Holdings

30 JUNE 2022

HALF-YEAR REPORT

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CORPORATE DIRECTORY

DIRECTORS

Gary Burg: Non-Executive Chair

Peter Mobbs: Non-Executive Director

Jonathan Pager: Non-Executive Director

Greg Shaw: Non-Executive Director

Adam Davis: Chief Executive Officer and Managing Director

COMPANY SECRETARY

Lyndon Catzel

REGISTERED OFFICE

Level 1, 65 York Street
Sydney NSW 2000

PRINCIPAL PLACE OF BUSINESS

Level 3, 1-59 Quay Street
Haymarket NSW 2000

AUDITOR

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

SHARE REGISTRY

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000
Investor Enquiries: +61 2 9698 5414

STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX)
ASX Code: EDU

WEBSITE

www.eduholdings.com.au

DIRECTORS' REPORT

Your Directors present their Financial Report on the consolidated entity consisting of EDU Holdings Limited (ABN 85 108 962 152) (**EDU**, **EDU Holdings** or the **Company**) (formerly UCW Limited (UCW)) and its controlled entities (**Group**) for the half-year ended 30 June 2022.

Directors

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

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

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)

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

Dividends

No dividends have been paid or declared during the half-year ended 30 June 2022 (December 2021: $nil).

Principal activities

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

Operating and financial review

EDU owns and operates tertiary education businesses, with a current focus on Health and Community Services fields of study.

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

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

EDU currently has two wholly-owned operating businesses:

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

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

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

On 2 June 2022, the Company entered into an agreement to acquire 100% of the shares in Care Plus Training Pty Ltd trading as Nurse Training Australia (**NTA**) for $6.0m in cash, representing an acquisition multiple of approximately 4.6x normalised CY21 EBITDA of $1.3m (6x normalised pre-AASB 16 EBITDA of $1.0m). NTA is a vocational education provider in Health & Community Services fields of study, including nursing. The business is primarily focussed on the international student market and delivers from two campuses in Burwood, Western Sydney.

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

DIRECTORS' REPORT (CONT.)

Operating and financial review (cont.)

adjustment. The acquisition is expected to complete in 4Q22 or 1Q23, subject to satisfaction or waiver of a number of conditions precedent, in favour of EDU.

The results presented in this report include the corporate operations of EDU Holdings (including its shared services entity, EDU Corporate Services Pty Ltd) and the operations of its wholly-owned operating businesses, ALG and Ikon for the half-year ended 30 June 2022 and the comparative period.

ALG

Overview

ALG offers vocational courses, primarily to international students, delivered from campuses in Sydney, Melbourne, Brisbane and Perth. It operates a central administration function in Sydney. For the term ended 30 June 2022, ALG had 1,200 international students studying at its various campus locations.

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

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

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

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

Enrolments

ALG's international student enrolments during the half-year ended 30 June 2022 were 2,554, being the sum of enrolments in the two academic terms during the period. Whilst the borders opened at the commencement of the year, and new student enrolments have started to rebound, with more students completing than new students joining during the half, enrolments declined 39.0% compared to the previous corresponding period (**PCP**). New student commencements during the half were impacted by ongoing visa processing delays (over 100 students due to commence were unable to do so), which the Board expects to see resolved in the coming months.

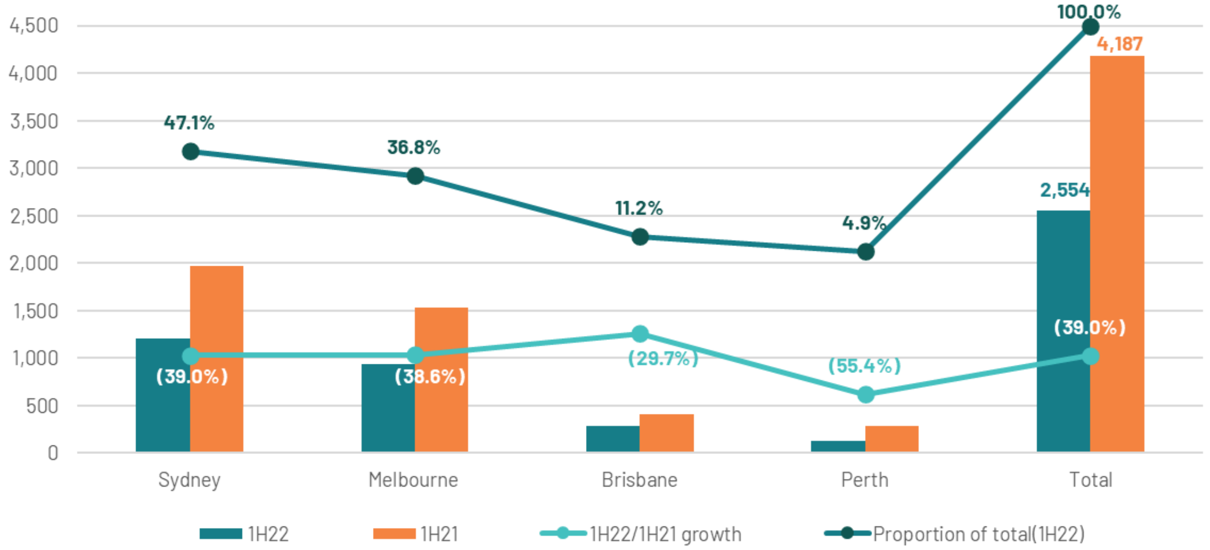
This issue has continued into Term 3 2022 with enrolments further declining to 1,069 from 1,200 in Term 2 2022. Student demand is clearly returning, with letters of offer for Term 4 2022, a key leading indicator for new student enrolments, back to over 50% of pre-pandemic levels for the same comparative term. We anticipate growth to accelerate into 2023.

