EDU | Holdings

QUALIFICATIONS TO MEET DEMAND IN HEALTHCARE, EDUCATION & COMMUNITY SERVICES OCCUPATIONS

ANNUAL REPORT

31 DECEMBER 2022

CORPORATE DIRECTORY

DIRECTORS

Gary Burg: Non-Executive Chair

Peter Mobbs: Non-Executive Director

Jonathan Pager: Non-Executive Director

Greg Shaw: Non-Executive Director

Adam Davis: Chief Executive Officer and Managing Director

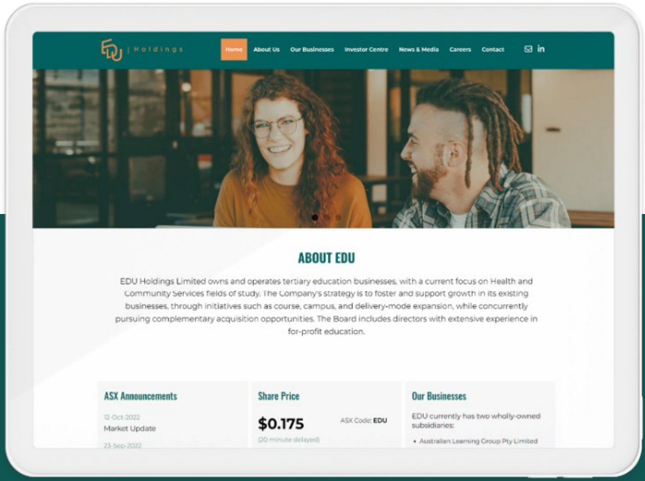
COMPANY SECRETARY

Lyndon Catzel: Chief Financial Officer and Company Secretary

Elizabeth Spooner: Joint Company Secretary

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 1, 65 York Street
Sydney 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: +61 2 9698 5414

STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX)

ASX Code: EDU

CORPORATE WEBSITE

http://www.eduholdings.com.au

CONTENTS

ABOUT THIS ANNUAL REPORT

The Annual Report 2022 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 2022 (FY22).

Any reference to the financial year relates to the period from 1 January 2022 to 31 December 2022, unless otherwise stated.

Our Corporate Governance Statement, detailing our compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, can be found on the Investor Centre section of our website:

www.eduholdings.com.au/investor-centre

EDU | Holdings

LETTER FROM THE CHAIR & CHIEF EXECUTIVE OFFICER

Dear Shareholders, Students, Staff and Partners,

We are pleased to present our Annual Report for the year ended 31 December 2022.

2022 was another challenging year for our vocational business, Australian Learning Group or ALG. Notwithstanding the border reopening, delays in visa processing and the availability and pricing of inbound flights in the first half pushed out ALG's recovery and total student enrolments continued to decline. As these issues resolved during the second half, we saw ALG's new student enrolments increase accordingly. New student enrolments in Term 4, 2022 were up 111% on the previous corresponding period (PCP) and total student enrolments consolidated just above 1,000.

While it was the correct decision for the long-term, holding on to our teams and campus infrastructure during 2022, with less students and revenue, was impactful to cashflow and the bottom line. We are confident that ALG is poised for a return to growth in 2023, with new student enrolments in Term 1, 2023 up a further 22% on Term 4, 2022. It is encouraging to see onshore English language enrolments back to or above pre-pandemic levels as historically many of these students transition into VET or HE on completion of their English language studies.

Pleasingly, our higher education business, Ikon Institute of Australia or Ikon, continued to record strong growth in student enrolments and revenue during 2022. In particular, momentum continued to build in its online offer and its Bachelor of Early Childhood Education. This has continued into the first trimester of 2023, with total enrolments up 40% on the PCP, to 768. Seeing the positive impact of new program development, at the back end of the year, the Board approved an ambitious 2025 product development plan and are resourcing the business accordingly.

We remained focused on ensuring the long-term success of the Company, and as such, continued to invest in academic quality, governance and student experience during 2022. While these investments temporarily impact our financial performance, we are convinced that they will contribute to our future success and enable us to better serve our students and in turn, shareholders in the coming years.

As we look towards the future, we remain committed to delivering margin improvement with scale, and optimistic about the potential for growth in both our vocational and higher education businesses.

We would like to take this opportunity to thank our shareholders, students, staff and business partners for your continued support and commitment during 2022 and into the future.

Sincerely,

Gary Burg
Chair

Adam Davis
Chief Executive Officer

CORPORATE OVERVIEW

CORPORATE SNAPSHOT

COMPANY OVERVIEW

$18.1m
FY22 Revenue

($1.5m)
FY22 EBITDA

AUSTRALIAN LEARNING GROUP

Ikon INSTITUTE OF AUSTRALIA

91
Permanent team members

22
Courses offered

6,463
Total student enrolments

5
State operations
NSW, VIC, QLD,
SA, WA + Online

STOCK OVERVIEW

ASX TICKER CODE
EDU

MARKET CAPITALISATION
AUD$26m
23 February 2023

STOCK PRICE
16c
23 February 2023

ASX
AUSTRALIAN SECURITIES EXCHANGE

INVESTMENT PROPOSITION

Structural Tailwinds
Long-term skills shortages
Favourable visa settings

Market Rebounding
International student market rebuilding

Operating Leverage
Significant latent classroom and operating capacity
Growth in Online

Long-Term Prospects
Ambitious product development program underway
Continued focus on M&A

OPERATIONAL HIGHLIGHTS

Ikon Total Enrolments up 35%

Growth continuing - Trimester 1, 2023 enrolments up 40% on PCP.

Rebound in ALG NSEs

Term 4, 2022 up 111% on PCP

Term 1, 2023 up a further 22%

Opened New Sydney Campus

1,621 sqm purpose-built education space

Acquired Nurse Training Australia[1]

Expected completion 2Q 2023

Growth in Online

49% of Ikon's domestic NSEs

Enables national class consolidation and higher margins

Early Childhood Education Gaining Traction

Growth in international enrolments, leveraging significant EDU agent network

Skills Shortages Driving Shift in Program Mix

73% of total enrolments in Community Services courses

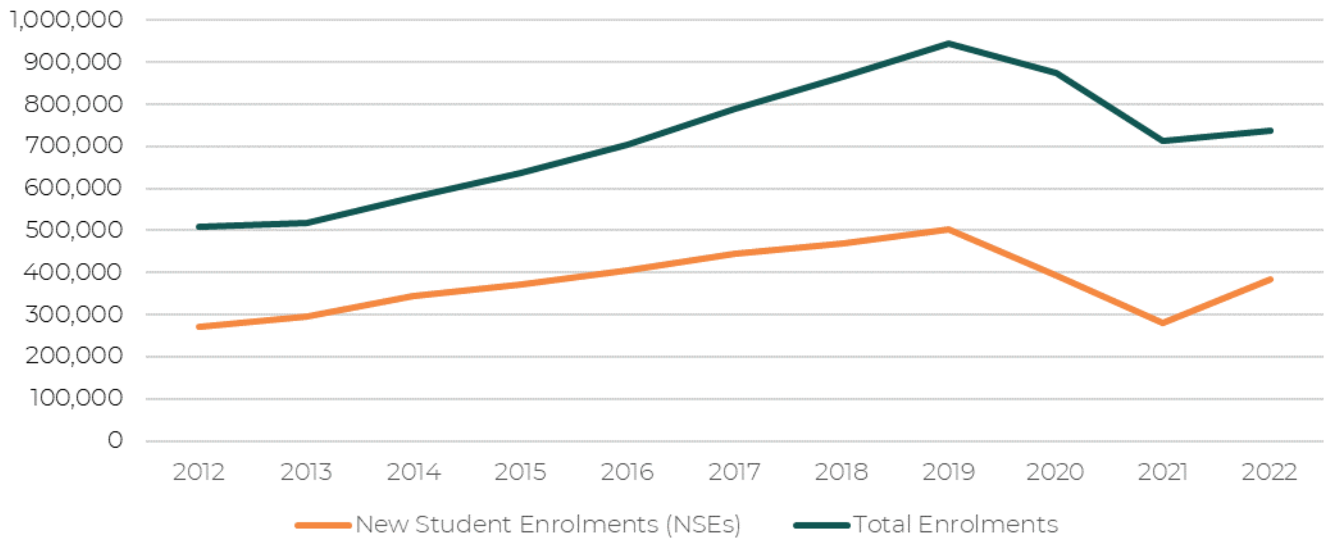
Capacity Maintained

Significant latent capacity to deliver operating leverage as student numbers grow

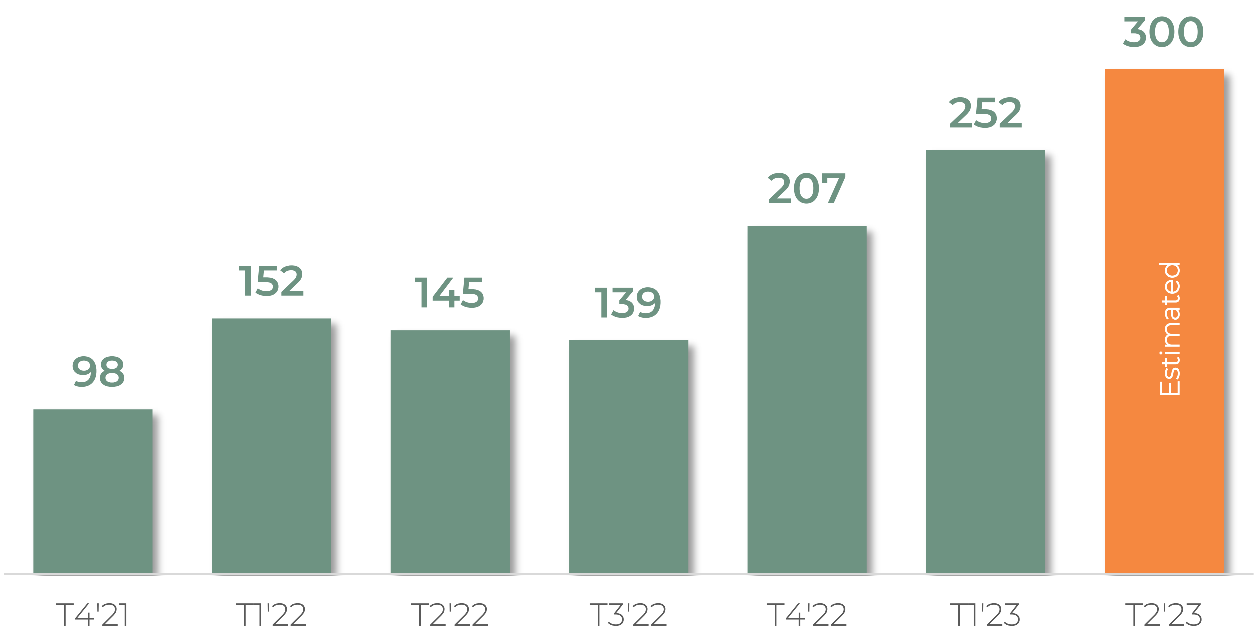
OUR OPERATING ENVIRONMENT

AUSTRALIA'S INTERNATIONAL EDUCATION MARKET BOUNCING BACK

NEW STUDENT ENROLMENTS AND TOTAL ENROLMENTS IN AUSTRALIA - YTD NOVEMBER[1]



ALG NEW STUDENT ENROLMENTS (NSE) REBOUNDING



[1] Source: Austrade International Education Data - Year to Date November

QUALIFICATIONS TO MEET THE DEMAND IN AUSTRALIAN SKILLED OCCUPATIONS

Australia's Skilled Migration Quota

FY22		FY21
195,000 ↑	vs	**160,000**

International students make up a large proportion of the skilled migration quota each year. The government has **raised the skilled migration quota by 35,000 places this year.** In their discussion papers, leading consultancy groups are calling for further rises of up to 250,000 additional places over the next 5 years.

ANZSCO Skilled Occupation Codes

EDU operating businesses deliver qualifications to meet 25 ANZSCO occupation codes.
15 ANZSCO codes are also on the government's Strategic Skills List, essential for international student work & residency applications.

Critical Skills Shortages

EDU qualifies students toward **3 of the top 10 professions** that the government identified as having critical skills shortages during the Jobs Summit September 2022. Nurse Training Australia provides a direct pathway to a 4th.

- **Early childhood teachers**
- Construction managers
- Civil engineering professionals
- Registered nurses
- ICT (information and communications technology) business and systems analysts
- Software and applications programmers
- **Child carers**
- Electricians
- **Age and disability carers**
- Chefs

SKILLED PRIORITY LIST KEY FINDINGS REPORT 2022

Child Care Worker and Aged Care Worker are occupations that are identified in the Skilled Priority list 2022 as large employing occupations with critical shortages.

Nursing is the largest employing area in healthcare and social assistance industry. **Nurse occupations listed in ANZSCO were in shortage in the 2022 Skilled Priority List.**

PERFORMANCE HIGHLIGHTS

FINANCIALS

As expected, the Group recorded an EBITDA loss of $1.5m and loss after tax of $4.8m, as a result of lower total student enrolments in ALG, while maintaining its capacity for the forthcoming recovery. Encouragingly, ALG new student enrolments commenced rebuilding, with Term 4, 2022 up 111% on the PCP. Ikon's enrolments and revenue continued to climb, with total enrolments landing up 35% for the year.

