HOLDINGS
LIMITED

HALF-YEAR REPORT

Career-ready qualifications in Healthcare,
Education and Community Services

30 JUNE 2024

Corporate Directory

DIRECTORS

Gary Burg: Non-Executive Chair

Adam Davis: Chief Executive Officer and Managing Director

Peter Mobbs: Non-Executive Director

Jonathan Pager: Non-Executive Director

Greg Shaw: Non-Executive Director

Joshua Bolot: Alternate Director to Greg Shaw

COMPANY SECRETARIES

Lyndon Catzel: Chief Financial Officer and Company Secretary

Andrew Palfreyman: Joint Company Secretary

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 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: 1300 288 664

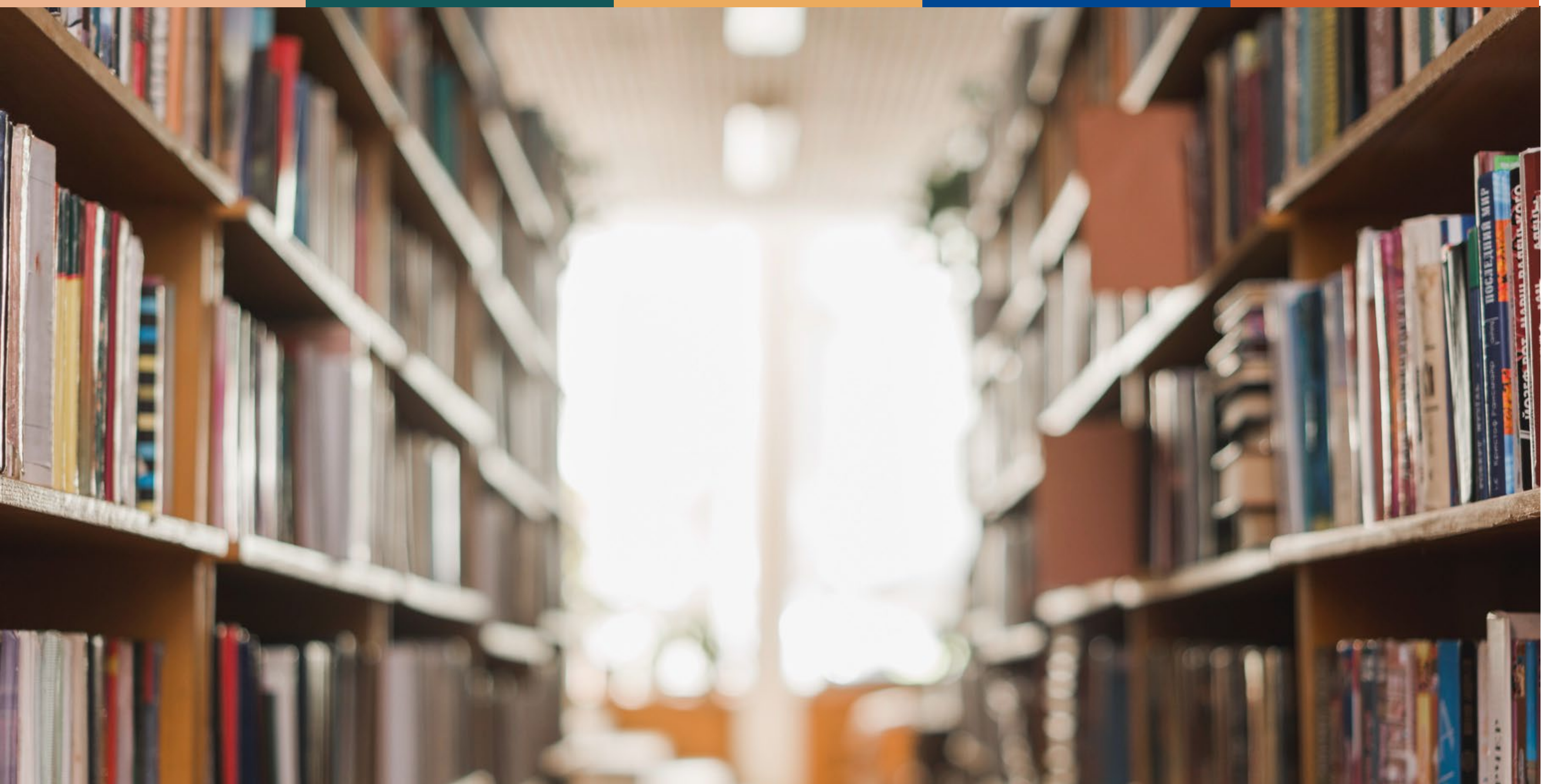
STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX)

ASX Code: EDU

COMPANY WEBSITE

www.eduholdings.com.au



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About this Half-Year report

This Half-Year Report is a summary of the operations, activities, and financial performance of EDU Holdings Limited (ABN 85 108 962 152) (**EDU, EDU Holdings,** or **the Company**) and its controlled entities (**Group**) for the six months ended 30 June 2024 (**1H24**).

This Half-Year Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this Half-Year Report should be read in conjunction with the most recent Annual Report for the year ended 31 December 2023 and any public announcements made by EDU during the half-year ended 30 June 2024 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Any references to 'the period', 'the half' or 'the half-year' are to the financial period from 1 January 2024 to 30 June 2024, unless otherwise stated. The previous corresponding period (**PCP**) refers to the half-year ended 30 June 2023. All comparisons are to the PCP, unless otherwise stated.

Letter from the Chair & Chief Executive Officer

Dear Shareholders,

We are pleased to present our Half-Year Report for the six months ended 30 June 2024 (**1H24**).

Against the backdrop of significant and ongoing changes to migration and international student visa settings, 1H24 was a turning point for the Company, with our first net profit after tax, after several years of losses since the Covid pandemic disrupted our business. Ikon Institute (**Ikon**, our higher education (**HE**) business, continues to achieve impressive earnings growth, delivering consecutive periods of record enrolments and revenue. Australian Learning Group (**ALG**), our vocational education (**VET**) business, has continued to experience a recovery in enrolments and revenue, albeit more modest, on the prior corresponding period (**PCP**).

Group revenue and other income (excluding interest income and other gains) of $16.9m was up 64% on the $10.3m recorded in 1H23. It was encouraging to see scale benefits emerging with EBITDA lifting to $2.3m, an improvement of $2.0m on the PCP, with margins growing to 13% from 2% in the PCP. After recording a <u>loss</u> after tax of $1.6m in 1H23, we are pleased to report that we achieved a modest net <u>profit</u> after tax for the period of $28k. Cash at bank on 30 June 2024 was $8.0m, up from $3.1m at 31 December 2023 and $6.3m in the PCP, with cash generation seasonally stronger in the first half.

Ikon reported another period of robust growth in 1H24 with total student enrolments increasing to a record 1,709 in Trimester 2, 2024 from the 848 in the PCP. Revenue increased 88% against the PCP to $10.4m and EBITDA improved by $1.7m to $2.9m in the half. Supporting future growth, our product development plan remains on track. During the half, Ikon received accreditation for two new courses; Master of Counselling and Psychotherapy, and Master of Education, facilitating Ikon's extension into the post-graduate market, targeting both domestic and international students. The accreditations are for the maximum allowable period of seven years. Both courses are scheduled for launch in 1H25. In keeping with the product development strategy, Ikon also submitted applications to the Tertiary Education Quality and Standards Agency (**TEQSA**) to accredit two additional higher education courses during the period, with further courses in the development phase.

ALG student enrolments continue to recover. In Term 2, 2024, enrolments were at 1,281 (representing 25% growth on the PCP) and in Term 3, 2024 have increased to 1,446 (36% growth on the PCP). In 1H24, ALG reported revenue of $6.4m, a 37% increase on 1H23, EBITDA improved by $0.3m to $0.1m on the PCP and the net <u>loss</u> improved by $0.5m to $0.7m.

Notwithstanding the positive results for the half, recent regulatory changes intended to manage the growth and improve the integrity of the international education sector are expected to create a more challenging future trading environment. In particular, the proposed introduction of the Government's capping regime for new overseas student commencements from 2025 is expected to reduce the size of the market and materially curtail enrolment growth in both Ikon and ALG.

On 27 August 2024, Ikon received notification from the Department of Education of its indicative provider limit (cap) for calendar 2025, which is proposed at 200 new overseas student commencements. This compares to its 347 commencements in calendar 2023 and 784 commencements for the year-to-date in 2024 (up to and including Trimester 2 2024). ALG has not yet received notification of its provider limit for 2025, however the Board anticipates it is likely to be materially lower than ALG's commencements in 2024.

Despite the proposed introduction of the above caps for 2025, the Company expects to benefit from Ikon's strong and progressive enrolment growth during FY24 and its 3-4 year average study duration, for a number of years. While the longer-term impact of the capping regime and other regulatory changes on the Group remains uncertain, the Board is prioritising the development of plans to effectively manage any anticipated operational and financial implications. The Company will continue to provide updates as new information comes to hand.