DIRECTORS' REPORT (CONT.)

Operating and financial review (cont.)

Subject to the visa processing issue being resolved, the Board expects increases in new student enrolments and in total enrolments from Term 4 2022. Having held onto key staff and campus footprint through the pandemic, ALG is well-positioned to benefit from the rebound and, is leveraged to meaningful growth.

International enrolments by campus location [ab]

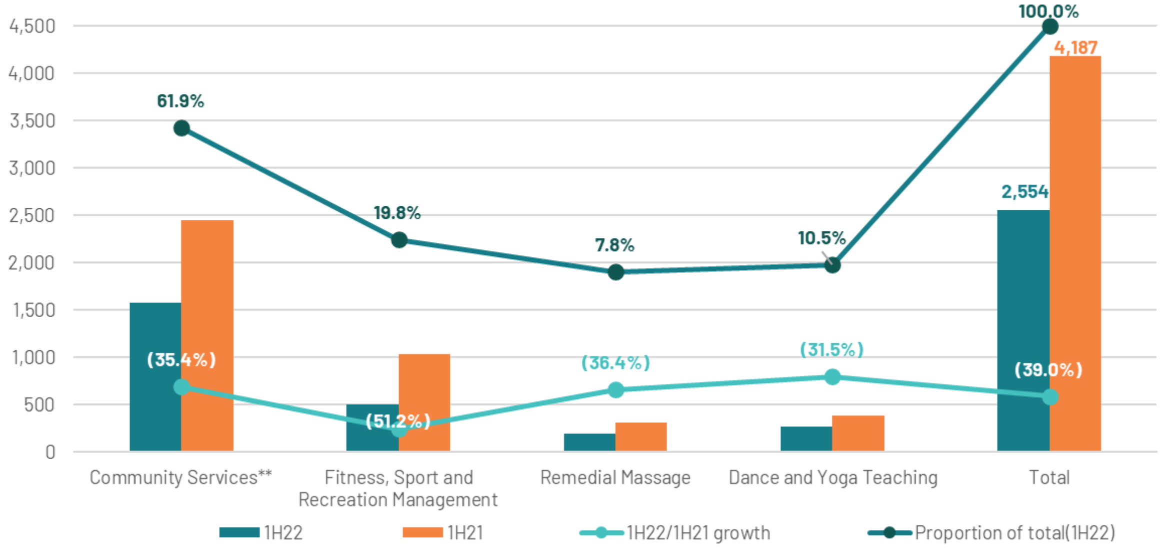


[a] Enrolments shown are the sum of enrolled students in each of ALG's academic terms during the respective period
[b] January to June (1H)

DIRECTORS' REPORT (CONT.)

Operating and financial review (cont.)

International enrolments by field of study [ab]



[a] Enrolments shown are the sum of enrolled students in each of ALG's academic terms during the respective period
[b] January to June (1H)

** Community Services includes: Ageing Support, Community Services, Counselling, Early Childhood Education and Care and Mental Health

DIRECTORS' REPORT (CONT.)

Operating and financial review (cont.)

ALG results for the half-year ended 30 June 2022

ALG	1H22	1H21	Variance	Variance
	$'000	$'000	$'000	%
Revenue				
International student revenue	5,569	8,769	(3,200)	(36.5%)
Domestic and other revenue	(4)	158	(162)	n/a
Total revenue	**5,565**	**8,927**	**(3,362)**	**(37.7%)**
Cost of sales				
Commission	(1,302)	(2,011)	709	35.3%
Venue	(212)	(330)	118	35.8%
Teaching	(1,554)	(2,262)	708	31.3%
Other	(49)	(89)	40	44.9%
Total cost of sales	**(3,117)**	**(4,692)**	**1,575**	**33.6%**
Gross profit	**2,448**	**4,235**	**(1,787)**	**(42.2%)**
Gross margin (%)*	44.0%	47.4%	n/a	(3.4%)
Operating expenses	**(2,557)**	**(2,510)**	**(47)**	**(1.9%)**
Operating EBITDA	**(109)**	**1,725**	**(1,834)**	**n/a**
Operating EBITDA margin (%)*	(2.0%)	19.3%	n/a	(21.3%)
Depreciation & amortisation				
- Lease related	(564)	(807)	243	30.1%
- Plant & equipment	(225)	(304)	79	26.0%
- Intangible assets	(57)	(83)	26	31.3%
Total depreciation & amortisation	**(846)**	**(1,194)**	**348**	**29.1%**
EBIT	**(955)**	**531**	**(1,486)**	**n/a**
EBIT margin (%)*	(17.2%)	5.9%	n/a	(23.1%)
Net finance expense – lease related	(189)	(250)	61	24.4%
Income tax benefit / (expense)	316	(121)	437	n/a
Net (loss) / profit for the period	**(828)**	**160**	**(988)**	**n/a**

* Movement in percentage points

DIRECTORS' REPORT (CONT.)

Operating and financial review (cont.)

Financial performance

ALG generated revenue of $5.6m and an EBITDA loss of $109k, with a net loss of $828k for the half-year ended 30 June 2022 (2021: $8.9m revenue, $1.7m EBITDA and $160k net profit).

The decline in earnings against the PCP was largely a result of the fall in international student enrolments, cessation of JobKeeper, and an intentional rebuilding of sales and other headcount, which had been reduced at the outset of the pandemic in 2020, and which has been progressively restored.

