuses in Sydney, Melbourne, Brisbane and more recently, in Adelaide.

The results presented in this report include the corporate operations of EDU Holdings Limited, its shared services entity, EDU Corporate Services Pty Ltd, and the operations of its wholly-owned operating businesses, ALG and Ikon, for the year ended 31 December 2024 and the comparative period.

# Results summary

The table below reconciles the EBITDA of Ikon and ALG (EDU's wholly-owned operating businesses) for the financial year ended 31 December 2024, to the Group's consolidated profit / (loss) reported for the period. Costs of EDU Corporate Services Pty Ltd have been fully allocated to Ikon, ALG or EDU Holdings.

| Group | FY24 | FY23 | Variance | Variance |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | % |
| **ALG and Ikon** | | | | |
| Total revenue and other income | 42,264 | 21,559 | 20,705 | 96% |
| Cost of sales | (17,951) | (10,176) | (7,775) | (76%) |
| **Gross profit** | **24,313** | **11,383** | **12,930** | **114%** |
| *Gross margin (%)** | *58%* | *53%* | *n/a* | *5%* |
| Operating expenses | (14,118) | (9,297) | (4,821) | (52%) |
| **Operating EBITDA** | **10,195** | **2,086** | **8,109** | **389%** |
| *Operating EBITDA margin (%)** | *24%* | *10%* | *n/a* | *14%* |
| **EDU Holdings** | | | | |
| Corporate costs | (2,338) | (1,542) | (796) | (52%) |
| **EBITDA** | **7,857** | **544** | **7,313** | **1,344%** |
| *EBITDA margin (%)** | *19%* | *3%* | *n/a* | *16%* |
| **Depreciation & amortisation** | | | | |
| - Lease related | (2,150) | (2,403) | 253 | 11% |
| - Plant & equipment | (743) | (684) | (59) | (9%) |
| - Intangible assets | (600) | (463) | (137) | (30%) |
| **Total depreciation & amortisation** | **(3,493)** | **(3,550)** | **57** | **2%** |
| **Earnings before interest, tax and one-off items** | **4,364** | **(3,006)** | **7,370** | **n/a** |
| *EBIT margin (%)** | *10%* | *(14%)* | *n/a* | *24%* |
| Interest on lease liabilities | (878) | (988) | 110 | 11% |
| Interest and borrowing expenses | (25) | (122) | 97 | 80% |
| Income tax (expense) / benefit | (1,086) | 1,051 | (2,137) | n/a |
| **Net profit / (loss) before one-off items** | **2,375** | **(3,065)** | **5,440** | **n/a** |
| Due diligence and transaction costs | (72) | 68 | (140) | n/a |
| Gain on lease modification | 296 | - | 296 | n/a |
| Gain from disposal of assets | - | 180 | (180) | 100% |
| Loss from discontinued operations | - | (168) | 168 | 100% |
| **Net profit / (loss) after tax** | **2,599** | **(2,985)** | **5,584** | **n/a** |
| *NPAT margin (%)** | *6%* | *(14%)* | *n/a* | *20%* |

* Movement in percentage points

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## EBIT

EBIT is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards, adjusted for specific non-cash and significant items. The above table summarises reconciling items between statutory net profit after tax attributable to EDU shareholders and EBIT. EBIT includes EDU Holdings corporate costs but excludes one-off items including due diligence and transaction costs relating to the acquisition of investments.

## EBITDA

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards, adjusted for specific non-cash and significant items. Under AASB 16, this excludes rental payments for leased campuses. The above table summarises reconciling items between statutory net profit after tax attributable to EDU shareholders and EBITDA. EBITDA includes EDU Holdings corporate costs but excludes one-off items including due diligence and transaction costs relating to the acquisition of investments.

## Operating EBITDA

Operating EBITDA is the EBITDA of the Company's operating businesses, being ALG and Ikon, including allocation of costs from its shared services entity, EDU Corporate Services Pty Ltd.

## Corporate costs

Costs related to the EDU Holdings corporate function and operation of the listed entity, including ASX listing fees, share registry fees, Group audit fees, the remuneration of the Board and EDU Holdings key management personnel.

## Due diligence and transaction costs

External due diligence and transaction costs relating to acquisition activities. In FY23, a benefit of $68k was recorded, reflecting the reversal of unused provisions relating to proposed acquisitions.

## Gain on disposal of assets

Represents the final distribution (earn-out gain) on the sale of 100% of EDU Holding's shares in Gradability Pty Ltd.

## Net interest and borrowing expenses

Net interest and borrowing expenses primarily relate to interest paid and the costs associated with the Company's borrowing facilities.

## Interest on lease liabilities

Interest on lease liabilities represents the interest expense recognised in relation to lease liabilities recorded under AASB 16.

## Depreciation and amortisation

Depreciation relates to right-of-use assets, plant & equipment and leasehold improvements recognised in the balance sheet. Amortisation relates to course development, licences, and software.

## Loss from discontinued operations

Represents the loss recorded in FY23 from ALG's discontinued Perth campus operations, net of tax. Refer to Note 7 for further details.

# Ikon INSTITUTE OF AUSTRALIA

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## Overview

Ikon is a FEE-HELP approved Institute of Higher Education (Provider ID: PRV14055) and Commonwealth Register of Institutions and Courses for Overseas Students (**CRICOS**) provider (CRICOS code: 03581E). It operates nationally with campuses in Sydney, Melbourne, Brisbane and Adelaide as well as Online. Ikon delivers three study periods (or trimesters) per calendar year, each offering an intake for new students (new student enrolments or NSEs). In its Trimester 3, 2024 Ikon had record student enrolments of 2,492, up 161% on the PCP.

Ikon currently offers four undergraduate, and three post-graduate programs, all of which are in Education and Human Services related fields of study:

- Bachelor of Counselling and Psychotherapy (**BCP**)
- Bachelor of Arts Therapy (**BAT**)
- Bachelor of Early Childhood Education (**BECE**)
- Bachelor of Community Services (**BCS**)
- Master of Education (Early Childhood) (**MoE**)
- Master of Teaching (Early Childhood) (**MoT**)
- Master of Counselling and Psychotherapy (**MCP**)

Historically focussed on the domestic student market, Ikon has now firmly established itself in the international student market, with international students representing 74% of Ikon's enrolments in FY24, up from 48% in FY23. Given the ongoing regulatory uncertainty in the international student market, Ikon intends to increase its focus on the domestic market in the medium term to provide further diversification to its revenue base.

Domestic student leads are generated through digital marketing activities, and prospective students are supported through to enrolment by Ikon's course advisory and admissions team. International students are recruited through the Group's diverse network of more than 280 education agents both in Australia and offshore, supported by articulation pathways from ALG. Ikon has students currently studying from more than 50 source countries.

## Enrolments

Ikon recorded 5,488 enrolments in FY24, up 113% on the PCP. It ended the year with 2,492 students in Trimester 3, 2024, up 161% on the PCP.

Whilst it is common in higher education (particularly for domestic students), for the Trimester 1 intake, in February of each year, at the commencement of the academic and calendar year, to be the largest, given the expansion of Ikon's international student footprint, new student enrolments are now likely to be more evenly spread over the year. A total of 1,911 new students commenced their studies with Ikon during 2024, compared to 555 in the PCP, up 244%. 86% of these were international students and 14% were domestic.

Domestic student enrolments in FY24 were up 6% on the prior year and in keeping with previous trends, more students opted to study online. In Trimester 3, 2024, 68% of Ikon's domestic students were studying online, compared to 56% in the PCP. The Board expects the shift to online study to continue in FY25, particularly with the introduction of post-graduate courses.

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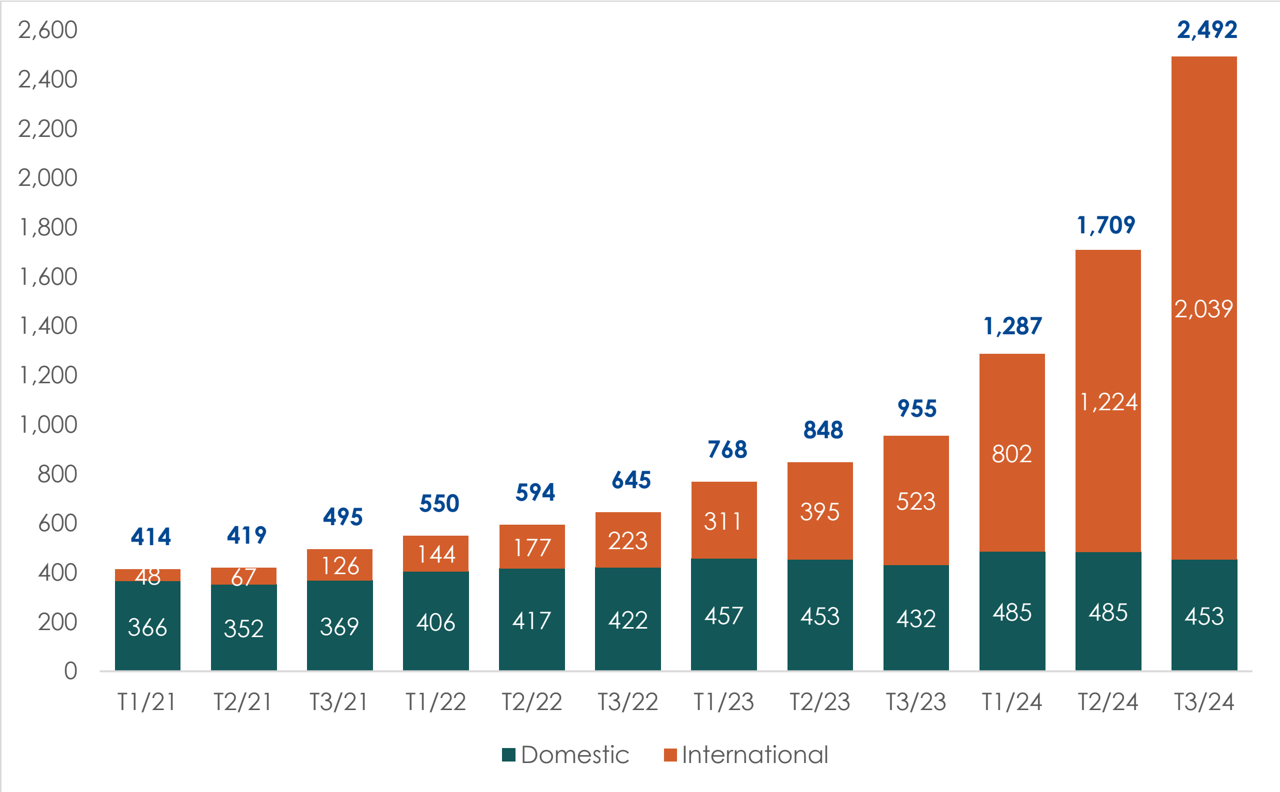
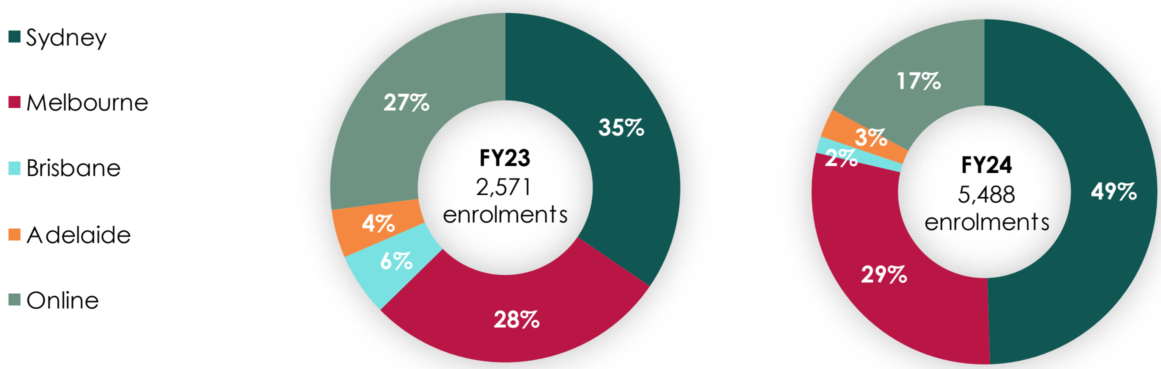
## HE student profile




## HE students by campus

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## Ikon results for the year ended 31 December 2024

| | FY24 | FY23 | Variance | Variance* |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | % |
| **Revenue** | | | | |
| International student revenue | 21,377 | 5,491 | 15,886 | 289% |
| Domestic student and other revenue | 6,669 | 6,105 | 564 | 9% |
| **Total revenue** | **28,046** | **11,596** | **16,450** | **142%** |
| **Cost of sales** | | | | |
| Commission | (3,171) | (780) | (2,391) | (307%) |
| Teaching | (6,936) | (3,784) | (3,152) | (83%) |
| Venue and other | (149) | (32) | (117) | (366%) |
| **Total cost of sales** | **(10,256)** | **(4,596)** | **(5,660)** | **(123%)** |
| **Gross profit** | **17,790** | **7,000** | **10,790** | **154%** |
| *Gross margin (%)** | *63%* | *60%* | n/a | *3%* |
| **Operating expenses** | **(8,912)** | **(4,870)** | **(4,042)** | **(83%)** |
| **Operating EBITDA** | **8,878** | **2,130** | **6,748** | **317%** |
| *Operating EBITDA margin (%)** | *32%* | *18%* | n/a | *14%* |
| **Depreciation & amortisation** | | | | |
| - Lease related | (1,050) | (1,043) | (7) | (1%) |
| - Plant & equipment | (137) | (65) | (72) | (111%) |
| - Intangible assets | (235) | (154) | (81) | (53%) |
| **Total depreciation & amortisation** | **(1,422)** | **(1,262)** | **(160)** | **(13%)** |
| **Earnings before interest, tax and one-off items** | **7,456** | **868** | **6,588** | **759%** |
| *EBIT margin (%)** | *27%* | *7%* | n/a | *20%* |
| Finance expense - lease related | (378) | (463) | 85 | 18% |
| Income tax expense | (1,811) | (20) | (1,791) | (8,955%) |
| **Net profit after tax** | **5,267** | **385** | **4,882** | **1,268%** |
| *Profit margin (%)** | *19%* | *3%* | n/a | *16%* |

* Movement in percentage points

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## Financial performance

Ikon generated revenue of $28.0m (up142%), EBITDA of $8.9m (up 317%) and a net profit after tax of $5.3m for the year ended 31 December 2024. By comparison, in FY23, Ikon recorded revenue of $11.6m, EBITDA of $2.1m and a net profit after tax of $0.4m.

As in prior years, Ikon has continued to investment in its organisational structure, academic resources, governance and quality. Notwithstanding, the business delivered a strong improvement in earnings, with scale benefits now clearly evident. The additional $16.5m in revenue translated to a $4.9m improvement to net profit after tax, representing a 30% net profit margin on the incremental revenue.

Product development remains a key pillar of Ikon's growth strategy. A product development plan to materially broaden Ikon's course portfolio was approved in late 2022 and implementation is now well underway. During the year, Ikon received accreditation for four new courses: Master of Counselling and Psychotherapy, Master of Education (Early Childhood), Master of Teaching (Early Childhood) and Bachelor of Community Services. The newly accredited Masters courses extend Ikon's course offering into the post-graduate market. The accreditations are for the maximum period of seven years, with no conditions. All new courses have been added to Ikon's CRICOS registration and are due to be launched in 1H25, targeting both domestic and international students.

Fortunately for Ikon, the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 (**ESOS Bill**) was not enacted, effective 1 January 2025 as was anticipated. However, the Government subsequently issued Ministerial Direction 111 (**MD111**), which effectively adopts the enrolment caps under the ESOS Bill to prioritise offshore visa processing. Under MD111, offshore visa applications up to 80% of a providers' indicative 2025 cap (200 for Ikon) are processed as high priority. Once this threshold has been reached, visa processing continues at a standard priority rate. Currently only a small proportion of Ikon's total visa applications are from offshore.

The medium to longer-term impact of MD111 and other regulatory changes remains uncertain at this time. As previously noted, the Board is actively developing strategies to mitigate potential impacts on the international student market, including a strengthened focus on domestic student enrolments.

Ikon's domestic student enrolments are not affected by the proposed caps or MD111 above.

