

ICOLLEGE'S TRANSFORMATIVE FY22 RESULTS LAYING FOUNDATIONS FOR FURTHER STRONG GROWTH IN FY23

iCollege Limited (ASX: ICT) (iCollege or the Company), a uniquely positioned provider of tertiary education services to international and domestic students, provides its Preliminary Final Report for the year ended 30 June 2022 (H2 FY22).

Highlights for FY22 included:

- Completing the RedHill Education Limited (RedHill) acquisition which has unlocked annualised cost synergies of over \$1.5 million and expanded the Company's course range, campus network, industry & supply chain relationships, addressable markets and government funding accreditations;
- Record revenues of \$46.8 million, up 187% against the previous corresponding period (pcp) (FY21: \$16.3m);
- EBITDA (excluding M&A costs) of \$3.6 million, up \$1.0 million against pcp (FY21: \$2.6 million);
- Exceptional operating cash flows (excluding M&A costs) of \$17.0 million, up \$16.3 million against pcp;
- Strong balance sheet position with \$30.2 million cash on hand (including term deposits) at the end of June 2022 to fund future growth; and
- Strong growth in international student lead indicators since Australia's borders re-opened in December 2021.

Commenting on the results, iCollege CEO, Glenn Elith said:

"iCollege has experienced strong growth in FY22 due to the successful integration of the RedHill acquisition and ability to quickly leverage our capabilities and industry reputation to re-ignite international student revenues since Australia's borders re-opened in late December 2021.

The number of international students studying our English language courses has already grown to well above pre-COVID levels, and lead indicators suggest that a high rate of growth will continue in FY23 as we continue to recruit new students and current students progress with their studies.

We have pleasing positive operating cashflows and a strong balance sheet to support our bold growth objectives for FY23."

FY22 results presentation

iCollege is pleased to invite shareholders to attend a FY22 Results Presentation videoconference today at 11:00am (AEST) being hosted by the iCollege CEO and CFO, Glenn Elith and Michael Fahey.

Participants will be required to register their attendance using the following Zoom link:

https://us02web.zoom.us/webinar/register/WN_IK-HUrH2RnCyHMCm1BZdWA

This announcement has been approved for release by the Board of iCollege.

For further information:

Glenn Elith
Chief Executive Officer
glenn.elith@icollge.edu.au

Lisa Jones
Company Secretary
lisa.jones@icollge.edu.au

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2022

1 REPORTING PERIOD

Report for the period ended:

Year ended 30 June 2022

Previous corresponding period:

Year ended 30 June 2021

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000	Change %
2.1 Revenues from ordinary activities	46,819	16,277	187% increase
2.2 Profit / (loss) from ordinary activities after tax attributable to members	(8,652)	308	2,909% decrease
2.3 Profit / (loss) from ordinary activities	(8,695)	308	2,923% decrease

	Amount per security ¢	Franked amount per security %
2.4 Dividends		
Interim dividend	Nil	n/a
Final dividend	Nil	n/a
2.5 Record date for determining entitlements to the dividend	n/a	

3 Earnings / (losses) for the period attributable to owners of the parent entity

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000
Earnings / (losses) for the period attributable to owners of the parent entity	(8,695)	308
Net assets	61,568	1,987
Less: Intangible assets	(65,559)	(2,230)
Less: Right of use assets	(17,699)	(3,199)
Add: Deferred tax liabilities	5,045	622
Net tangible assets / (liabilities)	(16,645)	(2,820)

	Number	Number
Fully paid ordinary shares	1,095,383,863	581,564,649
Net tangible assets / (liabilities) backing per share	¢ (1.5)	¢ (0.5)

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4. Details of entities over which control has been gained or lost during the period

4.1 Name of entities

RedHill Education Limited and its consolidated entities (RedHill)

4.2 Date of gain of control

1 October 2021

4.3 Contribution to consolidated profit / (loss) from ordinary activities after tax by the controlled entities to the date in the current period when control was gained

(\$3,827,000)

This amount included \$3,125,000 of depreciation and amortisation expense related to intangible assets acquired (\$1,488,000) and right of use assets revalued (\$1,637,000) as upon finalisation of the acquisition accounting of RedHill.

5. Dividends

Interim dividend

Final dividend

Date payable	Amount per security ¢	Franked amount per security %
N/A	Nil	N/A
N/A	Nil	N/A

6. Dividends and returns to shareholders including distributions and buy backs

Nil

7. The financial information provided in this Appendix 4E is based on the Preliminary Financial Report for the year ended 30 June 2022 (attached), which has been prepared in accordance with Australian Accounting Standards.