Throughout the pandemic and with a long-term strategic focus, ALG has continued its journey towards becoming a high-quality provider. Investment continues to be made in improving its academic resources and processes, student support services and governance structures. While these investments dampen short-term financial performance, the Board believes they will deliver sustainably higher returns over the long term.

Ikon

Overview

Ikon is a FEE-HELP approved higher education (**HE**) provider. It operates nationally with campuses in Sydney, Melbourne, Brisbane, Perth, Adelaide and online. Ikon delivers three study periods (or trimesters) per calendar year, each offering an intake for new student commencements.

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

Ikon's historical primary demographic is the domestic student market, however this is expanding with international students now 29.8% of enrolments in Trimester 2, 2022 (16.0% in the PCP). Domestic leads are generated through digital marketing activities, and prospective students are supported through to enrolment by Ikon's course advisory and admissions team. International students are largely recruited through education agents, supported by promotion of pathways from ALG.

Enrolments

Ikon recorded strong enrolment growth with 594 students in its Trimester 2, 2022, up 41.8% compared to the PCP. This comprised 417 domestic and 177 international students. Growth was recorded across all campuses including online and was aided by the launch of the Bachelor of Early Childhood Education.

As is typical in higher education, the Trimester 1 intake in February of each year, at the commencement of the academic and calendar year, is Ikon's largest, with the second and third trimester intakes in May and September typically smaller. A total of 261 new students commenced during 1H22, up 31.8% compared to 198 in the PCP.

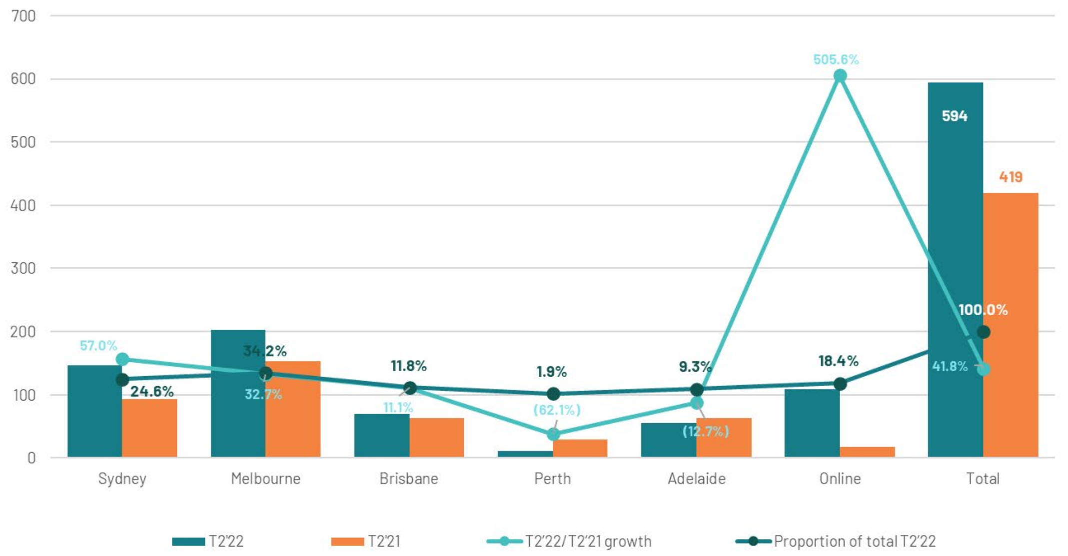
Ikon commenced offering BECE in Trimester 1, 2021 with a modest start of 6 enrolments. This has grown sharply to 129 enrolments in Trimester 2, 2022. The launch of BECE is being supported by a financial scholarship (essentially a tuition fee discount) to build market share, resulting in lower average revenue per student and thus gross margins. Notwithstanding, pleasingly the program reached break-even in its first year.

Ikon launched its online offer in 2021, also with a modest start of 6 enrolments. This too has grown sharply with 109 students studying online in Trimester 2, 2022.

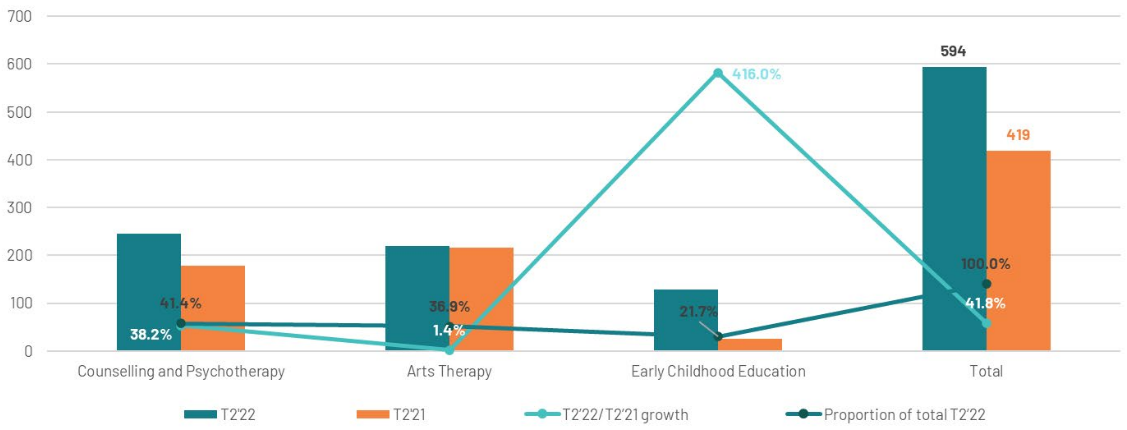
DIRECTORS' REPORT (CONT.)

