

ASX Market Release

16 May 2024

AGM Address and Presentation

As required by Listing Rule 3.13.3, EDU Holdings Limited provides the following documents which will be presented at its Annual General Meeting for the year ended 31 December 2023, being held at 10.00am (Sydney time) today:

- Chair's Address
- CEO Presentation and Trading Update

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

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Chair's Address to AGM

Good morning ladies and gentlemen,

My name is Gary Burg and I am the Chair of EDU Holdings Limited. Thank you for joining us this morning.

I am pleased to say that we experienced an improved year in 2023, with market conditions supporting the return of international students. Enrolments in our higher education business, Ikon Institute (Ikon), were up 44% and enrolments in Australian Learning Group (ALG), our vocational education business, returned to growth after three challenging years.

Revenue for the year was up 22% to \$21.6m and our net loss reduced by \$1.8m to \$3.0m. Pleasingly, this trend has continued into 2024.

No doubt shareholders are aware of the Government's Migration Strategy, which was released on 11 December 2023. A key component of that strategy is for net migration to revert to its long-term mean of around 250,000 per year, compared to the 518,000 recorded in 2023.

One of the eight key actions in the Migration Strategy is "Strengthening the integrity and quality of international education". Being the largest contributor to net migration, the sector is very much in focus. Through a range of policies, visa settings and other measures, the Government is seeking to reduce the overall number of international students in the country, while at the same time shaping demand towards genuine students in areas of skills shortages to support the Australian economy and cleansing the sector of practices and providers that have undermined its integrity.

While EDU is relatively well-positioned as a high-quality provider, with employment-focused courses, and may in fact be a beneficiary of some of the changes, regulation is by its nature a blunt instrument, and impacts are being felt across the sector. As such, we anticipate 2024 will likely be a challenging year as the market adjusts to the new settings, particularly in the vocational education sector, where the decline in student visa grants has been most impacted.

EDU is in no way immune to these market conditions, however I am pleased to advise that we have had a good start to 2024, particularly within our Ikon business. Ikon enrolments were up 68% in Trimester 1, 2024, delivering a step-up in both revenue and earnings. ALG has also continued its recovery, albeit with more modest growth.

As Adam will shortly discuss in more detail, revenue for the first quarter of 2024 was \$7.8m. Annualising this run-rate implies revenue of \$31.2m for the year, which compares to the \$21.6m recorded in FY23, a 44% uplift on the previous year.

Over the past several years, we have invested heavily in building Ikon into a quality institute delivering higher education, and it is pleasing to see a positive return on this investment. Having now developed strong foundations, our current focus is on broadening Ikon's course offering through new program development. Towards the end of 2023, we lodged our first two post-graduate qualifications with TEQSA for accreditation, with the intention of launching these courses at the start of 2025. An additional two to three programs will be submitted to TEQSA this year, further building on our product pipeline.

ALG, which currently comprises around 40% of Group revenue, is continuing to recover, with enrolments in Term 2, 2024 up 27% from the recent post-covid lows. However, the business remains loss-making and with the vocational education sector under the spotlight from policy makers, we are expecting less buoyant market conditions for at least the remainder of the year.

Notwithstanding the current environment, ALG remains an important component of the Group, providing pathway opportunities into Ikon's Bachelor and Master courses and diversity of student mix, while contributing to a number of shared service functions in the Group.

Towards the end of 2023 we brought some exceptional talent into the Group in the areas of sales and admissions. Together with our existing management team, student growth is being delivered and supported. Notwithstanding the market uncertainty, we are continuing to invest in building sales capability both onshore and offshore.

I am also pleased to report that we are making good progress on integrating our higher educational and vocational operations, through a shared services operating model. Building on our Group Finance, Marketing, People & Culture, and IT functions, we now have EDU Sales and Admissions, EDU campuses and will soon have EDU Student Experience and Enrolments functions. We expect this model to support organic growth and efficiency, and at the appropriate time, acquisitions.

While the Board and I remain cautiously optimistic about the future, it is a challenging operating environment. Remaining steadfast in our commitment to EDU delivering quality education and student outcomes is more important than ever. Our view is that this commitment underpins our future success.

I would like to extend my gratitude to our loyal and longstanding shareholders, students, staff, business partners and my fellow Directors for your ongoing support and commitment.

Our CEO, Adam Davis will now provide a more detailed update on our progress and trading year-to-date.