8. The financial statements for the year ended 30 June 2022 are in the process of being audited, and no material adjustments or qualifications are expected.

9. Commentary on results.

Highlights for FY22 included:

- Completing the RedHill acquisition which unlocked annualised cost synergies of over \$1.5 million and expanded iCollege's course range, campus network, industry & supply chain relationships, addressable markets and government funding accreditations;
- Record revenue of \$46.8 million, up 187% against the previous corresponding period (pcp) (FY21: \$16.3m);
- EBITDA (excluding M&A costs) of \$3.6 million, up \$1.0 million against pcp (FY21: \$2.6 million);
- Exceptional operating cash flows (excluding M&A costs) of \$17.0 million, up \$16.3 million against pcp;
- Strong balance sheet position with \$30.2 million cash on hand at the end of June 2022 (including term deposits of \$3.1 million) to fund future growth; and
- Strong recovery in international student revenue lead indicators since Australia's borders re-opened in December 2021.

Greenwich Segment

Greenwich operating segment revenues in FY22 were \$17.8 million for the period post acquisition of RedHill. Greenwich English language course revenues were \$6.4 million, and Greenwich vocational management course revenues were \$11.4 million. Vocational student numbers and revenues grew in FY22 against pcp due to students choosing to remain in Australia and continue studying while international borders were closed.

English language student numbers started materially increasing in 2H22 when Australia's borders re-opened to international students, and English language revenues are expected to be a larger proportion of the revenue mix in FY23.

Technology & Design Segment

Technology & Design operating segment revenues in FY22 were \$10.3 million for the period post acquisition of RedHill. Revenues in the period were impacted by international border closures and other COVID-19 pandemic impacts affecting student study patterns.

Go Study Australia Segment

Go Study Australia operating segment revenues in FY22 were \$3.4 million for the period post acquisition. Offshore offices contributed approximately 25% of revenues in the period, down from pre-COVID levels of approximately 40% of total revenues. Offshore revenues are expected to grow strongly in FY23.

Sero / Celtic / CTI (SCC) Segment

SCC operating segment revenues in FY22 were \$15.9 million, a reduction of \$0.4 million against pcp. Domestic student revenues increased by 12% against pcp due to strong growth in Celtic healthcare courses (which grew 58%).

Sero international student revenues declined 18% against pcp due to Australian international borders being closed until the end of December 2021.

CTI revenues declined 25% in FY22 against pcp, with student enrolments and progression constrained by construction industry workforce shortages (students prioritising practical, on-site work over study).

Segment results declined against pcp due to increased marketing spend and labour costs in anticipation of revenue growth. Spending was reduced during 2H22 to reflect trading conditions.

Non-IFRS information

iCollege reports EBITDA in addition to the Profit after Tax. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory profit under AAS adjusted for specific non-cash and significant items. The Company's directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and profit after income tax for the year ended 30 June 2022 is noted below.

Financial performance

Financial results

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000
Revenue from operations	46,819	16,277
EBITDA	343	2,021
Net profit / (loss) after tax	(8,695)	308
Cash flows from operations incl. M&A	11,200	684
Cash flow from operations excl. M&A	17,000	684

EBITDA / (EBITDA loss) reconciliation

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000
Net profit / (loss) after tax	(8,695)	308
Add back:		
Depreciation & amortisation	7,764	1,437
Finance costs	1,776	392
Less:		
Income tax benefit	(502)	(116)
EBITDA	343	2,021
Add back abnormal expenses:		
Merger and acquisition costs	3,242	605
EBITDA excluding M&A costs	3,585	2,626

10. Attachments

The Preliminary Financial Report of iCollege Limited for the year ended 30 June 2022 is attached.

11. Signed

As authorized by the Board of Directors:



William Deane
Non-executive director
Chair of the Audit & Risk Management Committee

Date: 29 August 2022

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iCollege

iCollege Limited
and its Controlled Entities
ABN 75 105 012 066

Preliminary Financial Report
for the Year Ended
30 June 2022

CORPORATE DIRECTORY

Directors

Catherine (Cass) O'Connor – Independent non-executive chair (appointed 29 July 2022)
Simon Tolhurst – Independent non-executive director (Independent chairman until 29 July 2022)
William Deane – Independent non-executive director (appointed 8 November 2021)
Sandra Hook – Independent non-executive director (appointed 8 November 2021)
Ashish Katta – Non-executive director (resigned 29 July 2022)
Badri Gosavi – Executive director (resigned 29 July 2022)

Company Secretary

Lisa Jones

Registered Office

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NSW 2007
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Email: investors@icollege.edu.au
Website: www.icollege.edu.au

Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008
Telephone: +61 (08) 9426 0666

Share Registry

Advanced Share Registry Ltd
110 Stirling Highway
Nedlands WA 6009
Telephone: +61 (08) 9389 8033
Toll Free: 1300 113 258
Fax: +61 (08) 6370 4203
Email: admin@advancedshare.com.au
Website: <https://www.advancedshare.com.au>

Securities Exchange

ASX Code: ICT
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
Telephone: 131 ASX (131 279) – within Australia
Telephone: +61 (02) 9338 0000
Website: www.asx.com.au

ASIC Registrations

ACN: 105 012 066
ABN: 75 105 012 06

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Revenue from continuing operations	2a	46,819	16,277
Cost of sales		(18,085)	(7,239)
Gross profit		28,734	9,038
Other income	2b	1,482	918
Interest revenue	2b	9	1
Salaries and employee benefits expense		(16,280)	(3,506)
Depreciation and amortisation expense	4	(7,764)	(1,437)
Impairment of assets	9	(120)	-
Impairment of receivables		(617)	(265)
Property and occupancy costs		(2,199)	(327)
Professional and consulting fees		(1,586)	(1,437)
Marketing expenses		(2,830)	(759)
Public company related costs		(890)	(288)
Mergers and acquisition costs		(3,242)	(605)
Other expenses		(2,118)	(749)
Finance costs	4	(1,776)	(392)
Profit / (loss) before tax		(9,197)	192
Income tax benefit	5	502	116
Net profit / (loss) for the year		(8,695)	308
Other comprehensive income for the year net of tax		43	-
Total comprehensive income attributable to members of the parent entity		(8,652)	308
<i>Earnings per share:</i>			
Basic and diluted profit / (loss) per share (cents per share)	29	(0.94)	0.05

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Current assets			
Cash and cash equivalents	6	27,161	4,549
Trade receivables	7	7,355	652
Inventories	8	174	179
Prepayments and other assets	9	7,309	1,033
Total current assets		41,999	6,413
Non-current assets			
Property, plant and equipment	10	6,383	515
Right-of-use asset	11	17,699	3,199
Intangible assets	14	65,559	2,230
Prepayments and other assets	9	3,050	478
Total non-current assets		92,691	6,422
Total assets		134,690	12,835
Current liabilities			
Trade and other payables	15	10,665	3,307
Contract liabilities	16	30,652	1,614
Borrowings	17	138	1,126
Lease liabilities	12	5,375	389
Employee benefits	18	2,222	361
Provisions	13	397	-
Total current liabilities		49,449	6,797
Non-current liabilities			
Borrowings	17	224	224
Deferred tax liabilities	19	5,045	622
Employee benefits	18	131	-
Provisions	13	2,625	-
Lease liabilities	12	15,648	3,205
Total non-current liabilities		23,673	4,051
Total liabilities		73,122	10,848
Net assets		61,568	1,987
Equity			
Issued capital	20	102,427	34,194
Reserves	21	3,122	3,079
Accumulated losses		(43,981)	(35,286)
Total equity		61,568	1,987

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Contributed equity	Accumulated losses	Share-based payments reserve	Foreign currency translation reserve	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		34,194	(35,286)	3,079	-	1,987
Profit / (loss) for the year		-	(8,695)	-	-	(8,695)
Other comprehensive income for the year		-	-	-	43	43
Total comprehensive income for the year		-	(8,695)	-	43	(8,652)
Transactions with owners						
Shares issued at net cost	20	68,233	-	-	-	68,233
Balance as at 30 June 2022		102,427	(43,981)	3,079	43	61,568

	Note	Contributed equity	Accumulated losses	Share-based payments reserve	Foreign currency translation reserve	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020		29,986	(35,594)	1,957	-	(3,651)
Profit for the year		-	308	-	-	308
Total comprehensive income for the year		-	308	-	-	308
Transactions with owners						
Shares issued at net cost	20	4,208	-	-	-	4,208
Options issued at fair value		-	-	1,122	-	1,122
Balance as at 30 June 2021		34,194	(35,286)	3,079	-	1,987