	FY22	vs	FY21
Revenue	**$18.1m**		**$22.0m** ↓
EBITDA	**($1.5m)**		**$2.0m** ↓

	DEC-22	DEC-21
Cash balance	**$6.1m**	**$6.3m** ↓

STUDENT PERFORMANCE INDICATORS

	FY22	vs	FY21
Total Enrolments[1]	**6,463**		**8,898** ↓
New Student Enrolments	**1,036**		**1,115** ↓

	FY22	FY21
Letters of Offer (leading indicator)	**2,732**	**2,107** ↑

[1] Total enrolments is the sum of students enrolled in all trimesters and terms during the year

PROGRAM STRATEGY UNFOLDING

As a greater percentage of students enrol in our degree and diploma courses, our business model strengthens with improved margins and longer study durations.

HIGHER VALUE COURSES

Ikon HE Revenue Mix:

100% FY22 **vs** **64%**[1] FY18

ALG Diploma Enrolment Mix:

52% FY22 **vs** **32%** FY18

EXPANSION OF COURSE PORTFOLIO

Programs:

22 F22 **vs** **14** FY17

LONGER STUDY DURATION

26 months in FY22

vs **22** months in FY18

LEVERAGE ONLINE DELIVERY

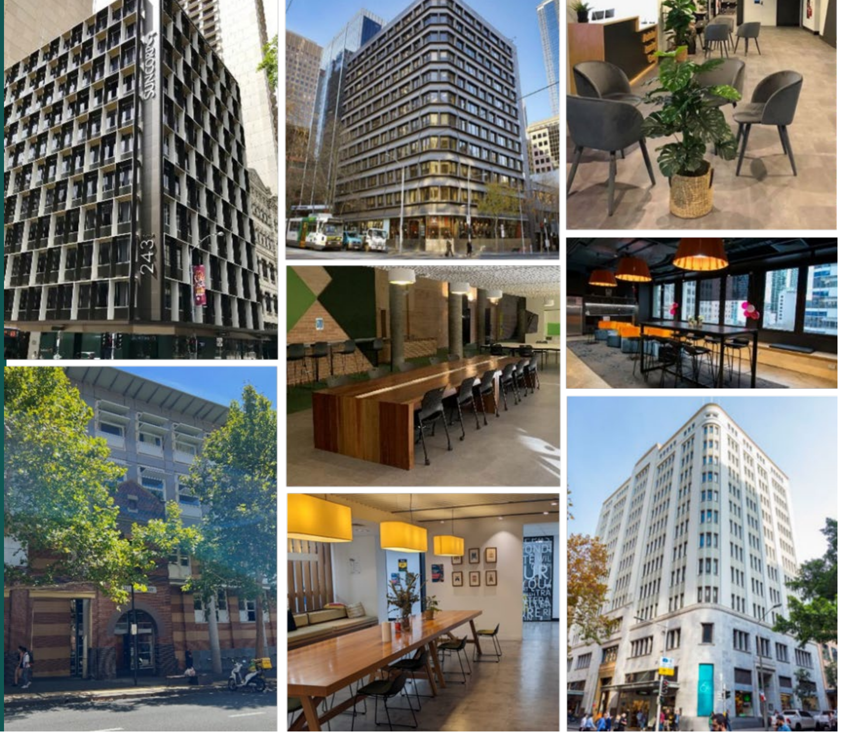
Online total enrolments:

365 FY22 **vs** **66** FY21, up 453%

	Certificate	Diplomas	Degrees
	Australian Learning Group	Australian Learning Group; Ikon Institute of Australia	Ikon Institute of Australia
Average price	$8,000	$19,000	$54,000
Average Duration	< 1 year	1-2 years	3-4 years

[1] Represents proportion of HE revenue delivered directly, i.e.. not through third parties

CAPACITY FOR GROWTH



EDU has significantly underutilised classroom and operating capacity. This provides a material opportunity for operating leverage to emerge as student numbers rebuild.

NATIONAL CAMPUS FOOTPRINT

54
Classrooms FY22

vs

48
Classrooms FY18

8
Campus locations across
5 states + Online

CAPACITY FOR GROWTH

2,302 sqm
space in Sydney
operating at 46% capacity

2,099 sqm
space in Melbourne
operating at 45% capacity

COURSES & CLASSROOMS

	2018	2022
Courses	22	22
Classrooms	48	54

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)** (formerly UCW Limited (UCW)) and its controlled entities **(Group)** for the year ended 31 December 2022.

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)

INFORMATION ON DIRECTORS

GARY BURG

BAcc (Wits), MBA (Wits)

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.

Gary is a former director of Alinta Energy Pty Ltd, Prefsure Life Ltd, InsuranceLine Pty Ltd and Capital Alliance Holdings 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 Options

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

- 36,847,252 fully paid ordinary shares
- Contractual rights to shares: None

INFORMATION ON DIRECTORS

ADAM DAVIS

BAppFin (Macquarie University)

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 Tasman Institute Pty Limited
- Director of EDU Corporate Services Pty Ltd

Interests in Shares and Options

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
- 2,550,000 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

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 Options

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

- 4,476,151 fully paid ordinary shares
- Contractual rights to shares: None

INFORMATION ON DIRECTORS

JONATHAN PAGER

MEc (Macquarie University)

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

Holista CollTech Limited (ASX: HCT) (Non-Executive Director)

Special Responsibilities

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

Interests in Shares and Options

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

- 1,971,990 fully paid ordinary shares
- Contractual rights to shares: None

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 Options

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 COMPANY SECRETARY

LYNDON CATZEL

BEc (Sydney University), CA

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 Tasman Institute Pty Limited
- Director of EDU Corporate Services Pty Ltd

Interests in Shares and Options

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
- 2,000,000 Performance Rights
- Contractual rights to shares: None

PRINCIPAL ACTIVITY

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

DIVIDENDS

No dividends have been paid or declared during the financial year ended 31 December 2022 (December 2021: $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.

OPERATING AND FINANCIAL REVIEW

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 complementary acquisition opportunities.

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

EDU currently has two wholly-owned operating businesses:

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

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

Ikon is a higher education (**HE**) sector provider, with a primary focus on the domestic student market. Ikon operates from campuses in Sydney, Melbourne, Brisbane, Perth, Adelaide and Online.

On 2 June 2022, the Company entered into an agreement to acquire 100% of the shares in Care Plus Training Pty Ltd trading as Nurse Training Australia (**NTA**). NTA is a vocational education provider in Healthcare & Community Services fields of study, including Nursing. The business is primarily focused on the international student market and delivers from two campuses in Burwood, Western Sydney.

The acquisition is expected to complete in 2Q 2023 , subject to satisfaction or waiver of a number of conditions precedent in favour of EDU (principally reaccreditation of NTA's new Diploma of Nursing program by the Australian Nursing and Midwifery Accreditation Council, and ASQA approving the addition of the new Diploma of Nursing to its scope of registration).

EDU will pay $4.5m upfront for 75% of the shares (**Initial Payment**) with a further $1.5m payable up to 12 months later for the remaining 25% (**Deferred Payment**). The Initial Payment is subject to typical net debt and working capital adjustments. The Deferred Component is not subject to any performance milestones or working capital adjustment.

The results presented in this report include the corporate operations of EDU Holdings (including 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 2022 and the comparative period.

AUSTRALIAN LEARNING GROUP

Overview

ALG offers vocational courses targeted towards international students, delivered from campuses in Sydney, Melbourne, Brisbane and Perth. It operates a central administration function in Sydney.

For Term 4, 2022, ALG had 1,051 international students studying at its various campus locations.

ALG's international students are recruited primarily through education agents, both onshore in Australia and offshore in source countries. ALG has over 250 active education agents and students from more than 65 source countries.

ALG currently offers 14 qualifications, all of which are in Healthcare, Education and Community Services related fields of study:

- Ageing Support (Certificate III and Certificate IV)
- Community Services (Diploma)
- Counselling (Diploma)
- Early Childhood Education and Care (Certificate III and Diploma)
- Fitness (Certificate III and Certificate IV)
- Mental Health (Diploma)
- Remedial Massage (Certificate IV and Diploma)
- Sport and Recreation Management (Diploma)
- 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.

Enrolments

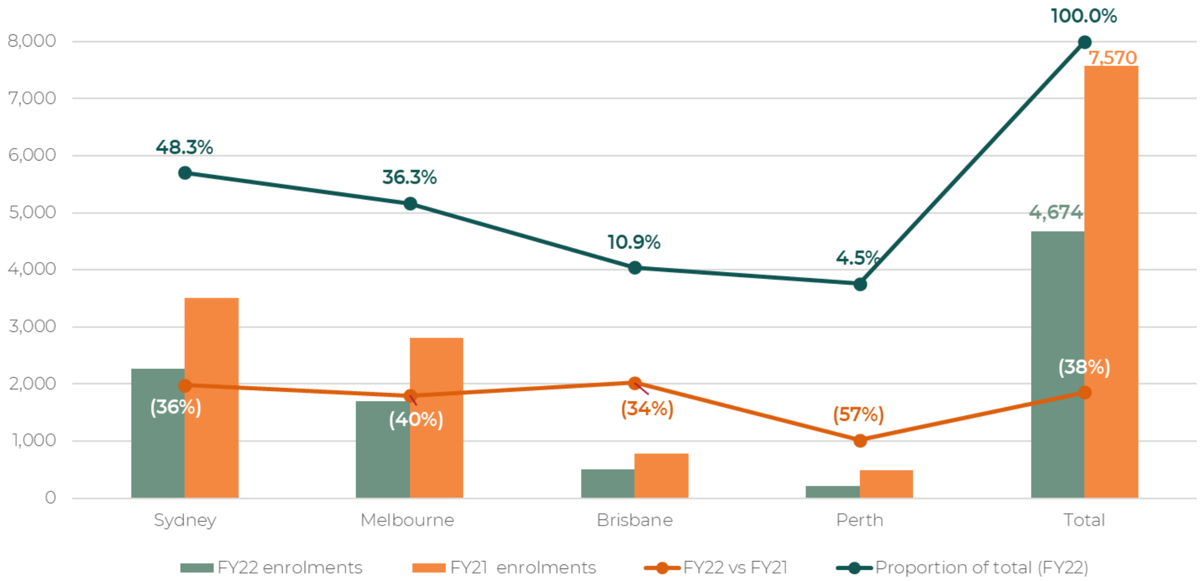
ALG's international student enrolments for the year ended 31 December 2022, being the sum of enrolments in the four academic terms during the period, were 4,674, representing a decline of 38% compared to the PCP. Notwithstanding that borders re-opened to students from early 2022, visa processing delays and the availability and pricing of inbound flights for a large part of the year impacted the expected rebound of ALG student enrolments.

As these issues resolved, ALG saw a positive trend in new student enrolments emerge and gain traction in the second half. In Term 4, 2022, ALG recorded new student enrolments of 207, up 111% on the 98 recorded for Term 4, 2021. We are seeing this trend continue into 2023, with 252 new student enrolments recorded in Term 1, 2023. As a lead indicator for total student enrolment growth, increases in new student enrolments bode well for the business in 2023 and beyond.

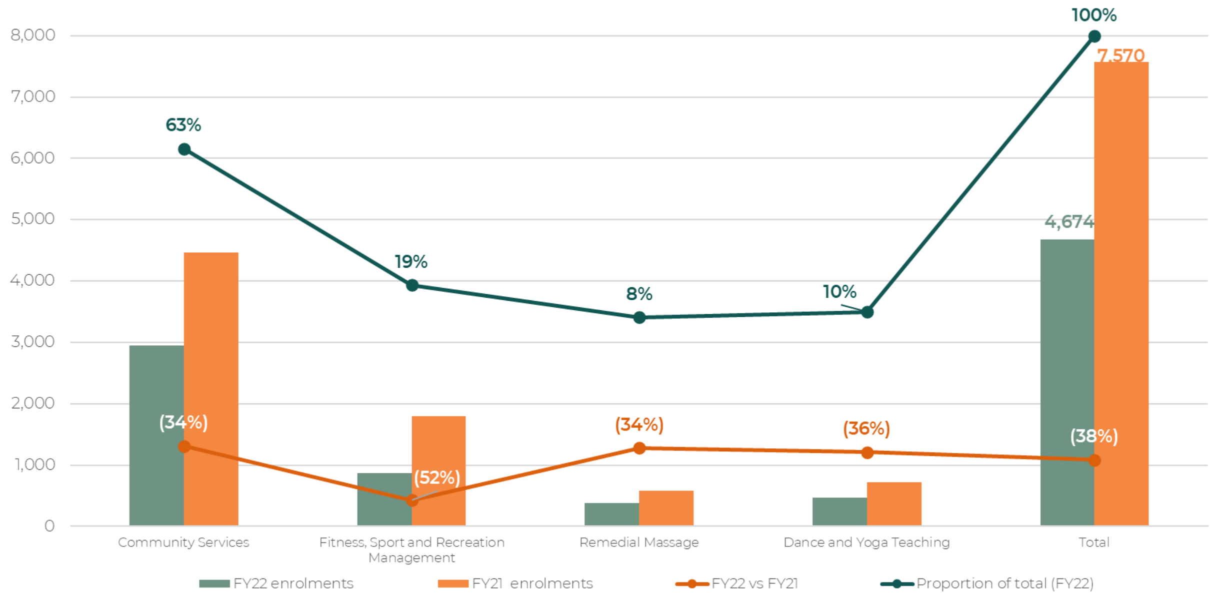
We are also encouraged by the strong growth in the onshore student market (ALG's traditional primary source of student enrolments), particularly in the English language sector, which is a feeder for the vocational and higher education sectors.