Operating and financial review (cont.)

HE students by location [a]



HE students by course



[a] Enrolments for Trimester 2, 2022 vs Trimester 2, 2021

DIRECTORS' REPORT (CONT.)

Operating and financial review (cont.)

Ikon – results for the half-year ended 30 June 2022

Ikon	1H22	1H21	Variance	Variance
	$'000	$'000	$'000	%
Revenue				
International student revenue	927	327	600	183.5%
Domestic and other revenue	2,657	2,354	303	12.9%
Total revenue	**3,584**	**2,681**	**903**	**33.7%**
Cost of sales				
Commission	(147)	(46)	(101)	(219.6%)
Venue	(50)	(75)	25	33.3%
Teaching	(1,424)	(890)	(534)	(60.0%)
Other	(24)	(6)	(18)	(300.0%)
Total cost of sales	**(1,645)**	**(1,017)**	**(628)**	**61.8%**
Gross profit	**1,939**	**1,664**	**275**	**16.5%**
Gross margin (%)*	54.1%	62.1%	n/a	(8.0%)
Operating expenses	**(2,062)**	**(1,446)**	**(616)**	**(42.6%)**
Operating EBITDA	**(123)**	**218**	**(341)**	**n/a**
Operating EBITDA margin (%)*	(3.4%)	8.1%	n/a	(11.6%)
Depreciation & amortisation				
- Lease related	(455)	(242)	(213)	(88.0%)
- Plant & equipment	(22)	(20)	(2)	(10.0%)
- Intangible assets	(70)	(53)	(17)	(32.1%)
Total depreciation & amortisation	**(547)**	**(315)**	**(232)**	**(73.7%)**
EBIT	**(670)**	**(97)**	**(573)**	**(590.7%)**
EBIT margin (%)*	(18.7%)	(3.6%)	n/a	(15.1%)
Net finance expense – lease related	(158)	(103)	(55)	(53.4%)
Income tax benefit	139	67	72	107.5%
Net loss for the period	**(689)**	**(133)**	**(556)**	**(418.0%)**

* Movement in percentage points

DIRECTORS' REPORT (CONT.)

Operating and financial review (cont.)

Financial performance

Ikon generated revenue of $3.6m, an EBITDA loss of $123k and a net loss of $689k for the half-year ended 30 June 2022 (2021: $2.7m revenue, $218k EBITDA profit and $133k net loss).

Earnings in 1H22 were impacted by a number of factors including: continuation of scholarships for BECE, resulting in lower than usual gross margins on an increased proportion of Ikon's total revenue, investments made in the academic team in 2H21 to improve the academic quality and course delivery, increased marketing costs (resulting in a higher volume of leads and new student enrolments), the new campus in Melbourne since July 2021 and the growth in Sydney student numbers resulting in Ikon now exclusively utilising the 65 York St campus (previously shared with ALG).

Ongoing program development is a key element of Ikon's growth strategy. It is currently developing a postgraduate course, which it anticipates submitting for accreditation in 2H22. Additional course offerings are currently being assessed for regulatory submissions in 2023 and beyond.

Ikon's strategy is to materially grow the business through a focus on product development over the coming years. In this context, the Board considers the negative short-term profit impact of this investment to be appropriate in achieving its long-term goals.

Corporate focus

EDU's strategy is to continue to invest in the growth of its existing businesses through course, campus and delivery mode expansion while concurrently pursuing acquisition opportunities.

DIRECTORS' REPORT (CONT.)

Results summary

The table below reconciles the underlying EBITDA of ALG and Ikon (EDU's wholly-owned operating businesses) for the half-year ended 30 June 2022, to the Group's consolidated loss reported for the period.

Group	1H22	1H21	Variance	Variance
	$'000	$'000	$'000	%
ALG/Ikon				
Total revenue	9,149	11,608	(2,459)	(21.2%)
Cost of sales	(4,762)	(5,709)	947	16.6%
Gross profit	**4,387**	**5,899**	**(1,512)**	**(25.6%)**
Gross profit margin (%)*	48.0%	50.8%	n/a	(2.8%)
Operating expenses	(4,619)	(3,956)	(663)	(16.8%)
Operating EBITDA	**(232)**	**1,943**	**(2,175)**	**n/a**
Operating EBITDA margin (%)*	(2.5%)	16.7%	n/a	(19.2%)
EDU Holdings				
Corporate costs	(689)	(673)	(16)	(2.4%)
EBITDA	**(921)**	**1,270**	**(2,191)**	**n/a**
EBITDA margin (%)*	(10.1%)	10.9%	n/a	(21.0%)
Depreciation & amortisation				
- Lease related	(1,019)	(1,049)	30	2.9%
- Plant & equipment	(247)	(324)	77	23.8%
- Intangible assets	(198)	(207)	9	4.3%
Total depreciation & amortisation	**(1,464)**	**(1,580)**	**116**	**7.3%**
EBIT	**(2,385)**	**(310)**	**(2,075)**	**(669.4%)**
EBIT margin (%)*	(26.1%)	(2.7%)	n/a	(23.4%)
Interest on lease liabilities	(347)	(354)	7	2.0%
Interest and borrowing expenses	(72)	(83)	11	13.3%
Income tax benefit	610	323	287	88.9%
Net loss before once-off items	**(2,194)**	**(424)**	**(1,770)**	**(417.5%)**
Due diligence and transaction costs**	(8)	(677)	669	98.8%
Gain on disposal of assets	7	-	7	n/a
Net loss for the period	**(2,195)**	**(1,101)**	**(1,094)**	**(99.4%)**

*Movement in percentage points
** Costs in relation to proposed acquisition of RedHill in 1H21. The 1H22 figure includes a reversal of over-provisioned expenses in from 2021, principally in relation to RedHill

DIRECTORS' REPORT (CONT.)