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Cash flows from operating activities			
Receipts from customers		63,781	13,813
Receipts from government (JobKeeper / JobSaver)	2(b)	1,482	811
Interest (paid) / received		(80)	(14)
Payment to suppliers and employees		(48,170)	(13,926)
Payments related to mergers and acquisitions		(5,813)	-
Net cash from operating activities		11,200	684
Cash flows from investing activities			
Payments for property, plant and equipment		(2,271)	(380)
Payments for intangibles		(656)	-
Cash acquired upon the acquisition of RedHill		21,343	-
Net cash provided by / (used in) investing activities		18,416	(380)
Cash flows from financing activities			
Repayment of borrowings		(583)	(645)
Proceeds from borrowings		95	-
Repayments of security deposits		(291)	(361)
Proceeds from issue of shares net of issue costs		-	5,114
Repayment of finance lease liabilities over IT equipment		(16)	-
Repayment of lease liabilities – interest component		(1,687)	(225)
Repayment of lease liabilities – principal component		(4,522)	(483)
Net cash provided by / (used in) financing activities		(7,004)	3,400
Net increase in cash and cash equivalents		22,612	3,704
Cash and cash equivalents at the beginning of the year		4,549	845
Cash and cash equivalents at the end of the year	6	27,161	4,549

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Changes in classification of amounts following the acquisition of RedHill Education Limited

Following the acquisition of RedHill Education Limited (RedHill) on 1 October 2021, the accounting policies of both organisations have been reviewed and aligned. This has resulted in some changes in classification of certain income statement, balance sheet and cash flow statement accounts and these changes have been reflected in the prior comparative period. There has been no change in the net assets or net profit or net movement in cash and cash equivalents of the organisation in the prior period.

NOTE 1. ACQUISITION OF SUBSIDIARY

Acquisition of RedHill Education Limited

On 1 October 2021, iCollege Limited (iCollege) announced to the ASX that the Off-market Takeover Offer for RedHill became unconditional given the iCollege interest in RedHill exceeded 90% which represented the minimum acceptance condition. iCollege then proceeded with the compulsory acquisition of any RedHill shares that it did not own in accordance with the Corporations Act. Following completion of the compulsory acquisition process, iCollege owns all of the issued share capital of RedHill and RedHill became a wholly owned subsidiary of iCollege.

RedHill delivers vocational and higher education courses in English language, digital technologies, and interior design to over 20,000 domestic and international students each year and operates an international student advisory and recruitment agency. The organization operates a number of specialist businesses in the private tertiary education market in Australia.

Total consideration of the transaction is calculated as follows:

$52,344,897$ (total RDH shares) \times 9.5 * $\$0.135 = \$67,132,339$

On 1 October 2021 the total Net Assets for RedHill Education Limited was \$1,585,058

The initial accounting for the acquisition of RedHill was provisionally determined at the end of the half-year with total goodwill arising on the transaction calculated as follows: $\$67,132,339 - \$1,585,058 = \$65,547,281$.

At the date of finalisation of this year's financial report, the necessary market valuations and other calculations had been finalised and the fair value of the acquired assets and liabilities noted above have been determined as per AASB 3 and AASB 138 performed by an independent party.

The provisional and final fair value of the identifiable assets and liabilities of RedHill as at the date of acquisition is shown in the table below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Fair value recognised on acquisition - provisional	Adjustments to provisional fair value	Fair value recognised on acquisition - final
		\$'000s	\$'000s	\$'000s
Assets				
Cash and cash equivalents		21,343	-	21,343
Trade receivables		6,474	-	6,474
Prepayments		3,870	-	3,870
Right-of-use assets		9,155	6,062	15,217
Property, plant and equipment		3,194	1,724	4,918
Other intangible assets		709	(709)	-
Brand names		-	9,562	9,562
Training materials		-	7,993	7,993
Agent relationship		-	8,432	8,432
Total assets		44,745	33,064	77,809
Liabilities				
Trade and other payables		(7,199)	-	(7,199)
Contract liabilities		(14,030)	-	(14,030)
Lease liabilities		(18,714)	-	(18,714)
Employee benefits		(1,950)	-	(1,950)
Provisions		(1,267)	(1,336)	(2,603)
Deferred tax liabilities		-	(4,928)	(4,928)
Total liabilities		(43,160)	(6,264)	(49,424)
Net assets		1,585	26,800	28,385
Goodwill arising on acquisition	14	65,547	(26,800)	38,747
Purchase consideration		67,132	-	67,132
Issue of shares	20	67,132	-	67,132
Analysis of cash flows on acquisition				
Net cash acquired		21,343	-	21,343
Cash paid		-	-	-
Net cash outflow		-	-	-

On 25 October 2021 a total of 467,245,747 ordinary shares were issued as part of a transaction previously announced to the market on 1 October 2021. A further 30,030,841 ordinary shares were issued upon completion of the compulsory acquisition process on 4 November 2021.