The decline in total enrolments through calendar 2022 has now stabilised and in Term 1, 2023, we have 1,007 students. With our in-demand, highly regarded programs, we are expecting a return to growth from Term 2, 2023.

International enrolments by campus location [a]



International enrolments by field of study [ab]



[a] Enrolments shown are the sum of enrolled students in each of ALG's academic terms during the respective period

[b] Community Services includes: Ageing Support; Community Services; Counselling; Early Childhood Education and Care; and Mental Health

ALG results for the year ended 31 December 2022

ALG	FY22	FY21	Variance	Variance*
	$'000	$'000	$'000	%
Revenue				
International student revenue	10,185	15,809	(5,624)	(35.6%)
Domestic and other revenue	50	504	(454)	(90.1%)
Total revenue	**10,235**	**16,313**	**(6,078)**	**(37.3%)**
Cost of sales				
Commission	(2,376)	(3,660)	1,284	35.1%
Venue	(131)	(508)	377	74.2%
Teaching	(3,176)	(4,004)	828	20.7%
Other	(96)	(187)	91	48.7%
Total cost of sales	**(5,779)**	**(8,359)**	**2,580**	**30.9%**
Gross profit	**4,456**	**7,954**	**(3,498)**	**(44.0%)**
Gross margin (%)	*43.5%*	*48.8%*	n/a	*(5.3%)*
Operating expenses	**(4,958)**	**(5,032)**	**74**	**1.5%**
Operating EBITDA	**(502)**	**2,922**	**(3,424)**	**n/a**
Operating EBITDA margin (%)	*(4.9%)*	*17.9%*	n/a	*(22.8%)*
Depreciation & amortisation				
- Lease related	(1,448)	(1,617)	169	10.5%
- Plant & equipment	(540)	(613)	73	11.9%
- Intangible assets	(124)	(171)	47	27.5%
Total depreciation & amortisation	**(2,112)**	**(2,401)**	**289**	**12.0%**
EBIT before one-off items	**(2,614)**	**521**	**(3,135)**	**n/a**
EBIT margin (%)	*(25.5%)*	*3.2%*	n/a	*(28.7%)*
Net finance expense – lease related	(479)	(451)	(28)	(6.2%)
Impairment of assets**	(396)	-	(396)	n/a
Income tax benefit	918	89	829	931.5%
Net (loss) / profit for the period	**(2,571)**	**159**	**(2,730)**	**n/a**

* Movement in percentage points

** ALG secured a new campus in mid-2022, with 14 training rooms in Quay St, Haymarket (the previous main Sydney campus in Kent St. Sydney had 10 training rooms). With this relocation and increase in capacity, together with the decline in ALG student numbers, management determined that the secondary Clarence St campus was superfluous to its requirements. Accordingly it vacated the premises and the Company has impaired the associated ROAU, leasehold improvement costs and other plant & equipment located at the campus.

Financial performance

ALG generated revenue of $10.2m and an EBITDA loss of $0.5m, with a net loss of $2.6m for the year ended 31 December 2022. For comparison, for the year ended 31 December 2021, ALG's revenue was $16.3m, EBITDA was $2.9m positive and it recorded a net profit of $0.2k.

The decline in revenue and EBITDA against PCP directly relates to the fall in international student enrolments, and the resulting smaller class sizes materially impacting gross margins. Despite the 'turbulence' in recent times, ALG has continued to focus on maintaining academic excellence and quality by investing in the continuous improvement of its resources and processes. While these investments and holding on to its cost structure during 2022 impacted ALG's 2022 financial performance, the Board believes these decisions will ultimately lead to long-term sustainable growth.

Overview

Ikon is a FEE-HELP approved Institute of Higher Education (HE). It operates nationally with campuses in Sydney, Melbourne, Brisbane, Perth, Adelaide and Online. Ikon delivers three study periods (or trimesters) per calendar year, each offering an intake for new students. In its Trimester 3, 2022 Ikon had 645 students.

Ikon's current HE courses include a Bachelor of Counselling and Psychotherapy, a Bachelor of Arts Therapy and a Bachelor of Early Childhood Education (launched at the start of 2021), each with nested Diplomas and/or Associate Degrees.

Ikon's traditional primary demographic was the domestic student market but this is rapidly changing with international students constituting 35% of new student enrolments in Trimester 3, 2022. Domestic 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 education agents, supported by promotion of pathways from ALG.

Enrolments

Ikon had 645 students in its Trimester 3, 2022, up 30% compared to the PCP and almost triple the number of HE students that Ikon had in Trimester 3, 2018, when we acquired the business. Enrolments comprised 422 domestic and 223 international students. Growth was recorded across all campuses including Online and was aided by the strong uptake of the Bachelor of Early Childhood Education (BECE,) which commenced at the start of 2021.

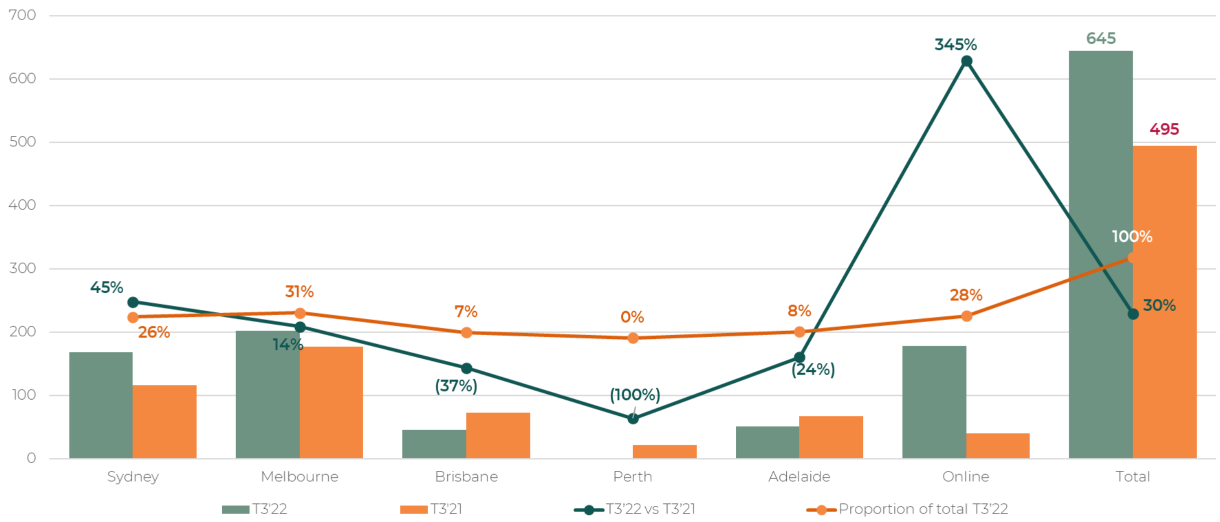
As is typical in higher education, the Trimester 1 intake, in February of each year, at the commencement of the academic and calendar year, is Ikon's largest, with the second and third trimester intakes in May and September typically smaller. A total of 393 new students commenced their studies with Ikon during FY22, compared to 344 in the PCP, up 14%.

As noted above, Ikon commenced offering its Bachelor of Early Childhood Education in 2021. The course appears to be gaining strong traction with BECE students making up 28% of Trimester 3, 2022 enrolments and 263 in Trimester 1, 2023, or 34% of total enrolments, with further growth expected during 2023.

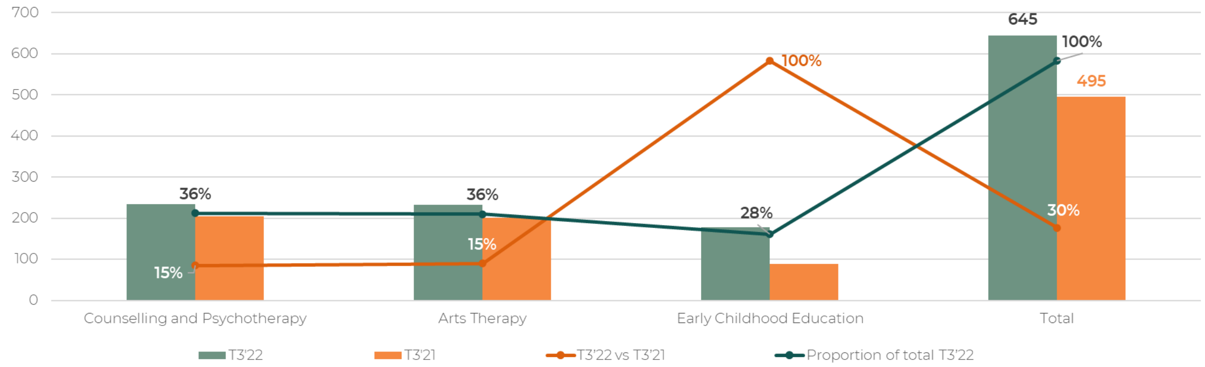
The launch of Bachelor of Early Childhood Education has been supported by a scholarship program, reducing the effective tuition fee, to support Ikon entering the market. Whilst this has resulted in lower average revenue per student and thus gross margins, the growth in the program has been pleasing and we consider, the right strategy.

Ikon also launched its online offer in 2021. It too is starting to show good traction with student numbers of 178 in Trimester 3, 2022, up 138 or 345% on the PCP as more Counselling students select this mode of study. We anticipate further growth into 2023 with more than 50% of new Counselling student enrolments for Trimester 1, 2023 selecting online. In Trimester 1, 2023 the Online student cohort is 219, or 29% of total enrolments.

HE students by location



HE students by course



Ikon results for the year ended 31 December 2022

Ikon	FY22	FY21	Variance	Variance*
	$'000	$'000	$'000	%
Revenue				
International student revenue	2,259	1,001	1,258	125.7%
Domestic and other revenue	5,626	5,010	616	12.3%
Total revenue	**7,885**	**6,011**	**1,874**	**31.2%**
Cost of sales				
Commission	(332)	(140)	(192)	(137.1%)
Venue	(42)	(102)	60	58.8%
Teaching	(2,709)	(2,245)	(464)	(20.7%)
Other	(54)	(23)	(31)	(134.8%)
Total cost of sales	**(3,137)**	**(2,510)**	**(627)**	**(25.0%)**
Gross profit	**4,748**	**3,501**	**1,247**	**35.6%**
Gross margin (%)	*60.2%*	*58.2%*	n/a	*2.0%*
Operating expenses	**(4,225)**	**(3,079)**	**(1,146)**	**(37.2%)**
Operating EBITDA	**523**	**422**	**101**	**23.9%**
Operating EBITDA margin (%)	*6.6%*	*7.0%*	n/a	*(0.4%)*
Depreciation & amortisation				
- Lease related	(1,006)	(688)	(318)	(46.2%)
- Plant & equipment	(46)	(42)	(4)	(9.5%)
- Intangible assets	(122)	(116)	(6)	(5.2%)
Total depreciation & amortisation	**(1,174)**	**(846)**	**(328)**	**(38.8%)**
EBIT	**(651)**	**(424)**	**(227)**	**(53.5%)**
EBIT margin (%)	*(8.3%)*	*(7.1%)*	n/a	*(1.2%)*
Net finance expense – lease related	(380)	(248)	(132)	(53.2%)
Income tax benefit	171	105	66	62.9%
Net loss for the period	**(860)**	**(567)**	**(293)**	**(51.7%)**

* Movement in percentage points

Financial performance

Ikon generated revenue of $7.9m, EBITDA of $0.5m and a net loss of $0.9m for the year ended 31 December 2022. By comparison, in the year ended 31 December 2021, Ikon recorded revenue of $6.0m, EBITDA of $0.4m and a net loss of $0.6m.

Increased student enrolments delivered a 31% increase in revenue. Yet to achieve critical scale, earnings were impacted in 2022 by continued, necessary investments in building a robust governance framework, increased academic capability, quality and processes. This included recruitment of a broader and deeper academic and management team, enhancement of internal course development capacity, and improvement of governance and risk management. Professor Andrew Flitman was appointed to the Ikon Board of Directors, and as Chair of its Academic Board. Professor Flitman is currently Chair of Torrens University's Academic Board.

Other appointments to Ikon's Board of Directors and Academic Board included: Daniel Atkin (Group Head of Risk, IDP Education), Professor Alison Elliott (Professor of Education, CQ University) and Professor Debra Dunstan (Adjunct Professor in Psychology, University of New England). Dr Leonie Clyne resigned, after a period approaching 10 years and we take this opportunity to thank her for her valuable contribution.