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AUSTRALIAN LEARNING GROUP

## Overview

ALG is a Registered Training Organisation (**RTO**) (RTO code: 91165) and Commonwealth Register of Institutions and Courses for Overseas Students (**CRICOS**) (CRICOS code: 03071E) provider. It offers vocational education and training courses exclusively to international students, delivered from campuses in Sydney, Melbourne, Brisbane and more recently, Adelaide.

ALG's international students are recruited through the Group's diverse network of more than 280 education agents, located both onshore in Australia and offshore in source countries. ALG currently has students from more than 65 source countries.

ALG currently offers 12 vocational qualifications, all of which are in Healthcare, Education and Community Services related fields of study:

- Ageing Support (Certificate III and Certificate IV)
- Community Services (Certificate IV and Diploma)
- Counselling (Diploma)
- Early Childhood Education and Care (Certificate III and Diploma)
- Mental Health (Diploma)
- Fitness (Certificate III and Certificate IV)
- Yoga Teaching (Certificate IV and Diploma)

All courses are structured to facilitate rolling intakes, to allow students to commence any course (subject to satisfaction of entry requirements) in any term, with a simultaneous timetable offered in each state. ALG operates four 10-week academic terms per annum.

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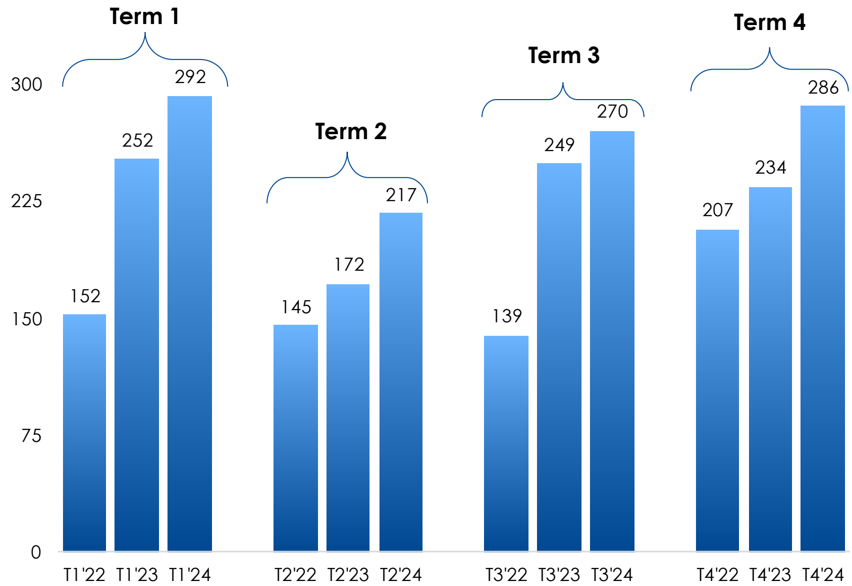
## Enrolments

ALG's international student enrolments for the year ended 31 December 2024, being the sum of enrolments in the four academic terms during the period, were 5,565, a 31% increase on the PCP. ALG ended the year with 1,608 enrolments in Term 4, 2024, up 40% on the PCP.

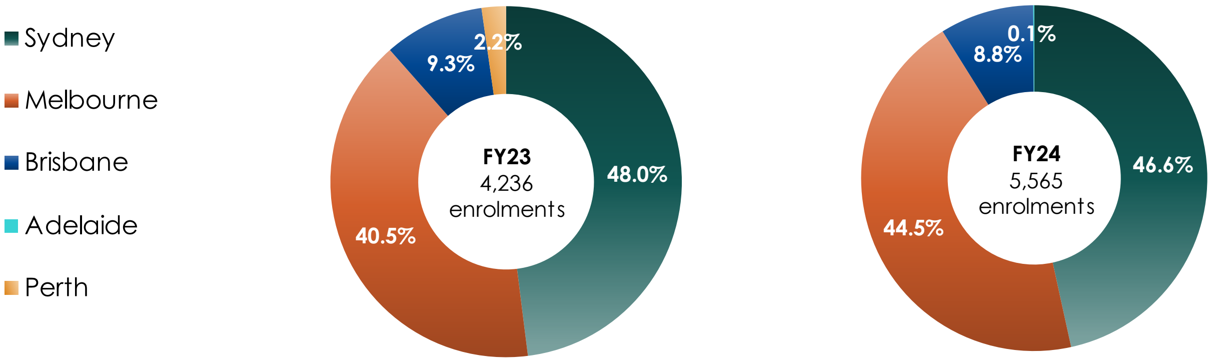
During the year, ALG recorded 1,065 NSEs, up 17% on the PCP.

## NSEs by term

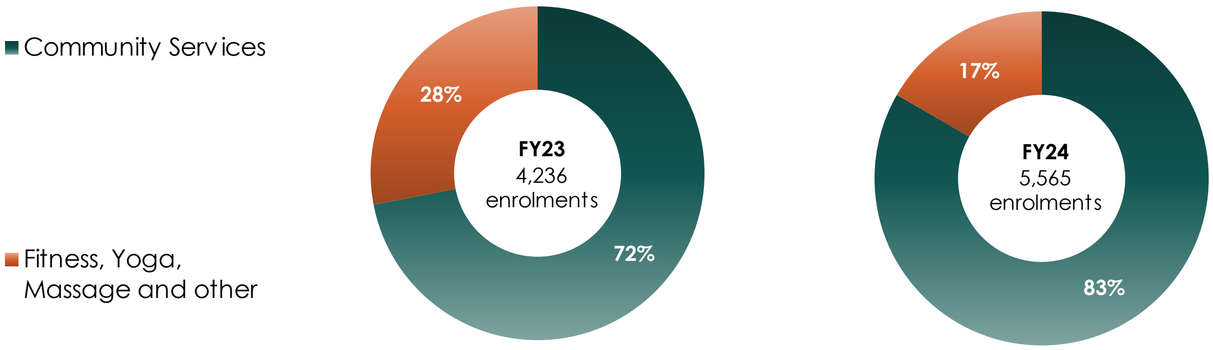
ALG's NSEs progressively increased since the re-opening of Australia's borders post Covid. However, in T1'25 NSEs declined in line with broader sector trends, likely as a result of MD111, amongst other measures.



## VET enrolments by campus location[1]




## VET enrolments by field of study[1,2]

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[1] Enrolments shown are the sum of enrolled students in each of ALG's academic terms during the year

[2] Community Services includes: Individual Support (Ageing); Community Services; Counselling; Early Childhood Education and Care; and Mental Health

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## ALG results for the year ended 31 December 2024

| | FY24 | FY23 | Variance | Variance |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | % |
| **Revenue** | | | | |
| International student revenue | 14,134 | 9,587 | 4,547 | 47% |
| Other revenue | 84 | 376 | (292) | (78%) |
| **Total revenue** | **14,218** | **9,963** | **4,255** | **43%** |
| **Cost of sales** | | | | |
| Commission | (3,407) | (2,200) | (1,207) | (55%) |
| Teaching | (3,872) | (3,269) | (603) | (18%) |
| Venue and other | (416) | (111) | (305) | (275%) |
| **Total cost of sales** | **(7,695)** | **(5,580)** | **(2,115)** | **(38%)** |
| **Gross profit** | **6,523** | **4,383** | **2,140** | **49%** |
| *Gross margin (%)** | *46%* | *44%* | n/a | *2%* |
| **Operating expenses** | **(5,206)** | **(4,427)** | **(779)** | **(18%)** |
| **Operating EBITDA** | **1,317** | **(44)** | **1,361** | **n/a** |
| *Operating EBITDA margin (%)** | *9%* | - | n/a | *9%* |
| **Depreciation & amortisation** | | | | |
| - Lease related | (1,100) | (1,360) | 260 | 19% |
| - Plant & equipment | (607) | (619) | 12 | 2% |
| - Intangible assets | (219) | (165) | (54) | (33%) |
| **Total depreciation & amortisation** | **(1,926)** | **(2,144)** | **218** | **10%** |
| **Earnings before interest, tax and one-off items** | **(609)** | **(2,188)** | **1,579** | **72%** |
| *EBIT margin (%)** | *(4%)* | *(22%)* | n/a | *18%* |
| Finance expense - lease related | (491) | (513) | 22 | 4% |
| Gain on lease modification | 296 | - | 296 | n/a |
| Loss from discontinued operations | - | (168) | 168 | 100% |
| Income tax benefit | 74 | 659 | (585) | (89%) |
| **Net loss after tax** | **(730)** | **(2,210)** | **1,480** | **67%** |
| *NPAT margin (%)** | *(5%)* | *(22%)* | n/a | *17%* |

* Movement in percentage points

## Financial performance

ALG generated revenue and other income of $14.2m, up 43% on the PCP of $10.0m, an EBITDA profit of $1.3m, a $1.4m improvement on the PCP loss of $44k and a net loss of $0.7m for the year ended 31 December 2024, a $1.5m improvement on the PCP net loss of $2.2m.

ALG's enrolments continued to grow during the year, landing at 1,608 in Term 4, 2024, up 40% on the PCP of 1,145. Total enrolments during the year were 5,565, up 31% on the PCP of 4,236. ALG recorded a 17% growth in NSEs in FY24 to 1,065, compared to 907 in the PCP. The growth in total enrolments as well as NSEs resulted in a 47% increase in international student revenue for the period against the PCP, from $9.6m to $14.1m. ALG converted the $4.3m additional revenue into a $2.1m improvement to gross profit and $1.4m improvement to EBITDA.

Fortunately for ALG, the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 (**ESOS Bill**) was not enacted, effective 1 January 2025 as was anticipated. However, the Government subsequently issued Ministerial Direction 111 (**MD111**), which effectively adopts the enrolment caps under the ESOS Bill to prioritise offshore visa processing. Under MD111, offshore visa applications up to 80% of a providers' indicative 2025 cap (447 for ALG) are processed as high priority. Once this threshold has been reached, visa processing continues at a standard priority rate. Currently only a small proportion of ALG's total visa applications are from offshore.

The medium to longer-term impact of MD111 and other regulatory changes remains uncertain at this time, noting visa grants in the vocational sector have declined significantly over the past year. The Board is actively developing strategies to mitigate potential impacts on the international student market.

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# Material business risks

EDU identifies and manages risks in accordance with the Group's Risk Management Framework (**Framework**). The Group has, through the application of the Framework, identified the following material business risks faced by the Group that could adversely affect the Group's financial performance and growth potential in future years.

| Business risk | Mitigating activities |
| --- | --- |
| Changes to government policies and settings in relation to immigration and student visas<br>The Australian Government is currently implementing a number of measures to reduce net migration, with a focus on the international student sector. These measures include (but are not limited to):<br>- **Ministerial Direction 111 (MD111)**, which introduces prioritisation of offshore visa processing utilising the indicative caps from the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024. Under MD111, **offshore student visa applications** up to 80% of a provider's cap are processed with high priority. Processing then continues at standard priority. Ikon's 2025 cap is 200 and ALG's is 447; however, the majority of visa applications for both providers are from onshore, thus reducing the impact of MD111;<br>- increased scrutiny of student visa applications, including the recent introduction of a new genuine student test which is resulting in a lower volume of grants and higher refusal rates;<br>- higher English language proficiency requirements;<br>- increased financial capacity requirements;<br>- increased non-refundable student visa application fees;<br>- reduced post-study stay and working rights; and<br>- inability for tourist and graduate (post-study) visa holders to apply for a student visa while onshore.<br>These measures are designed to reduce the number of international students in Australia and may impact the Company's growth and profitability.<br>Additional changes to Australia's immigration policy and strategy, including regulations and settings, may have further negative impacts on the Company. | - Measures to further diversify the Company's student target markets including increased focus on the domestic student market and broadening the Group's course portfolio<br>- Building financial resilience by maintaining adequate reserves and establishing contingency plans to manage unexpected disruptions<br>- Continued focus on genuine students in course areas where Australia has skills shortages |

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| Business risk | Mitigating activities |
| --- | --- |
| **Competition**<br>The Group operates in a highly competitive market, with a large number of public and private education providers competing for students. There is a risk of new or existing competitors entering the Group's target market with new or improved products and marketing tactics and/or paying higher commission rates and other incentives, including to education agents. The Group may not be able to match or exceed the above in a timely or cost-effective manner, making it difficult to attract new students and/or resulting in loss of customers and market share | - Regular review of key market trends and competitor activity, price points, promotions and other marketing activity and responding accordingly<br>- Analysis of structured, periodic surveys of students, agents, and staff to determine areas for service and product improvement<br>- Continued investment in the development, accreditation and delivery of new courses based on market demand and trends |
| **New course development**<br>Development and delivery of new courses pose inherent risks due to the highly competitive market, timeframes and material costs involved. Risk exists that new course offerings are not successful, resulting in financial losses, reputational damage and wasted resources | - Comprehensive market research undertaken to identify market demand, the competitive landscape and emerging trends ahead of commencing the development of new courses<br>- Course advisory committees established to ensure proposed new courses align with current industry (employer and professional association) requirements and demands<br>- Detailed and robust cost analysis, financial model and business cases are developed and approved prior to commencing new product development<br>- Dedicated, experienced course development team employed to manage new course development<br>- Investment in sales and marketing activities to increase probability of a successful course launch |
| **Data and IT security**<br>Disruption to technology platforms and systems used by the Group or a major data or information security breach could cause significant business interruption and reputational damage which may impact financial stability and growth | - Outsourced IT partner that delivers a strategy built around protection, detection and responding to threats<br>- Use of leading and trusted technologies with appropriate security settings<br>- Strong internal processes and culture of risk awareness to protect and control data access<br>- Business continuity plan in place |

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| Business risk | Mitigating activities |
|---|---|
| **Regulatory environment**<br>The Group operates in a highly regulated industry and continued registration with regulators remains a key material risk; the Tertiary Education Quality and Standards Agency (TEQSA) in relation to Ikon and the Australian Skills Quality Authority (ASQA) in relation to ALG | - Adherence to effective self-assurance and risk management frameworks<br>- Dedicated quality assurance team that regularly reports to internal governance committees, management and the Board<br>- Comprehensive continuous improvement cycle to address identified non-compliances and areas for improvement |
| **Strategic execution, revenue growth and profitability**<br>The successful execution of the Group's strategic plan is key for achieving desired revenue growth and profitability targets. A material deviation from the strategic plan may impact the Group's ability to grow its revenue and enhance its financial viability | - Clear communication and alignment of the strategic plan across the organisation<br>- Effective resource allocation to support the execution of the strategic plan<br>- Robust performance monitoring and measurement framework in place to track progress against strategic objectives<br>- Embracing an agile and adaptive approach to strategic execution to meet external market conditions and business dynamics<br>- Recent and ongoing investment in new organisation structure and talent development to ensure the Company retains employees equipped with appropriate skills and capabilities to execute the strategic plan |
| **Source country and agent concentration risk in** relation to international student recruitment<br>Source country and agent concentration risk arises when a significant proportion of student enrolments are derived from a specific source country or region or are heavily dependent on a specific agent or limited number of agents. Source country concentration makes the business susceptible to potential disruptions from the source market (i.e. regulatory and visa setting changes, economic shifts, or geopolitical events which could impact student demand and enrolments). Agent concentration risk arises where changes in agent relationships, commercial terms or changes in their capacity to recruit students can lead to material fluctuations in student enrolments and thereby revenue | - Actively cultivating relationships on and offshore with a diversified agent portfolio across various source markets to ensure that no single agent or group of agents holds a disproportionate influence over enrolment numbers<br>- Expanding student recruitment activities to recruit students from a wide range of geographic source markets to avoid over-dependence on any one market or region to manage volatility in enrolments, including recent investment in offshore sales staff<br>- Conducting periodic regulatory and performance assessments of agents and source markets and taking proactive steps to address emerging risks<br>- Maintaining open communication with agents and developing and adopting new strategies in response to evolving market conditions and changes in agent relationships |

## Corporate focus

EDU's long-term strategy is to develop and grow its existing businesses while concurrently pursuing strategic acquisitions.

## Net assets

The net assets of the group as at the reporting date was $12,431,525 (31 December 2023: $10,481,220).

## Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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# Restatement of comparatives

The Company has reclassified the restricted cash held by CBA as security in relation to the bank guarantees issued in the Consolidated Statement of Financial Position and reclassified the capitalised wages related to the development of courses in the Consolidated Statement of Cash Flows for the year ended 31 December 2023. These adjustments align the classification with the nature of the assets and expenditures and enhances the comparability of the financial statements. Refer to Note 31 for details.

# Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year ended 31 December 2024.