The acquisition was a 100% scrip-based transaction with the purchase price being funded via the issuance of iCollege shares in exchange for RedHill shares. The only cash flows associated with the acquisition were transaction related costs including legal fees, fees payable to advisors and related costs which totalled \$3.3 million in the year ended 30 June 2022. Payments of merger related costs of \$5.8 million have been included in the statement of cash flows. The difference between expenses and cash flows is mainly due to payments to advisors to RedHill accrued as at 1 October 2021 and paid subsequently.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Goodwill is attributed to the expected synergies and other benefits from combining the activities of RedHill to the Group. An allocation of intangibles has been undertaken with \$9,562,000 allocated to Brand Names, \$7,993,000 allocated to Training Materials, \$8,432,000 allocated to Agent Relationships and the remainder, \$38,747,000, allocated to Goodwill (refer to Note 14).

Revenue generated from the RedHill acquisition for the period from acquisition to 30 June 2022 was \$30.9 million.

At the date of acquisition, RedHill had cash on hand of \$21.3 million, plus term deposits in support of bank guarantees of \$2.5 million.

No additional costs were incurred in relation to the issue of shares associated with the acquisition of RedHill.

NOTE 2 REVENUE AND OTHER INCOME

	30 June 2022 \$'000	30 June 2021 \$'000
a. Revenue		
Tuition related revenue	44,043	16,277
Commission revenue	2,776	-
	46,819	16,277
Revenue from contracts with customers	46,819	16,277
<i>Geographical regions</i>		
Australia	46,044	16,277
Europe	682	-
South America	93	-
	46,819	16,277
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	2,776	-
Services transferred over time	44,043	16,277
	46,819	16,277
b. Other Income		
JobKeeper & ATO Cash Flow Boost	-	918
NSW JobSaver scheme	1,482	-
Interest income	9	1
	1,491	919

The New South Wales Government's JobSaver scheme was an incentive to help maintain employee headcount and provide cash flow support to businesses. Under the scheme, government subsidies of \$1,482,000 (FY21: nil) were received. The consolidated entity became eligible for payments during the current year and payments ceased in December 2021. The amounts received have been recognised as other income in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into four operating segments: Technology & Design, Greenwich, Go Study and Sero/Celtic/CTI. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer who is identified as the Chief Operating Decision Maker (CODM) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation, and amortisation ('EBITDA') and profit before income tax. The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Technology & Design	A provider of face-to-face and online courses in information technology, digital design, interactive multimedia, computer coding, digital marketing, games and apps programming, and interior design.
Greenwich	An Australian provider of English Language Intensive Courses for Overseas Students ('ELICOS'), and Vocational Education and Training ('VET') courses for overseas students.
Go Study	An international student advisory recruitment agency with offices in Australia (Sydney, Melbourne, Brisbane, Gold Coast, Perth), Europe (Spain, France, Italy) and South America (Colombia, Chile).
Sero/Celtic/CTI	An Australian provider of face-to-face and online VET courses to both domestic and international students. Courses cover Commercial Cookery, Hospitality, Business, Community Services, Healthcare, Construction, ELICOS, and Information Technology.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

	Technology & Design	Greenwich	Go Study	Sero/Celtic/CTI	Intersegment / elimination / unallocated	Total
Year ended 30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment income						
Revenue from customers	10,345	17,752	2,775	15,868	79	46,819
Intersegment revenue			611		(611)	-
Other income	3	(6)	9	-	3	9
Government grants	-	-	-	-	1,482	1,482
Total income	10,348	17,746	3,395	15,868	953	48,310
Segment operating result	2,241	5,759	46	1,032	1,485	10,563
Cost of goods sold	-	-	-	-	-	-
Depreciation and amortisation	(1,722)	(2,122)	(46)	(844)	(3,030)	(7,764)
Salaries and employee costs	-	-	-	-	(5,189)	(5,189)
Finance costs	-	-	-	-	(1,776)	(1,776)
Impairment of assets	-	-	-	-	(120)	(120)
Impairment of receivables	-	-	-	-	(2)	(2)
Property and occupancy costs	-	-	-	-	8	8
Professional and consulting	-	-	-	-	(1,085)	(1,085)
Marketing expenses	-	-	-	-	(122)	(122)
Public company related costs	-	-	-	-	(887)	(887)
Mergers and acquisition costs	-	-	-	-	(3,242)	(3,242)
Other expenses	-	-	-	-	419	419
Profit/(loss) before income tax	519	3,637	-	188	(13,541)	(9,197)
Income tax expense						502
Profit/(loss) after income tax						(8,695)
30 June 2022						
Segment assets and liabilities						
Segment assets	15,163	48,801	4,923	10,481	55,322	134,690
Segment liabilities	13,198	37,282	1,552	9,462	11,628	73,122
Net assets	1,965	11,519	3,371	1,019	43,694	61,568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