We take this opportunity to thank our staff for their efforts during the last six months, as well as our other stakeholders including education agents, industry partners and vendors across all areas of our national operations. Lastly, we are, as always, grateful to our students who have entrusted us with this important part of their life journey.

Sincerely,

Gary Burg

Adam Davis

Corporate Overview

Snapshot

COMPANY OVERVIEW

2 Operating businesses

Ikon Institute of Australia — Higher Education (HE)

Australian Learning Group — Vocational Education & Training (VET)

$16.9m
1H24 Revenue and other income

$2.3m
1H24 EBITDA

$28k
1H24 Net Profit

104
Permanent team members

22
Courses offered across HE and VET

2,990
Students at period-end

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

STOCK OVERVIEW

ASX ticker code
EDU

Market Capitalisation
$14m
14 August 2024

Share price
8.4c
14 August 2024

INVESTMENT PROPOSITION

1. **Quality tertiary education business**
   Delivering superior student experience and employment outcomes to domestic and international students in the vocational and higher education sectors

2. **In-demand course mix, alignment to skills shortages**
   Offering employment-focused courses in large and growing sectors with long-term skills shortages

3. **Material leverage of relatively fixed cost base**
   Delivering higher margins as student numbers and revenue grow
   1H24 net profit after tax up $1.6m on $6.6m of additional revenue

4. **Organic + M&A growth**
   Ambitious HE-focused product development program underway
   Renewed focus on growth, including through sensible acquisitions

Operational Highlights

Higher education (Ikon) enrolments up 85% in 1H24
Growth continuing - Trimester 2, 2024 enrolments up 102%

ALG NSEs on the rise
1H24 up 20%

LTM to T3'24 up 15% on PCP

Continued strength in Early Childhood Education courses
In both HE and VET

Strong shift to Online for HE domestic students
64% of Ikon's 1H24 domestic enrolments, up from 49% in PCP

Program development and campus expansion
Ikon – 2 new post-graduate courses recently accredited and 2 new courses submitted for accreditation to TEQSA in June 2024

Two new campuses (one in Sydney and one in Melbourne) to be launched in 2H24 to accommodate expected enrolment growth

Skills shortages driving shift in program mix
92% of 1H24 enrolments in Community Services courses

Operating leverage
Organisational structure capable of delivering operating leverage as student numbers continue to grow

Expansion into post-graduate market
Two newly accredited Masters Degrees, launching from Trimester 1, 2025

Performance Highlights

Financials

In 1H24, EDU recorded EBITDA of $2.3m, a $2.0m improvement compared to the PCP, and net profit after tax of $28k, a material improvement on the $1.6m loss reported in the PCP, as a result of the increased revenue and improved gross margins. Ikon's enrolments climbed sharply, up 85% on the PCP, driven in part by the 177% increase in NSEs. ALG's enrolments grew 24% in 1H24, with NSEs up 20%.

Cash increased to $8.0m compared with $3.1m at 31 December 2023 and $6.3m at 30 June 2023, benefitting from the shift to Group profitability and seasonality of tuition fee receipts from students, with cash generation in the first half of the year typically stronger than the second.

	1H24	vs	1H23
Revenue and other income[1]	$16.9m	↑	$10.3m
EBITDA	$2.3m	↑	$0.2m
Net profit/(loss) after tax	$28k	↑	($1.6m)

	JUN-24	vs	DEC-23
Cash balance	$8.0m	↑	$3.1m

1 Other income includes $0.1m of rental income from subleased premises (1H23: $0.3m) and exclude interest income and one-off gains

Student performance indicators

	1H24	vs	1H23
Letters of Offer	2,829	↑	1,774
NSEs	1,490	↑	778
Enrolments[2]	5,507	↑	3,646

[2] Enrolments are the sum of students enrolled in the Group in all trimesters and terms during the half-year

Strategy Unfolding

The expansion of the Group into higher education through the acquisition of Ikon in 2018 has materially changed the profile and growth trajectory of the business. As a greater proportion of students enrol in EDU's Bachelor and (soon) Masters Degrees, the business model strengthens with improved margins and longer average study durations.

Higher value courses

Revenue mix:

62% of 1H24 Group revenue was from Higher Education vs **0%** in 1H18

Expansion of course portfolio (including into the post-graduate market)

Courses offered:

22 in 1H24 vs **14** in 1H18

Longer average study duration

30 months in 1H24
vs **18** months in 1H18

Leverage online delivery

Online domestic enrolments:

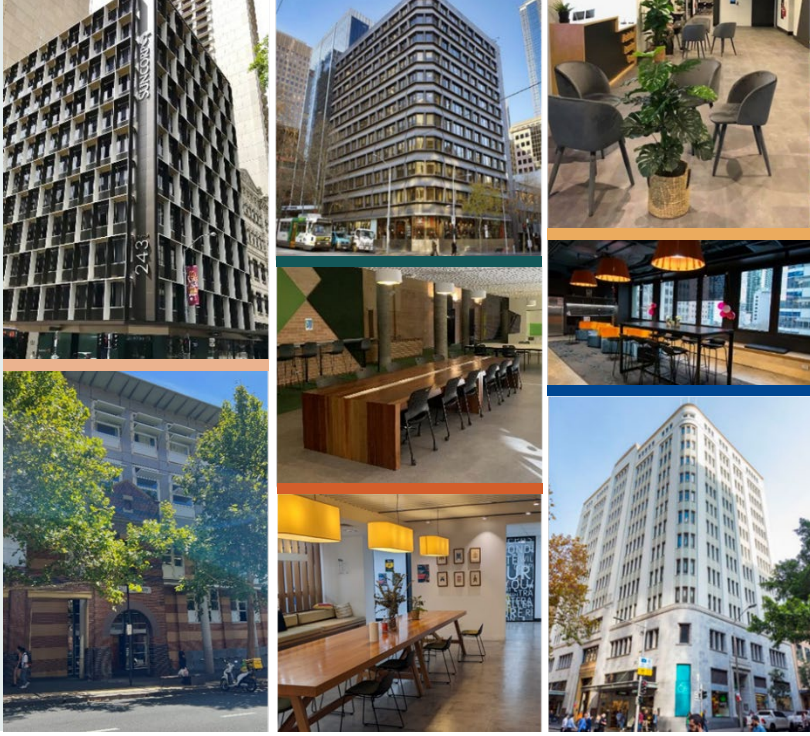
64% in 1H24 vs **0%** in 1H18

	Australian Learning Group	Australian Learning Group / Ikon Institute of Australia	Ikon Institute of Australia
	Certificates	**Diplomas**	**Degrees / Masters**
Average price[1]	**$9,000**	**$19,000**	**$56,000**
Average duration	< 1 year	1-2 years	3-4 years

1. Based on 2024 fees

Operating leverage

EDU is leveraging underutilised classroom space and benefiting from operating leverage through its organisational structure as student volumes grow.



NATIONAL CAMPUS FOOTPRINT

54 ↑
Classrooms
1H24

VS

29
Classrooms
1H18

7
Campuses across
4 states + Online

CAPACITY

2,302 sqm
space in Sydney
operating at **80% capacity**

2,330 sqm
space in Melbourne
operating at **61% capacity**

COURSES & CLASSROOMS

	1H24	1H18
Courses	22	14
Classrooms	54	29

Directors' Report

The Directors of EDU Holdings Limited (ABN 85 108 962 152) submit their report for the half-year ended 30 June 2024.

Directors

The names of the Directors during the half-year and up to the date of this Half-Year Report are:

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

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

Peter Mobbs:
Non-Executive Director (independent) (appointed 16 February 2015)

Jonathan Pager:
Non-Executive Director (independent) (appointed 16 February 2015)

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

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

PRINCIPAL ACTIVITY

The principal activity of the Group during the period was the provision of tertiary education services. EDU operates through two subsidiaries: Ikon and ALG.

DIVIDENDS

No dividends have been paid or declared during the six months ended 30 June 2024 (June 2023: $nil).

ENVIRONMENTAL REGULATION & PERFORMANCE

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

Operating and Financial Review

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

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

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

EDU currently has two wholly owned operating subsidiaries:

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

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

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

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

The results presented in this report include the corporate operations of EDU Holdings (including its shared services entity, EDU CS) and the operations of its wholly owned operating businesses, Ikon and ALG for the half-year ended 30 June 2024 and the comparative period.

Corporate focus

EDU's long-term 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 Ikon and ALG (EDU's wholly owned operating businesses) for the half-year ended 30 June 2024, to the Group's consolidated profit / (loss) reported for the period.