# Subsequent events

No matter or circumstance has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

# Likely developments and expected results of operations

Based on total enrolments at year-end, the Board expects the Company to record higher revenue and improved operating results in FY25.

Recent regulatory changes intended to manage growth and improve the integrity of the international education sector are likely to impact the Company however the timing and extent of those impacts is uncertain. A reduced flow of new international students into Australia and a reduction in the number of international students in Australia, may result in reduced international student enrolments and revenue for the Company.

As previously disclosed, the Company is developing plans to strengthen its domestic student enrolments and revenue and to effectively manage any anticipated operational and financial implications of a reduction in international students.

# Indemnification of officers and auditor

During the financial year ended 31 December 2024, the Company paid a premium in respect of an insurance contract insuring the Directors of the Company, the Joint Company Secretaries, and all executive officers of the Company and of any related body corporate against liability incurred in the fulfilment of such positions, to the extent permitted by the *Corporations Act 2001 (Cth)*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has entered into agreements with the Directors to provide access to company records and to indemnify them in certain circumstances. The indemnity relates to liability as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law, and for legal costs incurred in successfully defending civil or criminal proceedings. No liability has arisen under these indemnities as at the date of this report.

The Company has not, during or since the end of the Financial Year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

# Unissued shares under option

Details of unissued ordinary shares of EDU under option (performance rights)as at the date of this report are:

| Date rights granted | Number of shares under option | Class of shares | Exercise price of rights | Expiry date of rights |
|---|---|---|---|---|
| | | | | |
| 23 May 2023 | 1,866,197 | Ordinary | $nil | 30 Jun 2026[1] |
| 16 May 2024 | 4,335,060 | Ordinary | $nil | 26 Aug 2027[2] |
| | **6,201,257** | | | |

[1] Performance rights, 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares as at 31 May 2026 exceeds $0.22, 1/3rd exercisable if the 20-day VWAP exceeds $0.24 and 1/3rd exercisable if the 20-day VWAP exceeds $0.27.

[2] Performance rights, 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares as at 26 July 2027 exceeds $0.15, 1/3rd exercisable if the 20-day VWAP exceeds $0.16 and 1/3rd exercisable if the 20-day VWAP exceeds $0.17.

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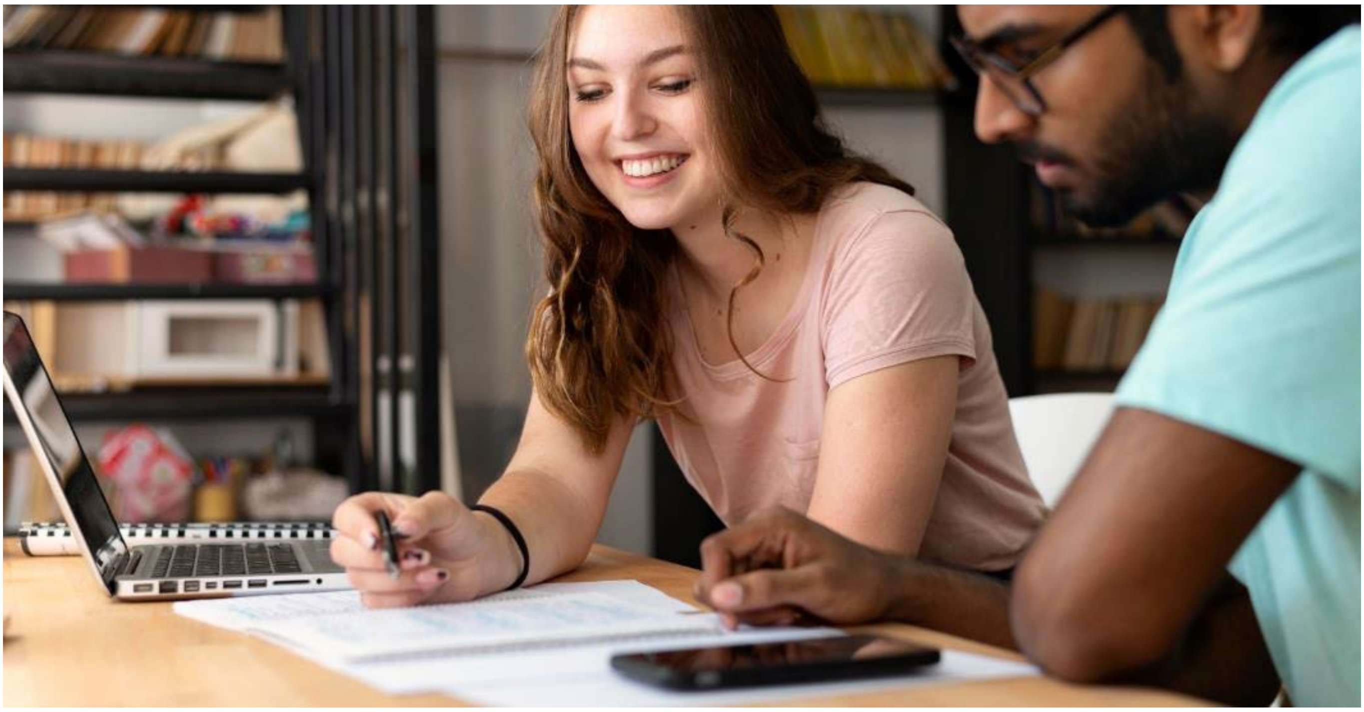
Performance rights holders do not have any right, by virtue of the performance right, to participate in any share issue of the Company.



# Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001 (Cth)* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

# Auditor

The auditor of the Group for the period ended 31 December 2024 was RSM Australia Partners (**RSM**). Details of the amounts paid to the auditors of the Group for audit services and non-audit services provided during the year are set out in Note 10 to the Annual Report.

The Directors are satisfied that the provision of non-audit services, during the financial year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*.

The Directors are of the opinion that the non-audit services do not compromise the external auditor's independence requirements of the *Corporations Act 2001 (Cth)* 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 and Ethical Standards Board, including reviewing, or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

There are no officers of the Company who are former partners of RSM.

The Auditor's Independence Declaration is included on page 116 of the Annual Report.

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## Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the Financial Year and the number of meetings attended by each Director (while they were in office):

| Name of Director | Board | | Audit & Finance Committee | | Risk & Compliance Committee | | Remuneration & Nomination Committee | |
|---|---|---|---|---|---|---|---|---|
| | Eligible to attend[1] | Attended | Eligible to attend[1] | Attended | Eligible to attend[1] | Attended | Eligible to attend[1] | Attended |
| **Gary Burg** | 7 | 7 | 2 | 2 | - | - | 2 | 2 |
| **Adam Davis** | 7 | 7 | - | - | - | - | - | - |
| **Peter Mobbs** | 7 | 7 | - | - | 2 | 2 | - | - |
| **Jonathan Pager** | 7 | 7 | 2 | 2 | 2 | 2 | - | - |
| **Greg Shaw** | 7 | 7 | - | - | - | - | 2 | 2 |
| **Joshua Bolot[2]** | 7 | 6 | - | - | - | - | 2 | 2 |

[1] Number of meetings held while the Director was a member of the Board/Committee

[2] Joshua Bolot is Alternate Director for Greg Shaw. As Mr Shaw attended all meetings that he was eligible to do so, Mr Bolot attended as invitee only.

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# Remuneration Report (Audited)

The Directors present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001 (Cth)* and the Corporations Regulations 2001.

The Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration;
2. Details of remuneration;
3. Service agreements;
4. Share-based compensation; and
5. Shareholding and performance right holding of Directors and other Key Management Personnel.

The information provided under headings 1 to 5 below in the Remuneration Report has been audited, as required by Section 308(3C) of the *Corporations Act 2001 (Cth)*.

## 1. Principles used to determine the nature and amount of remuneration (audited)

The Board has established a Remuneration and Nomination Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and Key Management Personnel.

The Company's constitution specifies that subject to the initial fixed annual aggregate sum of $500,000, the aggregate remuneration of non-executive Directors shall not exceed the sum approved by shareholders of the Company at a general meeting.

Fees and payments to Directors and Key Management Personnel:

- are to reflect the demands which are made on, and the responsibilities of, the Directors and Key Management Personnel; and
- are reviewed annually by the Remuneration and Nomination Committee to ensure that Directors' fees and payments to Key Management Personnel are appropriate and in line with market.

### Retirement allowances and benefits for Directors

There are no retirement allowances or other benefits paid to Directors.

### Directors' fees

The amount of remuneration of the Directors and Key Management Personnel of the Company (as defined in AASB 124 Related Party Disclosures) is set out in the following table. There was no remuneration of any type paid to the Directors or Key Management Personnel other than as reported below.

## 2. Details of remuneration (audited)

This table has been prepared in accordance with relevant accounting standards.

| Directors and other Key Management Personnel | | Short-term employee benefits | | | Post-employment benefits | Long-term benefits | | Share-based payments[1] | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Employee | | Cash salary and fees | Cash bonus | Non-monetary benefits | Superannuation | Long service leave | Termination benefits | Performance Rights | Total | Performance based % of remuneration |
| **Executive Director and Key Management Personnel** | | | | | | | | | | |
| **Adam Davis** (CEO and Managing Director) | 31 Dec 2024 | 337,080 | 337,080 | - | - | - | - | 112,764 | 786,924 | 57% |
| | 31 Dec 2023 | 318,000 | 63,600 | - | - | - | - | 122,151 | 503,751 | 37% |
| **Lyndon Catzel** (CFO and Company Secretary) | 31 Dec 2024 | 252,496 | 280,900 | | 28,404 | - | - | 93,970 | 655,770 | 57% |
| | 31 Dec 2023 | 239,279 | 47,748 | - | 30,973 | - | - | 96,964 | 414,964 | 35% |
| **Gary Burg** (Chair) | 31 Dec 2024 | 56,906 | - | - | 3,094 | - | - | - | 60,000 | - |
| | 31 Dec 2023 | 60,000 | - | - | - | - | - | - | 60,000 | - |
| **Peter Mobbs** (Non-executive director) | 31 Dec 2024 | 71,910 | - | - | 8,090 | - | - | - | 80,000 | - |
| | 31 Dec 2023 | 72,235 | - | - | 7,765 | - | - | - | 80,000 | - |
| **Jonathan Pager** (Non-executive director) | 31 Dec 2024 | 50,000 | - | - | - | - | - | - | 50,000 | - |
| | 31 Dec 2023 | 50,000 | - | - | - | - | - | - | 50,000 | - |
| **Greg Shaw** (Non-executive director) | 31 Dec 2024 | 50,000 | - | - | - | - | - | - | 50,000 | - |
| | 31 Dec 2023 | 50,000 | - | - | - | - | - | - | 50,000 | - |
| **Total** | 31 Dec 2024 | **818,392** | **617,980** | **-** | **39,588** | **-** | **-** | **206,734** | **1,682,694** | **49%** |
| **Total** | 31 Dec 2023 | **789,514** | **111,348** | **-** | **38,738** | **-** | **-** | **219,115** | **1,158,715** | **29%** |

[1] During the financial year ended 31 December 2024, $231,671 of unvested and expired performance rights issued in prior years were reversed against accumulated losses (2023: $475,453). Refer Note 23 for details.

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## 3. Service agreements (audited)

The Directors serve until they resign, are removed, cease to be a Director or are prohibited from being a Director under the provisions of the *Corporations Act 2001 (Cth)*, or are not re-elected to office.

The Directors and Key Management Personnel have entered into service agreements on the following terms:

**Non-Executives**

- **Mr Gary Burg**, Non-Executive Chair - base salary (including Director's fees) of $60,000 per annum including superannuation.
- **Mr Jonathan Pager**, Non-Executive Director - base fee (including Director's fees) of $50,000 per annum excluding GST.
- **Mr Greg Shaw**, Non-Executive Director - base fee (including Director's fees) of $50,000 per annum excluding GST.
- **Mr Peter Mobbs**, Non-Executive Director - base salary (including Director's fees) of $80,000 per annum (including superannuation), including in respect of his additional role as Chair of the Ikon Board of Directors.
- **Mr Joshua Bolot**, Alternate Non-Executive Director (to Mr Shaw) – as an alternate director to Mr Shaw, no fees are payable to Mr Bolot.

If the Company terminates the agreement with cause (such as gross misconduct, conviction of a major criminal offence or misuse of price sensitive information), the Director will be summarily dismissed with no notice. If the Company terminates the agreement without reason (notwithstanding any other provision of the agreement), the Company will provide the Director with three months' written notice or make a payment equivalent to three months of their respective salary or fee in lieu of the notice period.

Directors, other than the Chief Executive Officer, may terminate their respective agreements at their sole discretion and at any time, and in doing so are entitled to payment of a fee equivalent to three months of their respective base salary or fee.

**Executives and Key Management Personnel**

- **Mr Adam Davis**, Chief Executive Officer and Managing Director:

  **Base fee and Short-term Incentive (STI)**: Effective 1 January 2025, Mr Davis's base fee is $360,676 per annum excluding GST (2024: $337,080). He is also entitled to an on-target STI of 50% of the base fee, subject to achievement of financial (weighted 50%) and strategic and operational (weighted 50%) performance objectives, as determined by the Board.

  **Retention bonus**: Recognising his extended period of service, Mr Davis is entitled to a one-time retention bonus of $135,943, contingent on his continued engagement with the Company through 31 December 2025.

  **2024 STI outcome**: For the year ended 31 December 2024, Mr Davis was entitled to an on-target STI of 45% of his base fee, weighted 50% towards financial objectives and 50% towards strategic and operational objectives. Due to the significant outperformance of on-target financial objectives, an STI award of $337,080 was achieved and awarded, representing 100% of Mr Davis's 2024 base fee. The Board considers this outcome appropriate, reflecting the Company's strong performance in 2024.

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## 3. Service agreements (audited) (continued)

- **Mr Lyndon Catzel**, Chief Financial Officer and Company Secretary:

  **Base salary and STI**: Effective 1 January 2025, Mr Catzel's base salary is $300,563 including superannuation (2024: $280,900). He is also entitled to an on-target STI of 50% of his base salary, subject to achievement of financial (weighted 50%) and strategic and operational (weighted 50%) performance objectives, as determined by the Board.

  **Retention bonus**: Recognising his extended period of service, Mr Catzel is entitled to a one-time retention bonus of $113,286, contingent on his continued employment with the Company through 31 December 2025.

  **2024 STI outcome**: For the year ended 31 December 2024, Mr Catzel was entitled to an on-target STI of 45% of his base fee, weighted 50% towards financial objectives and 50% towards strategic and operational objectives. Due to the significant outperformance of on-target financial objectives, an STI award of $280,900 was achieved and awarded, representing 100% of Mr Catzel's 2024 base salary. The Board considers this outcome appropriate, reflecting the Company's strong performance in 2024.

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## 4. Share-based compensation (audited)

The Company has granted performance rights over ordinary shares in the Company to its Chief Executive Officer and Managing Director, Adam Davis and Chief Financial Officer and Company Secretary, Lyndon Catzel, in accordance with the Company's Employee Incentive Plan.

The total of share-based payments for the year was $206,734 (FY23: $219,117). There were no other share-based payments made to the Directors or Key Management Personnel for the year ended 31 December 2024.

During the year $231,671 of unvested and expired performance rights that were issued in prior years were reversed against accumulated losses (2023: $475,453). Refer Note 23 for details.