Thank you.

- ENDS -



FY23 ANNUAL GENERAL MEETING

CEO PRESENTATION & TRADING UPDATE



FY23 SNAPSHOT



lkon INSTITUTE
OF AUSTRALIA



AUSTRALIAN
LEARNING GROUP

EDUCATION WITH PURPOSE

\$21.6m 22%

Revenue

\$0.5m \$2.0m

EBITDA

\$3.0m \$1.8m

Net loss after tax

\$3.1m

Cash at year-end

94

Permanent Staff

21

Courses Offered

2,100

Students at year- end¹

7

Campuses + Online

¹ Students in the last trimester or term of the year

FY23 OPERATIONAL HIGHLIGHTS

Higher education (Ikon) enrolments up 44%

Earnings leverage in Ikon delivered

FY23 net profit after tax up \$1.2m on \$3.7m additional revenue

Vocational (ALG) enrolments rebuilding

T4'23 enrolments up 9% on PCP

FY23 NSEs up 41% on PCP

Material latent capacity remains

To deliver further operational leverage as student numbers grow

Skills shortages driving shift in program mix

83% of FY23 enrolments in Community Services courses

Strong shift to Online for Ikon domestic students

64% of FY23 domestic NSEs

Continued strength in Early Childhood Education

In both HE and VET

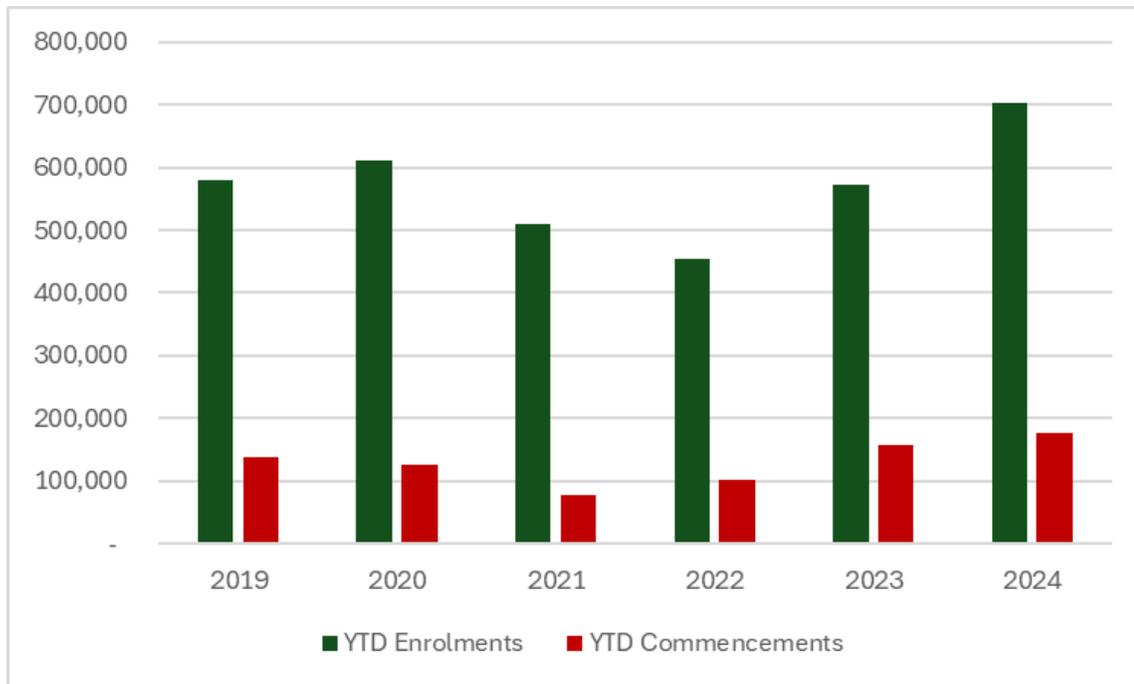
Program development in both businesses

Ikon - 2 new courses submitted to TEQSA

ALG - 2 new courses launched

WELL-POSITIONED FOR TIGHTER MARKET CONDITIONS

International Student Commencements and Total Enrolments in Australia – YTD Feb



Strong rebound in international student enrolments and commencements post COVID

Government drive to normalise net migration after unusually high FY23, with focus on international student market