	1H24 $'000	1H23 $'000	Variance $'000	Variance %
Ikon and ALG				
Total revenue and other income	16,851	10,252	6,599	64%
Cost of sales	(7,618)	(4,703)	(2,915)	(62%)
Gross profit	**9,233**	**5,549**	**3,684**	**66%**
*Gross margin (%)**	*55%*	*54%*	n/a	*1%*
Operating expenses	(6,239)	(4,567)	(1,672)	(37%)
Operating EBITDA	**2,994**	**982**	**2,012**	**205%**
*Operating EBITDA margin (%)**	*18%*	*10%*	n/a	*8%*
EDU Holdings				
Corporate costs	(744)	(745)	1	-
EBITDA	**2,250**	**237**	**2,013**	**849%**
*EBITDA margin (%)**	*13%*	*2%*	n/a	*11%*
Depreciation & amortisation				
- Lease related	(986)	(1,249)	263	21%
- Plant & equipment	(325)	(342)	17	5%
- Intangible assets	(235)	(210)	(25)	(12%)
Total depreciation & amortisation	**(1,546)**	**(1,801)**	**255**	**14%**
Earnings before interest, tax and one-off items	**704**	**(1,564)**	**2,268**	**n/a**
*EBIT margin (%)**	*4%*	*(15%)*	n/a	*19%*
Interest on lease liabilities	(482)	(438)	(44)	(10%)
Interest and borrowing expenses	(60)	(63)	3	5%
Income tax (expense) / benefit	(114)	508	(622)	n/a
Net profit / (loss) before one-off items	**48**	**(1,557)**	**1,605**	**n/a**
Due diligence and transaction costs	(20)	(15)	(5)	(33%)
Gain on disposal of assets	-	180	(180)	(100%)
Loss from discontinued operations	-	(159)	159	100%
Net profit / (loss) after tax	**28**	**(1,551)**	**1,579**	**n/a**

* 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/(loss) 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 and EBITDA. EBITDA includes EDU Holdings Limited's 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 Ikon and ALG.

Corporate costs

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

Due diligence and transaction costs

External due diligence and transaction costs relating to acquisition activities.

Gain on disposal of assets

Represents the final earn-out payment received from the November 2021 sale of EDU Holdings' shares in Gradability Pty Ltd.

Interest and borrowing expenses

Interest and borrowing expenses relate primarily to interest paid and the costs associated with the Group'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.

Loss from discontinued operations

Represents the loss from ALG's discontinued Perth campus operations, net of tax. Refer to Note 4 for further details.

Overview

Ikon is a FEE-HELP approved Institute of Higher Education (Provider ID: PRV14055) and Commonwealth Register of Institutions and Courses for Overseas Students (**CRICOS**) provider (CRICOS code: 03581E). It operates nationally with physical campuses in Sydney, Melbourne, Brisbane and Adelaide as well as an Online campus that operates nationally. Ikon delivers three study periods (or trimesters) per calendar year, each offering an intake for new students (new student enrolments or NSEs). In its Trimester 2, 2024 Ikon had record student enrolments of 1,709, up 102% on the PCP.

Ikon's current courses include three Bachelor Degrees; Bachelor of Counselling and Psychotherapy (**BCP**), Bachelor of Arts Therapy (**BAT**), and Bachelor of Early Childhood Education (**BECE**), and two recently accredited Masters Degrees; Master of Education (**MoE**) and Master of Counselling and Psychotherapy (**MCP**). Ikon expects to launch its two new Masters Degrees from Trimester 1, 2025.

Historically focussed on the domestic student market, Ikon has now firmly established itself in the international student market, with international students representing 67% of Ikon's enrolments in 1H24, up from 44% in 1H23.

Domestic student leads are generated through digital marketing activities, and prospective students are supported through to enrolment by Ikon's course advisory and admissions team. International students are recruited through the Group's diverse network of more than 250 education agents both in Australia and offshore, supported by articulation pathways from ALG. As with ALG, Ikon has strong student diversity with students currently studying from more than 50 source countries.

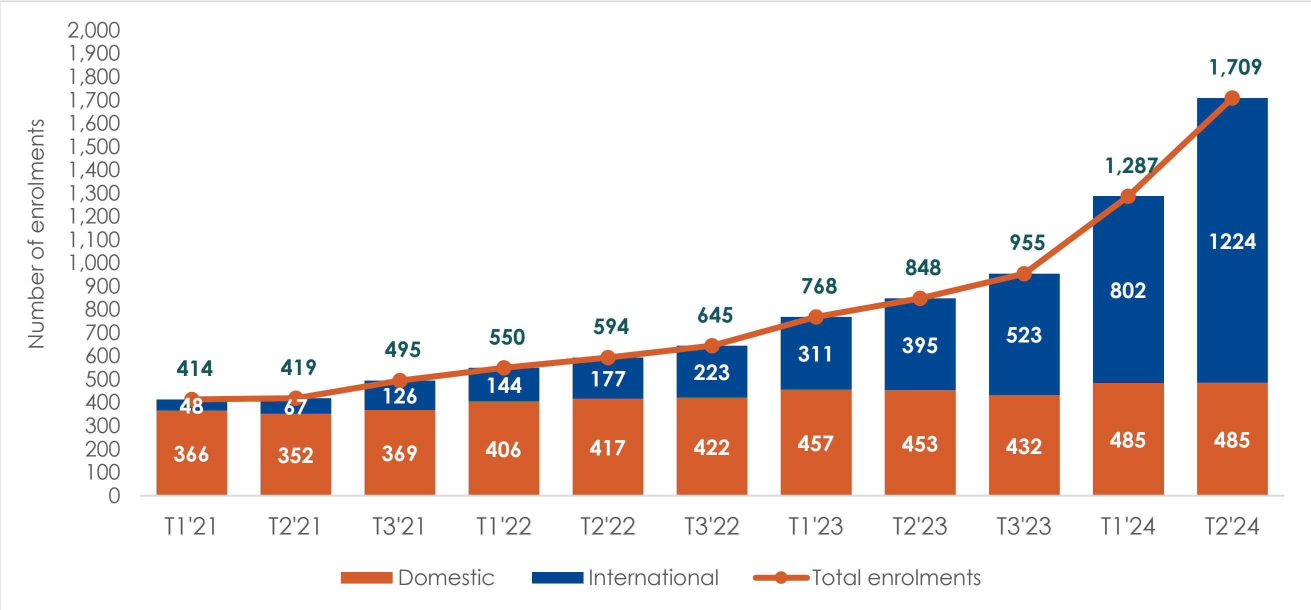
Enrolments

Ikon had 1,709 students in its Trimester 2, 2024, up 102% compared to the PCP and up 33% against Trimester 1, 2024. Enrolments comprised 485 domestic and 1,224 international students (up 210% on 395 international students in the PCP).

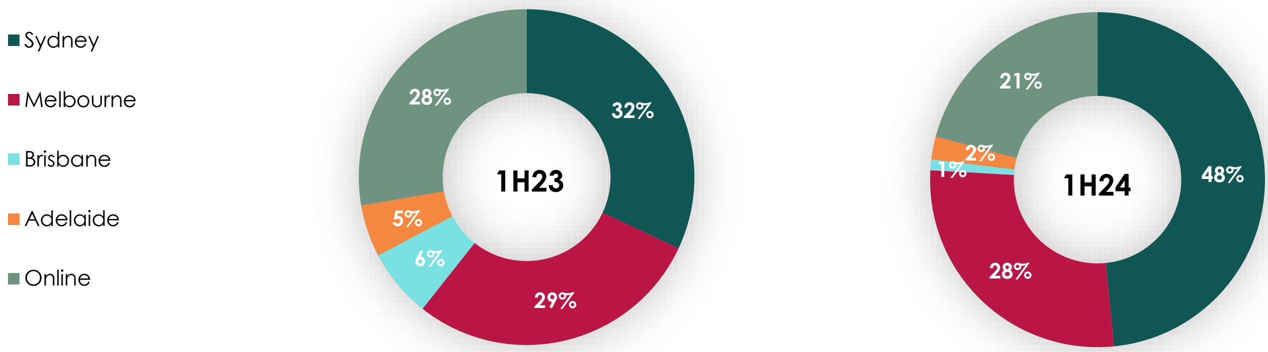
As is common in higher education (particularly for domestic students), the Trimester 1 intake, in February of each year, at the commencement of the academic and calendar year, is typically Ikon's largest, with the second and third trimester intakes in May and September typically smaller. A total of 981 new students (NSEs) commenced their studies with Ikon during 1H24, compared to 354 in the PCP, up 177%.

Domestic student enrolments in 1H24 were up 7% on the PCP and encouragingly, more students are opting to study online. Online allows Ikon to expand its reach beyond its physical campus locations, to group students into classes nationally and to showcase its best lecturers. In Trimester 2, 2024, 68% of Ikon's domestic students are studying online, compared to 51% in the PCP.