### Performance rights

| Executive | Number of rights granted | Grant date | Value per right at grant date ($) | Value of right at grant date ($) | Number Vested | Exercise price ($) | Vesting and first exercise date | Last exercise date |
|---|---|---|---|---|---|---|---|---|
| **Adam Davis** (CEO and Managing Director) | 339,309 | 23 May 2023 | 0.1501 | 50,934 | - | $nil | 31 May 2026 | 30 Jun 2026 |
| | 339,309 | 23 May 2023 | 0.1463 | 49,630 | - | $nil | 31 May 2026 | 30 Jun 2026 |
| | 339,308 | 23 May 2023 | 0.1384 | 46,976 | - | $nil | 31 May 2026 | 30 Jun 2026 |
| | 524,556 | 16 May 2024 | 0.0900 | 47,210 | - | $nil | 26 July 2027 | 26 Aug 2027 |
| | 524,556 | 16 May 2024 | 0.0873 | 45,794 | - | $nil | 26 July 2027 | 26 Aug 2027 |
| | 524,557 | 16 May 2024 | 0.0846 | 44,378 | - | $nil | 26 July 2027 | 26 Aug 2027 |
| **Lyndon Catzel** (CFO and Company Secretary) | 282,757 | 23 May 2023 | 0.1501 | 42,445 | - | $nil | 31 May 2026 | 30 Jun 2026 |
| | 282,757 | 23 May 2023 | 0.1463 | 41,359 | - | $nil | 31 May 2026 | 30 Jun 2026 |
| | 282,757 | 23 May 2023 | 0.1384 | 39,147 | - | $nil | 31 May 2026 | 30 Jun 2026 |
| | 437,130 | 16 May 2024 | 0.0900 | 39,342 | - | $nil | 26 July 2027 | 26 Aug 2027 |
| | 437,130 | 16 May 2024 | 0.0873 | 38,161 | - | $nil | 26 July 2027 | 26 Aug 2027 |
| | 437,131 | 16 May 2024 | 0.0846 | 36,981 | - | $nil | 26 July 2027 | 26 Aug 2027 |

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The performance rights were provided at no cost to the recipients and have the following principal terms:

- Vesting condition: three (3) years of continuous employment or office with the Company from the date of issue;
- Exercise condition:
  - for the performance rights granted on 16 May 2024 and issued on 26 July 2024:
    - 1/3rd exercisable if the 20-day volume weighted average price (**VWAP**) of EDU ordinary shares at 26 July 2027 (being 3 years from the date of issue) exceeds $0.15
    - 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares at 26 July 2027 (being 3 years from the date of issue) exceeds $0.16
    - 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares at 26 July 2027 (being 3 years from the date of issue) exceeds $0.17
  - for the performance rights issued on 23 May 2023:
    - 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares at 31 May 2026 (being 3 years from the date of issue) exceeds $0.22
    - 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares at 31 May 2026 (being 3 years from the date of issue) exceeds $0.24
    - 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares at 31 May 2026 (being 3 years from the date of issue) exceeds $0.27
- Expiry: 1 month after the vesting date.

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## 5. Shareholding and performance right holding of Directors and other Key Management Personnel (audited)

### a. Performance rights

The number of performance rights held during the financial year by Directors and other Key Management Personnel, including their personal related parties, are set out below:

| Year ended 31 December 2024 | Balance at start of the year | Granted as remuneration[1] | Other changes during the year | Expired[2] | Vested and exercisable at the end of the year | Unvested and not exercisable at the end of the year |
|---|---|---|---|---|---|---|
| **Gary Burg** | - | - | - | - | - | - |
| **Adam Davis** | 2,217,926 | 1,573,669 | - | (1,200,000) | - | 2,591,595 |
| **Peter Mobbs** | - | - | - | - | - | - |
| **Jonathan Pager** | - | - | - | - | - | - |
| **Greg Shaw** | - | - | - | - | - | - |
| **Joshua Bolot** | - | - | - | - | - | - |
| **Lyndon Catzel** | 1,848,271 | 1,311,391 | - | (1,000,000) | - | 2,159,662 |
| | **4,066,197** | **2,885,060** | **-** | **(2,200,000)** | **-** | **4,751,257** |

| Year ended 31 December 2023 | Balance at start of the year | Granted as remuneration | Other changes during the year | Expired | Vested and exercisable at the end of the year | Unvested and not exercisable at the end of the year |
|---|---|---|---|---|---|---|
| **Gary Burg** | - | - | - | - | - | - |
| **Adam Davis** | 3,300,000 | 1,017,926 | - | (2,100,000) | - | 2,217,926 |
| **Peter Mobbs** | - | - | - | - | - | - |
| **Jonathan Pager** | - | - | - | - | - | - |
| **Greg Shaw** | - | - | - | - | - | - |
| **Joshua Bolot** | - | - | - | - | - | - |
| **Lyndon Catzel** | 2,500,000 | 848,271 | - | (1,500,000) | - | 1,848,271 |
| | **5,800,000** | **1,866,197** | **-** | **(3,600,000)** | **-** | **4,066,197** |

[1] Performance rights issued under the Company's Employee Incentive Plan: 2,885,060 performance rights were granted on 16 May 2024, issued on 26 July 2024, vesting on 26 July 2027, exercisable at $nil and expiring on 26 Aug 2027. 1/3rd of the performance rights can be exercised if the 20-day VWAP of EDU ordinary shares at 26 July 2027 exceeds $0.15, 1/3rd exercisable if the 20-day VWAP exceeds $0.16, and the remaining 1/3rd exercisable if the 20-day VWAP exceeds $0.17.

[2] 2,200,000 Performance Rights expired on 11 December 2024 as the performance conditions were not met (the 20-day VWAP of EDU ordinary shares at 11 November 2024 did not exceed $0.20, $0.24 and $0.27, each the target for 1/3rd of the Performance Rights respectively).

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

No performance right holder has any right under the performance rights to participate in any other share issue of the Company.

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## b. Shareholding

The number of ordinary shares in the Company held during the financial year by Directors and other Key Management Personnel, including their personal related parties, are set out below:

| 31 December 2024 | Balance at start of the year | Shares acquired | Shares disposed | Balance at end of the year |
|---|---|---|---|---|
| **Gary Burg[1]** | 36,847,252 | - | (8,026,779)[2] | 28,820,473 |
| **Adam Davis** | 10,000,000 | - | - | 10,000,000 |
| **Peter Mobbs** | 4,476,151 | 50,520 | - | 4,526,671 |
| **Jonathan Pager** | 1,971,990 | 1,165,486 | - | 3,137,476 |
| **Greg Shaw[1]** | 23,076,923 | - | - | 23,076,923 |
| **Joshua Bolot[1]** | 23,096,923 | - | - | 23,096,923 |
| **Lyndon Catzel** | 926,923 | - | - | 926,923 |
| | **77,319,239[3]** | **1,216,006[3]** | **(8,026,779)[3]** | **70,508,466[3]** |

| 31 December 2023 | Balance at start of the year | Shares acquired | Shares disposed | Balance at end of the year |
|---|---|---|---|---|
| **Gary Burg[1]** | 36,847,252 | - | - | 36,847,252 |
| **Adam Davis** | 10,000,000 | - | - | 10,000,000 |
| **Peter Mobbs** | 4,476,151 | - | - | 4,476,151 |
| **Jonathan Pager** | 1,971,990 | - | - | 1,971,990 |
| **Greg Shaw[1]** | 23,076,923 | - | - | 23,076,923 |
| **Joshua Bolot[1]** | 23,096,923 | - | - | 23,096,923 |
| **Lyndon Catzel** | 926,923 | - | - | 926,923 |
| | **77,319,239[3]** | **-** | **-** | **77,319,239[3]** |

1 Some of the Shares shown are not held beneficially, however are recorded in the table in full as the Director / Alternate Director is able to assert a significant amount of influence over these Shares.

2 On 24 September 2024, the Company entered into selective buy-back agreements with two institutional shareholders; Viburnum Funds Pty Ltd and Global UCW Pty Limited, for a total of 14,661,035 shares at $0.06 per share. These buy-backs were approved by shareholders at an extraordinary shareholder meeting on 5 November 2024 and were subsequently completed on 6 November 2024. Global UCW Pty Limited (which held 8,026,779 shares) is an entity associated with EDU chair, Mr Gary Burg, noting he had no beneficial interest in the holding. Mr Burg remains a substantial shareholder in the Company and has no intention of reducing his beneficial interests.

3 Excludes Shares held by Mr Bolot as Alternate Director for Mr Shaw.

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

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## Other Key Management Personnel transactions

There have been no transactions with Key Management Personnel other than those described in the tables above.

## Use of remuneration consultants

No remuneration consultants were used to provide remuneration recommendations during the year.

This report is provided in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001 (Cth)*.

On behalf of the Directors

**Gary Burg**
Non-Executive Chair
26 February 2025

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# Statement of Corporate Governance

The Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and recommendations. EDU's Corporate Governance Statement is available on the Company's website at www.eduholdings.com.au and a copy has been lodged with ASX.

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# Financial Statements

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|---|
| **Revenue from continuing operations** | | | |
| Revenue from contracts with customers | 4 | 42,180 | 21,175 |
| Other revenue | 4 | - | 38 |
| **Total revenue** | | **42,180** | **21,213** |
| Cost of sales | | (17,949) | (10,177) |
| **Gross profit** | | **24,231** | **11,036** |
| **Other income** | | | |
| Gain from disposal of assets | | - | 180 |
| Gain on lease modification | | 296 | - |
| Other income | 4 | 84 | 346 |
| Interest income | | 200 | 132 |
| **Total other income** | | **580** | **658** |
| **Expenses** | | | |
| Employee benefits expense | | (10,014) | (7,495) |
| Advertising, marketing and promotion expenses | | (2,674) | (1,024) |
| Depreciation of right-of-use assets | 17a | (2,150) | (2,404) |
| Depreciation and amortisation expense | 15 – 16 | (1,343) | (1,146) |
| Administration, support and other expenses | | (1,055) | (610) |
| Interest on lease liabilities | 17b | (878) | (988) |
| Communication and IT expenses | | (820) | (566) |
| Professional fees | | (797) | (283) |
| Licence fees | | (484) | (369) |
| Cleaning, utility and occupancy expenses | | (384) | (295) |
| Finance costs | | (225) | (254) |
| Credit losses | | (124) | (99) |
| Insurance expenses | | (106) | (97) |
| Due diligence and transaction fees | | (72) | 68 |
| **Total expenses** | | **(21,126)** | **(15,562)** |
| **Profit / (loss) before income tax expense from continuing operations** | | **3,685** | **(3,868)** |
| Income tax (expense) / benefit | 2 | (1,086) | 1,051 |
| **Profit / (loss) from continuing operations** | | **2,599** | **(2,817)** |
| Loss from discontinued operations (net of tax) | 7 | - | (168) |
| **Profit / (loss) for the period** | | **2,599** | **(2,985)** |
| Other comprehensive income for the year | | - | - |
| **Total comprehensive profit / (loss) for the year (net of tax)** | | **2,599** | **(2,985)** |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | 2024 | 2023 |
|---|---|---|---|
| **Profit / (loss) per share attributable to equity holders of the parent entity** | | | |
| **Basic profit / (loss) per share (cents)** | | | |
| Continuing operations | 12 | 1.59 | (1.71) |
| Discontinued operations | 12 | - | (0.10) |
| **Diluted profit / (loss) per share (cents)** | | | |
| Continuing operations | 12 | 1.59 | (1.71) |
| Discontinued operations | 12 | - | (0.10) |

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# Consolidated Statement of Financial Position

## AT 31 DECEMBER 2024

| | Notes | 2024 $'000 | 2023 Restated[1] $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents[1] | 26 | 6,494 | 2,792 |
| Trade and other receivables | 13 | 636 | 304 |
| Other assets | 14 | 640 | 489 |
| **Total current assets** | | **7,770** | **3,585** |
| **Non-current assets** | | | |
| Other assets[1] | 14 | 924 | 344 |
| Plant and equipment | 15 | 2,636 | 2,153 |
| Intangible assets | 16 | 2,914 | 2,558 |
| Right-of-use asset | 17 | 6,788 | 9,702 |
| Deferred tax asset | 3 | 2,239 | 3,041 |
| Goodwill on consolidation | 9 | 11,918 | 11,918 |
| **Total non-current assets** | | **27,419** | **29,716** |
| **Total assets** | | **35,189** | **33,301** |
| **Current liabilities** | | | |
| Trade and other payables | 19 | 6,198 | 3,613 |
| Contract liabilities | 20 | 2,526 | 1,682 |
| Borrowings | 30 | 500 | 1,000 |
| Employee benefits | 21 | 356 | 475 |
| Deferred lease liability | 17 | 2,902 | 2,715 |
| Provisions for onerous contracts | 8 | - | 30 |
| Provisions | 18 | - | 79 |
| Income tax liabilities | 2a | 284 | - |
| **Total current liabilities** | | **12,766** | **9,594** |
| **Non-current liabilities** | | | |
| Trade and other payables | 19 | 1,274 | 1,611 |
| Borrowings | 30 | 1,000 | 1,000 |
| Employee benefits | 21 | 295 | 201 |
| Contract liabilities | 20 | 959 | 308 |
| Deferred lease liability | 17 | 6,060 | 9,606 |
| Provisions | 18 | 404 | 500 |
| **Total non-current liabilities** | | **9,992** | **13,226** |
| **Total liabilities** | | **22,758** | **22,820** |
| **Net assets** | | **12,431** | **10,481** |
| **Equity** | | | |
| Issued capital | 22 | 30,246 | 31,126 |
| Reserves | 23 | 213 | 214 |
| Accumulated losses | 24 | (18,028) | (20,859) |
| **Total equity** | | **12,431** | **10,481** |

[1] Refer to Note 31 for details of the restated prior year figures

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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# Consolidated Statement of Changes in Equity

## FOR THE YEAR ENDED 31 DECEMBER 2024

| | Issued Capital | Share Based Payments Reserve | Accumulated Losses | Total Equity |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 Jan 2024** | **31,126** | **214** | **(20,859)** | **10,481** |
| Net profit for the year | - | - | 2,599 | 2,599 |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive profit for the year** | **-** | **-** | **2,599** | **2,599** |
| **Transactions with owners in their capacity as owners** | | | | |
| Shares issued at net cost | - | - | - | - |
| Share buy-backs[1] | (880) | - | - | (880) |
| Performance rights issued at fair value | - | 231 | - | 231 |
| Performance rights expired | - | (232) | 232 | - |
| **Total transactions with owners in their capacity as owners** | **(880)** | **(1)** | **232** | **(649)** |
| **Balance at 31 December 2024** | **30,246** | **213** | **(18,028)** | **12,431** |

[1] On 24 September 2024, the Company announced its intention to undertake a selective share buy-back of 14,661,035 shares and a general on-market buy-back of up to 10% of the issued capital, being 16,521,444 ordinary shares. These buy-backs were approved by shareholders at the extraordinary general meeting held on 5 November 2024. During the financial year ended 31 December 2024, the Company completed the selective buy-backs and bought back a total of 14,661,035 ordinary shares, paying $880k at an average price of $0.06 per share. The shares bought back were subsequently cancelled. As at the date of this report, the Company has not bought back any shares under the general on-market buy-back.

| | Issued Capital | Share Based Payments Reserve | Accumulated Losses | Total Equity |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 Jan 2023** | **31,135** | **470** | **(18,349)** | **13,256** |
| Net profit for the year | - | - | (2,985) | (2,985) |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive profit for the year** | **-** | **-** | **(2,985)** | **(2,985)** |
| **Transactions with owners in their capacity as owners** | | | | |
| Shares issued at net cost | (9) | - | - | (9) |
| Performance rights at fair value | - | 219 | - | 219 |
| Performance rights expired | - | (475) | 475 | - |
| **Total transactions with owners in their capacity as owners** | **(9)** | **(256)** | **475** | **210** |
| **Balance at 31 December 2023** | **31,126** | **214** | **(20,859)** | **10,481** |

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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# Consolidated Statement of Cash Flows

## FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | 2024<br>$'000 | 2023 Restated[1]<br>$'000 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Receipts from customers and other income | | 43,106 | 21,716 |
| Interest received | | 200 | 132 |
| Income taxes received | | - | 936 |
| Payments to suppliers and employees[1] | | (32,021) | (20,536) |
| **Net cash provided by continuing operating activities** | | **11,285** | **2,248** |
| **Net cash used in discontinued operating activities** | 7 | **(34)** | **(244)** |
| **Net cash provided by operating activities** | 26b | **11,251** | **2,004** |
| **Cash flow from investing activities** | | | |
| Net receipts from disposal of assets | | - | 180 |
| Transaction costs in relation to the proposed acquisition | | (29) | (161) |
| Payments for plant and equipment | | (1,193) | (78) |
| Payments for intangibles[1] | | (991) | (1,309) |
| **Net cash used in continuing investing activities** | | **(2,213)** | **(1,368)** |
| **Net cash used in discontinued investing activities** | 7 | **-** | **-** |
| **Net cash used in investing activities** | | **(2,213)** | **(1,368)** |
| **Cash flow from financing activities** | | | |
| Proceeds from share issues | | - | 10 |
| Capital raising costs | | - | (12) |
| Share buy-backs | | (880) | - |
| Restricted cash - bank guarantees[1] | | (594) | 8 |
| Borrowing costs | | (214) | (231) |
| Repayment of borrowings | 30 | (500) | (250) |
| Repayment of lease liabilities | 17b | (3,148) | (3,060) |
| **Net cash used in continuing financing activities** | | **(5,336)** | **(3,535)** |
| **Net cash used in discontinued financing activities** | 7 | **-** | **(47)** |
| **Net cash used in financing activities** | | **(5,336)** | **(3,582)** |
| Net increase / (decrease) in cash and cash equivalents[1] | | 3,702 | (2,946) |
| Cash and cash equivalents at beginning of year[1] | | 2,792 | 5,738 |
| **Cash and cash equivalents at end of year[1]** | 26a | **6,494** | **2,792** |

[1] Refer to Note 31 for the details of the restated prior year figures

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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# Notes to the Consolidated Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2024

## 1. Statement of significant accounting policies

This Annual Report covers EDU Holdings Limited (**EDU** or **the Company**)and its controlled entities (**Group**). EDU is an ASX-listed public company, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 3, Building 5B, 1-59 Quay Street, Haymarket NSW 2000. For the purposes of preparing this Annual Report, EDU is a for-profit company.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report, which is not part of the financial statements.