Results summary (cont.)

EBIT: EBIT is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards, adjusted for specific non-cash and significant items. The above table summarises reconciling items between statutory net profit after tax attributable to the shareholders of EDU Holdings and EBIT.

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

Operating EBITDA: Operating EBITDA is the EBITDA of the Company's operating businesses, being ALG and Ikon.

Corporate costs: Costs related to the EDU Holdings corporate function and operation of the listed entity, including ASX listing fees, share registry fees, audit fees, the remuneration of the Board and EDU Holdings executives.

Due diligence and transaction costs: External due diligence and transaction costs relating to acquisition activities.

Gain on disposal of assets: Represents the gain on sale of 100% of EDU Holdings' shares in Gradability Pty Ltd, having fully impaired the investment in 2019.

Interest: Interest income was earned on excess cash held in the Group. Interest expense relates primarily to interest on the Company's borrowings.

Interest on lease liabilities: Interest on lease liabilities represents the interest expenses recognised on the lease liabilities following the adoption of *AASB 16 Leases (adopted on 1 July 2019)*.

Depreciation and amortisation: Depreciation relates largely to campus plant & equipment and amortisation relates to fitout, course development, licences and software.

Depreciation of right-of-use assets: Depreciation of right-of-use assets relates to the right-of-use assets recognised following the adoption of *AASB 16 Leases* (adopted on 1 July 2019).

Net assets

The net assets of the Group as at the reporting date was $11,820,691 (31 Dec 2021: $11,847,421).

Significant changes in the state of affairs

On 2 June 2022, the Company announced that it had entered into an agreement to acquire 100% of the shares in Care Plus Training Pty Ltd trading as Nurse Training Australia (**NTA**) for $6.0m in cash, representing an acquisition multiple of approximately 4.6x normalised CY21 EBITDA of $1.3m (6x normalised pre-AASB 16 EBITDA of $1.0m). To fund the acquisition of NTA, the Company has raised equity via a two-tranche institutional placement and share purchase plan. Refer to subsequent events and Note 7 for further details.

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

DIRECTORS' REPORT (CONT.)

Significant changes in the state of affairs (cont.)

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

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

Subsequent events

The impact of the COVID-19 pandemic is ongoing (including the aforementioned visa processing issues) and while it has had a material financial impact for the consolidated entity in the period up to 30 June 2022, it is not practicable to estimate the potential impact after the reporting date.

The Group has renewed leases for two Melbourne campuses post period-end. The lease for Level 4, 601 Bourke Street (utilised by Ikon) was renewed for approximately one year, with the end date of the lease now aligned with the lease for Level 6, 601 Bourke Street (utilised by ALG). Both leases now include an option to extend the lease for 5-years. The lease for Level 1, 183 Bouverie Street (utilised by ALG) was renewed for a further one and half years.

Following approval at the Extraordinary General Meeting held on 18 July 2022, the Company completed the second tranche of the share placement announced to ASX on 2 June 2022, raising $3.8m, with an additional $0.2m raised via the share purchase plan.

CBA have continued to support EDU and in August 2022, agreed to extend the $2.25m acquisition facility (due for repayment in October 2022) for a further 3 years. No principal repayments are required until November 2023, at which point $0.25m quarterly principal payments will commence, leaving a $0.5m balloon due for repayment in August 2025. For the upcoming Annual Report as at 31 December 2022, $0.25m will be presented as a current liability, with the remaining $2m shown as non-current.

No other matter or circumstance has arisen since 30 June 2022 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 financial years.

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 33.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Gary Burg
Non-Executive Chair
29 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2022

	Notes	30 June 2022 $	30 June 2021 $
Revenue from continuing operations			
Revenue from contracts with customers	2	9,130,939	11,567,582
Other revenue	2	18,773	40,087
Total revenue	**2**	**9,149,712**	**11,607,669**
Cost of sales		(4,762,627)	(5,710,286)
Gross profit		**4,387,085**	**5,897,383**
Other income			
Gain from disposal of assets		6,681	-
Interest income		273	365
Total other income		**6,954**	**365**
Expenses			
Employee benefits expense		(3,369,368)	(3,449,393)
Depreciation of right-of-use assets		(1,105,321)	(1,047,889)
Advertising, marketing and promotion expenses		(509,196)	(203,020)
Depreciation and amortisation expense		(445,358)	(531,043)
Communication and IT expenses		(375,971)	(297,874)
Interest on lease liabilities		(346,174)	(353,242)
Cleaning, utility and occupancy expenses		(263,185)	(217,629)
Professional fees		(257,317)	(83,051)
Credit losses		(173,439)	(46,902)
Administration, support and other expenses		(149,607)	(106,171)
Licence fees		(125,272)	(133,131)
Finance costs		(73,115)	(83,226)
Recruitment expenses		(45,788)	(57,159)
Insurance expenses		(38,292)	(34,576)
Due diligence and transaction fees		(8,032)	(676,560)
Gain on lease modification		86,663	-
Total expenses		**(7,198,772)**	**(7,320,866)**
Loss before income tax benefit from continuing operations		**(2,804,733)**	**(1,423,118)**
Income tax benefit		610,025	322,610
Net loss for the period		**(2,194,708)**	**(1,100,508)**
Other comprehensive income for the year		-	-
Total comprehensive loss for the year (net of tax)		**(2,194,708)**	**(1,100,508)**

The above 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 (CONT.)