HE student profile



HE students by campus



Results for the half-year ended 30 June 2024

	1H24	1H23	Variance	Variance
	$'000	$'000	$'000	%
Revenue				
International student revenue	7,020	2,275	4,745	209%
Domestic student and other revenue	3,396	3,273	123	4%
Total revenue	**10,416**	**5,548**	**4,868**	**88%**
Cost of sales				
Commission	(1,022)	(342)	(680)	(199%)
Teaching	(2,874)	(1,745)	(1,129)	(65%)
Venue and other	(64)	(11)	(53)	(482%)
Total cost of sales	**(3,960)**	**(2,098)**	**(1,862)**	**(89%)**
Gross profit	**6,456**	**3,450**	**3,006**	**87%**
*Gross margin (%)**	*62%*	*62%*	n/a	-
Operating expenses	**(3,584)**	**(2,319)**	**(1,265)**	**(55%)**
Operating EBITDA	**2,872**	**1,131**	**1,741**	**154%**
*Operating EBITDA margin (%)**	*28%*	*20%*	n/a	*8%*
Depreciation & amortisation				
- Lease related	(492)	(541)	49	9%
- Plant & equipment	(44)	(29)	(15)	(52%)
- Intangible assets	(95)	(65)	(30)	(46%)
Total depreciation & amortisation	**(631)**	**(635)**	**4**	**1%**
Earnings before interest, tax and one-off items	**2,241**	**496**	**1,745**	**352%**
*EBIT margin (%)**	*22%*	*9%*	n/a	*13%*
Net finance expense - lease related	(210)	(205)	(5)	(2%)
Income tax expense	(611)	(85)	(526)	(619%)
Net profit after tax	**1,420**	**206**	**1,214**	**589%**
*NPAT margin (%)**	*14%*	*4%*	n/a	*10%*

* Movement in percentage points

Financial performance

Ikon generated revenue of $10.4m, EBITDA of $2.9m and a net profit after tax of $1.4m for the half-year ended 30 June 2024. By comparison, in 1H23, Ikon reported revenue of $5.6m, EBITDA of $1.1m and a net profit of $0.2m.

As in prior years, Ikon has continued to make necessary investments in its organisational structure, academic resources, governance and quality. Notwithstanding, the business delivered a strong improvement in earnings, as scale benefits emerged. With its relatively fixed cost base, the additional $4.9m in revenue translated to a $1.2m improvement to net profit and a net margin improvement of 10ppts to 14%.

Product development remains a key pillar of Ikon's growth strategy. A product development plan to materially broaden its course portfolio over the coming years was approved by the Ikon and EDU Boards towards the end of 2022 and implementation is now well underway. During the half, Ikon received accreditation for two new courses; Master of Counselling and Psychotherapy, and Master of Education, facilitating Ikon's first extension into the post-graduate market. The accreditations are for the maximum period of seven years, with no conditions. Both Masters Degrees have now been added to Ikon's CRICOS registration and are scheduled for launch in Trimester 1, 2025, targeting both domestic and international students.

During the period, Ikon submitted applications to TEQSA to accredit two additional higher education courses, with further courses in the development phase, targeting both domestic and international students, in keeping with its product development strategy.

The Board notes that the recent regulatory changes including the proposed introduction of the Government's capping regime for new overseas student commencements from 2025, intended to manage the growth and improve the integrity of the international student sector, are expected to create a more challenging trading environment.

On 27 August 2024, Ikon received notification from the Department of Education of its indicative provider limit (cap) for calendar 2025, which is proposed at 200 new overseas student commencements. This compares to its 347 commencements in calendar 2023 and 784 commencements for the year-to-date in 2024 (up to and including Trimester 2 2024).

Despite the proposed introduction of the above caps for 2025, the Company expects to benefit from Ikon's strong and progressive enrolment growth during FY24 and its 3-4 year average study duration, for a number of years. While the longer-term impact of the capping regime and other regulatory changes on the Group remains uncertain, the Board is prioritising the development of plans to effectively manage any anticipated operational and financial implications. The Company will continue to provide updates as new information comes to hand.

Ikon's domestic student commencements are not affected by the proposed caps.

Overview

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

For Term 2, 2024, the term immediately preceding the balance date of this report, ALG recorded 1,281 international student enrolments across its various campus locations. Enrolments were up 25% on the PCP of 1,023 and up 4% on Term 1, 2024. ALG's enrolments have been recovering modestly term on term since Term 2, 2023. This trend continued in Term 3, 2024 with enrolments of 1,446, up 36% on the PCP and up 13% on the prior term.

ALG's international students are recruited through the Group's diverse network of more than 250 education agents, both onshore in Australia and offshore in source countries. ALG currently has students from more than 65 source countries.

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

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

All courses are structured to facilitate rolling intakes, allowing 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 year.

Enrolments

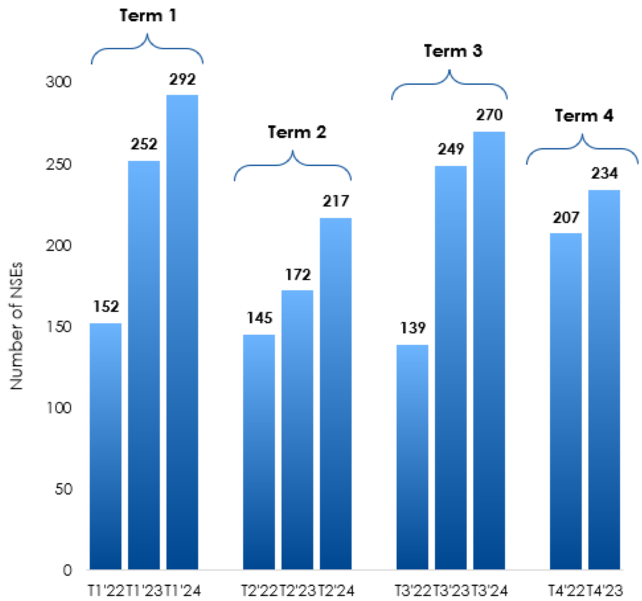
ALG's international student enrolments for the half-year ended 30 June 2024, being the sum of enrolments in the two academic terms during the period, were 2,511, a 24% increase on the PCP.

During the half-year, ALG recorded 509 NSEs, up 20% on the PCP, a leading indicator of enrolments.

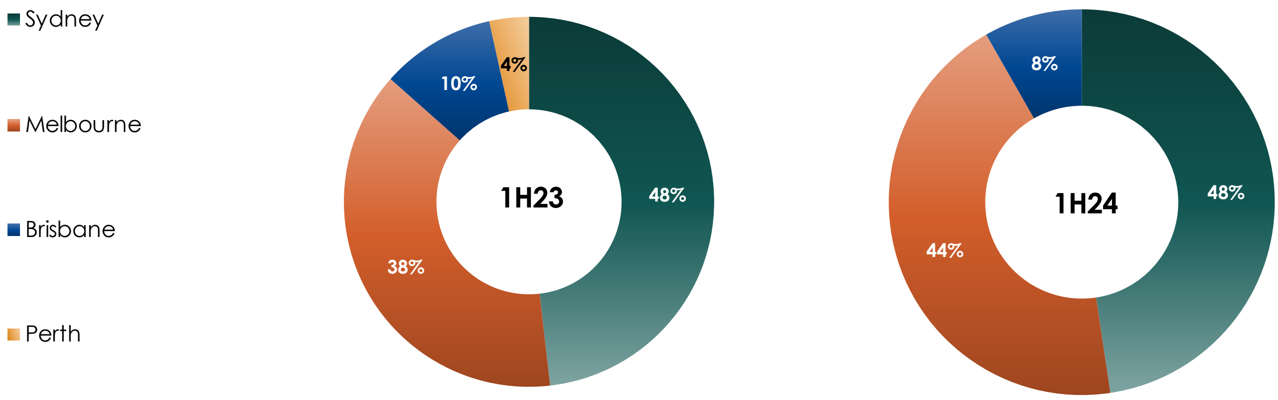
The Company notes recent changes to Government policies and settings designed to reduce the overall volume of international students in Australia, including the proposed introduction of the Government's capping regime for new overseas student commencements from 2025. ALG has not yet received notification of its provider limit for 2025, however the Board anticipates it is likely to be materially lower than ALG's commencements in 2024.