The financial statements are presented in Australian dollars, the Group's functional and presentational currency.

The following Accounting Standards and Interpretations are those most relevant to the consolidated entity. Following is a summary of the material accounting policies adopted by the Group in the preparation and presentation of the Annual Report. The accounting policies have been consistently applied, unless otherwise stated.

### a. New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### b. Statement of compliance

The Annual Report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001 (Cth)*, Accounting Standards and Interpretations, and complies with other requirements of the law where possible.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (**IFRS**).

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 February 2025. The Directors have the power to amend and reissue the financial statements.

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## c. Basis of preparation

The Annual Report has been prepared on a historical cost and accruals basis, except where stated otherwise.

### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

### Going concern

The Directors have prepared the Annual Report on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

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## d. Principles of consolidation

### Subsidiaries

The Annual Report incorporates the assets, liabilities and results of entities controlled by EDU as at the end of the reporting period.

A controlled entity is any entity over which EDU has the power to govern the financial and operating policies so as to obtain benefits from its activities.

All intercompany balances and transactions (if any) between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been aligned to ensure consistency with those policies adopted by the parent entity.

Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date that control ceased.

Investments in subsidiaries are accounted for at cost, less any impairment.

### Parent entity information

In accordance with the *Corporations Act 2001 (Cth)*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 32.

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## e. Income tax

The income tax (expense) / benefit for the year comprises of the current tax (expense) / benefit and deferred tax expense. The charge for the current income tax (expense) / benefit is based on the profit / (loss) for the year, adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date. Current tax liabilities are measured at the amounts expected to be paid to the relevant tax authority. Deferred income tax expense reflects movements in deferred tax asset (**DTA**) and deferred tax liability (**DTL**) balances during the year, in addition to unused tax losses.

Deferred tax is accounted for using the balance liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income, except where it relates to items that may be credited directly to equity, in which case the deferred tax asset is adjusted directly against equity.

Deferred income tax assets are recognised only to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### Tax consolidation

The Company and its wholly-owned subsidiaries comprise an income tax consolidated group under tax consolidation legislation. Each entity within the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities / (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

# Notes to the Consolidated Financial Statements

**FOR THE YEAR ENDED 31 DECEMBER 2024**

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## f. Government grants

Government grants, including non-monetary grants at fair value, are only recognised where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. If the Government grant cannot be determined with reasonable certainty, then the grant is only recognised on receipt.

## g. Plant and equipment

Plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives using the straight–line method, on the following basis:

| Class of fixed assets | Depreciation rate (useful life) |
|---|---|
| Office / classroom equipment | 3 to 20 years |
| Leasehold improvements | 3 to 10 years |
| Library resources | 3 to 10 years |

Leasehold improvements are depreciated over the unexpired period of the lease (including any option period, to the extent that it is reasonably certain that the option will be exercised) or their estimated useful life, whichever is shorter.

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

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

## h. Right-of use assets and lease liabilities

The right-of-use assets (**ROUA**) relating to the operating lease and the lease liability is measured as the present value of the remaining unavoidable future lease payments and discounted using the Group's incremental borrowing rate at the date of initial application. In applying the modified retrospective approach, there is no requirement to restate either retained earnings or prior period comparatives.

The expensing of lease payments evenly over the lease period has been replaced with a depreciation charge against the leased ROUA and an interest expense against the recognised lease liability. In accordance with AASB 16, lease payments are no longer recognised as operating cash flows, but as financing cash flows in the Statement of Cash Flows.

The ROUA and corresponding lease liabilities have been recorded upon adoption of AASB 16. AASB 16 eliminates the distinction between operating and finance leases and brings all leases (other than short term and low value leases) onto the balance sheet. The Group recognises a ROUA, representing its right to use the underlying assets and a corresponding lease liability representing its obligation to make unavoidable future lease payments. The Group recognises ROUA and lease liabilities at the commencement date of the lease.

ROUA are initially measured at cost (present value of the lease liability plus deemed cost of acquiring the underlying asset and the cost of restoring the underlying asset, less any lease incentives received), and subsequently at cost less any accumulated depreciation, impairment losses and adjusted for remeasurement of the lease liability. The ROUA are depreciated using the straight-line method from the commencement date to the end of the lease term.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term (low-value) leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to the profit or loss as incurred.

The lease liabilities are initially measured as the present value of the unavoidable future lease payments expected to be paid over the lease term, discounted using the Group's incremental borrowing rate as the interest rate implicit in the leases are not readily determinable. The lease liability is further re-measured if there is a change in the duration of the lease, including any option period, and estimated future lease payments change as a result of index or rate changes. The lease liabilities are subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

The Group applies judgement in determining whether the lease term for specific lease contracts should include renewal options. This involves assessing whether the Group is reasonably certain as to the exercise of such options and thus the lease term, which then determines the measurement of lease liabilities and ROUA recognised.

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## i. Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits at call with financial institutions, and other highly liquid investments with short periods to maturity (three months or less) which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, and bank overdrafts.

## j. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

A number of methods have been applied to measure expected credit losses including lifetime expected loss allowance, assessment of failed fee collection patterns and of days overdue. The outstanding trade receivables balance is compared to both the revenue recognised and recognisable balances recorded under contract liabilities as at the reporting date.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## k. Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by Accounting Standard or to achieve consistency in disclosure with current financial amounts and other disclosures.

## l. Onerous contracts and discontinued operations

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

A discontinued operation is a component of the Group that represents a separate geographical area of operations and is part of a disposal plan. The results of discontinued operations are presented separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## m. Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

# Notes to the Consolidated Financial Statements



## n. Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually settled within 30 days of recognition.

## o. Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or performance rights are recognised as a deduction from equity, net of any tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or performance rights , for the acquisition of a business, are not included in the cost of acquisition as part of the purchase consideration.

## p. Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at the reporting date.

## q. Earnings per share

### Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after tax attributable to members of the Group by the weighted average number of ordinary shares outstanding during the financial year.

### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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## r. Employee benefits

### Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which employees render the related service. Examples of such benefits include wages and salaries and annual leave, including non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

### Long-term employee benefits

Long-term employee benefits not expected to be settled within 12 months of the reporting date, are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

The Group presents employee benefit obligations as current liabilities in the Statement of Financial Position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

### Profit share and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- There are formal terms in the plan for determining the amount of the benefit;
- The amounts to be paid are determined before the time of completion of the Annual Report; or
- Past practice gives clear evidence of the amount of the obligation.

### Superannuation

The consolidated entity participates in a defined contribution plan. The amount charged to the Statement of Profit or Loss and Other Comprehensive Income in respect of superannuation represents the contributions paid or payable by the consolidated entity to the superannuation fund during the reporting period.

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### Termination Benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when the Company is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payment is uncertain, in which case they are recognised as provisions.

Liabilities for termination benefits include payments as a consequence of termination or those that are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future payments, where the effect of discounting is material.

### Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employees' benefits to which they relate, are recognised as liabilities.

### Share-based employee remuneration

The Company operates an Employee Incentive Plan (**EIP**) designed to provide eligible employees with the opportunity to acquire performance rights over ordinary shares in the Company. The EIP aims to align employees' interests with those of shareholders by allowing them to share in the Company's growth and value appreciation.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to the share option reserve. If time-based or other vesting conditions apply, the expense is allocated over the vesting period, based on an estimate of the number of performance rights expected to vest.

Upon exercise of performance rights, the proceeds received (if any) net of any directly attributable transaction costs are allocated to share capital.

### Performance rights

The Company issued performance rights under the EIP to a number of employees during the financial year ended 31 December 2024. An independent valuation of these performance rights was undertaken by an independent adviser, based on a barrier pricing model. Refer to Note 23 for details.

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## s. Financial instruments

### Classification

The Group classifies its financial assets under the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (**FVOCI**).

### Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (**FVPL**), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Refer to Note 1(j) for details on the policy in relation to the allowance for expected credit losses.

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## t. Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is an estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## u. Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that individual assets may be impaired. Where impairment indicators exist, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and its value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill, right-of-use assets and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (**CGU**) to which the assets belong. Refer to Note 1(y) for further details.

### Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition.

### Computer software

External development and implementation costs associated with the Company's customer relationship management system and student management system are capitalised and amortised on a straight-line basis over a period of five years, being their expected finite useful life.

### Course development and licences

Course development costs are recognised as an asset and measured at cost less any impairment. Once delivery of a course has commenced, the associated costs are amortised on a straight-line basis over a period of four years.

Licences include the higher education registration acquired in 2018, which was independently valued at the time of acquisition. The cost is being amortised from the date of acquisition over the reminding registration period, plus an estimated of one re-registration period of seven years.

### Website development

Website development has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over an estimated useful life of four years.

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### v. Foreign currency transactions and balances

Foreign currency transactions during the year are translated to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance date are converted at the rates of exchange as at that date. The gains and losses from currency conversion of assets and liabilities, whether realised or unrealised, are included in profit or loss.

### w. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received. They are subsequently measured at amortised cost using the effective interest method.

### x. Revenue recognition

#### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received, that are subject to the constraining principle, are recognised as a refund liability.

#### Tuition revenue

Tuition revenue and other education related revenue such as course materials, are recognised as the service is provided. Application fees, which are non-refundable and relate to the enrolment application process, are recognised over the expected duration of the course of study, in line with the performance obligations. All revenue in relation to course tuition is initially recorded in deferred revenue and released into income over the period of the related course. Other administration fees, which are paid in addition to tuition (such as late fees) are recognised at the time they are invoiced.

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### Contract liabilities

Contract liabilities represent the Company's obligation to deliver courses to its students and are recognised when a student pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has fully delivered the course to the student.

### Interest revenue

Interest revenue is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised at the effective interest rate.

### Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

## y. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the Annual Report based on their historical knowledge and available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

### Impairment

The Company considers and assesses potential impairment at each reporting date by evaluating conditions specific to the Group that may lead to an impairment of assets. Where an impairment indicator exists, the recoverable amount of the asset is determined. Value-in-use calculations have been performed in assessing recoverable amounts. These incorporate a number of key estimates. To determine value-in-use, management estimates expected future cash flows from each asset or cash-generating unit (**CGU**) and also determines a suitable interest rate in order to calculate the present value of those cash flows. The financial forecasts used for impairment testing procedures are based on the Group's latest approved budget. Discount factors are determined individually for each asset or CGU and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors. The discount rate calculation is based upon the specific circumstances of the Group and its CGUs and is derived from its weighted average cost of capital (**WACC**).

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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### Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### Allowances for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. A number of methods have been applied to measure expected credit losses including lifetime expected loss allowance, assessment of failed fee collection patterns and of days overdue.

### Lease renewal options

The Group has applied judgement in determining whether the lease term for specific lease contracts should include renewal options. This involved an assessment of whether the Group is reasonably certain of exercising such options, thereby affecting the measurement of lease liabilities and ROUA recognised.

### Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is independently determined using a binomial model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next reporting period but may impact profit or loss and equity. Refer to Note 1(r) for further details.

### Lease make-good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises in accordance with the make-good requirements of each lease agreement. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

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## z. Segment reporting

The Group has applied AASB8 Operating Segments. AASB8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The consolidated entity operates in one industry segment being the education industry but for internal purposes, differentiates between international and domestic student income and between higher education and vocational student income. As such, segment reporting has been provided in relation to a split between international and domestic business and between higher education and vocational business.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board.

## aa. Goods and service tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. The GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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## bb. Current and non-current classification

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## cc. New accounting standards and interpretations

### New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2024.

### Other standards not yet applicable

In June 2024, the AASB issued a new standard *AASB 18 Presentation and Disclosure in Financial Statements (**AASB 18**)* which will be effective from 1 January 2027 and is required to be applied retrospectively. AASB 18 will replace *AASB 101 Presentation of Financial Statements* and introduces new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities. These requirements aim to improve comparability in the income statement, enhance transparency of management-defined performance measures and provide useful grouping of information in the financial statements. The Group continues to assess the impact of adopting AASB 18.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 2. Income tax

### a. The components of income tax expense / (benefit) comprise

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Current tax expense | 284 | - |
| Deferred tax - origination and reversal of temporary differences | 802 | (1,097) |
| | **1,086** | **(1,097)** |

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Income tax expense / (benefit) from continuing operations | 1,086 | (1,051) |
| Income tax (benefit) from discontinued operations | - | (46) |
| | **1,086** | **(1,097)** |

A provision of $284k for income tax payable to the ATO has been raised for the financial year ended 31 December 2024 (2023: $nil).

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## b. The income tax expense / (benefit) on profit / (loss) from ordinary activities comprises

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Profit / (loss) before tax from continuing operations | 3,685 | (3,868) |
| (Loss) before tax from discontinued operations | - | (184) |
| | **3,685** | **(4,052)** |
| Tax expense / (benefit) at 25% | 921 | (1,013) |
| **(Deduct) / add tax effect of:** | | |
| Gain from disposal of assets | - | (45) |
| Gain on lease modification | (74) | - |
| Share based payments | 58 | 55 |
| Other assessable / non-allowable items | 181 | (94) |
| **Income tax expense / (benefit) attributable to profit / (loss)** | **1,086** | **(1,097)** |

The Company has recognised a proportional deferred tax assets on tax losses acquired based on available fraction and expected future loss utilisation. The carry forward acquired tax losses were $813k at 31 December 2024 (2023: $942k).

Forecast earnings for the three financial years following the reporting date was assessed and the Company expects to generate sufficient future assessable income to utilise the recognised deferred tax assets.

There are no deferred tax liabilities.

## 3. Deferred tax

Deferred tax assets comprise temporary differences attributable to:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Amounts recognised in profit or loss:** | | |
| Provisions for employee entitlements | 309 | 259 |
| Accrued expenses and other provisions | 416 | 155 |
| Plant, equipment and intangibles | 719 | 701 |
| Leases | 644 | 799 |
| Estimated assessed tax losses carried forward | 30 | 1,021 |
| Prepayments and other receivables | (13) | (31) |
| 'Blackhole' expenditure | 106 | 95 |
| | **2,211** | **2,999** |
| **Amounts recognised in equity and goodwill:** | | |
| Equity raising costs and 'blackhole' expenditure | 28 | 42 |
| **Deferred tax asset** | **2,239** | **3,041** |
| **Movements:** | | |
| Opening balance | 3,041 | 1,941 |
| (Credited) / debited to profit or loss | (802) | 1,097 |
| Credit to equity | - | 3 |
| | **2,239** | **3,041** |

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# Notes to the Consolidated Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2024

### 4. Revenue from contracts with customers and other income

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Revenue from contracts with customers:** | | |
| Tuition related revenue | **42,180** | **21,175** |
| **Other revenue:** | | |
| Student clinic revenue | - | **38** |
| **Other income:** | | |
| Rental income | 84 | 343 |
| Other income | - | 3 |
| **Total other income** | **84** | **346** |

### Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Timing of revenue recognition from contracts with customers:** | | |
| Services transferred over time | 42,103 | 21,124 |
| Services transferred at a point in time | 77 | 51 |
| | **42,180** | **21,175** |

All revenue has been derived in Australia.