Introduction of policy, settings and measures designed to reduce the number of international students, improve integrity of the sector and shape education delivery to areas with skills shortages

Visa grant rates have materially reduced, particularly in the VET sector

Sector has shown resilience in past - EDU remains relatively well-positioned

¹ Source: Austrade International Education Data - Year to Date February

STRONG START TO FY24



1Q24 Group
revenue of \$7.8m
up 54%

Ikon T1'24
enrolments
up 68%
ALG T2'24
enrolments
up 25%



Cash at 31 March
2024
\$4.9m

YTD growth
delivered from
existing
infrastructure



Annualised 1Q24 revenue run-rate of \$31.2m – up 44% on FY23

Operating leverage continuing with increased scale

ALG recovering modestly – still loss making

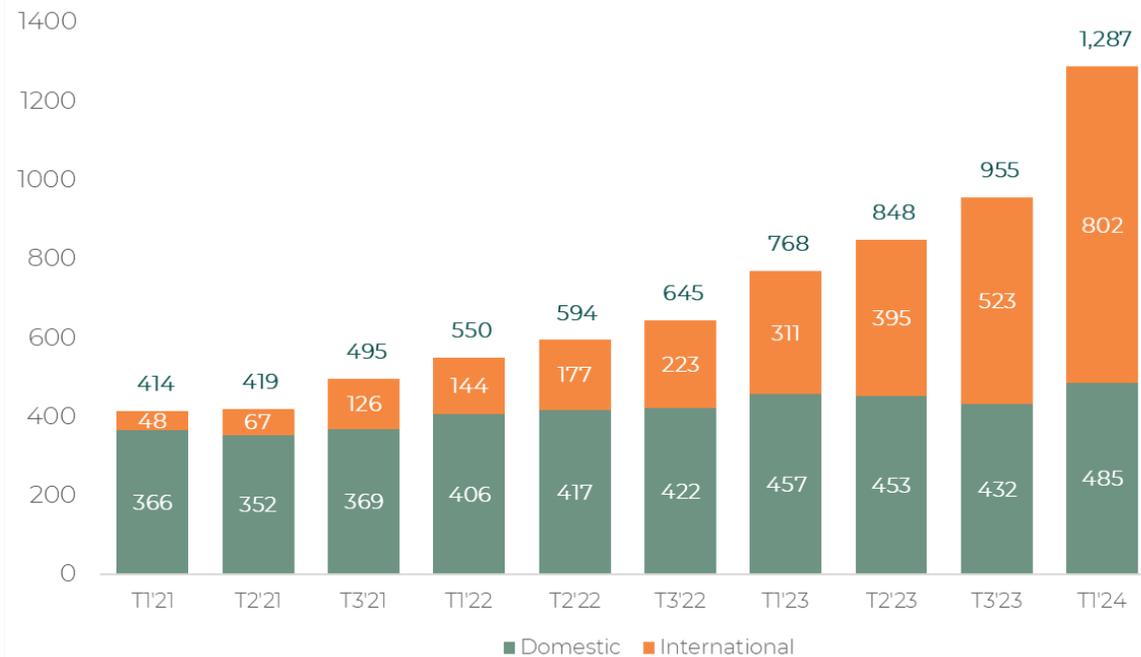
Ikon continuing to deliver strong revenue and earnings growth

Cash increase due to increased student volume and timing of student tuition payments



HE (IKON) MOMENTUM CONTINUING

3-year enrolment CAGR of 39%



Enrolment growth amplified from layering of students in newer programs - commencements and progression outstripping course completions