NSEs by term

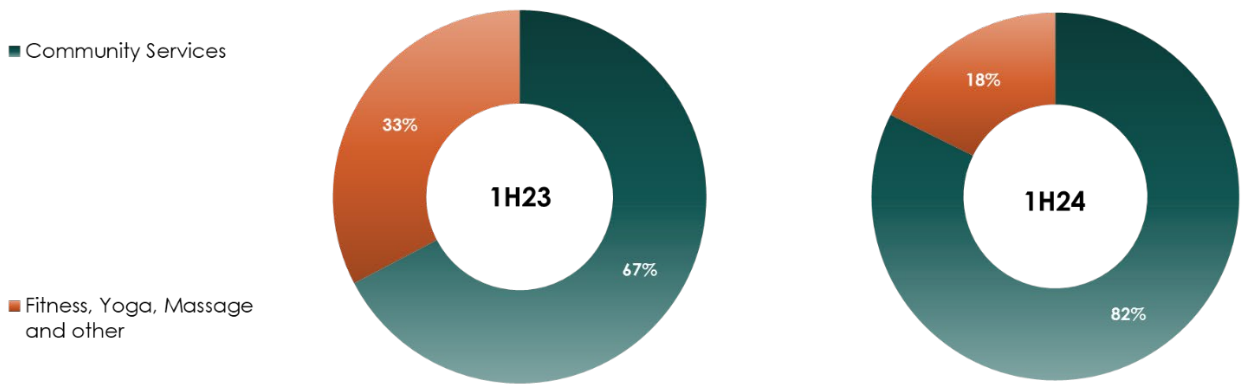
ALG launched its Ageing Support and Community Services courses in Brisbane from Term 1, 2024 and pleasingly enrolments in these courses have started to gain traction.



VET enrolments by campus[1]



VET enrolments by field of study[1,2]



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

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

Results for the half-year ended 30 June 2024

	1H24	1H23	Variance	Variance
	$'000	$'000	$'000	%
Revenue				
International student revenue	6,352	4,515	1,837	41%
Other revenue	83	189	(106)	(56%)
Total revenue	**6,435**	**4,704**	**1,731**	**37%**
Cost of sales				
Commission	(1,573)	(1,037)	(536)	(52%)
Teaching	(1,881)	(1,542)	(339)	(22%)
Venue and other	(204)	(26)	(178)	(685%)
Total cost of sales	**(3,658)**	**(2,605)**	**(1,053)**	**(40%)**
Gross profit	**2,777**	**2,099**	**678**	**32%**
*Gross margin (%)**	*43%*	*45%*	n/a	*(2%)*
Operating expenses	**(2,655)**	**(2,248)**	**(407)**	**(18%)**
Operating EBITDA	**122**	**(149)**	**271**	**n/a**
*Operating EBITDA margin (%)**	*2%*	*(3%)*	n/a	*5%*
Depreciation & amortisation				
- Lease related	(494)	(708)	214	30%
- Plant & equipment	(281)	(313)	32	10%
- Intangible assets	(69)	(74)	5	7%
Total depreciation & amortisation	**(844)**	**(1,095)**	**251**	**23%**
Earnings before interest, tax and one-off items	**(722)**	**(1,244)**	**522**	**42%**
*EBIT margin (%)**	*(11%)*	*(26%)*	n/a	*15%*
Net finance expense - lease related	(268)	(230)	(38)	(17%)
Loss from discontinued operations	-	(159)	159	100%
Income tax benefit	286	395	(109)	(28%)
Net loss after tax	**(704)**	**(1,238)**	**534**	**43%**
*NPAT margin (%)**	*(11%)*	*(26%)*	n/a	*15%*

* Movement in percentage points

Financial performance

ALG generated revenue of $6.4m, an EBITDA profit of $0.1m and a net loss after tax of $0.7m for the half-year ended 30 June 2024. For comparison, for the half-year ended 30 June 2023, ALG's revenue was $4.7m, EBITDA loss was $0.1m and it recorded a net loss after tax of $1.2m.

Encouragingly, ALG recorded a 41% increase in international student revenue in 1H24 against the PCP (from $4.5m to $6.4m). However, with higher than typical costs associated with teach-outs of superseded training packages and discontinued (underperforming) courses during the period, the additional $1.7m in revenue only translated to a $0.7m improvement to gross profit and a $0.3m improvement to EBITDA.

The Board notes that the recent regulatory changes including the proposed introduction of the Government's capping regime for new overseas student commencements from 2025, intended to manage the growth and improve the integrity of the international student sector, are expected to create a more challenging trading environment.

ALG has not yet received notification of its provider limit for 2025, however the Board anticipates it is likely to be materially lower than ALG's commencements in 2024.

At this stage, the longer-term impact of the capping regime and other regulatory changes on the Group remains uncertain.

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.

Net assets

The net assets of the Group as at 30 June 2024 were $10,590,595 (31 December 2023: $10,481,220).

Material business risks

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

Business risk	Mitigating activities
Changes to government policies and settings in relation to immigration and student visas The Australian Government is currently implementing a number of measures to reduce net migration, with a focus on the international student sector. These measures include (but are not limited to): - **potential introduction of** capping regime in relation to new overseas student commencements from calendar 2025 - increased scrutiny of student visa applications, including the introduction of a new genuine student test which is resulting in a lower volume of grants and higher refusal rates; - higher English language proficiency requirements; - increased financial capacity requirements; - increased non-refundable student visa application fees; - reduced post-study stay and working rights; - inability for tourist and graduate (post-study) visa holders to apply for a student visa while onshore**; and** - **prioritisation of visa processing based on provider immigration risk rating.**	- Measures to further diversify the Company's student target markets including increased focus on the domestic student market and broadening the Group's course portfolio - Building financial resilience by maintaining adequate reserves and establishing contingency plans to manage unexpected disruptions - Continued focus on genuine students in course areas where Australia has skills shortages and the Government is more likely to remain supportive of skilled migration, including through the international student framework

Business risk	Mitigating activities
These measures are designed to reduce the number of international students in Australia and are likely to be disruptive to the Company's growth and profitability in the short to medium-term. Additional changes to Australia's immigration policy and strategy, including regulations and settings, may have further negative impacts on the Company.	
Competition The Group operates in a highly competitive market, with a large number of public and private education providers competing for students. There is a risk of new or existing competitors entering the Group's target market with new or improved products and marketing tactics and/or paying higher commission rates and other incentives, including to education agents. The Group may not be able to match or exceed the above in a timely or cost-effective manner, making it more difficult to attract new students and/or resulting in loss of customers and market share	- Regular review of key market trends and competitor activity, price points, promotions and other marketing activity and responding accordingly - Analysis of structured, periodic surveys of students, agents, and staff to determine areas for service and product improvement - Continued investment in the development, accreditation and delivery of new courses based on market demand and trends
New course development Development and delivery of new courses pose inherent risks due to the highly competitive market, timeframes and material costs involved. Risk exists that new course offerings are not successful, resulting in financial losses, reputational damage and wasted resources	- Comprehensive market research undertaken to identify market demand, the competitive landscape and emerging trends ahead of commencing the development of new courses - Course advisory committees established to ensure proposed new courses align with current industry (employer and professional association) requirements and demands - Detailed and robust cost analysis, financial model and business cases are developed and approved prior to commencing new product development - Dedicated, experienced course development team employed to manage new course development - Investment in sales and marketing activities to increase probability of a successful course launch

Business risk	Mitigating activities
Data and IT security Disruption to technology platforms and systems used by the Group or a major data or information security breach could cause significant business interruption and reputational damage which may impact financial stability and growth	- Outsourced IT partner that delivers a strategy built around protection, detection and responding to threats - Use of leading and trusted technologies with appropriate security settings - Strong internal processes and culture of risk awareness to protect and control data access - Business continuity plan in place
Regulatory environment The Group operates in a highly regulated industry and continued registration with regulators remains a key material risk; the Australian Skills Quality Authority (**ASQA**) in relation to ALG and the Tertiary Education Quality and Standards Agency (**TEQSA**) in relation to Ikon	- Adherence to effective self-assurance and risk management frameworks - Dedicated quality assurance team that regularly reports to internal governance committees, management and the Board - Comprehensive continuous improvement cycle to address identified non-compliances and areas for improvement
Strategic execution, revenue growth and profitability The successful execution of the Group's strategic plan is key for achieving desired revenue growth and profitability targets. Any failure or deviation from the strategic plan may impact the Group's ability to grow its revenue and enhance its financial viability	- Clear communication and alignment of the strategic plan across the organisation - Effective resource allocation to support the execution of the strategic plan - Robust performance monitoring and measurement framework in place to track progress against strategic objectives - Embracing an agile and adaptive approach to strategic execution to meet external market conditions and business dynamics - Recent and ongoing investment in new organisation structure and talent development to ensure the Company retains employees equipped with appropriate skills and capabilities to execute the strategic plan

Business risk	Mitigating activities
Source country and agent concentration risk in relation to international student recruitment Source country and agent concentration risk arises when a significant proportion of student enrolments are derived from a specific source country or are heavily dependent on a limited number of agents. Source country concentration makes the business susceptible to potential disruptions from the source market (i.e. regulatory and visa setting changes, economic shifts, or geopolitical events which could impact student demand and enrolments). Agent concentration risk arises where changes in agent relationships, commercial terms or changes in their capacity to recruit students can lead to material fluctuations in student enrolments and thereby revenue	- Actively cultivating relationships on and offshore with a diversified agent portfolio across various source markets to ensure that no single agent or group of agents holds a disproportionate influence over enrolment numbers - Expanding student recruitment activities to recruit students from a wide range of geographic source markets to avoid over-dependence on any one market or region to manage volatility in enrolments, including recent investment in offshore sales staff - Conducting periodic regulatory and performance assessments of agents and source markets and taking proactive steps to address emerging risks - Maintaining open communication with agents and developing and adopting new strategies in response to evolving market conditions and changes in agent relationships

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial period ended 30 June 2024.