	Financing \$'000	Education services \$'000	Consolidated \$'000
Year ended 30 June 2021			
Segment income			
Revenue from customers	-	16,290	16,290
Other income	-	-	-
Finance income	-	1	1
ATO Cash Flow Boost	-	252	252
JobKeeper subsidy	-	684	684
EMDG income	-	32	32
Total income	-	17,259	17,259
Segment expenses			
Cost of goods sold	-	(7,824)	(7,824)
Finance costs	(80)	(312)	(392)
Depreciation and amortisation	(624)	(812)	(1,436)
Net other costs	(1,978)	(5,437)	(7,415)
Total expenses	(2,682)	(14,385)	(17,067)
Segmented profit / (loss) before income tax	(2,682)	2,874	192
30 June 2021			
Segment assets and liabilities			
Reportable segment assets	4,785	7,773	12,558
Reportable segment liabilities	3,019	7,552	10,571
Net assets	1,766	221	1,987

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 4. EXPENSES

	30 June 2022 \$'000	30 June 2021 \$'000
Profit / (loss) before tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	718	-
Plant and equipment	603	67
Land and buildings right-of-use assets	4,374	754
Office equipment right-of-use assets	8	-
<i>Amortisation</i>		
Licensed operation	564	616
Course materials	9	-
Training materials	856	-
Agent relationship	632	-
Total depreciation and amortisation	7,764	1,437
<i>Finance costs</i>		
Unwind of the discount of provisions	161	-
Interest and finance charges paid/payable on lease liabilities	1,526	225
Other interest charges	89	167
Finance costs expensed	1,776	392
<i>Leases</i>		
Short-term lease payments	582	4
Low-value assets lease payments	56	-
Total short term and low value lease payments	638	4
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,981	515

Additional information on depreciation and amortisation expense

Following the completion of the acquisition accounting for the RedHill acquisition changes were recorded in the values of both intangible assets and right-of-use assets to reflect their fair value on the date of acquisition. These changes have resulted in additional depreciation and amortisation expense in FY22.

Identified intangible assets have been recognised on the balance sheet and are being amortised over their useful lives. Total amortisation of these intangibles in FY22 were \$1.5 million. For further details, refer to Note 14.

Right-of-use assets previously impaired were revalued by \$6.0 million effective from the date of acquisition. Total depreciation of these assets in FY22 were \$1.7 million. For further details, refer to Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5. INCOME TAX

	Note	2022 \$	2021 \$
a. Income tax expense			
Deferred tax	19	(502)	(116)
		<u>(502)</u>	<u>(116)</u>

b. Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

Accounting profit / (loss) before tax	(9,197)	192
Prima facie tax on operating profit / (loss) at 25% (2021: 26%)	(2,299)	50
Add / (less) tax effect of:		
▪ Other non-deductible expenses	882	19
▪ Non assessable income	-	(66)
▪ Impact from change in tax rate on unrecognised DTAs	18	222
▪ Deferred tax assets relating to tax losses not recognised	2,085	(125)
▪ Other temporary differences not recognised	(1,188)	99
▪ Benefit from movement in temporary difference	-	(315)
Income tax expense / (benefit) attributable to operating loss	<u>(502)</u>	<u>(116)</u>

c. Weighted average effective tax rate

	%	%
The applicable weighted average effective tax rates attributable to operating profit are as follows:	25.00%	(60.16%)

The tax rates used in the above reconciliations is the corporate tax rate of 25% payable by the Australian corporate entity on taxable profits under Australian tax law. The tax rate used in the previous reporting period was 26%.

Current tax assets

Income tax receivable	-	-
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d. Balance of franking account at year end of the parent

1,506	nil
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e. Current tax liabilities

Income tax payable	-	-
--------------------	---	---

NOTE 6. CASH AND CASH EQUIVALENTS

	30 June 2022 \$'000	30 June 2021 \$'000
a. Current		
Cash at bank	27,161	4,549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

	27,161	4,549
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NOTE 7. TRADE AND OTHER RECEIVABLES

	30 June 2022 \$'000	30 June 2021 \$'000
a. Current		
Trade receivables	8,595	940
Less: Allowance for expected credit losses	(1,240)	(288)
	<u>7,355</u>	<u>652</u>