Ikon's growth strategy is centred around product development. A product development plan to materially increase its course offering over the coming years was approved by the Board late in the year and resourcing for implementation has commenced.

With the positive trend of increasing student enrolments and revenue growth, combined with the investments being made in future course development, the Board is pleased with how the business is developing, and looks forward to reporting improved financial performance in FY23 and beyond.

CORPORATE FOCUS

EDU Holdings' strategy is to continue to invest in the organic growth of its existing businesses while concurrently pursuing strategic acquisition opportunities.

RESULTS SUMMARY

The table below reconciles the underlying EBITDA of ALG and Ikon (EDU's wholly-owned operating businesses) for the financial year ended 31 December 2022, to the Group's consolidated loss reported for the period.

Group	FY22	FY21	Variance	Variance*
	$'000	$'000	$'000	%
ALG/Ikon				
Total revenue	18,120	22,324	(4,204)	(18.8%)
Cost of sales	(8,916)	(10,869)	1,953	18.0%
Gross profit	**9,204**	**11,455**	**(2,251)**	**(19.7%)**
Gross profit margin (%)	*50.8%*	*51.3%*	n/a	*(0.5%)*
Operating expenses	(9,183)	(8,111)	(1,072)	(13.2%)
Operating EBITDA	**21**	**3,344**	**(3,323)**	**(99.4%)**
Operating EBITDA margin (%)	*0.1%*	*15.0%*	n/a	*(14.9%)*
EDU Holdings				
Corporate costs	(1,568)	(1,356)	(212)	(15.6%)
EBITDA	**(1,547)**	**1,988**	**(3,535)**	**n/a**
EBITDA margin (%)	*(8.5%)*	*8.9%*	n/a	*(17.4%)*
Depreciation & amortisation				
- Lease related	(2,541)	(2,305)	(236)	(10.2%)
- Plant & equipment	(586)	(655)	69	10.5%
- Intangible assets	(390)	(431)	41	9.5%
Total depreciation & amortisation	**(3,517)**	**(3,391)**	**(126)**	**(3.7%)**
EBIT	**(5,064)**	**(1,403)**	**(3,661)**	**(260.9%)**
EBIT margin (%)	*(27.9%)*	*(6.3%)*	n/a	*(21.6%)*
Interest on lease liabilities	(856)	(700)	(156)	(22.3%)
Interest and borrowing expenses	(159)	(163)	4	2.5%
Income tax benefit	1,482	770	712	92.5%
Net loss before one-off items	**(4,597)**	**(1,496)**	**(3,101)**	**(207.3%)**
Due diligence and transaction costs	(51)	(753)	702	93.2%
Gain on lease modification	87	-	87	n/a
Gain on disposal of assets	138	1,912	(1,774)	(92.8%)
Impairment of assets	(396)	-	(396)	n/a
Net loss for the period	**(4,819)**	**(337)**	**(4,482)**	**(1330.0%)**

*Movement in percentage points

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 the shareholders of EDU and EBIT.

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. The above table summarises reconciling items between statutory net profit after tax attributable to the shareholders of EDU Holdings 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.

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.

Gain on disposal of assets
Represents the gain on sale of 100% of EDU Holding's shares in Gradability Pty Ltd.

Interest and borrowing expenses
Interest and borrowing expenses relate primarily 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.

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

Impairment of assets
Impairment of assets relates to the impaired right-of-use assets and plant & equipment for the Clarence Street campus – refer to bottom of page 24 for further details.

NET ASSETS

The net assets of the Group as at the reporting date was $13,256,667 (31 December 2021: $11,847,421).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During FY21, the Group received COVID relief of $0.7m. This was not available in FY22 and together with the continued decline in ALG students, contributed to the earnings decline in the Group.

On 2 June 2022, the Company announced that it had entered into an agreement to acquire 100% of the shares in Care Plus Training Pty Ltd trading as Nurse Training Australia (NTA) for $6.0m in cash, representing an acquisition multiple of approximately 4.6x normalised CY21 EBITDA of $1.3m (6x normalised pre-AASB 16 EBITDA of $1.0m). To fund the acquisition of NTA, the Company raised equity via a two-tranche institutional placement and share purchase plan.

NTA is a vocational education provider in Healthcare and Community Services fields of study, including Nursing. The business is primarily focussed on the international student market and delivers from two campuses in Burwood, Western Sydney.

Subject to satisfaction of certain conditions precedent (in EDU's favour), the Company will pay $4.5m upfront for 75% of the shares (Initial Payment) with a further $1.5m payable in up to 12 months for the remaining 25% (Deferred Payment).

Other than the above, there were no significant changes in the state of affairs of the Group during the financial year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

While it appears to have lessened, the impact of the COVID-19 pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, there have been no other significant events after balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

With the decline of student numbers in ALG in 2022, gross margin and earnings were adversely affected. We are expecting a return to student growth and revenue in 2023 with a resultant expansion of gross margin and earnings.

Following strong growth in 2022, Ikon has recorded a positive start to the 2023 year, with 768 students passing census, up 40% on the PCP. This bodes well for improved revenue and earnings growth in 2023. Ikon is also commencing a new multi-year course development program in 2023.

INDEMNIFICATION OF OFFICERS AND AUDITOR

During the financial year ended 31 December 2022, 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. 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 as at the date of this report are:

Date options granted	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
25 Nov 2020	2,350,000	Ordinary	$nil	24 Dec 2023[a]
12 Nov 2021	2,200,000	Ordinary	$nil	11 Dec 2024[b]
	4,550,000			

a. Performance rights, 50% exercisable if the 20-day VWAP of EDU ordinary shares as at 24 November 2023, exceeds $0.28 and 50% exercisable if the 20-day VWAP exceeds $0.32.

b. Performance rights, 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares as at 11 November 2024 exceeds $0.20, 1/3rd exercisable if the 20-day VWAP exceeds $0.24 and 1/3rd exercisable if the 20-day VWAP exceeds $0.27.

Option holders do not have any right, by virtue of the option, 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 Corporation Act 2001 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 2022 was RSM Australia Partners (**RSM**). Details of the amounts paid to the auditors of the Group for audit services (including non-audit services) provided during the year are set out in Note 9 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.

The Directors are of the opinion that the non-audit services do not compromise the external auditor's independence requirements of the Corporations Act 2011 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 102 of the Annual Report.

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.

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[3]		Risk & Compliance Committee[3]		Remuneration & Nomination Committee[3]	
	Eligible to attend[1]	Attended	Eligible to attend[1]	Attended	Eligible to attend[1]	Attended	Eligible to attend[1]	Attended
Gary Burg	9	9	2	2	3	3	1	1
Adam Davis	9	9	-	-	-	-	-	-
Peter Mobbs	9	9	1	1	4	4	1	1
Jonathan Pager	9	9	2	2	4	4	1	1
Greg Shaw[2]	5	4	-	-	-	-	-	-

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

2 Greg Shaw was appointed as a Director of the Company on 18 July 2022

3 On 12 August 2022, the Company adopted new charters for each of the Audit & Finance, Risk & Compliance and the Remuneration & Nomination Committees. The changes included a change in the number and composition of Directors as committee members

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 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 option 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.

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 determined by the shareholders of the Company in 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 Board 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 for the provision of director and professional services.

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	Options	Total	Performance based % of remuneration
		$	$	$	$	$	$	$	$	%
Executive Director and Key Management Personnel										
Adam Davis (CEO and Managing Director)	31 Dec 2022	300,000	43,582	-	-	-	-	129,333	472,915	36.6%
	31 Dec 2021	277,500	61,425	-	-	-	-	121,424	460,349	39.7%
Lyndon Catzel (CFO and Company Secretary)	31 Dec 2022	226,759	32,868	-	26,692	-	-	97,004	383,323	33.9%
	31 Dec 2021	210,695	46,535	-	25,209	-	-	94,021	376,460	37.3%
Gary Burg (Chair)	31 Dec 2022	60,000	-	-	-	-	-	-	60,000	-
	31 Dec 2021	60,000	-		-	-	-	-	60,000	-
Peter Mobbs	31 Dec 2022	72,564	-	-	7,436	-	-	-	80,000	-
	31 Dec 2021	72,893	-	-	7,107	-	-	-	80,000	-
Jonathan Pager	31 Dec 2022	50,000	-	-	-	-	-	-	50,000	-
	31 Dec 2021	50,000	-	-	-	-	-	-	50,000	-
Greg Shaw	31 Dec 2022	25,000	-	-	-	-	-	-	25,000	-
	31 Dec 2021	-	-	-	-	-	-	-	-	-
Total	**31 Dec 2022**	**734,323**	**76,450**	**-**	**34,128**	**-**	**-**	**226,337**	**1,071,238**	**28.3%**
Total	**31 Dec 2021**	**671,088**	**107,960**	**-**	**32,316**	**-**	**-**	**215,445**	**1,026,809**	**31.5%**

[1] During the financial year ended 31 December 2022, $0.2m of unvested and expired options and performance rights in prior years, was reversed against accumulated losses (2021: $nil). Refer Note 23 for details.

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, or are not re-elected to office.

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

- Mr Gary Burg (Non-Executive Chair) - base fee (including Director's fees) of $60,000 per annum excluding GST.
- Mr Adam Davis (Chief Executive Officer and Managing Director) - base fee (including Director's fees) of 318,000 per annum excluding GST (effective 1 January 2023), plus a short-term incentive (STI) of up to 40% of the base fee, subject to achievement of financial (weighted 50%) and strategic and operational (weighted 50%) performance objectives, determined by the Board. The STI for the year ended 31 December 2022 was weighted 20% to financial objectives and 80% to strategic and operational objectives. A total STI of $43,582 was achieved (representing 41.5% of the maximum STI achievable).
- 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 his additional role as Chair of the Ikon Board since 30 October 2019.
- 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 Company will provide the Director with no notice and will be summarily dismissed. 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 of three months' salary 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 base fees/salary.
- Other than the Directors, the only Key Management Person is Lyndon Catzel, Chief Financial Officer and Company Secretary. Mr Catzel is paid a base salary of $265,000 (including superannuation and effective from 1 January 2023) plus an STI of up to 40% of his base salary, subject to achievement of financial (weighted 50%) and strategic and operational (weighted 50%) performance objectives, determined by the Board. The STI for the year ended 31 December 2022 was weighted 20% to financial objectives and 80% to strategic and operational objectives. A total STI of $36,319 (inclusive of superannuation) was achieved (representing 41.5% of the maximum STI achievable).

4. Share-based compensation (audited)

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

There were no share-based payments made to the Directors or Key Management Personnel for the year ended 31 December 2022.

Performance rights

Executive	Number of options granted	Grant date	Value per option at grant date ($)	Value of options at grant date ($)	Number Vested	Exercise price ($)	Vesting and first exercise date	Last exercise date
Adam Davis (Managing Director and CEO)	750,000[1]	5 Dec 2019	0.1518	113,850	-	$nil	5 Dec 2022	4 Jan 2023
	675,000	25 Nov 2020	0.1253	84,583	-	$nil	24 Nov 2023	24 Dec 2023
	675,000	25 Nov 2020	0.1179	79,570	-	$nil	24 Nov 2023	24 Dec 2023
	400,000	12 Nov 2021	0.1123	44,912	-	$nil	11 Nov 2024	11 Dec 2024
	400,000	12 Nov 2021	0.1052	42,072	-	$nil	11 Nov 2024	11 Dec 2024
	400,000	12 Nov 2021	0.0985	39,382	-	$nil	11 Nov 2024	11 Dec 2024
Lyndon Catzel (CFO and Company Secretary)	500,000[1]	5 Dec 2019	0.1518	75,900	-	$nil	5 Dec 2022	4 Jan 2023
	500,000	25 Nov 2020	0.1253	62,654	-	$nil	24 Nov 2023	24 Dec 2023
	500,000	25 Nov 2020	0.1179	58,941	-	$nil	24 Nov 2023	24 Dec 2023
	333,333	12 Nov 2021	0.1123	37,427	-	$nil	11 Nov 2024	11 Dec 2024
	333,333	12 Nov 2021	0.1052	35,060	-	$nil	11 Nov 2024	11 Dec 2024
	333,334	12 Nov 2021	0.0985	32,818	-	$nil	11 Nov 2024	11 Dec 2024

[1] Performance rights did not vest as the performance conditions were not met (the 20-day volume weighted average price (VWAP) of EDU ordinary shares at 5 December 2022 did not exceed $0.42) under the Company's Employee Option Plan. Accordingly, 1,250,000 performance rights did not vest and were non-exercisable at 31 December 2022 and then expired on 4 January 2023.

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 issued on 12 November 2021: and
    - 1/3rd exercisable if the 20-day volume weighted average price (VWAP) of EDU ordinary shares at 11 November 2024 (being 3 years from the date of issue) exceeds $0.20
    - 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares at 11 November 2024 (being 3 years from the date of issue) exceeds $0.24
    - 1/3rd exercisable if the 20-day VWAP of EDU ordinary shares at 11 November 2024 (being 3 years from the date of issue) exceeds $0.27
  - for the performance rights issued on 25 November 2020:
    - half exercisable if the 20-day VWAP of EDU ordinary shares at 24 November 2023 (being three years from the date of issue) exceeds $0.28
    - half exercisable if the 20-day VWAP of EDU ordinary shares at 24 November 2023 (being three years from the date of issue) exceeds $0.32
- Expiry: 1 month after the vesting date.