Subsequent events

To accommodate anticipated growth in student enrolments in Melbourne, the Group entered into a 5-year lease of Level 7, 601 Bourke Street, Melbourne during the period, noting the rent for same commences subsequent to the period-end. Similarly, to accommodate anticipated growth in Sydney, at the end of July, the Group entered into a 21-month lease at Level 5, 187-189 Thomas St, Sydney. The Group is expecting to incur capex of $0.6m in relation to these premises.

On 27 August 2024, Ikon received notification from the Department of Education of its indicative provider limit (cap) for calendar 2025, which is proposed at 200 new overseas student commencements. This compares to its 347 commencements in calendar 2023 and 784 commencements for the year-to-date in 2024 (up to and including Trimester 2 2024). ALG has not yet received notification of its provider limit for 2025, however the Board anticipates it is likely to be materially lower than ALG’s commencements in 2024.

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

Likely developments and expected results of operations

Based on current and expected continuing enrolments and its pipeline of applications for future intakes, the Board is expecting to record higher revenue and improved operating results in 2H24 compared to 1H24, for both Ikon and ALG.

Notwithstanding the above, recent regulatory changes intended to manage the growth and improve the integrity of the international education sector are expected to create a more challenging trading environment in future periods. In particular, the proposed introduction of the Government's capping regime for new overseas student commencements from 2025 is expected to reduce the size of the market and materially curtail enrolment growth in both Ikon and ALG.

On 27 August 2024, Ikon received notification from the Department of Education of its indicative provider limit (cap) for calendar 2025, which is proposed at 200 new overseas student commencements. This compares to its 347 commencements in calendar 2023 and 784 commencements for the year-to-date in 2024 (up to and including Trimester 2 2024). ALG has not yet received notification of its provider limit for 2025, however the Board anticipates it is likely to be materially lower than ALG's commencements in 2024.

Despite the proposed introduction of the above caps for 2025, the Company expects to benefit from Ikon's strong and progressive enrolment growth during FY24 and its 3-4 year average study duration, for a number of years. While the longer-term impact of the capping regime and other regulatory changes on the Group remains uncertain, the Board is prioritising the development of plans to effectively manage any anticipated operational and financial implications. The Company will continue to provide updates as new information comes to hand.

Ikon's domestic student commencements are not affected by the proposed caps

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 50.

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

On behalf of the Directors

Gary Burg
Non-Executive Chair
30 August 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 30 JUNE 2024

	Notes	30 June 2024	30 June 2023
		$	$
Revenue from continuing operations			
Revenue from contracts with customers	2	16,741,212	10,064,717
Other revenue	2	26,796	27,427
Total revenue		**16,768,008**	**10,092,144**
Cost of sales		(7,617,777)	(4,702,267)
Gross profit		**9,150,231**	**5,389,877**
Other income			
Gain from disposal of assets	2	-	179,658
Other income	2	83,514	160,622
Interest income	2	54,341	58,790
Total other income		**137,855**	**399,070**
Expenses			
Employee benefits expense		(4,517,377)	(3,615,876)
Depreciation of right-of-use assets		(985,855)	(1,248,736)
Advertising, marketing and promotion expenses		(884,010)	(451,843)
Depreciation and amortisation expense		(560,052)	(552,428)
Interest on lease liabilities		(481,672)	(438,135)
Administration, support and other expenses		(479,873)	(249,189)
Communication and IT expenses		(360,975)	(269,527)
Professional fees		(253,851)	(224,995)
Licence fees		(206,234)	(208,240)
Cleaning, utility and occupancy expenses		(168,605)	(152,320)
Finance costs		(114,070)	(122,211)
Credit losses		(60,194)	(93,109)
Insurance expenses		(52,375)	(48,092)
Due diligence and transaction fees		(20,000)	(14,659)
Total expenses		**(9,145,143)**	**(7,689,360)**
Profit / (loss) before income tax from continuing operations		**142,943**	**(1,900,413)**
Income tax (expense) / benefit		(114,459)	508,155
Profit / (loss) from continuing operations		**28,484**	**(1,392,258)**
Loss from discontinued operations (net of tax)	4	-	(159,021)
Profit / (loss) after tax		**28,484**	**(1,551,279)**
Other comprehensive income		-	-
Total comprehensive profit / (loss) after tax		**28,484**	**(1,551,279)**

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 HALF-YEAR ENDED 30 JUNE 2024

	30 June 2024	30 June 2023
	$	$
Profit / (loss) per share attributable to equity holders of the parent entity		
Basic profit / (loss) per share (cents)		
Continuing operations	0.02	(0.84)
Discontinued operations	-	(0.10)
Diluted profit / (loss) per share (cents)		
Continuing operations	0.02	(0.84)
Discontinued operations	-	(0.10)

Consolidated Statement of Financial Position

AT 30 JUNE 2024

	Notes	30 June 2024 $	31 December 2023 $
Current assets			
Cash and cash equivalents	12	8,040,729	3,121,297
Trade and other receivables		2,337,087	303,861
Other assets		743,395	489,096
Total current assets		**11,121,211**	**3,914,254**
Non-current assets			
Other assets		3,600	13,950
Plant and equipment		2,020,709	2,153,035
Intangible assets		2,833,908	2,558,151
Right-of-use asset		7,695,950	9,702,467
Deferred tax asset		2,926,496	3,040,954
Goodwill on consolidation	7	11,918,128	11,918,128
Total non-current assets		**27,398,791**	**29,386,685**
Total assets		**38,520,002**	**33,300,939**
Current liabilities			
Trade and other payables	8	4,161,177	3,613,267
Contract liabilities	10	8,463,306	1,682,266
Borrowings	11	500,000	1,000,000
Employee benefits		442,786	474,978
Deferred lease liability		2,904,916	2,714,710
Provisions for onerous contracts	5	-	30,104
Provisions		-	79,524
Total current liabilities		**16,472,185**	**9,594,849**
Non-current liabilities			
Trade and other payables	8	1,273,613	1,611,016
Borrowings	11	1,250,000	1,000,000
Employee benefits		262,136	200,647
Contract liabilities	10	653,944	307,706
Deferred lease liability		7,425,778	9,605,597
Provisions		591,751	499,904
Total non-current liabilities		**11,457,222**	**13,224,870**
Total liabilities		**27,929,407**	**22,819,719**
Net assets		**10,590,595**	**10,481,220**
Equity			
Issued capital	9	31,125,849	31,125,849
Reserves		294,708	213,817
Accumulated losses		(20,829,962)	(20,858,446)
Total equity		**10,590,595**	**10,481,220**

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 30 JUNE 2024

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance as at 1 January 2024	**31,125,849**	**213,817**	**(20,858,446)**	**10,481,220**
Net profit for the year	-	-	28,484	28,484
Other comprehensive income for the year	-	-	-	-
Total comprehensive profit for the year	**-**	**-**	**28,484**	**28,484**
Transactions with owners in their capacity as owners				
Shares issued at net cost	-	-	-	-
Options issued at fair value	-	80,891	-	80,891
Options expired	-	-	-	-
Total transactions with owners in their capacity as owners	**-**	**80,891**	**-**	**80,891**
Balance as at 30 June 2024	**31,125,849**	**294,708**	**(20,829,962)**	**10,590,595**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance as at 1 January 2023	**31,135,163**	**470,153**	**(18,348,649)**	**13,256,667**
Net loss for the year	-	-	(1,551,279)	(1,551,279)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(1,551,279)**	**(1,551,279)**
Transactions with owners in their capacity as owners				
Shares issued at net cost	(9,314)	-	-	(9,314)
Options issued at fair value	-	92,591	-	92,591
Options expired	-	(189,703)	189,703	-
Total transactions with owners in their capacity as owners	**(9,314)**	**(97,112)**	**189,703**	**83,277**
Balance as at 30 June 2023	**31,125,849**	**373,041**	**(19,710,225)**	**11,788,665**

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

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 30 JUNE 2024

	Notes	30 June 2024 $	30 June 2023 $
Cash flow from operating activities			
Receipts from customers and other income		21,696,515	12,043,537
Interest received		54,341	58,790
Payments to suppliers, employees and other		(14,177,207)	(9,841,251)
Net cash flows from continuing operating activities		**7,573,649**	**2,261,076**
Net cash flows from discontinued operating activities		**(33,570)**	**(91,235)**
Net cash provided by operating activities		**7,540,079**	**2,169,841**
Cash flow from investing activities			
Net receipts from disposal of assets		-	179,658
Transaction costs in relation to proposed acquisitions		-	(160,976)
Payments for plant and equipment		(115,598)	(43,509)
Payments for intangibles		(305,095)	(202,544)
Net cash used in continuing investing activities		**(420,693)**	**(227,371)**
Net cash used in discontinued investing activities		**-**	**-**
Net cash used in investing activities		**(420,693)**	**(227,371)**
Cash flow from financing activities			
Proceeds from share issues		-	10,000
Capital raising costs		-	(12,418)
Borrowing costs		(117,067)	(108,647)
Repayment of borrowings	11	(250,000)	-
Repayment of lease liabilities		(1,832,637)	(1,603,840)
Net cash used in continuing financing activities		**(2,199,704)**	**(1,714,905)**
Net cash used in discontinued financing activities		**(250)**	**(25,677)**
Net cash used in financing activities		**(2,199,954)**	**(1,740,582)**
Net increase in cash and cash equivalents		4,919,432	201,888
Cash and cash equivalents at beginning of period		3,121,297	6,075,190
Cash and cash equivalents at end of period	**12**	**8,040,729**	**6,277,078**

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

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2024

1. Statement of significant accounting policies

This Half-Year Report covers EDU Holdings Limited and its controlled entities. EDU 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 Half-Year Report, EDU is a for-profit company.