NOTE 8. INVENTORIES

	30 June 2022 \$'000	30 June 2021 \$'000
a. Current		
Linguaskills bundles	174	179
	<u>174</u>	<u>179</u>

NOTE 9. PREPAYMENTS AND OTHER ASSETS

	30 June 2022 \$'000	30 June 2021 \$'000
a. Current		
Bank guarantees and other deposit	522	193
Prepayments	543	105
Deferred agent costs	4,795	-
Other current assets	1,449	735
	<u>7,309</u>	<u>1,033</u>
b. Non-current		
Bank guarantees and term deposits	3,050	478
	<u>3,050</u>	<u>478</u>
Total prepayment and other assets	<u>10,359</u>	<u>1,511</u>

Impairment of other non-current assets

At 30 June 2021 \$120,000 related to a proposed acquisition was included in non-current other assets. This proposed transaction was not completed, and this amount has been written off.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10. PROPERTY, PLANT, AND EQUIPMENT

	30 June 2022 \$'000	30 June 2021 \$'000
Building improvements	3,837	93
Accumulated depreciation	(770)	(52)
	3,067	41
Plant and equipment	1,858	832
Accumulated depreciation	(849)	(504)
	1,009	328
Computer equipment	909	137
Accumulated depreciation	(315)	(75)
	594	62
Motor vehicles	247	136
Accumulated depreciation	(70)	(52)
	177	84
Assets under construction – at cost	1,536	0
Total property, plant, and equipment	6,383	515

Movements in carrying amounts

	Building improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
<i>Carrying amount at 1 July 2021</i>	41	328	62	84	-	515
RedHill acquisition	3,444	982	492	-	-	4,918
Additions	189	43	280	111	1,648	2,271
Transfers in & (out)	111	1	-	-	(112)	-
Depreciation expense	(718)	(345)	(240)	(18)	-	(1,321)
<i>Carrying amount at 30 June 2022</i>	3,067	1,009	594	177	1,536	6,383
<i>Carrying amount at 1 July 2020</i>	38	61	25	28	-	152
Additions	9	291	65	65	-	430
Transfers in & (out)	-	-	-	-	-	-
Depreciation expense	(6)	(24)	(28)	(9)	-	(67)
<i>Carrying amount at 30 June 2021</i>	41	328	62	84	-	515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 11. RIGHT-OF-USE ASSETS

	30 June 2022 \$'000	30 June 2021 \$'000
Non-current assets		
Land and buildings – right-of-use	23,505	4,649
Less: Accumulated depreciation	(5,824)	(1,450)
	17,681	3,199
Office equipment – right-of-use	26	-
Less: Accumulated depreciation	(8)	-
	18	-
	17,699	3,199

Depreciation expense

Following the finalisation of the acquisition accounting for the RedHill acquisition (refer Note 1), right-of-use assets that were previously impaired by RedHill have been revalued by \$6.0 million.

Acquired right of use assets have been amortised since their acquisition date of 1 October 2021. Total depreciation expense attributable to the revalued right of use assets in FY22 was \$1.7 million.

NOTE 12. LEASE LIABILITIES

	30 June 2022 \$'000	30 June 2021 \$'000
Current		
Lease liabilities	5,375	389
	5,375	389
Non-current		
Lease liabilities	15,648	3,205
	21,023	3,594

The remaining contractual maturities of lease liabilities is outlined below.

	Average interest rate %	Less than 1 year \$'000	Between 1 year and 2 years \$'000	Between 2 years and 7 years \$'000	Total contractual maturity \$'000
2022					
Undiscounted lease payments	10.25%	7,074	5,493	13,419	25,986
2021					
Undiscounted lease payments	12.42%	857	837	3,795	5,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13. PROVISIONS

	30 June 2022 \$'000	30 June 2021 \$'000
a. Current		
Provision for make good	397	-
b. Non-current		
Provision for make good	2,336	-
Onerous contract provisions	289	-
	<u>2,625</u>	<u>-</u>
Total provisions	<u>3,022</u>	<u>-</u>

Movements in provisions:

	Lease make good \$'000	Onerous contracts \$'000
Carrying amount at 1 July 2021	-	-
Additional provisions recognised	2,733	349
Payments	-	(60)
Carrying amount at 30 June 2022	<u>2,733</u>	<u>289</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14. INTANGIBLE ASSETS

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Non-current			
Goodwill			
Goodwill	1	38,747	-
		38,747	-
Licensed operations			
Licensed operations		4,670	4,670
Accumulated amortisation		(3,004)	(2,440)
		1,666	2,230
Course materials			
Copyrights – at cost		303	-
Accumulated amortisation		(9)	-
Work in progress		353	-
		647	-
Brand name			
Brand name – at cost		9,562	-
		9,562	-
Training materials			
Training materials – at cost		7,993	-
Accumulated amortisation		(856)	-
		7,137	-
Agent relationship			
Agent relationship – at cost		8,432	-
Accumulated amortisation		(632)	-
		7,800	-
Total intangible assets		65,559	2,230

Amortisation expense

Following the finalisation of the acquisition accounting for the RedHill acquisition (refer Note 1), intangible assets have been recognised for Brand names, Training materials and Agent relationships. Useful lives of intangible assets are noted below.