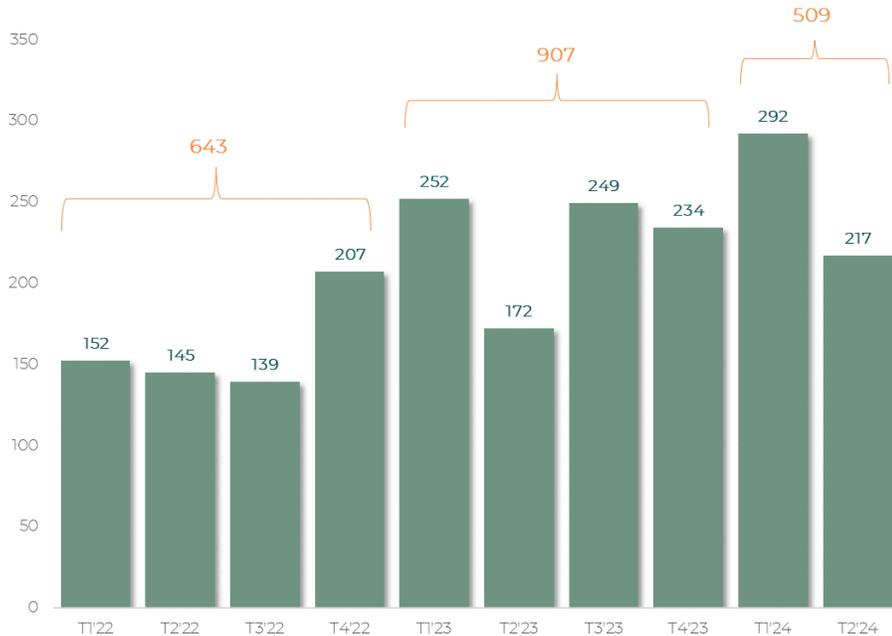
Operational improvements, including in sales and admissions, supporting growth

Continued progress in building both onshore and offshore sales team

Growth in online continuing - now the preferred delivery mode for domestic students

VET (ALG) RECOVERY IN CHALLENGING MARKET

FY24 YTD NSEs up 20% on PCP however impacted by market conditions - expected to remain subdued during 2024



5 consecutive terms of enrolment growth to T2'24

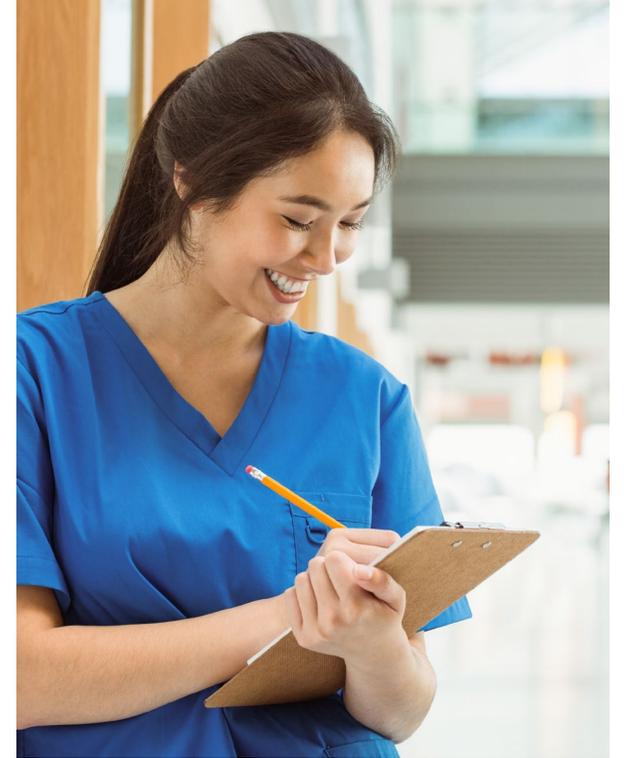
- Smaller cohorts of graduating students being replaced with larger commencing cohorts
- Assisted by 24-month average study duration

ALG well-positioned for tightening of regulations and visa settings, however, not immune to market conditions

- Material decline in visa grants but approval rate ahead of market
- ALG positioned as a high-quality provider with courses aligned to skills shortages
- Tightly regulated market is better for ALG in the long-term



FY24 PRIORITIES



Developing a platform geared towards delivering profitable growth

Build sales and admissions capability
Develop international education agent network and improve engagement
Increase offshore sales footprint

Product development
Program underway to materially expand EDU's course offering

Develop a scalable platform
Integrate HE and VET operations to drive productivity, cultural alignment and efficiency gains

FY24 OUTLOOK AND GUIDANCE



Enrolments and revenue up sharply

Further operating leverage to emerge from latent capacity

'Watch and see' approach to changing visa and migration settings

Corporate costs to remain relatively flat



Strong NSE and enrolment growth to continue with commensurate revenue and earnings growth

Continued investment in product development – revenue benefits from FY25

Future NSE and enrolment growth subject to changing visa and migration settings

Relatively well positioned to navigate regulatory changes



Continued modest recovery

Future NSE and enrolment growth subject to changing visa and migration settings

Relatively well positioned to navigate regulatory changes

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