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# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2024

## 5. Controlled entities

| | | | | Ownership interest | |
|---|---|---|---|---|---|
| Entity | Acquired | Disposed | Country of incorporation | 2024 | 2023 |
| Australian Learning Group Pty Limited | 24 Mar 2016 | - | Australia | 100% | 100% |
| Proteus Technologies Pty Ltd | 4 Jul 2018 | - | Australia | 100% | 100% |
| Tasman Institute Pty Limited | 11 Jul 2017 | - | Australia | 100% | 100% |
| EDU Corporate Services Pty Ltd | 26 Oct 2021 | - | Australia | 100% | 100% |

## 6. Key management personnel compensation

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Short-term employee benefits | 1,436 | 901 |
| Post-employment benefits | 40 | 39 |
| Share-based payments | 207 | 219 |
| | **1,683** | **1,159** |

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## 7. Discontinued operations

In 2023, in response to a sustained decline in student numbers in Perth, the Board decided to cease ALG's Perth campus operations during 2023. The Group recognised onerous contract provisions for the ongoing lease, teaching delivery, employment contracts and for other directly attributable operational expenses in its 2023 financial statements.

The cashflow and combined results of the discontinued operations included in the Statement of Profit and Loss associated with the discontinued operations for the current and prior period is shown in the tables below.

| Loss from discontinued operations | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Revenue | - | 198 |
| Expenses | - | (412) |
| **Loss before income tax** | - | **(214)** |
| Attributable income tax benefit | - | 46 |
| **Loss after income tax** | - | **(168)** |
| Net cash outflows from operating activities | (34) | (244) |
| Net cash used in investing activities | - | - |
| Net cash used in financing activities | - | (47) |
| **Net decrease in cash and cash equivalents from discontinued operations** | **(34)** | **(291)** |

## 8. Provision for onerous contracts

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Employment costs | - | 17 |
| Other costs | - | 13 |
| **Total provision for onerous contracts** | **-** | **30** |

## 9. Goodwill on acquisition

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Proteus Technologies Pty Ltd - Higher Education (HE) | 10,603 | 10,603 |
| Australian Learning Group Pty Limited - Vocational Education and Training (VET) | 1,315 | 1,315 |
| **Total Goodwill** | **11,918** | **11,918** |

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5-year projection prepared by management, together with a terminal value in year 5.

Key assumptions are those to which the recoverable amount of each cash-generating unit is most sensitive.

The following key assumptions were used in the discounted cash flow model for both the VET and HE segments:

- Pre-tax discount rate of 18.8% for both VET and HE (2023: 17.3% for both HE and VET) including 7.0% specific company risk (31 December 2023: 5.0%) to account for the increased uncertainty due to the recent changes in the government's migration policies in calculating the Group's cost of equity; and
- Average tuition revenue growth for VET estimated at 12% and 29% for HE (2023: 29% VET and 30% HE)
- Terminal growth rate of 3% for both VET and HE (2023: 2.5% VET and 3.0% for HE).

The pre-tax discount rate of 18.8% for HE and VET reflects management's estimate of the time value of money and the Group's weighted average cost of capital, adjusted for the risk-free rate and the volatility of the share price relative to other businesses in the same industry. Management considers that there are no indicators of impairment and no significant changes to the underlying assumptions used in the impairment testing performed in relation to the 31 December 2024 Annual Report.

### HE CGU

The carrying value of the HE CGU includes goodwill of $10,603,408, plant, equipment & other intangibles of $3,618,577 and ROUA of $4,047,639.

Based on the value-in-use model, the DCF valuation of $94,971,721 was in excess of the carrying value of the CGU at $18,269,624. Accordingly, management consider that there is no impairment required at 31 December 2024 (31 December 2023: $nil).

### VET CGU

The carrying value of the VET CGU includes goodwill of $1,314,720, plant, equipment & other intangibles of $1,451,636 and ROUA of $2,740,092.

Based on the value-in-use model, the DCF valuation of $10,160,488 was in excess of the carrying value of the CGU at $5,506,448. Accordingly, management consider that there is no impairment required at 31 December 2024 (31 December 2023: $nil).

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### Impact of possible changes in key assumptions

Management has carried out sensitivity analysis on the recoverable amounts based on a change in both the discount rate and the terminal growth rate of +/- 2.0%, as well as a 10.0% increase / (decrease) in revenue as set out below.

| Sensitivity – HE | Increase in valuation | Decrease in valuation |
|---|---|---|
| | $'000 | $'000 |
| 2.0% lower / (higher) post-tax discount rate (WACC) | $21,305 | ($14,535) |
| 2.0% increase / (decrease) in terminal growth rate | $15,097 | ($10,288) |
| 10.0% increase / (decrease) in revenue | $12,982 | ($13,911) |

There is no resulting impairment from any of the scenarios above.

| Sensitivity – VET | Increase in valuation | Decrease in valuation |
|---|---|---|
| | $'000 | $'000 |
| 2.0% lower / (higher) post-tax discount rate (WACC) | $2,243 | ($1,528) |
| 2.0% increase / (decrease) in terminal growth rate | $1,598 | ($1,089) |
| 10.0% increase / (decrease) in revenue | $3,267 | ($3,644) |

There is no resulting impairment from any of the scenarios above.

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# Notes to the Consolidated Financial Statements

**FOR THE YEAR ENDED 31 DECEMBER 2024**

## 10. Auditor's remuneration

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| **Audit and review of financial statements** | | |
| Current Group auditors - RSM Australia Partners | 81 | 74 |
| **Other services (non-audit)** | | |
| RSM Australia Pty Ltd for taxation compliance and other services | 24 | 20 |
| **Total auditor's remuneration** | **105** | **94** |

## 11. Franking credits

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Franking credits | 3,012 | 3,012 |
| **Total franking credits** | **3,012** | **3,012** |

The balance of franking credits has been adjusted for franking credits arising from the payment of income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.

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## 12. Earnings per share

| | 2024 | 2023 |
|---|---|---|
| **(a) Basic profit / (loss) per share (cents per share)** | | |
| From continuing operations | 1.59 | (1.71) |
| From discontinued operations | - | (0.10) |
| **(b) Diluted profit / (loss) per share (cents per share)** | | |
| From continuing operations | 1.59 | (1.71) |
| From discontinued operations | - | (0.10) |

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| **(c) Reconciliation of profit / (loss) in calculating earnings per share** | | |
| Profit / (loss) from continuing operations attributable to ordinary equity holders of the Company | 2,599 | (2,817) |
| Loss from discontinued operations (net of tax) attributable to ordinary equity holders of the Company | - | (168) |
| | **2,599** | **(2,985)** |

| | 2024 | 2023 |
|---|---|---|
| **(d) Total shares** | | |
| **Weighted average number of ordinary shares outstanding during the year used in the calculation of basic profit / (loss) per share** | **163,029,408** | **165,214,443** |

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## 13. Trade and other receivables

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| **Current** | | |
| Trade receivables | 126 | 57 |
| GST receivable | 587 | 272 |
| Other receivables | 16 | 12 |
| Less: allowance for expected credit losses | (93) | (37) |
| | **636** | **304** |

Details in respect of debtors as at the reporting date that are considered past due and are not considered fully recoverable are reflected below.

The Group recognised $124k of credit losses (2023: $99k) in the Consolidated Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2024.

The ageing of the receivables and allowance for expected credit losses provided for in current trade receivables above is as follows:

| | Expected credit loss rate | | Carrying amount | | Allowance for expected credit losses | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | % | % | $'000 | $'000 | $'000 | $'000 |
| Not yet overdue | 0% | 0% | 1 | - | - | - |
| 0 to 3 months overdue | 69% | 53% | 103 | 42 | (71) | (22) |
| 3 to 6 months overdue | 100% | 100% | 15 | 13 | (15) | (13) |
| Over 6 months overdue | 100% | 100% | 7 | 2 | (7) | (2) |
| **Total** | | | **126** | **57** | **(93)** | **(37)** |

Movements in the allowance for expected credit losses are as follows:

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Opening balance | (37) | (58) |
| Additional allowance recognised | (108) | (87) |
| Receivables written off during the year as uncollectable | 52 | 108 |
| **Closing balance** | **(93)** | **(37)** |

## 14. Other assets

| | 2024 | 2023 Restated[2] |
|---|---|---|
| | $'000 | $'000 |
| **Current** | | |
| Prepayments | 577 | 408 |
| Deposits | 10 | 8 |
| Commission paid in advance | 53 | 73 |
| | **640** | **489** |
| **Non-current** | | |
| Prepayments | 2 | 13 |
| Deposits | - | 2 |
| Restricted cash – bank guarantees[1] | 922 | 329 |
| | **924** | **344** |

[1] The Group has $922k of restricted cash held by CBA in relation to bank guarantees issued for the ALG and Ikon campuses (2023: $329k).

[2] Refer to Note 31 for the details of the restated prior year figures.

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## 15. Plant and equipment

| | Office/classroom equipment | Leasehold improvements | Library resources | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Cost | 1,922 | 3,583 | 243 | 5,748 |
| Accumulated depreciation | (1,169) | (1,809) | (67) | (3,045) |
| Accumulated impairment | (67) | - | - | (67) |
| **At 31 December 2024** | **686** | **1,774** | **176** | **2,636** |
| | | | | |
| Cost | 1,716 | 3,243 | 66 | 5,025 |
| Accumulated depreciation | (1,116) | (1,521) | (33) | (2,670) |
| Accumulated impairment | (66) | (136) | - | (202) |
| **At 31 December 2023** | **534** | **1,586** | **33** | **2,153** |

### Reconciliations

Movement in the carrying amounts of each class of plant and equipment from the beginning to the end of the year:

| | Office/classroom equipment | Leasehold improvements | Library resources | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| At 1 January 2024 | 534 | 1,586 | 33 | 2,153 |
| Additions | 341 | 710 | 177 | 1,228 |
| Depreciation | (189) | (522) | (34) | (745) |
| Disposal of assets | (135) | (371) | - | (506) |
| Reversal of accumulated depreciation | 135 | 371 | - | 506 |
| **At 31 December 2024** | **686** | **1,774** | **176** | **2,636** |
| | | | | |
| At 1 January 2023 | 739 | 2,003 | 12 | 2,754 |
| Additions | 41 | 42 | 29 | 112 |
| Depreciation | (217) | (459) | (8) | (684) |
| Discontinued operations | (29) | - | - | (29) |
| **At 31 December 2023** | **534** | **1,586** | **33** | **2,153** |

## 16. Intangible assets

| | Course development and licences | Computer software | Website development | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Cost | 4,083 | 887 | 226 | 5,196 |
| Accumulated amortisation | (1,618) | (643) | (21) | (2,282) |
| Accumulated impairment | - | - | - | - |
| **At 31 December 2024** | **2,465** | **244** | **205** | **2,914** |
| | | | | |
| Cost | 3,422 | 727 | 186 | 4,335 |
| Accumulated amortisation | (1,245) | (522) | (10) | (1,777) |
| Accumulated impairment | - | - | - | - |
| **At 31 December 2023** | **2,177** | **205** | **176** | **2,558** |

### Reconciliations

Movement in the carrying amounts of each class of intangible assets from the beginning to the end of the year:

| | Course development and licences | Computer software | Website development | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| At 1 January 2024 | 2,177 | 205 | 176 | 2,558 |
| Additions | 754 | 160 | 40 | 954 |
| Amortisation | (466) | (121) | (11) | (598) |
| Disposal of assets | (93) | - | - | (93) |
| Reversal of accumulated amortisation | 93 | - | - | 93 |
| **At 31 December 2024** | **2,465** | **244** | **205** | **2,914** |
| | | | | |
| At 1 January 2023 | 1,403 | 261 | 5 | 1,669 |
| Additions | 1,139 | 40 | 174 | 1,353 |
| Amortisation | (365) | (94) | (3) | (462) |
| Discontinued operations | - | (2) | - | (2) |
| **At 31 December 2023** | **2,177** | **205** | **176** | **2,558** |

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# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2024

## 17. Right-of-use assets (ROUA) and lease liabilities

### a. ROUA at 31 December 2024

| | Property | Equipment | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Right-of use assets | 8,859 | 79 | 8,938 |
| Less: depreciation for the year | (2,127) | (23) | (2,150) |
| Less: impairment for the year | - | - | - |
| **At 31 December 2024** | **6,732** | **56** | **6,788** |
| **Reconciliation** | | | |
| Opening balance at 1 January 2024 | 9,623 | 79 | 9,702 |
| Additions | 2,129 | - | 2,129 |
| Lease modifications[1] | (2,893) | - | (2,893) |
| Reallocated to discontinued operations | - | - | - |
| Impairment of assets | - | - | - |
| Depreciation | (2,127) | (23) | (2,150) |
| **At 31 December 2024** | **6,732** | **56** | **6,788** |

[1] Lease modifications related to removal of the option periods for the Bourke Street, Melbourne leases as well as termination of the York Street, Sydney lease. These strategic decisions were made to optimise the Company's campus portfolio and to align with its operational objectives.

For impairment testing, the right-of-use assets have been allocated to each of the Group's CGUs (HE and VET). Refer to Note 9 for further information on the impairment testing, key assumptions and sensitivity analysis performed.

Refer to Note 1(h) for further details.

### Lease agreement for the new premises:

In December 2024, the Group signed two new Sydney campus lease agreements, with the leases commencing in February 2025. The total lease commitment over the lease term amounts to $1.1m. The ROUA and the corresponding lease liability for the new premises have been recorded in the Consolidated Statement of Financial Position in January 2025.

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## b. Lease liabilities

The Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of AASB 117 Leases. These liabilities have been brought to account as the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates as of 1 July 2019. The discount rates applied range between 4.89% and 9.98%.

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| Current | 2,902 | 2,715 |
| Non-current | 6,060 | 9,606 |
| **Total lease liabilities** | **8,962** | **12,321** |
| **Reconciliation of movement in lease liabilities** | | |
| Lease liability opening balance | 12,321 | 15,143 |
| Additions | 2,080 | - |
| Interest expense – continued operations | 867 | 979 |
| Interest expense – discontinued operations | - | 2 |
| Lease modifications[1] | (2,939) | (696) |
| Lease liabilities accrued, not yet paid | (219) | - |
| Repayment of lease liabilities – continuing operations | (3,148) | (3,060) |
| Repayment of lease liabilities – discontinued operations | - | (47) |
| **Total lease liabilities** | **8,962** | **12,321** |
| **Breakdown of interest expense** | | |
| Interest expense on lease liabilities | 867 | 979 |
| Interest expense on provisions[2] | 11 | 9 |
| **Total interest expense** | **878** | **988** |

[1] Refer to Note 17a for details

[1] Refer to Note 18 for details

## 18. Provisions

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| **Current provisions** | | |
| Lease make-good | - | 79 |
| **Total current provisions** | **-** | **79** |
| **Non-current provisions** | | |
| Lease make-good | 404 | 500 |
| **Total non-current provisions** | **404** | **500** |
| **Total current and non-current provisions** | **404** | **579** |
| **Reconciliation of movements in lease make-good provisions** | | |
| Carrying amount at 1 January 2024 | 579 | 581 |
| Additional provisions recognised | 49 | 9 |
| Interest expense | 11 | 9 |
| Lease modifications[1] | (235) | - |
| Payments for make-good | - | (20) |
| **Carrying amount at 31 December 2024** | **404** | **579** |

[1] Refer to Note 17a for details

### Lease make-good

The provisions represent the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease term.

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## 19. Trade and other payables

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Current** | | |
| Trade creditors | 525 | 439 |
| Other payables and accrued expenses | 5,673 | 3,174 |
| | **6,198** | **3,613** |

Trade creditors at 31 December 2024 are not considered past due.

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Non-current** | | |
| Trade and other payables | 1,274 | 1,611 |
| | **1,274** | **1,611** |

As part of the Department of Education's COVID-relief program, Ikon received excess FEE-HELP advances of $2.6m during 2020. The excess FEE-HELP is repayable over eight years via annual instalments of $318k, commencing April 2022 through to 2029.

Refer to Note 29 for further information on financial instruments.

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## 20. Contract liabilities

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---:|---:|
| **Current** | | |
| Contract liabilities | 2,526 | 1,682 |
| | **2,526** | **1,682** |
| **Non-current** | | |
| Contract liabilities | 959 | 308 |
| | **959** | **308** |

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Contract liabilities relate to tuition and enrolment fees which have been received in advance of delivery commencing. The planned duration of study is used to measure the progress of the performance obligation and to thereby determine how much revenue to recognise as the performance obligation is satisfied. See further Note 1(x).

Contract liabilities are typically lower at 31 December compared to 30 June, given the timing of tuition fee payment dates.

For ALG, the Term 1 (January intake) payment date is in early January (i.e. post year-end) whereas for Term 3 (July intake) it is in mid-June (pre-the half year balance date). This typically results in higher fee collections pre-30 June compared with lower fee collections pre-31 December.