FOR THE HALF-YEAR ENDED 30 JUNE 2022

	Notes	30 June 2022 $	30 June 2021 $
Loss per share attributable to equity holders of the parent entity			
Basic loss per share (cents per share)		(1.73)	(0.94)
Continuing operations			
Diluted loss per share (cents per share)		(1.73)	(0.94)
Continuing operations			

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	Notes	30 June 2022 $	31 December 2021 $
Current assets			
Cash and cash equivalents	10	6,057,938	6,274,519
Trade and other receivables		1,527,552	290,749
Other assets		559,624	417,697
Total current assets		**8,145,114**	**6,982,965**
Non-current assets			
Trade and other receivables		-	2,122
Other assets		63,250	2,572
Plant and equipment		2,716,366	2,627,258
Intangible assets		1,711,164	1,662,903
Right-of-use assets		13,949,787	11,834,967
Deferred tax asset		1,981,876	1,564,212
Goodwill on acquisition	5	11,918,128	11,918,128
Total non-current assets		**32,340,571**	**29,612,162**
Total assets		**40,485,685**	**36,595,127**
Current liabilities			
Trade and other payables		3,863,592	3,392,113
Contract liabilities	8	3,726,544	1,501,834
Borrowings	9	2,250,000	2,750,000
Employee benefits		464,308	437,101
Deferred lease liability		2,845,426	2,122,964
Income tax liabilities		-	-
Total current liabilities		**13,149,870**	**10,204,012**
Non-current liabilities			
Trade and other payables	6	1,948,188	2,676,457
Employee benefits		141,809	146,490
Contract liabilities	8	109,614	84,468
Deferred lease liability		13,315,513	11,636,279
Total non-current liabilities		**15,515,124**	**14,543,694**
Total liabilities		**28,664,994**	**24,747,706**
Net assets		**11,820,691**	**11,847,421**
Equity			
Issued capital	7	27,185,815	25,132,480
Reserves		358,459	440,087
Accumulated losses		(15,723,583)	(13,725,146)
		11,820,691	**11,847,421**

The above 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 2022

	Issued Capital	Share Based Payments Reserve	Options Premium Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at 1 January 2022	**25,132,480**	**440,087**	**-**	**(13,725,146)**	**11,847,421**
Net loss for the year	-	-	-	(2,194,708)	(2,194,708)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**(2,194,708)**	**(2,194,708)**
Transactions with owners in their capacity as owners					
Shares issued at net cost	2,053,335	-	-	-	2,053,335
Options issued at fair value	-	114,643	-	-	114,643
Options expired	-	(196,271)	-	196,271	-
Total transactions with owners in their capacity as owners	**2,053,335**	**(81,628)**	**-**	**196,271**	**2,167,978**
Balance at 30 June 2022	**27,185,815**	**358,459**	**-**	**(15,723,583)**	**11,820,691**

	Issued Capital	Share Based Payments Reserve	Options Premium Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at 1 January 2021	**25,132,480**	**224,642**	**-**	**(13,391,009)**	**11,966,113**
Net loss for the year	-	-	-	(1,100,508)	(1,100,508)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,100,508)**	**(1,100,508)**
Transactions with owners in their capacity as owners					
Shares issued at net cost	-	-	-	-	-
Options issued at fair value	-	104,730	-	-	104,730
Total transactions with owners in their capacity as owners	**-**	**104,730**	**-**	**-**	**104,730**
Balance at 30 June 2021	**25,132,480**	**329,372**	**-**	**(14,491,517)**	**10,970,335**

The above 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 2022

	Notes	30 June 2022 $	30 June 2021 $
Cash flow from operating activities			
Receipts from customers and other income		10,465,017	13,497,055
Interest received		273	426
Income taxes paid		-	(714,126)
Payments to suppliers and employees		(10,499,253)	(10,375,993)
Net cash (used in) / provided by operating activities		**(33,963)**	**2,407,362**
Cash flow from investing activities			
Net receipts from disposal of assets		6,681	-
Transaction costs in relation to the proposed acquisition		(83,360)	(425,450)
Payments for plant and equipment		(332,436)	(50,007)
Payments for intangibles		(196,862)	(17,818)
Net cash used in investing activities		**(605,977)**	**(493,275)**
Cash flow from financing activities			
Proceeds from share issues		2,180,000	-
Borrowing costs		(57,845)	(77,809)
Repayment of borrowings		(500,000)	(583,334)
Repayment of lease liabilities		(1,077,956)	(1,120,684)
Capital raising costs		(120,840)	-
Net cash provided by / (used in) financing activities		**423,359**	**(1,781,827)**
Net (decrease) / increase in cash and cash equivalents		(216,581)	132,260
Cash and cash equivalents at beginning of year		6,274,519	7,685,561
Cash and cash equivalents at end of year		**6,057,938**	**7,817,821**

The above 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 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This Half-Year Report covers EDU Holdings and its controlled entities. EDU Holdings is a listed public company, incorporated and domiciled in Australia. Its registered office is Level 1,65 York Street Sydney NSW 2000 and principal place of business is Level 3,1-59 Quay Street Haymarket NSW 2000. For the purposes of preparing this Half-Year Report, EDU Holdings is a for-profit company.

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

The financial statements are presented in AUD dollars, which is 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) Basis of preparation of the Annual 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 for-profit oriented 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 2021 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 2021 Annual Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

(b) Basis of preparation

The Half-Year Report has been prepared on the historical cost and accruals basis, except where stated otherwise.