5. Shareholding and option holding of Directors and other Key Management Personnel (audited)

a. Options and performance rights

The number of options to acquire 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:

Year ended 31 December 2022	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 (i)
Gary Burg	-	-	-	-	-	-
Adam Davis	3,300,000	-	-	-	-	3,300,000
Peter Mobbs	-	-	-	-	-	-
Jonathan Pager	-	-	-	-	-	-
Greg Shaw	-	-	-	-	-	-
Lyndon Catzel	2,500,000	-	-	-	-	2,500,000
	5,800,000	**-**	**-**	**-**	**-**	**5,800,000**

Year ended 31 December 2021	Balance at start of the year	Granted as remuneration (ii)	Other changes during the year	Expired(iii)	Vested and exercisable at the end of the year	Unvested and not exercisable at the end of the year
Gary Burg	-	-	-	-	-	-
Adam Davis	2,900,000	1,200,000	-	800,000	-	3,300,000
Peter Mobbs	-	-	-	-	-	-
Jonathan Pager	-	-	-	-	-	-
Lyndon Catzel	3,100,000	1,000,000	-	1,600,000	-	2,500,000
	6,000,000	**2,200,000**	**-**	**2,400,000**	**-**	**5,800,000**

(i) 1,250,000 of these Performance Rights expired on 4 January 2023 as the performance conditions were not met (the 20-day VWAP of EDU ordinary shares at 5 December 2022 did not exceed $0.42.

(ii) Performance rights issued under the Company's Employee Option Plan: 2,200,000 performance rights were issued on 12 November 2021, vesting on 11 November 2024, exercisable at $nil and expiring on 11 December 2024. 1/3rd of the performance rights can be exercised if the 20-day VWAP of EDU ordinary shares at 11 November 2024 exceeds $0.20, 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.

(iii) Options and performance rights expired under the Company's Employee Option Plan: 800,000 options vested on 31 July 2019 and expired on 31 July 2021. The performance conditions were not met and 1,600,000 performance rights did not vest and expired on 22 December 2021.

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 option holder has any right under the options to participate in any other share issue of the Company.

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 2022	Balance at start of the year	Shares acquired	Balance at end of the year
Gary Burg	32,608,791	4,238,461	36,847,252
Adam Davis	8,000,000	2,000,000	10,000,000
Peter Mobbs	4,326,151	150,000	4,476,151
Greg Shaw	-	23,076,923	23,076,923
Jonathan Pager	1,356,605	615,385	1,971,990
Lyndon Catzel	850,000	76,923	926,923
	47,141,547	**30,157,692**	**77,299,239**

31 December 2021	Balance at start of the year	Shares acquired	Balance at end of the year
Gary Burg	32,608,791	-	32,608,791
Adam Davis	8,000,000	-	8,000,000
Peter Mobbs	4,326,151	-	4,326,151
Jonathan Pager	1,356,605	-	1,356,605
Lyndon Catzel	850,000	-	850,000
	47,141,547	**-**	**47,141,547**

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.

Other Key Management Personnel transactions

There have been no other transactions 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 made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Gary Burg
Non-Executive Chair

27 February 2023

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. Our Corporate Governance Statement is available on the Company's website at www.eduholdings.com.au and a copy has been lodged with ASX.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $	2021 $
Revenue from continuing operations			
Revenue from contracts with customers	4	18,071,779	21,950,439
Other revenue	4	47,602	50,860
Total revenue		**18,119,381**	**22,001,299**
Cost of sales		(8,916,690)	(10,869,882)
Gross profit		**9,202,691**	**11,131,417**
Other income			
Gain from disposal of assets		138,126	1,912,256
Gain on lease modification	16	86,663	-
Other income	4	1,704	309,526
Interest income		20,786	669
Total other income		**247,279**	**2,222,451**
Expenses			
Employee benefits expense		(6,865,462)	(6,876,496)
Depreciation of right-of-use assets	16	(2,541,137)	(2,304,770)
Depreciation and amortisation expense	14 – 15	(976,050)	(1,085,927)
Advertising, marketing, and promotion expenses		(865,321)	(467,050)
Interest on lease liabilities	16	(856,126)	(699,082)
Professional fees		(842,341)	(352,924)
Communication and IT expenses		(704,823)	(605,266)
Cleaning, utility, and occupancy expenses		(455,134)	(364,199)
Impairment of assets	14 - 16	(396,299)	-
Administration, support, and other expenses		(346,858)	(261,798)
Licence fees		(310,155)	(247,121)
Credit losses		(214,004)	(129,588)
Finance costs		(179,739)	(163,701)
Insurance expenses		(80,239)	(73,616)
Recruitment expenses		(66,509)	(73,323)
Due diligence and transaction fees		(51,081)	(753,000)
Total expenses		**(15,751,278)**	**(14,457,861)**
Loss before income tax expense from continuing operations		**(6,301,308)**	**(1,103,993)**
Income tax benefit	2	1,481,534	769,856
Loss for the period		**(4,819,774)**	**(334,137)**
Other comprehensive income for the year		-	-
Total comprehensive loss for the year (net of tax)		**(4,819,774)**	**(334,137)**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	$	$
Loss per share attributable to equity holders of the parent entity			
Basic loss per share (cents)			
Continuing operations	11	(3.42)	(0.28)
Diluted loss per share (cents)			
Continuing operations	11	(3.42)	(0.28)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

		2022	2021
	Notes	**$**	**$**
Current assets			
Cash and cash equivalents	25	6,075,190	6,274,519
Trade and other receivables	12	293,481	290,749
Income tax receivable	2	936,003	-
Other assets	13	450,619	417,697
Total current assets		**7,755,293**	**6,982,965**
Non-current assets			
Trade and other receivables	12	-	2,122
Other assets	13	36,058	2,572
Plant and equipment	14	2,753,668	2,627,258
Intangible assets	15	1,669,677	1,662,903
Right-of-use asset	16	12,835,107	11,834,967
Deferred tax asset	3	1,941,266	1,564,212
Goodwill on consolidation	7	11,918,128	11,918,128
Total non-current assets		**31,153,904**	**29,612,162**
Total assets		**38,909,197**	**36,595,127**
Current liabilities			
Trade and other payables	18	3,861,663	3,392,113
Contract liabilities	19	1,147,381	1,501,834
Borrowings	29	250,000	2,750,000
Employee benefits	20	441,882	437,101
Deferred lease liability	16	3,154,222	2,122,964
Provisions	17	20,000	20,000
Total current liabilities		**8,875,148**	**10,224,012**
Non-current liabilities			
Trade and other payables	18	1,950,138	2,676,457
Borrowings	29	2,000,000	-
Employee benefits	20	162,317	146,490
Contract liabilities	19	114,897	84,468
Deferred lease liability	16	11,989,077	11,152,215
Provisions	17	560,953	464,064
Total non-current liabilities		**16,777,382**	**14,523,694**
Total liabilities		**25,652,530**	**24,747,706**
Net assets		**13,256,667**	**11,847,421**
Equity			
Issued capital	21	31,135,163	25,132,480
Reserves	22	470,153	440,087
Accumulated losses	23	(18,348,649)	(13,725,146)
Total equity		**13,256,667**	**11,847,421**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 Jan 2022	**25,132,480**	**440,087**	**(13,725,146)**	**11,847,421**
Net loss for the year	-	-	(4,819,774)	(4,819,774)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(4,819,774)**	**(4,819,774)**
Transactions with owners in their capacity as owners				
Shares issued at net cost	6,002,683	-	-	6,002,683
Options issued at fair value	-	226,337	-	226,337
Options expired	-	(196,271)	196,271	-
Total transactions with owners in their capacity as owners	**6,002,683**	**30,066**	**196,271**	**6,229,020**
Balance at 31 December 2022	**31,135,163**	**470,153**	**(18,348,649)**	**13,256,667**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 Jan 2021	**25,132,480**	**224,642**	**(13,391,009)**	**11,966,113**
Net profit for the year	-	-	(334,137)	(334,137)
Other comprehensive income for the year	-	-	-	-
Total comprehensive profit for the year	**-**	**-**	**(334,137)**	**(334,137)**
Transactions with owners in their capacity as owners				
Shares issued at net cost	-	-	-	-
Options expired	-	-	-	-
Options issued at fair value	-	215,445	-	215,445
Total transactions with owners in their capacity as owners	**-**	**215,445**	**-**	**215,445**
Balance at 31 December 2021	**25,132,480**	**440,087**	**(13,725,146)**	**11,847,421**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $	2021 $
Cash flow from operating activities			
Receipts from customers and other income		17,230,054	22,026,781
Interest received		20,425	668
Income taxes received / (paid)		226,709	(758,395)
Payments to suppliers and employees		(19,452,626)	(20,081,177)
Net cash (used in) / provided by operating activities	**25(b)**	**(1,975,438)**	**1,187,877**
Cash flow from investing activities			
Net receipts from disposal of assets		138,126	1,912,256
Transaction costs in relation to the proposed acquisition		(98,509)	(552,390)
Payments for plant and equipment		(884,041)	(164,205)
Payments for intangibles		(280,031)	(106,821)
Net cash (used in) / provided by investing activities		**(1,124,455)**	**1,088,840**
Cash flow from financing activities			
Proceeds from share issues	21	6,191,000	-
Capital raising costs	21	(264,423)	-
Repayment of borrowings	29	(500,000)	(1,083,334)
Borrowing costs	29	(137,362)	(146,448)
Repayment of lease liabilities	16(b)	(2,388,651)	(2,457,977)
Net cash provided by / (used in) financing activities		**2,900,564**	**(3,687,759)**
Net decrease in cash and cash equivalents		(199,329)	(1,411,042)
Cash and cash equivalents at beginning of year		6,274,519	7,685,561
Cash and cash equivalents at end of year	**25(a)**	**6,075,190**	**6,274,519**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. Statement of significant accounting policies

This Annual Report covers EDU Holdings and its controlled entities. EDU Holdings is a listed public company, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 1, 65 York Street, Sydney NSW 2000. For the purposes of preparing this Annual Report, EDU Holdings 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 AUD dollars, the Group's functional and presentational currency.

The following Accounting Standards and Interpretations are 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. Basis of preparation of the Annual Report

Statement of compliance

The Annual Report is a general-purpose financial report prepared in accordance with the Corporations Act 2001, 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 27 February 2023. The Directors have the power to amend and reissue the financial statements.

c. Basis of preparation

The Annual Report has been prepared on the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

As disclosed in the financial statements, the consolidated entity incurred a loss of $4,819,774 and had net cash outflows from operating activities of $1,975,438 for the year ended 31 December 2022. As at 31 December 2022, the consolidated entity had net current liabilities of $1,119,855.

The Directors believe that it is reasonable that the consolidated entity will continue as a going concern and that it is thus appropriate to present the financial report on a going concern basis after consideration of the following factors:

- At 31 December 2022, the consolidated entity had $6,075,190 in cash and cash equivalents on hand, of which $336,626 is subject to restrictions, resulting in available free cash of $5,738,564. Cash and cash equivalents have increased since year-end and as at 31 January 2023, the balance was $6,826,583;
- Included within current liabilities is $1,147,381 of contract liabilities relating to tuition revenue (including enrolment and course material fees) which has been received in advance of the tuition beginning or the course materials being provided to students. This is largely in relation to Term 1 and Trimester 1, 2023, which have commenced, with teaching delivery underway.
- CBA have continued to support EDU Holdings and in August 2022, agreed to extend the $2.25m acquisition facility (due for repayment in October 2022) for a further 3 years. No principal repayments are required until November 2023, at which point $0.25m quarterly principal payments will commence, leaving a $0.5m balloon due for repayment in August 2025.
- The Directors have considered cash flow forecasts, that indicate that the consolidated entity is expected to continue to operate within the limits of its available cash reserves; and
- If required, the Group has the ability to raise additional funds on a timely basis.

d. Principles of consolidation

Subsidiaries

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

A controlled entity is any entity over which EDU Holdings 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 (if any).

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 30.

e. Income tax

The income tax benefit / (expense) for the year comprises of the current tax benefit / (expense) and deferred tax expense. The charge for the current income tax benefit / (expense) is based on the (loss) / profit 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.

f. Business combinations

The acquisition method is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity interests issued or liabilities incurred by the acquiror to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity re-measures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquiror is recognised at the acquisition date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquiror, the difference is recognised as a gain directly in profit or loss by the acquiror on the acquisition date, but only after a re-assessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred previously held equity interest in the acquiror.

Business combinations are initially accounted for on a provisional basis. The acquiror retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the re-measurement period, based on the new information obtained about the facts and circumstances that existed at the acquisition date. The re-measurement period ends on either the earlier of:

- 12 months from the date of the acquisition; or
- When the acquiror receives all the information possible to determine fair value.

g. 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.