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

The financial statements are presented in 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 Half-Year 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 Half-Year Report

Statement of compliance

The Half-Year Report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 'Interim Financial Reporting', as appropriate to for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The Half-Year Report does not include notes of the type normally included in an annual financial report and thus should be read in conjunction with the Annual Report for the period ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation adopted in the presentation of the Half-Year Report are consistent with those adopted and disclosed in the Company's 31 December 2023 Annual Report.

c. Basis of preparation

The Half-Year 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.

Going concern

The Directors have prepared the Half-Year 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.

d. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the Half-Year Report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and data, obtained both externally and from within the Group.

Impairment

The Company considers and assesses potential impairment at each reporting date by evaluating conditions specific to the Group that may lead to an impairment of assets. Where an impairment indicator exists, the recoverable amount of the asset is determined. Value-in-use calculations have been performed in assessing recoverable amounts. These incorporate a number of key estimates. To determine value-in-use, management estimates expected future cash flows from each asset or cash-generating unit (**CGU**) and also determines a suitable interest rate in order to calculate the present value of those cash flows. The financial forecasts used for impairment testing procedures are directly linked to the Group's latest approved 12-month budget, which contains forecasts for a three-year period. Management roll-forward the three-year forecast to create a five-year cashflow projection for use in the value-in-use calculations. Discount factors are determined individually for each asset or CGU and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors. The discount rate calculation is based upon the specific circumstances of the Group and its CGUs and is derived from its weighted average cost of capital (**WACC**).

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

d. Critical accounting estimates and judgements (continued)

Subject to passage of the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 (ESOS Bill), the Government intends to introduce a capping regime for new overseas student commencements from 2025, intended to manage the growth and improve the integrity of the international student sector.

At this stage, given the ESOS Bill has not been passed by the Senate and is therefore incomplete and remains subject to amendment, the Company has not determined and incorporated potential impacts of the proposed changes in its assessment of value-in-use. The Company will incorporate such impacts at year-end, if the ESOS Bill has been finalised and legislated.

Recovery of deferred tax assets

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

Allowances for expected credit losses

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

Lease renewal options

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

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 premises is periodically reviewed and updated based on information available at the time. Changes to the estimated future costs for each premises 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 are recognised in the statement of profit or loss.

2. Segment reporting

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

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

For the half-year ended 30 June 2024	Ikon	ALG	Unallocated	Total
	$	$	$	$
Total revenue - international	7,020,295	6,352,080	-	13,372,375
Total revenue - domestic	3,368,837	-	-	3,368,837
Other revenue	27,547	(751)	-	26,796
Total revenue	**10,416,679**	**6,351,329**	**-**	**16,768,008**
Other income	-	83,514	-	83,514
Interest income	10,113	4,787	39,441	54,341
Depreciation and amortisation	(631,169)	(842,988)	(71,750)	(1,545,907)
Profit / (loss) from continuing operations	1,420,074	(703,548)	(688,042)	28,484
Profit / (loss) for the period	1,420,074	(703,548)	(688,042)	28,484

At 30 June 2024	Ikon	ALG	Unallocated	Total
Total segment assets	17,152,470	9,758,289	11,609,243	38,520,002
Total segment liabilities	(13,981,222)	(11,147,353)	(2,800,832)	(27,929,407)

2. Segment reporting (continued)

For the half-year ended 30 June 2023	Ikon	ALG	Unallocated	Total
	$	$	$	$
Total revenue - international	2,307,533	4,516,727	-	6,824,260
Total revenue - domestic	3,240,457	-	-	3,240,457
Other revenue	-	27,427	-	27,427
Total revenue	**5,547,990**	**4,544,154**	**-**	**10,092,144**
Gain from disposal of assets	-	-	179,658	179,658
Other income	-	160,622	-	160,622
Interest income	9,504	5,575	43,711	58,790
Depreciation and amortisation	(635,206)	(1,094,683)	(71,275)	(1,801,164)
Profit / (loss) from continuing operations	205,888	(1,077,525)	(520,621)	(1,392,258)
Loss from discontinued operations (net of tax)	-	(159,021)	-	(159,021)
Profit / (loss) for the period	205,888	(1,236,546)	(520,621)	(1,551,279)

At 30 June 2023	Ikon	ALG	Unallocated	Total
Total segment assets	11,519,175	16,160,428	13,209,115	40,888,718
Total segment liabilities	(9,946,749)	(16,187,050)	(2,966,254)	(29,100,053)

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', being the EDU Board of Directors.

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2024

3. Dividends

There were no dividends paid or declared during the current or previous half-year.

4. Discontinued operations

In response to an ongoing decline in student numbers in Perth, the Board decided to cease ALG's Perth campus operations during the previous financial year and to direct the Group's focus and resources to other campuses where the Group has stronger growth prospects. ALG has now fully wound down its Perth operations. The Group recognised onerous contract provisions for the ongoing lease, teaching delivery, employment contracts and for other directly attributable operational expenses.

The combined results of the discontinued operations included in the profit and loss for the period is set out below.

Loss from discontinued operations	30 June 2024	30 June 2023
	$	$
Revenue	-	229,378
Expenses	-	(404,476)
Loss before income tax	**-**	**(175,098)**
Attributable income tax benefit	-	16,077
Loss after income tax	**-**	**(159,021)**
Net cash used in operating activities	(33,570)	(91,235)
Net cash used in investing activities	-	-
Net cash used in financing activities	(250)	(25,677)
Net decrease in cash and cash equivalents from discontinued operations	**(33,820)**	**(116,912)**

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2024

5. Provision for onerous contracts

	30 June 2024	31 December 2023
	$	$
Employment costs	-	17,414
Other costs	-	12,690
Total provision for onerous contracts	**-**	**30,104**

6. Controlled entities

				Ownership interest	
Entity	Acquired	Disposed	Country of incorporation	30 June 2024	31 December 2023
Australian Learning Group Pty Limited	24 March 2016	-	Australia	100%	100%
Proteus Technologies Pty Ltd	4 July 2018	-	Australia	100%	100%
Tasman Institute Pty Limited	11 July 2017	-	Australia	100%	100%
EDU Corporate Services Pty Ltd	26 October 2021	-	Australia	100%	100%

7. Goodwill on acquisition

	30 June 2024	31 December 2023
	$	$
Proteus Technologies Pty Ltd – HE CGU	10,603,408	10,603,408
Australian Learning Group Pty Limited – VET CGU	1,314,720	1,314,720
Total goodwill	**11,918,128**	**11,918,128**

The recoverable amount of the Group's goodwill has been determined by performing a value-in-use calculation using a discounted cash flow model, based on a 5-year projection period, together with a terminal value in year 5 for each cash-generating unit (**CGU**).

Key assumptions are those to which the recoverable amount of each CGU is most sensitive.

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

- Pre-tax discount rate of 18.0% for HE and 17.2% for VET (31 December 2023: 16.7% for both HE and VET) including 8.0% specific company risk (31 December 2023: 5.0%) to account for the increased uncertainty due to the recent changes in the government's migration policies in calculating the Group's cost of equity; and
- Terminal growth rate of 3% for both HE and VET (31 December 2023: 3.0% HE and 2.5% for VET).

The pre-tax discount rate of 18.0% for HE and 17.2% for VET reflects management's estimate of the time value of money and the Group's weighted average cost of capital, adjusted for the risk-free rate and the volatility of the share price relative to other businesses in the same industry. Management considers that there are no indicators of impairment and no significant changes to the underlying assumptions used in the impairment testing performed in relation to the 30 June 2024 Half-Year Report.

HE CGU

The carrying value of the HE CGU includes goodwill of $10,603,408, plant, equipment & other intangibles of $2,629,620 and ROUA of $3,226,501.