The Half-Year Report is intended to provide users with an update on the latest half-year for the consolidated entity. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year with the consolidated entity. It is therefore recommended that this Half-Year Report be read in conjunction with the Annual Report for the consolidated entity for the period ended 31 December 2021, together with any public announcements made during the half-year ended 30 June 2022.

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.

As disclosed in the financial statements, the consolidated entity incurred a loss of $2,194,708 and had net cash outflows from operating activities of $33,963 for the period ended 30 June 2022. As at 30 June 2022, the consolidated entity had net current liabilities of $5,004,756.

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

- At 30 June 2022, the consolidated entity had $6,057,938 in cash and cash equivalents on hand, of which $970,521 is subject to restrictions, resulting in available free cash of $5,087,417;
- Included within current liabilities is $3,726,544 of contract liabilities relating to tuition revenue (including enrolment and course material fees) which have been received in advance of the tuition beginning or the course materials being provided to students. As at the date of this report, the bulk of the tuition revenue has been delivered;
- CBA have continued to support EDU and in August 2022, agreed to extend the $2.25m acquisition facility (due for repayment in October 2022) for a further 3 years. No principal repayments are required until November 2023, at which point $0.25m quarterly principal payments will commence, leaving a $0.5m balloon due for repayment in August 2025. For the upcoming Annual Report as at 31 December 2022, $0.25m will be presented as a current liability, with the remaining $2m shown as non-current. This will have the effect of reducing the net current liability position;
- The Directors have considered cash flow forecasts, that indicate that the consolidated entity is expected to continue to operate within the limits of its available cash reserves; and
- If required, the Group has the ability to continue to raise additional funds on a timely basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

(c) New or amended Accounting Standards and Interpretations adopted

The Group 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.

(d) Critical accounting estimates and judgements

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

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

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

Allowances for expected credit losses: The allowance for expected credit losses assessment requires a degree of estimation and judgement. A number of methods have been applied to measure expected credit losses including lifetime expected loss allowance, assessment of failed fee collection patterns and of days overdue. Due to the pandemic, allowances for expected credit losses have been increased to account for the increased uncertainty around collection of receivables.

Lease renewal options: The Group has applied some judgement in determining whether the lease term for specific lease contracts should include renewal options. This involved an assessment of whether the Group is reasonably certain to exercise such options and thus the impact on the lease terms, thereby affecting the measurement of lease liabilities and ROUA recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

2. SEGMENT REPORTING

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

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

For the Half-Year ended 30 June 2022	ALG	Ikon	Unallocated	Total
	$	$	$	$
Total revenue – international	5,568,601	927,034	-	6,495,635
Total revenue - domestic	(21,957)	2,657,261	-	2,635,304
Other revenue	18,773	-	-	18,773
Total revenue	**5,565,417**	**3,584,295**	**-**	**9,149,712**
Gain on lease modification	-	-	86,663	86,663
Interest income	51	162	60	273
Loss for the period	**(827,896)**	**(688,701)**	**(678,111)**	**(2,194,708)**

At 30 June 2022	ALG	Ikon	Unallocated	Total
Total segment assets	22,262,035	7,977,711	10,245,939	40,485,685
Total segment liabilities	(19,309,656)	(6,438,715)	(2,916,623)	(28,664,994)

Timing of revenue recognition				
Services transferred over time	5,485,180	3,584,295	-	9,069,475
Services transferred at a point in time	80,237	-	-	80,237
Total revenue	**5,565,417**	**3,584,295**	**-**	**9,149,712**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

For the Half-Year ended 30 June 2021	ALG	Ikon	Unallocated	Total
	$	$	$	$
Total revenue - international	8,775,285	327,475	-	9,102,760
Total revenue - domestic	111,806	2,353,016	-	2,464,822
Other revenue	40,087	-	-	40,087
Total revenue	**8,927,178**	**2,680,491**	**-**	**11,607,669**
Interest income	22	214	129	365
Profit / (loss) for the period	**160,346**	**(132,793)**	**(1,128,061)**	**(1,100,508)**

At 30 June 2021	ALG	Ikon	Unallocated	Total
Total segment assets	22,176,725	9,132,431	8,443,567	39,752,723
Total segment liabilities	(18,395,205)	(6,469,919)	(3,917,264)	(28,782,388)

Timing of revenue recognition				
Services transferred over time	8,763,054	2,680,491	-	11,443,545
Services transferred at a point in time	164,124	-	-	164,124
Total revenue	**8,927,178**	**2,680,491**	**-**	**11,607,669**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

3. DIVIDENDS

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

4. CONTROLLED ENTITIES

				Ownership interest	
Entity	Acquired	Disposed	Country of incorporation	30 June 2022	31 December 2021
				$	$
Australian Learning Group Pty Limited	24 Mar 2016	-	Australia	100%	100%
Proteus Technologies Pty Ltd	4 Jul 2018	-	Australia	100%	100%
Tasman Institute Pty Limited	11 Jul 2017	-	Australia	100%	100%
EDU Corporate Services Pty Ltd	26 Oct 2021	-	Australia	100%	100%

5. GOODWILL ON ACQUISITION

	30 June 2022	31 December 2021
	$	$
Australian Learning Group Pty Limited - Vocational Education and Training (VET)	1,314,720	1,314,720
Proteus Technologies Pty Ltd - Higher Education (HE)	10,603,408	10,603,408
Total goodwill	**11,918,128**	**11,918,128**

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

Key assumptions are those to which the recoverable amount of cash-generating units is most sensitive. The key assumptions and judgments remain largely consistent with those set out in the 31 December 2021 Annual Report.