Ikon also typically has a higher balance at contract liabilities at 30 June given Trimester 2 runs from May through to August, with the performance obligations only partially satisfied by 30 June. Trimester 3 runs from September through to December and thus the performance obligations are fully satisfied by 31 December, with a resulting lower balance.

### Unsatisfied performance obligations

The aggregate amount of the performance obligations that remains unsatisfied at 31 December 2024 was $3,485k (2023: $1,990k). This is expected to be recognised as revenue in future periods as follows:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---:|---:|
| Within 6 months | 2,006 | 1,411 |
| 6 to 12 months | 520 | 271 |
| More than 12 months | 959 | 308 |
| **Total current and non-current contract liabilities** | **3,485** | **1,990** |

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## 21. Employee benefits

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| **Current employee benefits** | | |
| Annual leave | 321 | 431 |
| Long service leave | 35 | 44 |
| | **356** | **475** |
| **Non-current employee benefits** | | |
| Long service leave | 295 | 201 |
| | **295** | **201** |

### Reconciliation of movements

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| **Annual leave** | | |
| Opening balance | 431 | 406 |
| (Reversals) / additions | (110) | 25 |
| **Closing balance** | **321** | **431** |
| **Current long service leave** | | |
| Opening balance | 44 | 36 |
| Additions | (9) | 8 |
| **Closing balance** | **35** | **44** |
| **Non-current long service leave** | | |
| Opening balance | 201 | 162 |
| Additions | 94 | 39 |
| **Closing balance** | **295** | **201** |

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### Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take their full entitlement of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| **Current liabilities** | | |
| Employee benefits obligation expected to be settled after 12 months | 74 | 93 |
| | **74** | **93** |

## 22. Share capital

Issued capital at 31 December 2024 amounted to $30,246k (150,553,408 ordinary shares).

### a. Ordinary shares

| | December 2024 | | December 2023 | |
|---|---|---|---|---|
| | Number | $'000 | Number | $'000 |
| Opening balance | 165,214,443 | 31,126 | 165,214,443 | 31,135 |
| Shares issued | - | | - | - |
| Share buy-backs | (14,661,035) | (880) | | |
| Capital raising costs (net of tax) | - | | - | (9) |
| **At reporting date** | **150,553,408** | **30,246** | **165,214,443** | **31,126** |

[1] On 24 September 2024, the Company announced its intention to undertake a selective share buy-back of 14,661,035 shares and a general on-market buy-back of up to 10% of the issued capital of the Company, being 16,521,444 ordinary shares. These buy-backs were approved by shareholders at the extraordinary general meeting held on 5 November 2024. During the financial year ended 31 December 2024, the Company completed the selective buy-backs and bought back a total of 14,661,035 ordinary shares, paying $880k at an average price of $0.06 per share. The shares bought back were subsequently cancelled. As at the date of this report, the Company has not bought back any shares under the general on-market buy-back.

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### b. Issuance of ordinary shares

On 24 September 2024, the Company announced its intention to undertake a selective share buy-back of 14,661,035 shares and a general on-market buy-back of up to 10% of the issued capital, being 16,521,444 ordinary shares. These buy-backs were approved by shareholders at the extraordinary general meeting held on 5 November 2024. During the financial year ended 31 December 2024, the Company completed the selective buy-backs and bought back a total of 14,661,035 ordinary shares, paying $880k at an average price of $0.06 per share. The shares bought back were subsequently cancelled. As at the date of this report, the Company has not bought back any shares under the general on-market buy-back.

There were no other movements in the issued capital of the Company during the financial year ended 31 December 2024.

### c. Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. In keeping with the Corporate Governance Principles and Recommendations (Recommendation 6.4) at shareholders' meetings, voting is conducted via poll with each ordinary share entitled to one vote.

### d. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure in order to minimise the cost of capital.

To manage the above or adjust the capital structure, the Company may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, take on borrowings or sell assets to reduce debt.

Capital is regarded as total equity, as recognised in the Statement of Financial Position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

## 23. Performance rights reserves

| | December 2024 | | | December 2023 | | |
|---|---|---|---|---|---|---|
| | Weighted average exercise price | Number | $ | Weighted average exercise price | Number | $ |
| Opening balance | $0.24 | 4,066,197 | 213,817 | $0.30 | 5,800,000 | 470,153 |
| Performance rights issued / expensed | $0.16 | 4,335,060 | 231,054 | $0.24 | 1,866,197 | 219,117 |
| Performance rights expired | $0.24 | (2,200,000) | (231,671) | $0.34 | (3,600,000) | (475,453) |
| **At reporting date** | **$0.19** | **6,201,257** | **213,200** | **$0.24** | **4,066,197** | **213,817** |

Refer to Note 1(r) for further details.

For the performance rights granted during the year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Weighted average exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| 16/05/2024 | 26/08/2027 | $0.10 | $0.16 | 57.02% | 0.00% | 3.83% | $0.09 |

The weighted average share price during the financial year was $0.088 (2023: $0.165).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.03 years (2023: 1.68 years).

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## 24. Accumulated losses

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Balance at the beginning of the financial year | (20,859) | (18,349) |
| Unvested and expired performance rights | 232 | 475 |
| Net profit / (loss) for the year | 2,599 | (2,985) |
| | **(18,028)** | **(20,859)** |

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## 25. Segment reporting

The Company has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (as the 'chief operating decision maker') in assessing the Group's performance and determining the allocation of resources.

The Group operates in two segments, being Ikon (the provision of higher education to both domestic and international students) and ALG (the provision of vocational education to international students) and in one geographical segment, being Australia.

| Year ended 31 December 2024 | Ikon<br>$'000 | ALG<br>$'000 | Unallocated<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| Total revenue – international | 21,377 | 14,134 | - | 35,511 |
| Total revenue - domestic | 6,669 | - | - | 6,669 |
| Other revenue | - | - | - | - |
| **Total revenue** | **28,046** | **14,134** | | **42,180** |
| Gain on lease modification | - | 296 | - | 296 |
| Other income | - | 84 | - | 84 |
| Interest income | 25 | 11 | 164 | 200 |
| Depreciation and amortisation | (1,422) | (1,926) | (145) | (3,493) |
| Profit / (loss) from continuing operations | 5,267 | (730) | (1,938) | 2,599 |
| Loss from discontinued operations (net of tax) | - | - | - | - |
| **Profit / (loss) for the period** | **5,267** | **(730)** | **(1,938)** | **2,599** |

# Notes to the Consolidated Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2024

| At 31 December 2024 | Ikon | ALG | Unallocated | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Total segment assets | 17,060 | 6,894 | 11,235 | 35,189 |
| Total segment liabilities | (10,042) | (8,310) | (4,406) | (22,758) |

| Year ended 31 December 2023 | Ikon | ALG | Unallocated | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Total revenue - international | 5,491 | 9,587 | - | 15,078 |
| Total revenue - domestic | 6,103 | (6) | - | 6,097 |
| Other revenue | - | 38 | - | 38 |
| **Total revenue** | **11,594** | **9,619** | **-** | **21,213** |
| Gain from disposal of assets | - | - | 180 | 180 |
| Other income | 2 | 344 | - | 346 |
| Interest income | 21 | 13 | 98 | 132 |
| Depreciation and amortisation | (1,262) | (2,144) | (144) | (3,550) |
| Profit / (loss) from continuing operations | 385 | (2,042) | (1,160) | (2,817) |
| Loss from discontinued operations (net of tax) | - | (168) | - | (168) |
| **Profit / (loss) for the period** | **385** | **(2,210)** | **(1,160)** | **(2,985)** |

| At 31 December 2023 | Ikon | ALG | Unallocated | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Total segment assets | 9,425 | 11,212 | 12,664 | 33,301 |
| Total segment liabilities | (7,674) | (12,212) | (2,934) | (22,820) |

Per AASB 134.16A(g)(iv), some of the segment assets and liabilities have been categorised as unallocated, noting segment amounts are not regularly reported to the Board (as the chief operating decision-maker).

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## 26. Cash flow information

### a. Cash and cash equivalents

| | 2024 | 2023 Restated[1] |
|---|---|---|
| | $'000 | $'000 |
| Cash at bank and on hand | 6,494 | 2,792 |
| | **6,494** | **2,792** |

[1] Refer to Note 31 for the details of the restated prior year figures

The above amounts include tuition fees held in Tuition Protection Scheme (**TPS**) bank accounts in Australia. At 31 December 2024, the Group held $1,364k (2023: $931k) in TPS accounts.

In accordance with the Education Services for Overseas Student Act 2000 (**ESOS Act**), the Group is required to maintain separate bank accounts (**TPS accounts**) in Australia to hold prepaid tuition fees received from international students prior to the commencement of their course. Once the student has commenced their course, the funds may be released from the TPS accounts. At all times, the Group must ensure that there are sufficient funds in the TPS accounts to repay any prepaid tuition fees to international students who have not yet commenced their course. The majority of fees held in these accounts typically relate to the upcoming period of study, in ALG's case, the term that commenced on 3 February 2025 and in Ikon's case the trimester that commenced on 3 February 2025.

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## b. Reconciliation of cash flow from operations with profit / (loss) after income tax

| | 2024 | 2023 Restated[1] |
|---|---|---|
| | $'000 | $'000 |
| **Profit / (loss) from ordinary activities after income tax** | **2,599** | **(2,985)** |
| **Adjustments for non-cash items** | | |
| Gain on disposal of assets | - | (180) |
| Depreciation and amortisation expense | 743 | 833 |
| Employee share-based expenses | 231 | 219 |
| Borrowing costs classified as financing activity | 214 | 231 |
| AASB 16 lease movements (interest, depreciation and other) | 2,528 | 3,415 |
| Transaction costs in relation to proposed acquisitions | 29 | 154 |
| **Changes in assets and liabilities** | | |
| Trade and other receivables | (332) | 926 |
| Other assets | (139) | (16) |
| Deferred tax asset | 802 | (1,100) |
| Plant & equipment and intangible assets[1] | 603 | 266 |
| Trade and other payables | 2,532 | (588) |
| Contract liabilities | 1,496 | 728 |
| Provision for employee benefits and other liabilities | (55) | 101 |
| **Net cash provided by operating activities** | **11,251** | **2,004** |

[1] Refer to Note 31 for the restated prior year numbers

## c. Reconciliation of liabilities arising from financing activities

| | 2024 | 2023 |
|---|---|---|
| | $'000 | $'000 |
| **Borrowing** | | |
| Opening balance | 2,000 | 2,250 |
| Repayment of loan | (500) | (250) |
| **Closing balance** | **1,500** | **2,000** |

Refer to Note 29 for details.

## 27. Subsequent events

No matter or circumstance has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

## 28. Related party transactions

The parent entity is EDU Holdings Limited.

Interests in subsidiaries are set out in Note 5.

Disclosures relating to Key Management Personnel are set out in Note 6 and the detailed remuneration disclosures in the Directors' Report.

Transactions between related parties are on normal arms-length commercial terms.

## 29. Financial risk management

### Financial risk management policies

The financial instruments of the Company consist of cash, receivables and payables. The Company did not use derivative financial instruments during the year.

### Specific financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk.

### Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate. The Company aims to achieve the highest possible interest rate on its short-term deposits. Borrowings obtained at variable rates expose the Company to interest rate risk. Details of the Company's bank loans outstanding are disclosed in Note 30. The Company's aims to achieve the lowest possible interest rate on its borrowings.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial arrangements entered into by the Company.

### Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies arising from the purchase of goods in currencies other than the Company's measurement currency.

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### Liquidity risk

The Company maintains sufficient liquid assets and available borrowing facilities to pay its debts as and when they become due and payable. The Company manages liquidity risk by continuously monitoring its forecast and actual cash flow, and matching maturity profiles of financial assets and liabilities. The Company is currently invested in cash or short-term deposits.

The material liquidity risk for the Company is the ability to raise equity in the future if and as required.

### Sensitivity analysis

The Company has not performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at the balance date as the effect on profit or loss is not considered material.

### Net fair values

The net fair value of cash, non-interest-bearing monetary assets and financial liabilities approximate their carrying value.

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### Financial instruments composition and maturity analysis

The Company held interest bearing transaction accounts with Commonwealth Bank of Australia (**CBA**) of $6,494k at 31 December 2024 (2023: $2,792k), which have been disclosed as current in the Statement of Financial Position.

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

| At 31 December 2024 | Weighted average effective interest rate | 1 to 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Remaining contractual maturities |
|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial assets** | | | | | | |
| **Interest-bearing** | | | | | | |
| Cash & cash equivalents | 4.31% | 6,395 | - | - | - | 6,395 |
| **Non-interest bearing** | | | | | | |
| Cash & cash equivalents | | 99 | - | - | - | 99 |
| Trade receivables | | 104 | 22 | - | - | 126 |
| **Total financial assets** | | **6,598** | **22** | - | - | **6,620** |
| **Financial liabilities** | | | | | | |
| **Interest-bearing** | | | | | | |
| Borrowings | 10.00% | 125 | 375 | 1,000 | - | 1,500 |
| Lease liabilities | 7.77% | 893 | 2,678 | 6,176 | 249 | 9,996 |
| **Non-interest bearing** | | | | | | |
| Trade and other payables | | 3,838 | 1,854 | 506 | - | 6,198 |
| Other payables[1] | | - | - | 1,274 | - | 1,274 |
| **Total financial liabilities** | | **4,689** | **4,907** | **8,956** | **249** | **17,934** |

[1] FEE-HELP advance payments as disclosed in Note 19

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| At 31 December 2023 Restated | Weighted average effective interest rate | 1 to 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Remaining contractual maturities |
|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial assets** | | | | | | |
| **Interest-bearing** | | | | | | |
| Cash & cash equivalents[1] | 2.88% | 2,692 | - | - | - | 2,692 |
| **Non-interest bearing** | | | | | | |
| Cash & cash equivalents[1] | | 100 | - | - | - | 100 |
| Trade receivables | | 57 | - | - | - | 57 |
| **Total financial assets** | | **2,849** | **-** | **-** | **-** | **2,849** |
| **Financial liabilities** | | | | | | |
| **Interest-bearing** | | | | | | |
| Borrowings | 10.03% | 250 | 750 | 1,000 | - | 2,000 |
| Lease liabilities | 7.12% | 679 | 2,036 | 4,706 | 4,900 | 12,321 |
| **Non-interest bearing** | | | | | | |
| Trade and other payables | | 2,268 | 919 | 426 | | 3,613 |
| Other payables[1] | | - | 318 | 1,293 | - | 1,611 |
| **Total financial liabilities** | | **3,197** | **4,023** | **7,425** | **4,900** | **19,545** |

[1] FEE-HELP advance payments as disclosed in Note 19

[2] Refer to Note 31 for the details of the restated prior year figures

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## 30. Borrowings

The Group has a loan facility (secured by a first ranking charge over all present and after acquired property of the Group) with Commonwealth Bank of Australia (**CBA**), which was established in 2017. The components of the loan facility are set out in the table below:

| | Facility limit | Drawn amount | Undrawn amount |
|---|---|---|---|
| **Loan Facility** | $'000 | $'000 | $'000 |
| Market rate loan | 1,500 | (1,500) | - |
| Bank guarantee (rental bonds) | 1,050 | (1,029) | 21 |
| **Total loan facility** | **2,550** | **(2,529)** | **21** |

As at 31 December 2024, the Group has provided bank guarantees of $1,951k in relation to various leased premises, of which:

- $1,029k (31 December 2023: $1,029k) is secured by the Bank guarantee facility; and
- $922k (31 December 2023: $329k) is secured by restricted cash deposits with CBA.

### Market rate loan (acquisition facility)

In May 2024, the Company extended its $1.75m acquisition facility with CBA until November 2027. Quarterly principal repayments of $125k are payable from August 2024 to November 2027 (fully repaying the loan with no balloon repayment on expiry).

The facility attracts interest (referenced to the Bank Bill Swap Bid Rate) plus a line fee of 5.70% p.a.

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| | $'000 | $'000 |
| Current | 500 | 1,000 |
| | **500** | **1,000** |
| Non-current | 1,000 | 1,000 |
| | **1,000** | **1,000** |

### Bank guarantee (rental bonds)

A bank guarantee fee of 3.50% p.a. is payable half-yearly in advance, in respect of the drawn amount.