Based on the value-in-use model, the DCF valuation of $70,188,529 was in excess of the carrying value of the CGU at $16,459,529. Accordingly, management consider that there is no impairment required at 30 June 2024 (31 December 2023: $nil and 30 June 2023: $nil).

VET CGU

The carrying value of the VET CGU includes goodwill of $1,314,720, plant, equipment & other intangibles of $1,534,458 and ROUA of $4,469,449.

Based on the value-in-use model, the DCF valuation of $12,266,977 was in excess of the carrying value of the CGU at $7,318,627. Accordingly, management consider that there is no impairment required at 30 June 2024 (31 December 2023: $nil and 30 June 2023: $nil).

7. Goodwill on acquisition (continued)

Impact of possible changes in key assumptions

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

Sensitivity - HE	Increase in valuation	Decrease in valuation
2.0% lower / (higher) post-tax discount rate (WACC)	$15,614,376	($10,757,727)
2.0% increase / (decrease) in terminal growth rate	$11,002,546	($7,576,035)
10.0% increase / (decrease) in revenue	$24,552,005	($12,797,482)

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

Sensitivity – VET	Increase in valuation	Decrease in valuation
2.0% lower / (higher) post-tax discount rate (WACC)	$3,006,742	($2,059,717)
2.0% increase / (decrease) in terminal growth rate	$2,147,386	($1,478,628)
10.0% increase / (decrease) in revenue	$7,872,039	($3,529,939)

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

Subject to passage of the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 (ESOS Bill), the Government intends to introduce a capping regime for new overseas student commencements from 2025, intended to manage the growth and improve the integrity of the international student sector.

At this stage, given the ESOS Bill has not been passed by the Senate and is therefore incomplete and remains subject to amendment, the Company has not determined and incorporated potential impacts of the proposed changes in its assessment of value-in-use. The Company will incorporate such impacts at year-end, if the ESOS Bill has been finalised and legislated.

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2024

8. Trade and other payables

	30 June 2024	31 December 2023
	$	$
Current		
Trade creditors	65,883	438,995
Other payables and accrued expenses	4,095,294	3,174,272
	4,161,177	**3,613,267**

Trade creditors at 30 June 2024 are not considered past due.

	30 June 2024	31 December 2023
	$	$
Non-current		
Trade creditors	-	-
Other payables and accrued expenses	1,273,613	1,611,016
	1,273,613	**1,611,016**

Ikon received excess FEE-HELP advances of $2.6m during 2020. Repayment of the excess advance is over eight annual instalments of $318k, from April 2022 through to 2029.

9. Share capital

Issued capital at 30 June 2024 amounted to $31,125,849 (165,214,443 ordinary shares).

	30 June 2024		31 December 2023	
	Number	$	Number	$
Opening balance	165,214,443	31,125,849	165,214,443	31,135,163
Issued shares net of tax	-	-	-	-
Capital raising costs	-	-	-	(12,418)
Defer tax credit recognised directly in equity	-	-	-	3,104
At reporting date	**165,214,443**	**31,125,849**	**165,214,443**	**31,125,849**

There were no movements in the issued capital of the Company during the half-year ended 30 June 2024.

10. Contract liabilities

	30 June 2024	31 December 2023
	$	$
Current		
Contract liabilities	8,463,306	1,682,266
	8,463,306	**1,682,266**
Non-current		
Contract liabilities	653,944	307,706
	653,944	**307,706**

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

Note, contract liabilities are typically higher at 30 June compared to 31 December given the timing of tuition fee due dates for students. 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 of the trimester only partially satisfied by 30 June. Trimester 3 runs from September and ends in December and thus the performance obligations of the trimester are fully satisfied by 31 December with a resulting lower balance.

For ALG, the Term 1 (January intake) tuition fee due date is in early January and for Term 3 (July intake) it is in mid-June. This results in higher tuition fee collections pre-30 June compared with lower fee collections pre-31 December.

Due to the above timing issue and the strong international student enrolments in Ikon during 1H24 as noted in the Director's Report, the current contract liabilities balance at 30 June 2024 is significantly higher than 31 December 2023 as well as up 109% at 30 June 2023 ($4,045,032). The Group expects to recognise approximately $8.0m of the current contract liabilities balance above as income in 2H24.

11. Borrowings

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

Loan Facility	Facility limit ($)	Withdrawn ($)	Undrawn ($)
Market rate loan	1,750,000	(1,750,000)	-
Bank guarantee (rental bonds)	1,050,000	(1,028,591)	21,409
Total loan facility	**2,800,000**	**(2,778,591)**	**21,409**

As at 30 June 2024, the Group has given bank guarantees of $1,028,591 (31 December 2022: $1,048,040) to various landlords.

Further to above, at 30 June 2024, the Group had $451,998 (31 December 2023: $328,607) of restricted cash held by CBA in relation to certain bank guarantees issued for Ikon and ALG campuses.

Market rate loan (acquisition facility)

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

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

	30 June 2024 $	31 December 2023 $
Current	500,000	1,000,000
	500,000	**1,000,000**
Non-current	1,250,000	1,000,000
	1,250,000	**1,000,000**

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.

11. Borrowings (continued)

Reconciliation of movements

	30 June 2024	31 December 2023
	$	$
Opening balance	2,000,000	2,250,000
Repayment of loan	(250,000)	(250,000)
Closing balance	**1,750,000**	**2,000,000**

In relation to the market rate loan, $500,000 is considered current and repayable within 12 months and has been classified accordingly in the Consolidated Statement of Financial Position.

12. Cash and cash equivalents

	30 June 2024	31 December 2023
	$	$
Cash at bank and on hand	8,040,729	3,121,297
	8,040,729	**3,121,297**

Included in the above amounts are tuition fees held in restricted Tuition Protection Scheme (**TPS**) accounts in Australia. At 30 June 2024, the Group held $1,431,780 (31 December 2023: $931,484) in TPS accounts.

In accordance with the Education Services for Overseas Student Act 2000 (**ESOS Act**), the Group is required to maintain separate bank accounts (**TPS accounts**) in Australia for prepaid tuition fees received from international students prior to commencement of their course. Once the student commences their course, the funds may be transferred from the TPS accounts to the Group's operating bank accounts. The majority of fees held in the Group's TPS accounts relate to the upcoming period of study for both Ikon and ALG. In Ikon's case, the Trimester commencing on 9 September 2024 and for ALG the term that commenced on 15 July 2024.

As at 30 June 2024, cash and cash equivalents also includes $451,998 (31 December 2023: $328,607) of restricted cash held by CBA in relation to certain bank guarantees for leased premises.

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2024

13. Subsequent events

To accommodate anticipated growth in student enrolments in Melbourne, the Group entered into a 5-year lease of Level 7, 601 Bourke Street, Melbourne during the period, noting the rent for same commences subsequent to the period-end. Similarly, to accommodate anticipated growth in Sydney, at the end of July, the Group entered into a 21-month lease at Level 5, 187-189 Thomas St, Sydney. The Group is expecting to incur capex of $0.6m in relation to these premises.

Notwithstanding the positive results for the half, recent regulatory changes intended to manage the growth and improve the integrity of the international education sector are expected to create a more challenging trading environment. In particular, the proposed introduction of the Government's capping regime for new overseas student commencements from 2025 is expected to reduce the size of the market and materially curtail enrolment growth in both Ikon and ALG.

On 27 August 2024, Ikon received notification from the Department of Education of its indicative provider limit (cap) for calendar 2025, which is proposed at 200 new overseas student commencements. This compares to its 347 commencements in calendar 2023 and 784 commencements for the year-to-date in 2024 (up to and including Trimester 2 2024). ALG has not yet received notification of its provider limit for 2025, however the Board anticipates it is likely to be materially lower than ALG's commencements in 2024.

Despite the proposed introduction of the above caps for 2025, the Company expects to benefit from Ikon's strong and progressive enrolment growth during FY24 and its 3-4 year average study duration, for a number of years. While the longer-term impact of the capping regime and other regulatory changes on the Group remains uncertain, the Board is prioritising the development of plans to effectively manage any anticipated operational and financial implications. The Company will continue to provide updates as new information comes to hand.

Ikon's domestic student commencements are not affected by the proposed caps.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future reporting periods.

Directors' Declaration

The Directors of EDU Holdings Limited (**Directors**) declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and

b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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 Half-Year ended 30 June 2024.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Gary Burg
Non-Executive Chair
30 August 2024

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of EDU Holdings Limited for the half-year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW
Dated: 30 August 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of EDU Holdings Limited and its controlled entities

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of EDU Holdings Limited which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of EDU Holdings Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 EDU Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the EDU Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors, being those charged with governance determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

D Talbot

David Talbot
Partner

RSM Australia Partners

Sydney, NSW
Dated: 30 August 2024

HOLDINGS
LIMITED