COVID-19 relief has been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income either through offsetting the expense to which it relates (where the relief provided can be directly attributed to that expense) or to other income where such direct link is not clearly evidenced.

JobKeeper payments, payroll tax waivers, regulatory fee waivers (such as from ASQA) and traineeship incentives have been recognised as a credit against the corresponding matching expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, specifically in cost of sales (teaching expense), payroll and licence fees.

In the case of Cashflow Boost and JobSaver, receipts have been recognised as other income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on receipt.

h. 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 so as to write off the cost of each fixed asset over its estimated useful life on the following basis:

Class of fixed assets	Depreciation rate (useful life)
Office 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.

i. 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 has applied some 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 as to the exercise of such options and thus the impact on the lease terms, thereby affecting the measurement of lease liabilities and ROUA recognised.

j. 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.

k. 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.

l. 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.

m. Onerous contracts

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.

n. 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.

o. 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.

p. Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options 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 options, for the acquisition of a business, are not included in the cost of acquisition as part of the purchase consideration.

q. 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.

r. 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.

s. 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.

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 Option Plan (EOP). The purpose of the EOP is to provide eligible employees with an opportunity to acquire options over ordinary shares in the Company. By doing so, the EOP seeks to provide eligible employees with an opportunity to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the Company and its return to shareholders.

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

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

Performance rights

The Company has not issued performance rights under the existing EOP to selected employees during the period ended 31 December 2022. In prior years, where performance rights have been issued, an independent valuation of these performance rights was undertaken by an independent adviser, based on a barrier pricing model.

t. 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 (k) for details on the policy in relation to the allowance for expected credit losses.

u. 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 the best 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.

v. 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 (z) 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

Significant external costs associated with the implementation of the student management system have been deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of five years.

Course development and licences

Course development costs are recognised as an asset and measured at cost less any impairment. Once delivery of the course to which the costs relate, has commenced, the associated costs are then amortised over four years.

Licences include the higher education registration acquired during the year and independently valued. This cost is amortised from the date of acquisition for the reminder of the registration period, plus an estimate of one re-registration period.

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 to allocate the cost of the asset over its estimated useful life, which is four years.

w. 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 ruling at the date. The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit or loss.

x. 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.

y. 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.

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 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.

z. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the Annual Report based on historical knowledge and best available current information. Estimates assumed 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 assesses impairment at each reporting date by evaluating conditions specific to the Company 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 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 directly linked to 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 Company 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.

Performance rights:

The Company has not issued any performance rights under the existing Employee Option Plan (EOP) during the year ended 31 December 2022.

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. Due to the pandemic, allowances for expected credit losses have been increased to account for the increased uncertainty around collection of receivables.

Lease renewal options

The Group has applied some 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 to exercise such options and thus the impact on the lease terms, 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 by 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(s) 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. 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.

aa. 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.

bb. 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.

cc. 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.

dd. 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 2022.

Other standards not yet applicable

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 benefit comprise

	2022	2021
	$	$
Current tax - carried forward	(253,728)	-
Current tax - loss carry back provisions[1]	(936,003)	-
Deferred tax - origination and reversal of temporary differences	(310,948)	(759,363)
Other adjustments (including adjustments for prior periods)	19,145	(10,493)
	(1,481,534)	**(769,856)**

	2022	2021
	$	$
Income tax benefit from continuing operations	(1,481,534)	(769,856)
	(1,481,534)	**(769,856)**

1 Under the loss carry back provisions (subject to prior taxable income and franking surplus restrictions), $936k has been recognised as income tax receivable in the Consolidated Statement of Financial Position

b. The components of income tax benefit comprise

	2022	2021
	$	$
Loss before tax from continuing operations	(6,301,308)	(1,103,993)
Tax benefit at 25%	(1,575,327)	(275,998)
Add / (deduct) tax effect of:		
Income tax expense for prior years	-	21,241
Gain or loss from disposal of assets	(34,532)	(478,064)
Share based payments	56,584	53,861
Other assessable / non-allowable items	71,741	(90,896)
Income tax benefit attributable to loss	**(1,481,534)**	**(769,856)**

The Company recognised deferred tax assets on tax losses acquired based on the available fraction rule.

Forecast earnings for the three financial years following 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.

There is no income tax payable to ATO for the financial year ended 31 December 2022 (2021: $nil).

3. Deferred tax

Deferred tax assets comprise temporary differences attributable to:

	2022	2021
	$	$
Amounts recognised in profit or loss:		
Provisions for employee entitlements	221,671	210,070
Accrued expenses and other provisions	215,569	242,320
Plant, equipment and intangibles	424,776	329,026
Leases	722,286	481,069
Estimated assessed tax losses carried forward	260,278	240,899[(i)]
Prepayments and other receivables	(24,774)	(48,848)
	1,819,806	**1,454,536**
Amounts recognised in equity and goodwill:		
Equity raising costs and 'blackhole' expenditure	121,460	109,676
Deferred tax asset	**1,941,266**	**1,564,212**
Movements:		
Opening balance	1,564,212	804,849
Credited to profit or loss	310,948	759,363
Credit to equity	66,106	-
	1,941,266	**1,564,212**

(i) Following the lodgement of the income tax return for the period ended 31 December 2021, the Company received $235k of income tax refund from ATO (in August 2022) under the loss carry back provisions. For the year ended 31 December 2022, the Company has recorded an income tax receivable of $936k from ATO in the Consolidated Statement of Financial Position. Refer to Note 2(a) for further details.

Following the sale of Gradability in November 2021, the Company recorded a net capital loss of $3,931,160. A deferred tax asset of $982,790 has not been recognised as at this stage it is not probable that the capital loss will be able to be offset against capital gains in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. Revenue from contracts with customers and other income

	2022	2021
	$	$
Revenue from contracts with customers:		
Tuition related revenue	**18,071,779**	**21,950,439**
Other revenue:		
Student clinic revenue	**47,602**	**50,860**
Other income:		
JobSaver	-	309,526
Other income	1,704	-
Total other income	**1,704**	**309,526**

Disaggregation of revenue

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

	2022	2021
	$	$
Timing of revenue recognition from contracts with customers:		
Services transferred over time	17,962,214	21,774,032
Services transferred at a point in time	109,565	176,407
	18,071,779	**21,950,439**

All revenue has been derived in Australia.

5. Controlled entities

				Ownership interest	
Entity	**Acquired**	**Disposed**	**Country of incorporation**	**2022**	**2021**
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. Investment in associates

Investment in associates is accounted for using the equity method of accounting.

	Ownership interest		Equity-accounted	
	2022	**2021**	**2022**	**2021**
Entity	**%**	**%**	**$**	**$**
Gradability Pty Ltd	-	-	-	-

The board and shareholders of Gradability Pty Ltd (Gradability) approved and completed the sale of 100% of the company to Online Education Services Pty Ltd on 26 November 2021. EDU Holdings received a total of $1.9m in 2021 and a further $0.1m in 2022 (on achievement of certain milestones) in return for its 25% shareholding in Gradability. It expects to receive a further amount of $0.1m, subject to certain performance milestones in 2023. EDU Holdings incurred a capital loss on the disposal, with no tax payable on these receipts (refer Note 3).

7. Goodwill on acquisition

	2022	2021
	$	$
Australian Learning Group Pty Limited - Vocational Education and Training (VET)	1,314,720	1,314,720
Proteus Technologies Pty Ltd - Higher Education (HE)	10,603,408	10,603,408
Total goodwill	**11,918,128**	**11,918,128**

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 period approved by management, together with a terminal value in year 5.

Key assumptions are those to which the recoverable amount of cash-generating units 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 16.2% for both VET and HE (2021: 13.0% for VET and 13.4% for HE both CGUs) (including 6% to account for the current uncertainty from the global pandemic and specific company risk in calculating the Company's cost of equity); and
- Terminal growth rate of 2.5% for VET and 3.0% for HE (2021: 2.5% VET and 3.0% for HE).

The pre-tax discount rate of 16.2% for both VET and HE reflects management's estimate of the time value of money and the Company'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.

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 the impact of faster / (slower) growth in sales as set out below.

Sensitivity – VET	Change in valuation	Potential impairment
2.0% lower / (higher) post-tax discount rate (WACC)	$11,161,316	$nil
2.0% increase / (decrease) in terminal growth rate	$8,019,409	$nil
10.0% increase / (decrease) in sales growth rate	$12,091,568	$nil

The carrying value of the VET CGU includes goodwill of $1,314,720, plant, equipment & other intangibles of $2,529,369 and ROUA of $6,333,269 (the discount rates applied range between 4.81% and 9.16%).

Based on the value-in-use model, the DCF valuation of $42,898,653 was in excess of the carrying value of the CGU at $10,177,358. Accordingly, management consider that there is no impairment required at 31 December 2022 (2021: $nil).

Sensitivity - HE	Change in valuation	Potential impairment
2.0% lower / (higher) post-tax discount rate (WACC)	$7,790,960	$nil
2.0% increase / (decrease) in terminal growth rate	$5,715,645	$nil
10.0% increase / (decrease) in sales growth rate	$8,689,154	$nil

The carrying value of the HE CGU includes goodwill of $10,603,408, plant, equipment & other intangibles of $710,578 and ROUA of $6,501,838 (the discount rates applied range between 4.81% and 9.16%).

Based on the value-in-use model, the DCF valuation of $28,103,769 was in excess of the carrying value of the CGU at $17,815,824. Accordingly, management consider that there is no impairment required at 31 December 2022 (2021: $nil).

8. Key management personnel compensation

	2022	2021
	$	$
Short-term employee benefits	810,773	779,048
Post-employment benefits	34,128	32,316
Share-based payments	226,337	215,445
	1,071,238	**1,026,809**

9. Auditor's remuneration

	2022	2021
	$	$
Audit and review of financial statements		
- Current Group auditors - RSM Australia Partners	66,600	93,650*
- Current auditors of Ikon and ALG - Allen and Wolfe	5,500	6,700
Other services (non-audit)		
- RSM Australia Pty Ltd for taxation compliance and other services	31,595	37,281
- Allen and Wolfe for other services	-	1,000
Total auditor's remuneration	**103,695**	**138,631**

- FY21 included two year-end audits as opposed to a year-end audit and half-year audit review. This was a result of changing the Group's year-end from June to December

10. Franking credits

	2022	2021
	$	$
Franking credits	3,948,003	4,182,585
Total franking credits	**3,948,003**	**4,182,585**

The balance of franking credits has been adjusted for franking credits arising from payment of provision for 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.

11. Earnings per share

	2022	2021
	$	**$**
(a) Basic loss per share (cents per share)		
From continuing operations	(3.42)	(0.28)
(b) Diluted loss per share (cents per share)		
From continuing operations	(3.42)	(0.28)
(c) Reconciliation of loss in calculating earnings per share		
Loss from continuing operations attributable to ordinary equity holders of the Company	(4,819,774)	(334,137)
	(4,819,774)	**(334,137)**
(d) Total shares		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	**140,905,362**	**117,514,448**

12. Trade and other receivables

	2022	2021
	$	**$**
Current		
Trade receivables	95,726	184,115
GST receivable	228,835	219,626
Other receivables	27,222	8,887
Less: allowance for expected credit losses	(58,302)	(121,879)
	293,481	**290,749**
Non-current		
Trade and other receivables	-	2,122
	-	**2,122**

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

The Group recognised $214,004 of credit losses (2021: $129,588) in the Consolidated Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2022.