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### Reconciliation of movements

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Opening balance | 2,000 | 2,250 |
| Repayment of market rate loan | (500) | (250) |
| **Closing balance** | **1,500** | **2,000** |

## 31. Restatement of comparatives

The Company reclassified the following in the Consolidated Statement of Financial Position and in the Consolidated Statement of Cash Flows for the year ended 31 December 2023. These adjustments align the classification with the nature of the assets and expenditures and enhances the comparability of the financial statements. There was no impact on the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Additionally, a third column or restatement of opening balances in the Consolidated Statement of Financial Position has not been presented, as the 1 January 2022 balances are immaterial.

### Consolidated Statement of Financial Position

The Company reclassified restricted cash held by CBA as security in relation to bank guarantees issued for the ALG and Ikon campuses. Restricted cash was reclassified to non-current other assets as opposed to cash and cash equivalents, where it had previously been shown.

| | 2023 Reported $'000 | Adjustment $'000 | 2023 Restated $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 3,121 | (329) | 2,792 |
| **Total current assets** | **3,914** | **(329)** | **3,585** |
| **Non-current assets** | | | |
| Other assets | 15 | 329 | 344 |
| **Total non-current assets** | **29,387** | **329** | **29,716** |
| | | | |
| **Total assets** | **33,301** | **-** | **33,301** |
| **Net assets** | **10,481** | **-** | **10,481** |

# Notes to the Consolidated Financial Statements

## FOR THE YEAR ENDED 31 DECEMBER 2024

### Consolidated Statement of Cash Flows

In addition, the Company reclassified capitalised wages related to development of courses that previously been reported under cash flows from operating activities (payments to suppliers and employees) to cash flows from investing activities (payment for intangibles).

| | 2023 Reported | Adjustment | 2023 Restated |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Cash flow from operating activities** | | | |
| Payments to suppliers and employees | (21,440) | 904 | (20,536) |
| **Net cash provided by operating activities** | **1,100** | **904** | **2,004** |
| **Cash flow from investing activities** | | | |
| Payments for intangibles | (405) | (904) | (1,309) |
| **Net cash used in investing activities** | **(464)** | **(904)** | **(1,368)** |
| **Cash flow from financing activities** | | | |
| Restricted cash – bank guarantees | - | 8 | 8 |
| **Net cash used in investing activities** | **(3,590)** | **8** | **(3,582)** |
| | | | |
| Net decrease in cash and cash equivalents | (2,954) | 8 | (2,946) |
| Cash and cash equivalents at beginning of year | 6,075 | (337) | 5,738 |
| **Cash and cash equivalents at end of year** | **3,121** | **(329)** | **2,792** |

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## 32. EDU Holdings Limited parent company information

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **(a) Summarised Statement of Financial Position** | | |
| **Assets** | | |
| Current assets | (3,663) | (949) |
| Total assets | 9,458 | 11,854 |
| **Liabilities** | | |
| Current liabilities | 1,715 | 1,536 |
| Total liabilities | 2,752 | 2,562 |
| **Net assets** | **6,706** | **9,292** |
| **Equity** | | |
| Share capital[2] | 30,246 | 31,126 |
| Reserves | 213 | 214 |
| Accumulated losses[1,2] | (23,753) | (22,048) |
| **Total equity** | **6,706** | **9,292** |
| **(b) Summarised Statement of Profit or Loss and other Comprehensive Income** | | |
| Loss for the period | (1,936) | (1,160) |
| **Total comprehensive loss for the period** | **(1,936)** | **(1,160)** |

[1] During the year, $0.2m of unvested and expired performance rights, was reversed against accumulated losses (2023: $0.5m).

[2] On 24 September 2024, the Company announced its intention to undertake a selective share buy-back of 14,661,035 shares and a general on-market buy-back of up to 10% of the issued capital, being 16,521,444 ordinary shares. These buy-backs were approved by shareholders at the extraordinary general meeting held on 5 November 2024. During the financial year ended 31 December 2024, the Company completed the selective buy-backs and bought back a total of 14,661,035 ordinary shares, paying $880k at an average price of $0.06 per share. The shares bought back were subsequently cancelled. As at the date of this report, the Company has not bought back any shares under the general on-market buy-back.

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## Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

## Contingent liabilities

The parent entity had no contingent liabilities / assets at 31 December 2024 (2023: $nil).

The Group had $922k of contingent liabilities relating to bank guarantees provided to various landlords, secured by restricted cash deposits held by CBA and $nil contingent assets at 31 December 2024 (2023: $329k of contingent liabilities and $nil contingent assets).

In addition, within the CBA facility, the parent entity has given bank guarantees at 31 December 2024 of $1,029k (2023: $1,029k) to various landlords.

## Capital commitments – plant, equipment and leases

The parent entity had no capital commitments for plant and equipment at 31 December 2024 (2023: $nil).

The Group had $1.1m of lease commitments at 31 December 2024 related to the two new Sydney campus leases signed in December 2024. The new leases commence in February 2025.

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# Consolidated Entity Disclosure Statement

The table below includes consolidated entity information required by section 295 of the *Corporations Act 2001 (Cth)*:

| Entity Registered Name | Entity Type | Trustee, partner or participant in joint venture | Place Formed or Incorporated | Percentage of share capital held (%) | Australian or Foreign | Foreign Jurisdiction |
|---|---|---|---|---|---|---|
| EDU Holdings Limited[1] | Body Corporate | N/A | Australia | 100 | Australian | N/A |
| Proteus Technologies Pty Ltd (Ikon)[2] | Body Corporate | N/A | Australia | 100 | Australian | N/A |
| Australian Learning Group Pty Limited (ALG)[3] | Body Corporate | N/A | Australia | 100 | Australian | N/A |
| EDU Corporate Services Pty Ltd[4] | Body Corporate | N/A | Australia | 100 | Australian | N/A |
| Tasman Institute Pty Limited[5] | Body Corporate | N/A | Australia | 100 | Australian | N/A |

1. EDU Holdings Limited (Head Entity) and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime
2. Higher Education Provider
3. Vocational Education Provider
4. Corporate Service Entity for the Group which provides shared services to Ikon and ALG
5. Not actively trading

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# Directors' Declaration

The Directors of the Company declare that:

a. the financial statements, notes and the additional disclosures are in accordance with the *Corporations Act 2001 (Cth)* including:

   i. giving a true and fair view of the consolidated entity's financial position at 31 December 2024 and of its performance for the financial year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), other mandatory professional reporting requirements and the Corporations Regulations 2001;

b. the consolidated entity disclosure statement on page109 is true and correct;

c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

d. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001 (Cth)* for the financial year ended 31 December 2024.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001 (Cth)*.

On behalf of the Directors

**Gary Burg**
Non-Executive Chair
26 February 2025

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# INDEPENDENT AUDITOR'S REPORT
## To the Members of EDU Holdings Limited

### Opinion

We have audited the financial report of EDU Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, 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 material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year then ended; and
(ii) 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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### 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 of 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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Recognition of Revenue / Deferred Revenue<br>Refer to Note 1 (x) in the financial statements</td></tr>
<tr><td>Revenue from contracts with customers for the period ended 31 December 2024 was $42,180,119. The primary revenue stream is tuition related revenue.<br><br>Revenue is considered to be a Key Audit Matter because the application of AASB 15 Revenue from Contracts with Customers requires a significant number of assessments, judgements, and estimates by management, around the determination and allocation of the transaction price across the performance obligations given the nature of the business and fees being routinely received in advance of the courses being delivered.</td><td>Our audit procedures in relation to the recognition of revenue included:<br><br>• Obtaining an understanding of the systems and procedures put in place by management in adopting AASB 15, and evaluating their effectiveness;<br>• Obtaining a detailed understanding of each of the revenue streams and the process for calculating and recording revenue under AASB 15;<br>• Assessing whether the Company's revenue recognition policies were in compliance with Australian Accounting Standards;<br>• Carrying out tests of controls over occurrence, accuracy and completeness of revenue, to test the effectiveness of the controls;<br>• Performing substantive analytical procedures on tuition related revenue. The substantive analytical review involved setting expectations of revenue by using the reports generated from the Company's student management database;<br>• Performing tests of detail on each revenue stream on a sample basis to test the occurrence and accuracy of revenue. The detailed testing included: agreeing transactions to invoices issued by the Company, agreeing the receipt of cash to bank statements, agreeing course details from the letter of offer to the reports from the Company's student management database; and<br>• Assessing the appropriateness of the disclosures in the financial report.</td></tr>
</table>

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| **_Recoverability of goodwill and other intangible assets_**<br>Refer to Note 9 in the financial statements | |
|---|---|
| At 31 December 2024, the Company's Statement of Financial Position reflected goodwill with a carrying amount of $11,918,128, which represents approximately 33.8% of the Company's total assets.<br><br>As required under AASB 136, management have tested goodwill for impairment. As goodwill does not generate cashflows that are largely independent from other assets, its recoverable amount was determined by calculating the recoverable amount of each cash generating unit ("CGU") to which it belongs. This recoverable amount was then compared to the CGU's carrying amount. In this instance, the recoverable amount was determined to be its value in use.<br><br>We determined the impairment review of goodwill to be a Key Audit Matter because of the materiality of the balances, and because of the significant management judgements and assumptions used to determine the value in use of the CGU which contains them.<br><br>Namely, the calculation of the recoverable amount of the CGU's involves judgements about the future underlying cashflows of the CGUs, estimated growth rates for the CGUs for the next 5 years as well as in perpetuity, and judgements of an appropriate discount rate to apply to the estimated cashflows.<br><br>The uncertainty in relation to the timing and extent of the recovery of operations, as a result of the extended impact of COVID-19 and future visa changes remains uncertain. The current circumstances are considered to increase the risk in relation to the carrying value of the goodwill being potentially impaired. | Our audit procedures included:<br>• Updating our understanding of management's annual impairment testing process;<br>• Holding discussions with senior management, reviewing the Company's ASX announcement and reading minutes of the directors' meetings to gather sufficient information regarding the operations of the current reporting period, as well as the expectations going forward;<br>• Assessing the reasonableness of management's determination that the goodwill should be allocated to a particular CGU in accordance with AASB 136 Impairment of Assets, based on the nature of the Company's business;<br>• Assessing the valuation methodology used to determine the recoverable amount of the Goodwill associated to the CGUs;<br>• Evaluating the methods and assumptions used to estimate the present value of future cash inflows of the Company, including, challenging the reasonableness of the following:<br>➢ Future growth rates;<br>➢ Discount rates;<br>➢ Terminal value methodology;<br>➢ The nature and quantum of cashflows included in the financial models;<br>• Reviewing management's sensitivity analysis over the key assumptions used in the financial models, including the consideration of the available headroom and assessing whether the assumptions had been applied on a consistent basis across each scenario;<br>• Checking the mathematical accuracy of the cashflow model and reconciling input data to supporting evidence, such as approved budgets, and considering the reasonableness of the evidence (such as budgets); and<br>• Reviewing the completeness and accuracy of the disclosures included in the financial report to ensure compliance with Australian Accounting Standards. |

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### 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 31 December 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of 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 have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*
We have audited the Remuneration Report included in pages 40 to 47 of the directors' report for the year ended 31 December 2024.

In our opinion, the Remuneration Report of EDU Holdings Limited, for the year ended 31 December 2024, 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.

RSM

**RSM Australia Partners**

D Talbot

**David Talbot**
Partner

Sydney, 26 February 2025

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of EDU Holdings Limited for the year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

**RSM AUSTRALIA PARTNERS**

D Talbot

**David Talbot**
Partner

Sydney, NSW
Dated: 26 February 2025

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# ASX Additional Information

## AT 7 FEBRUARY 2025

### Ordinary shares

150,553,408 fully paid ordinary shares, held by 347 individual shareholders. All ordinary shares carry one vote per share.

### Restricted securities

None.

### Unquoted securities

1,866,197 performance rights, vesting on 31 May 2026 and exercisable before 1 July 2026, held by Mr Adam Davis and Mr Lyndon Catzel. 1/3rd of the performance rights can be exercised if the 20-day VWAP of EDU ordinary shares at 23 May 2026 exceeds $0.22, 1/3rd exercisable if the 20-day VWAP exceeds $0.24 and the remaining 1/3rd exercisable if the 20-day VWAP exceeds $0.27.

4,335,060 performance rights, vesting on 26 July 2027 and exercisable before 26 August 2027, 2,885,060 held by Mr Adam Davis and Mr Lyndon Catzel and a further 1,450,000 are held by other employees. 1/3rd of the performance rights can be exercised if the 20-day VWAP of EDU ordinary shares at 16 May 2027 exceeds $0.15, 1/3rd exercisable if the 20-day VWAP exceeds $0.16 and the remaining 1/3rd exercisable if the 20-day VWAP exceeds $0.17.

# Distribution Of Holders In Each Class Of Equity Securities:

### Total holders of fully paid ordinary shares

| Range | Ordinary shares | % | No. of holders | % |
|---|---|---|---|---|
| 100,001 and over | 145,402,351 | 96.58% | 95 | 27.38 |
| 10,001 to 100,000 | 4,493,142 | 2.98% | 116 | 33.43 |
| 5,001 to 10,000 | 532,568 | 0.35% | 57 | 16.43 |
| 1,001 to 5,000 | 120,434 | 0.08% | 35 | 10.08 |
| 1 to 1,000 | 4,913 | 0.01% | 44 | 12.68 |
| **Total** | **150,553,408** | **100.00** | **347** | **100.00** |

### Unmarketable parcels

There are 64 holders of unmarketable parcels of shares (being less than $500) based on the closing share price on 7 February 2025 of $0.115.

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## AT 7 FEBRUARY 2025

### Total holders of performance rights

| Range | Performance rights | % | No. of holders | % |
|---|---|---|---|---|
| 100,001 and over | 6,201,257 | 100.00 | 12 | 100.00 |
| 10,001 to 100,000 | - | - | - | - |
| 5,001 to 10,000 | - | - | - | - |
| 1,001 to 5,000 | - | - | - | - |
| 1 to 1,000 | - | - | - | - |
| **Total** | **6,201,257** | **100.00** | **12** | **100.00** |

### Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the *Corporations Act 2001 (Cth)* are:

| Name | Ordinary shares | % |
|---|---|---|
| Global Capital UCW (Australia) Pty Ltd | 28,820,473 | 19.14 |
| Mulpha Education Investments Pty Ltd | 23,096,923 | 15.34 |
| Microequities Asset Management Pty Limited | 10,408,326 | 6.30 |
| ABD Holdings Pty Limited | 10,000,000 | 6.05 |

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## Top 20 holders of equity securities at 7 February 2025

| Rank | Name | Ordinary shares | % |
|---|---|---|---|
| 1 | Mulpha Education Investments Pty Ltd | 23,076,923 | 15.33 |
| 2 | Global UCW Pty Limited | 19,210,753 | 12.76 |
| 3 | J P Morgan Nominees Australia Pty Limited | 10,446,797 | 6.94 |
| 4 | ABD Holdings Pty Limited <ABD Family A/C> | 10,000,000 | 6.64 |
| 5 | Global UCW No 2 Pty Ltd <Global UCW Unit A/C> | 9,609,720 | 6.38 |
| 6 | HSBC Custody Nominees (Australia) Limited | 8,329,999 | 5.53 |
| 7 | Mr Matthew Reede | 5,330,823 | 3.54 |
| 8 | DMX Capital Partners Limited | 3,397,619 | 2.26 |
| 9 | Simon Paul & Rebecca Jane Paul <Paul Family A/c> | 2,750,000 | 1.83 |
| 9 | Brad Richard Seaman | 2,750,000 | 1.83 |
| 10 | DMX Capital Partners Limited | 2,673,077 | 1.78 |
| 11 | Oceanview Super Fund Pty Ltd <Oceanview Super Fund A/C> | 2,644,084 | 1.76 |
| 12 | Prof Alan Jonathan Berrick | 2,500,000 | 1.66 |
| 13 | Mr Josef Kysilka | 2,293,089 | 1.52 |
| 14 | Holloway Cove Pty Ltd <Holloway Cove S/F A/C> | 2,255,519 | 1.50 |
| 15 | Australian Education Centre Pty Ltd | 2,008,354 | 1.33 |
| 16 | Mr Christian James Haustead | 1,685,694 | 1.12 |
| 17 | Margaret Armstrong | 1,666,667 | 1.11 |
| 17 | Matthew Smith | 1,666,667 | 1.11 |
| 18 | Vivre Investments Pty Ltd | 1,545,000 | 1.03 |
| 19 | Dixson Trust Limited | 1,538,462 | 1.02 |
| 20 | United Equity Partners Pty Ltd <Polycorp Family A/C> | 1,375,000 | 0.91 |
| | **Total** | **118,754,247** | **78.88** |

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