Management consider that there are no indicators of impairment and no significant changes to the underlying assumptions used in the impairment testing performed in relation to the 31 December 2021 Annual Report. Accordingly, management have determined that no impairment was required as at 30 June 2022 (31 December 2021: $nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

6. NON-CURRENT TRADE AND OTHER PAYABLES

	30 June 2022	31 December 2021
	$	$
Non-current		
FEE-HELP advances	1,927,469	2,676,457
Other payables	20,719	-
	1,948,188	**2,676,457**

During 2021, Ikon benefited from COVID-19 relief programs, including the Higher Education Relief Package (Relief Package).

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

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

7. SHARE CAPITAL

Issued capital at 30 June 2022 amounted to $27,185,815 (134,283,680 ordinary shares).

Ordinary shares	30 June 2022		31 December 2021	
	Number	$	Number	$
Opening balance	117,514,448	25,132,480	117,514,448	25,132,480
Shares issued in Tranche 1 placement	16,769,232	2,180,000	-	-
Capital raising costs	-	(168,887)	-	-
Deferred tax credit recognised directly in equity	-	42,222	-	-
At reporting date	**134,283,680**	**27,185,815**	**117,514,448**	**25,132,480**

During the half-year ended 30 June 2022, the Company issued and allotted 16,769,232 of ordinary shares in EDU via a two-tranche institutional placement. The first-tranche placement of $2.0m (net of equity raising costs) was completed in June 2022, with the second tranche subject to shareholder approval, which was received at the Extraordinary General Meeting held on 18 July 2022.

There were no other movements in the issued capital of the Company during the half-year ended 30 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

8. CONTRACT LIABILITIES

	30 June 2022	31 December 2021
	$	$
Current		
Contract liabilities	3,726,544	1,501,834
	3,726,544	**1,501,834**
Non-current		
Contract liabilities	109,614	84,468
	109,614	**84,468**

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

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

For Ikon, it is typical to have a higher balance at 30 June given Trimester 2 runs from May through to August, with the performance obligations only partially satisfied by 30 June. Trimester 3 runs from September and ends in December and thus the performance obligations are fully satisfied by 31 December with a resulting lower balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

9. BORROWINGS

	30 June 2022	31 December 2021
	$	$
Current	2,250,000	2,750,000
	2,250,000	**2,750,000**

The Company has a loan facility (secured by a first ranking charge over all present and after acquired property of the Group) with Commonwealth Bank of Australia (**CBA**), which was established on 11 July 2017. The components of the loan facility are set out in the table below:

	Facility limit	Drawn[1]	Available
Loan Facility	($)	($)	($)
Acquisition facility - market rate loan	2,250,000	(2,250,000)	-
Bank guarantee (rental bonds)	1,050,000	(877,965)	172,035
Total loan facility	**3,300,000**	**(3,127,965)**	**172,035**

[1] At reporting date

Acquisition facility - market rate loan

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

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

Bank guarantee (rental bonds)

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

Reconciliation of movements

	30 June 2022	31 December 2021
	$	$
Opening balance	2,750,000	3,250,000
Repayment of loan	(500,000)	(500,000)
Closing balance	**2,250,000**	**2,750,000**

10. CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
	$	$
Current	6,057,938	6,274,519
	6,057,938	**6,274,519**

Included in the above amounts are tuition fees held in Tuition Protection Scheme (TPS) accounts in Australia. At 30 June 2022, the Group held $472,122 (31 December 2021: $502,377) in TPS accounts.

As at 30 June 2022, the cash and cash equivalents contained $498,399 (31 December 2021: $nil) that has been held (restricted) by CBA in relation to the recent bank guarantee issued for the new ALG campus at Quay Street, Haymarket.

11. SUBSEQUENT EVENTS

The impact of the COVID-19 pandemic is ongoing (including the aforementioned visa processing issues) and while it has had a material financial impact for the consolidated entity in the period up to 30 June 2022, it is not practicable to estimate the potential impact after the reporting date.

The Group has renewed leases for two Melbourne campuses post period-end. The lease for Level 4, 601 Bourke Street (utilised by Ikon) was renewed for approximately one year, with the end date of the lease now aligned with the lease for Level 6, 601 Bourke Street (utilised by ALG). Both leases now include an option to extend the lease for 5-years. The lease for Level 1, 183 Bouverie Street (utilised by ALG) was renewed for a further one and half years.

Following approval at the Extraordinary General Meeting held on 18 July 2022, the Company completed the second tranche of the share placement announced to ASX on 2 June 2022, raising $3.8m, with an additional $0.2m raised via the share purchase plan.

CBA have continued to support EDU and in August 2022, agreed to extend the $2.25m acquisition facility (due for repayment in October 2022) for a further 3 years. No principal repayments are required until November 2023, at which point $0.25m quarterly principal payments will commence, leaving a $0.5m balloon due for repayment in August 2025. For the upcoming Annual Report as at 31 December 2022, $0.25m will be presented as a current liability, with the remaining $2m shown as non-current.

No other matter or circumstance has arisen since 30 June 2022 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 financial years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

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

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 2022.

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
29 August 2022

RSM Australia Partners

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

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

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of EDU Holdings Limited for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

P Kanellis

Peter Kanellis
Partner

Sydney, NSW
Dated: 29 August 2022

RSM Australia Partners

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

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

www.rsm.com.au

INDEPENDENT AUDITOR'S 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 consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 2022 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 report.

Responsibility of the Directors for the Financial Report

The Directors of the consolidated entities 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 control as the Directors 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 2022 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.

RSM

RSM AUSTRALIA PARTNERS

P Kanellis

Peter Kanellis
Partner

Sydney, NSW
Dated: 29 August 2022

Holdings