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2022	2021	2022	2021	2022	2021
	%	%	$	$	$	$
Not yet overdue	0%	5%	4,400	26,748	-	1,337
0 to 3 months overdue	47%	74%	62,728	125,920	29,704	93,172
3 to 6 months overdue	100%	80%	12,688	20,387	12,688	16,310
Over 6 months overdue	100%	100%	15,910	11,060	15,910	11,060
			95,726	**184,115**	**58,302**	**121,879**

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

	2022	2021
	$	$
Opening balance	121,879	107,952
Additional allowance recognised	205,004	129,088
Receivables written off during the year as uncollectable	(268,581)	(115,161)
	58,302	**121,879**

13. Other assets

	2022	2021
	$	$
Current		
Prepayments	381,106	252,058
Deposits	6,355	15,023
Commission paid in advance	63,158	150,616
	450,619	**417,697**
Non-current		
Prepayments	34,623	692
Deposits	1,435	1,880
	36,058	**2,572**

14. Plant and equipment

	Office equipment	Leasehold improvements	Library resources	Total
	$	$	$	$
At 31 December 2022				
Cost	1,825,002	3,240,285	37,029	5,102,316
Accumulated depreciation	(1,020,461)	(1,101,016)	(25,105)	(2,146,582)
Accumulated impairment	(65,800)	(136,266)	-	(202,066)
	738,741	**2,003,003**	**11,924**	**2,753,668**
At 31 December 2021				
Cost	1,992,388	2,940,630	32,574	4,965,592
Accumulated depreciation	(1,029,040)	(1,292,433)	(16,861)	(2,338,334)
	963,348	**1,648,197**	**15,713**	**2,627,258**

Reconciliations

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

	Office equipment	Leasehold improvements	Library resources	Total
	$	$	$	$
At 1 January 2022	963,348	1,648,197	15,713	2,627,258
Additions	76,696	833,778	4,455	914,929
Depreciation	(235,503)	(342,706)	(8,244)	(586,453)
Impairment of assets	(65,800)	(136,266)	-	(202,066)
At 31 December 2022	**738,741**	**2,003,003**	**11,924**	**2,753,668**
At 1 January 2021	1,114,570	1,977,910	-	3,092,480
Additions	114,381	48,609	32,574	195,564
Depreciation	(265,603)	(378,322)	(16,861)	(660,786)
At 31 December 2021	**963,348**	**1,648,197**	**15,713**	**2,627,258**

15. Intangible assets

	Course development and licences	Computer software	Website development	Total
	$	$	$	$
At 31 December 2022				
Cost	2,634,146	690,182	16,168	3,340,496
Accumulated amortisation	(1,230,880)	(428,436)	(11,222)	(1,670,538)
Accumulated impairment	-	(281)	-	(281)
	1,403,266	**261,465**	**4,946**	**1,669,677**
At 31 December 2021				
Cost	2,426,796	551,955	16,168	2,994,919
Accumulated amortisation	(964,113)	(359,646)	(8,257)	(1,332,016)
	1,462,683	**192,309**	**7,911**	**1,662,903**

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
	$	$	$	$
At 1 January 2022	1,462,683	192,309	7,911	1,662,903
Additions	253,195	143,457	-	396,652
Amortisation	(312,612)	(74,020)	(2,965)	(389,597)
Impairment of assets	-	(281)	-	(281)
At 31 December 2022	**1,403,266**	**261,465**	**4,946**	**1,669,677**
At 1 January 2021	1,674,380	221,515	10,911	1,906,806
Additions	98,296	82,942	-	181,238
Amortisation	(309,993)	(112,148)	(3,000)	(425,141)
At 31 December 2021	**1,462,683**	**192,309**	**7,911**	**1,662,903**

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

a. ROUA at 31 December 2022

	Property	Equipment	Total
	$	$	$
Right-of use assets	15,444,867	125,329	15,570,196
Accumulated depreciation	(2,517,828)	(23,309)	(2,541,137)
Accumulated impairment	(193,952)	-	(193,952)
	12,733,087	**102,020**	**12,835,107**
Reconciliation			
Opening balance at 1 January 2022	11,781,609	53,358	11,834,967
Additions	5,337,359	71,971	5,409,330
Lease modifications	(102,605)	-	(102,605)
Remeasurement of leases	(1,571,496)	-	(1,571,496)
Impairment of assets	(193,952)	-	(193,952)
Depreciation	(2,517,828)	(23,309)	(2,541,137)
At 31 December 2022	**12,733,087**	**102,020**	**12,835,107**

For impairment testing, the right-of-use assets have been allocated to each of the Group's CGUs (VET and HE). Refer to Note 7 for further information on the impairment testing, key assumptions and sensitivity analysis performed.

Refer to Note 1 (i) for further details.

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 4.81% and 9.16%.

	2022	2021
	$	$
Current	3,154,222	2,122,964
Non-current	11,989,077	11,152,215
Total lease liabilities	**15,143,299**	**13,275,179**

Reconciliation of movement in lease liabilities		
Lease liability opening balance (including make good provisions)	13,275,179	14,306,917
Additions	5,317,940	767,936
Interest expense	850,626	694,861
Lease modifications	(189,268)	(36,558)
Remeasurement of lease liability	(1,571,496)	-
Lease liabilities accrued, not yet paid	(151,030)	-
Repayment of lease liabilities	(2,388,652)	(2,457,977)
Total lease liabilities	**15,143,299**	**13,275,179**

Breakdown of interest expense		
Interest expense on lease liabilities	850,626	694,861
Unwinding of the discount on provisions[1]	5,500	4,221
Total interest expense	**856,126**	**650,159**

[1] Refer to Note 17 for details.

17. Provisions

	2022	2021
	$	$
Current provisions		
Lease make-good	20,000	20,000
Total current provisions	**20,000**	**20,000**
Non-current provisions		
Lease make-good	560,953	464,064
Total non-current provisions	**560,953**	**464,064**
Total current and non-current provisions	**580,953**	**484,064**

Reconciliation of movements in provisions	**Lease make-good $'000**
Carrying amount at 1 January 2022	484,064
Additional provisions recognised	91,389
Unwinding of the discount on provisions	5,500
Carrying amount at 31 December 2022	**580,953**

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.

18. Trade and other payables

	2022	2021
	$	$
Current		
Trade creditors	414,442	144,788
Other payables and accrued expenses	3,447,221	3,247,325
	3,861,663	**3,392,113**

Trade creditors at 31 December 2022 are not considered past due.

	2022	2021
	$	$
Non-current		
Trade and other payables	1,950,138	2,676,457
	1,950,138	**2,676,457**

In 2021 and prior, Ikon benefited from a number of COVID-19 relief programs, including the Higher Education Relief Package.

Ikon received excess FEE-HELP advances of $0.5m during 2019 and $2.6m during 2020. Repayment of the 2020 excess advance is over eight annual instalments of $318k, commencing in April 2022 through to 2029, the first of which was paid in during 2022.

The 2019 excess advance is repayable over four equal quarterly instalments of $140k, commencing from June 2022 to March 2023, of which $420k was paid during 2022.

Refer to Note 28 for further information on financial instruments.

19. Contract liabilities

	2022	2021
	$	$
Current		
Contract liabilities	1,147,381	1,501,834
	1,147,381	**1,501,834**
Non-current		
Contract liabilities	114,897	84,468
	114,897	**84,468**

Contract liabilities relate to tuition revenue, enrolment fees and course materials fees which have been received in advance of the tuition beginning or the materials being provided to students. The planned duration of study is used to measure the progress of the performance obligation and thereby determine how much revenue should be recognised, and that revenue is recognised as the performance obligation is satisfied. See further Note 1 (y).

Unsatisfied performance obligations

The aggregate amount of the performance obligations that remains unsatisfied at the period ended 31 December 2022 was $1,262,278 (2021: $1,586,302) and is expected to be recognised as revenue in future periods as follows:

	2022	2021
	$	$
Within 6 months	938,335	1,265,317
6 to 12 months	209,046	236,517
More than 12 months	114,897	84,468
Total contract liabilities	**1,262,278**	**1,586,302**

Note, contract liabilities are typically lower at 31 December compared to 30 June, given the timing of payment dates. For ALG, the Term 1 (January intake) payment date is in early January and for Term 3 (July intake) in mid-June. This translates into higher fee collections pre-30 June compared with lower fee collections pre-31 December.

For Ikon, it is typical to have a higher balance 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 and ends in December and thus the performance obligations are fully satisfied by 31 December with a resulting lower balance.

20. Employee benefits

	2022	2021
	$	$
Current liabilities		
Annual leave	405,881	418,630
Long service leave	36,001	18,471
	441,882	**437,101**
Non-current liabilities		
Long service leave	162,317	146,490
	162,317	**146,490**

Reconciliation of movements

	2022	2021
	$	$
Annual leave		
Opening balance	418,630	249,965
(Reversals) / additions	(12,749)	168,665
Closing balance	**405,881**	**418,630**
Current long service leave		
Opening balance	18,471	2,970
Additions	17,530	15,501
Closing balance	**36,001**	**18,471**
Non-current long service leave		
Opening balance	146,490	118,364
Additions	15,827	28,126
Closing balance	**162,317**	**146,490**

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:

	2022	2021
	$	$
Current liabilities		
Employee benefits obligation expected to be settled after 12 months	57,711	69,448
	57,711	**69,448**

21. Share capital

Issued capital at 31 December 2022 amounted to $31,135,163 (165,214,443 ordinary shares).

a. Ordinary shares

	31 December 2022		31 December 2021	
	Number	$	Number	$
Opening balance	117,514,448	25,132,480	117,514,448	25,132,480
Shares issued	47,699,995	6,201,000	-	-
Capital raising costs	-	(264,423)	-	-
Deferred tax credit recognised directly in equity	-	66,106	-	-
At reporting date	**165,214,443**	**31,135,163**	**117,514,448**	**25,132,480**

b. Issuance of ordinary shares

During the year ended 31 December 2022, in order to fund the pending acquisition of Nurse Training Australia, costs of the raise and additional working capital, the Company issued and allotted 47,699,995 of ordinary shares in EDU via a two-tranche institutional placement. The first-tranche placement of $2.0m (net of equity raising costs) was completed in June 2022 and the second tranche placement of $3.7m (net of equity raising costs) was completed in July 2022. A further $0.2m was received from the concurrent share purchase plan in July 2022.

There were no other movements in the issued capital of the Company during the financial year ended 31 December 2022.

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. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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 adjust 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.

22. Options and performance rights reserves

	31 December 2022		31 December 2021	
	Number	$	Number	$
Opening balance	5,800,000	440,087	6,000,000	224,642
Performance rights issued / expensed	-	226,337	2,200,000	215,445
Options and performance rights expired	-	(196,271)	(2,400,000)	-
At reporting date	**5,800,000**	**470,153**	**5,800,000**	**440,087**

Refer to Note 1 (s) and Note 8 for further details.

23. Accumulated losses

	2022	2021
	$	$
Balance at the beginning of the financial year	(13,725,146)	(13,391,009)
Unvested and expired options and performance rights	196,271	-
Net loss for the year	(4,819,774)	(334,137)
	(18,348,649)	**(13,725,146)**

24. Segment reporting

The Company has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group operates in two segments, being ALG (provision of vocational education to international students) and Ikon (the provision of higher education to both domestic and international students) and in one geographical segment, being Australia.

Year ended 31 December 2022	ALG	Ikon	Unallocated	Total
	$	$	$	$
Total revenue – international	10,186,758	2,259,306	-	12,446,064
Total revenue - domestic	-	5,625,715	-	5,625,715
Other revenue	47,602	-	-	47,602
Total revenue	**10,234,360**	**7,885,021**	**-**	**18,119,381**
Gain from disposal of assets	-		138,126	138,126
Other income	990	714	-	1,704
Gain on lease modification	-	86,663	-	86,663
Impairment of assets	(396,299)	-	-	(396,299)
Interest income	3,134	6,456	11,196	20,786
Loss for the period	(2,570,351)	(861,160)	(1,388,263)	(4,819,774)

At 31 December 2022	ALG	Ikon	Unallocated	Total
Total segment assets	16,756,012	8,352,088	13,801,097	38,909,197
Total segment liabilities	(15,546,089)	(6,985,551)	(3,120,890)	(25,652,530)

Year ended 31 December 2021	ALG	Ikon	Unallocated	Total
	$	$	$	$
Total revenue - international	15,814,418	999,421	-	16,813,839
Total revenue - domestic	137,730	4,998,870	-	5,136,600
Other revenue	50,860	-	-	50,860
Total revenue	**16,003,008**	**5,998,291**	**-**	**22,001,299**
Gain from the disposal of assets	-	-	1,912,256	1,912,256
Other income	309,526	-		309,526
Interest income	72	407	190	669
Profit / (loss) for the period	159,100	(567,609)	74,372	(334,137)

At 31 December 2021	ALG	Ikon	Unallocated	Total
Total segment assets	19,952,058	7,562,684	9,080,385	36,595,127
Total segment liabilities	(16,171,785)	(5,334,987)	(3,240,934)	(24,747,706)

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

25. Cash flow information

a. Cash and cash equivalents

	2022	2021
	$	$
Cash at bank and on hand	6,075,190	6,274,519
	6,075,190	**6,274,519**

Included in the above amounts are tuition fees held in Tuition Protection Scheme (**TPS**) accounts in Australia. At 31 December 2022, the Group held $499,386 (2021: $502,377) in TPS accounts.

In 2012 the Education Services for Overseas Student Act 2000 (**ESOS Act**) was amended to provide additional protection for international students studying in Australia. The Group is required to maintain, in Australia, separate bank accounts (**TPS accounts**) for prepaid fees received from international students prior to commencement of their course. Once the students commence their course, the funds may be transferred from the TPS accounts to the Company's operating bank 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 bulk of fees held in these accounts typically relate to the upcoming period of study, in ALG's case, the term that commenced on 30 January 2023.

As at 31 December 2022, cash and cash equivalents contained $336,626 (2021: $nil) that has been held as "restricted cash" by CBA in relation to the recent bank guarantees issued for the ALG and Ikon campuses.

b. Reconciliation of cash flow from operations with loss after income tax

	31 December 2022	31 December 2021
	$	$
Loss from ordinary activities after income tax	**(4,819,774)**	**(334,137)**
Adjustments for non-cash items		
Gain on disposal of assets	(138,126)	(1,912,256)
Depreciation and amortisation expense	146,769	1,085,927
Employee share-based expenses	226,337	215,445
Borrowing costs classified as financing activity	137,362	146,448
AASB 16 lease movements (interest, depreciation and other)	3,353,521	3,028,244
Transaction costs in relation to proposed acquisitions	174,615	552,390
Changes in assets and liabilities		
Trade and other receivables	(936,614)	256,685
Other assets	(66,407)	112,443
Deferred tax asset	(377,055)	(759,362)
Plant & equipment and intangible assets	884,118	(105,774)
Trade and other payables	(256,768)	491,222
Contract liabilities	(324,024)	(1,032,800)
Employee benefits and other liabilities	20,608	(556,598)
Net cash (used in) / provided by operating activities	**(1,975,438)**	**1,187,877**

c. Reconciliation of liabilities arising from financing activities

	31 December 2022	31 December 2021
	$	$
Borrowing		
Opening balance	2,750,000	3,833,334
Repayment of loan	(500,000)	(1,083,334)
Closing balance	**2,250,000**	**2,750,000**

Refer to Note 28 for details.

26. Events after balance date

While it appears to have lessened, the impact of the COVID-19 pandemic is ongoing (including the aforementioned visa processing issues) and while it has had a material financial impact for the consolidated entity in the period up to 31 December 2022, it is not practicable to estimate the potential impact after the reporting date.

Other than the above, there have been no significant events after balance date.

27. Related party transactions

The parent entity is EDU Holdings Limited.

Interests in subsidiaries are set out in Note 5. Interests in associates are set out in Note 6.

Disclosures relating to Key Management Personnel are set out in Note 8 and the detailed remuneration disclosures in the Directors' Report.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

28. 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, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate. The Company's policy is to ensure that the best interest rate is received for the 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 29. The Company's policy is to ensure that the best interest rate is paid on 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.

Liquidity risk

The Company maintains sufficient liquid assets and available borrowing facilities to be able to pay its debts as and when they become due and payable. The Company manages liquidity risk by continuously monitoring 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.

Financial instruments composition and maturity analysis

The Company held interest bearing transaction accounts with Commonwealth Bank of Australia (CBA) and also Bendigo and Adelaide Bank of $6,075,190 at 31 December 2022 (2021: $6,274,519), 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 2022	Weighted average effective interest rate	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Remaining contractual maturities
Financial assets						
Interest-bearing						
Cash & cash equivalents	0.34%	5,905,737	-	-	-	5,905,737
Non-interest bearing						
Cash & cash equivalents	-	169,453	-	-	-	169,453
Trade receivables	-	95,726	-	-	-	95,726
Total financial assets		**6,170,916**	**-**	**-**	**-**	**6,170,916**
Financial liabilities						
Interest-bearing						
Borrowings	7.20%	-	250,000	2,000,000	-	2,250,000
Non-interest bearing						
Trade and other payables	-	2,409,179	1,313,441	139,043	-	3,861,663
Non-current other payables[1]	-	-	337,404	1,612,734	-	1,950,138
Total financial liabilities		**2,409,179**	**1,900,845**	**3,751,777**	**-**	**8,061,801**

[1] FEE-HELP advance payments as disclosed in Note 18

At 31 December 2021	Weighted average effective interest rate	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Remaining contractual maturities
Financial assets						
Interest-bearing						
Cash & cash equivalents	0.01%	6,089,805	-	-	-	6,089,805
Non-interest bearing						
Cash & cash equivalents		184,714	-	-	-	184,714
Trade receivables		177,428	6,687	2,122	-	186,237
Total financial assets		**6,451,947**	**6,687**	**2,122**	**-**	**6,460,756**
Financial liabilities						
Interest-bearing						
Borrowings	3.83%	250,000	2,500,000	-	-	2,750,000
Non-interest bearing						
Trade and other payables		1,455,114	650,485	1,286,514	-	3,392,113
Non-current other payables[1]		-	-	2,230,380	446,076	2,676,456
Total financial liabilities		**1,705,114**	**3,150,485**	**3,516,894**	**446,076**	**8,818,569**

[1] FEE-HELP advance payments as disclosed in Note 18

29. Borrowings

The Company 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	Available
Loan facility	**($)**	**($)**	**($)**
Market rate loan	2,250,000	(2,250,000)	-
Bank guarantee (rental bonds)	1,050,000	(1,048,040)	1,960
Total loan facility	**3,300,000**	**(3,298,040)**	**1,960**

As at 31 December 2022, the Company has given bank guarantees of $1,048,040 (2021: $1,021,236) to various landlords.

Acquisition facility - market rate loan

CBA continues to support EDU Holdings and in August 2022, agreed to extend the $2.25m acquisition facility (which was due for repayment in October 2022) for a further 3 years. No principal repayments are required until November 2023, at which point $0.25m quarterly principal payments will commence, leaving a $0.5m balloon due for repayment in August 2025.

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

	31 December 2022	31 December 2021
	$	**$**
Current	250,000	2,750,000
	250,000	**2,750,000**
Non-current	2,000,000	-
	2,000,000	**2,750,000**

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.

Reconciliation of movements

	2022	2021
	$	$
Opening balance	2,750,000	3,250,000
Repayment of loan	(500,000)	(500,000)
Closing balance	**2,250,000**	**2,750,000**

In relation to the market rate loan, $250,000 is considered current and repayable within 12 months and has been classified accordingly in the Consolidated Statement of Financial Position.

30. EDU Holdings Limited parent company information

	2022	2021
	$	$
(a) Summarised Statement of Financial Position		
Assets		
Total assets	13,196,349	8,642,385
Liabilities		
Total liabilities	2,954,136	3,240,930
Net assets	**10,242,213**	**5,401,455**
Equity		
Share capital and reserves	31,605,317	25,572,567
Accumulated losses[1]	(21,363,104)	(20,171,112)
Total equity	**10,242,213**	**5,401,455**
(b) Summarised Statement of Profit or Loss and other Comprehensive Income		
(Loss) / profit for the period[2]	(1,388,263)	74,373
Total comprehensive (loss) / profit for the period	**(1,388,263)**	**74,373**

[1] During the year, $0.2m of unvested and expired options and performance rights, was reversed against accumulated losses (2021: $nil).

[2] The loss for the year ended 31 December 2022 included a $0.1m gain from disposal of associates (2021: $1.9m).

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

Upon completion of the acquisition of Nurse Training Australia, the parent entity will pay $4.5m for 75% of the shares (Initial Payment) with a further $1.5m payable up to 12 months later for the remaining 25% (Deferred Payment). The Initial Payment is subject to typical net debt and working capital adjustments. The Deferred Component is not subject to any performance milestones or working capital adjustment.

Other than the above, the parent entity had no contingent liabilities at 31 December 2022 (2021: $nil).

The parent entity has given bank guarantees at 31 December 2022 of $1,048,040 (2021: $1,021,236) to various landlords.

In lieu of providing a bank guarantee or other form of security, the parent entity has guaranteed the obligations of ALG under a lease entered into during the year ended 30 June 2019 for premises at 225 Clarence Street Sydney, NSW 2000.

Capital commitments – plant and equipment

The parent entity had no capital commitments for plant and equipment at 31 December 2022 (2021: $nil).

DIRECTORS' DECLARATION

The Directors of the Company declare that:

a. the accompanying financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:

   i. giving a true and fair view of the consolidated entity's financial position at 31 December 2022 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. 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

c. 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 for the financial year ended 31 December 2022.

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

On behalf of the Directors

Gary Burg
Non-Executive Chair
27 February 2023

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

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 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and 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 2022 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.

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.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue / Deferred Revenue Refer to Note 1 (y) in the financial statements	
Revenue from contracts with customers for the period ended 31 December 2022 was $18,071,779. The primary revenue stream is tuition related revenue. 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.	Our audit procedures in relation to the recognition of revenue included: • Obtaining an understanding of the systems and procedures put in place by management in adopting AASB 15, and evaluating their effectiveness; • Obtaining a detailed understanding of each of the revenue streams and the process for calculating and recording revenue under AASB 15; • Assessing whether the Company's revenue recognition policies were in compliance with Australian Accounting Standards; • Carrying out tests of controls over occurrence, accuracy and completeness of revenue, to test the effectiveness of the controls; • 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; • 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 • Assessing the appropriateness of the disclosures in the financial report.

<table>
<tr><th colspan="2">Recoverability of goodwill and other intangible assets
Refer to Note 7 in the financial statements</th></tr>
<tr><td>At 31 December 2022, the Company’s Statement of Financial Position reflected goodwill with a carrying amount of $11,918,128, which represents approximately 31% of the Company’s total assets.

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.

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.

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.

The uncertainty in relation to the timing and extent of the recovery of operations, as a result of the extended impact of COVID-19 remains uncertain. The current circumstances are considered to increase the risk in relation to the carrying value of the goodwill being potentially impaired.</td>
<td>Our audit procedures included:
• Updating our understanding of management's annual impairment testing process;
• 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;
• 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;
• Assessing the valuation methodology used to determine the recoverable amount of the Goodwill associated to the CGUs;
• 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:
➢ Future growth rates;
➢ Discount rates;
➢ Terminal value methodology;
➢ The nature and quantum of cashflows included in the financial models;
• 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;
• 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
• Reviewing the completeness and accuracy of the disclosures included in the financial report to ensure compliance with Australian Accounting Standards.</td></tr>
</table>

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 2022, 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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 36 to 43 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of EDU Holdings Limited, for the year ended 31 December 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

RSM Australia Partners

Peter Kanellis
Partner

Sydney, 27 February 2023

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of EDU Holdings Limited for the year ended 31 December 2022, 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

PKanellis

Peter Kanellis
Partner

Sydney, NSW
Dated: 27 February 2023

ASX ADDITIONAL INFORMATION

AT 8 FEBRUARY 2023

Ordinary shares

165,214,443 fully paid ordinary shares, held by 359 individual shareholders. All ordinary shares carry one vote per share.

Restricted securities

None.

Unquoted securities

2,200,000 performance rights (zero exercise price options) vesting on 11 November 2024 and exercisable before 11 December 2024, 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 11 November 2024 exceeds $0.20, 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.

2,350,000 performance rights (zero exercise price options) vesting on 24 November 2023 and exercisable before 23 December 2023, held by Mr Adam Davis and Mr Lyndon Catzel. 50% of the performance rights are exercisable if the 20-day VWAP of EDU ordinary shares at 24 November 2023 exceeds $0.28, and the remaining 50% exercisable if the 20-day VWAP exceeds $0.32.

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	159,771,223	96.71	98	27.30
10,001 to 100,000	4,806,799	2.91	127	35.37
5,001 to 10,000	504,329	0.30	54	15.04
1,001 to 5,000	128,231	0.08	37	10.31
1 to 1,000	3,861	0.00	43	11.98
Total	**165,214,443**	**100.00**	**359**	**100.00**

Unmarketable parcels

There are 52 holders of unmarketable parcels of shares (being less than $500) at the share price at 8 February 2023 of $0.20.

AT 8 FEBRUARY 2023

Total holders of options

Range	Options	%	No. of holders	%
100,001 and over	4,550,000	100.00	2	100.00
10,001 to 100,000	-	-	-	-
5,001 to 10,000	-	-	-	-
1,001 to 5,000	-	-	-	-
1 to 1,000	-	-	-	-
Total	**4,550,000**	**100.00**	**2**	**100.00**

Substantial shareholders

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

Name	Ordinary shares	%
GLOBAL CAPITAL UCW (AUSTRALIA) PTY LTD	36,847,252	22.30
MULPHA EDUCATION INVESTMENTS PTY LTD	23,076,923	13.97
VIBURNUM FUNDS PTY LTD	13,154,009	7.96
MICROEQUITIES ASSET MANAGEMENT PTY LIMITED	10,408,326	6.30
ABD HOLDINGS PTY LIMITED	10,000,000	6.05

Top 20 holders of equity securities at 8 February 2023

Rank	Name	Ordinary shares	%
1	GLOBAL UCW PTY LIMITED	27,237,532	16.49
2	MULPHA EDUCATION INVESTMENTS PTY LTD	23,076,923	13.97
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,995,866	12.71
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,414,546	6.91
5	ABD HOLDINGS PTY LIMITED	10,000,000	6.05
6	GLOBAL UCW NO 2 PTY LIMITED	9,609,720	5.82
7	MR MATTHEW REEDE	6,010,761	3.64
7	BRAD RICHARD SEAMAN	2,750,000	1.66
8	SIMON PAUL & REBECCA JANE PAUL	2,750,000	1.66
8	HOLLOWAY COVE PTY LTD	2,255,519	1.37
9	DMX CAPITAL PARTNERS LIMITED	1,923,077	1.16
10	MARGARET ARMSTRONG	1,666,667	1.01
11	MATTHEW SMITH	1,666,667	1.01
12	VIVRE INVESTMENTS PTY LTD	1,550,000	0.94
13	DIXSON TRUST PTY LIMITED	1,538,462	0.93
14	OCEANVIEW SUPER FUND PTY LTD	1,478,598	0.90
15	DMX CAPITAL PARTNERS LIMITED	1,450,000	0.88
16	UNITED EQUITY PARTNERS PTY LTD	1,375,000	0.83
17	JD LIPMAN PTY LTD	1,313,855	0.80
18	DIXSON TRUST PTY LIMITED	1,247,110	0.75
19	JACOBSON FAMILY HOLDINGS PTY LTD	1,167,307	0.71
20	NATIONAL NOMINEES LIMITED	1,153,847	0.70
	TOTAL	**133,631,457**	**80.90**

Holdings