Brand names	not amortised but tested annually for impairment
Licensed operations	7 years
Training materials	7 years
Agent relationships	10 years
Course materials	2-3 years

Acquired intangible assets have been amortised since their acquisition date of 1 October 2021. Total amortisation expense associated with acquired intangible assets in FY22 was \$1.5 million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Movements in carrying amounts

	Goodwill \$'000	Licensed operation \$'000	Course material \$'000	Brand name \$'000	Training material \$'000	Agent relationship \$'000	Total \$'000
Carrying amount at 1 July 2021	-	2,230	-	-	-	-	2,230
RedHill acquisition	38,747	-	-	9,562	7,993	8,432	64,734
Additions	-	-	656	-	-	-	656
Amortisation expense	-	(564)	(9)	-	(856)	(632)	(2,061)
Carrying amount at 30 June 2022	38,747	1,666	647	9,562	7,137	7,800	65,559
Carrying amount at 1 July 2020	-	2,838	-	-	-	-	2,838
Additions	-	8	-	-	-	-	8
Amortisation expense	-	(616)	-	-	-	-	(616)
Carrying amount at 30 June 2021	-	2,230	-	-	-	-	2,230

Impairment testing of intangible assets

The recoverable amount of the consolidated entity's intangible assets has been determined by a value in use calculation using a discounted cash flow (DCF) model, based on a 3-year projection approved by management, along with a terminal value in year 3. Modeling has been performed for each of the consolidated entities CGU's.

The following key assumptions were used in the discounted cash flow model:

- The discount rate used is the pre-tax equivalent of a post-tax WACC of 11%; and
- A terminal growth rate of 2%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

The allocation of the carrying value of goodwill and intangible assets at 30 June 2022 and used for impairment testing is as follows:

	Greenwich \$'000	Technology & Design \$'000	Go Study \$'000	Sero / Celtic / CTI \$'000	Corporate/ Elimination \$'000	Consolidated \$'000
Goodwill	12,063	12,604	2,939	-	11,141	38,747
Licensed operations	-	-	-	1,666	-	1,666
Course materials	173	163	-	311	-	647
Brand names	5,886	3,192	484	-	-	9,562
Training materials	3,967	3,170	-	-	-	7,137
Agent relationships	7,553	247	-	-	-	7,800
	29,642	19,376	3,423	1,977	11,141	65,559

Goodwill recorded in Corporate has been allocated to the CGU's for the purposes of impairment testing.

Results of impairment testing

Greenwich

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2% ppts), the terminal value growth rate (decrease by 2% ppts) and a reduction in earnings (10% per annum). Under all modelled scenario's the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

Technology & Design

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2% ppts), the terminal value growth rate (decrease by 2% ppts) and a reduction in earnings (10% per annum). Under all modelled scenario's the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

Go Study Australia

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2% ppts), the terminal value growth rate (decrease by 2% ppts) and a reduction in earnings (10% per annum). Under all modelled scenario's the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

Sero / Celtic / CTI

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2% ppts), the terminal value growth rate (decrease by 2% ppts) and a reduction in earnings (10% per annum). Under all modelled scenario's the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 15. TRADE AND OTHER PAYABLES

	30 June 2022 \$'000	30 June 2021 \$'000
Current		
Trade payables	3,102	2,106
Payroll accruals	2,078	665
Accrued expenses	1,698	316
Customer advances	3,254	-
Other payables	533	220
	10,665	3,307

NOTE 16. CONTRACT LIABILITIES

	30 June 2022 \$'000	30 June 2021 \$'000
Current		
Contract liabilities	30,652	1,614
	30,652	1,614

Tuition related performance obligations

The aggregate amount of the transaction price allocated to tuition related services, which are paid in advance or due for payment and are yet to be delivered at balance date was \$30,652,000 as at 30 June 2022 (30 June 2021: \$1,614,000) and is expected to be recognised as revenue in future periods.

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.

The ageing of the expected performance obligation of contract liabilities are as follows:

	30 June 2022 \$'000	30 June 2021 \$'000
To be realised within 12 months	30,652	1,614

Contract liabilities relate to tuition fees in relation to domestic and international students where an agreement has been signed and a payment plan is in place with students for studies which are expected to be undertaken after the balance date.

In addition, for students currently enrolled in a course and with a contract in place, \$21.1 million will be invoiced and become payable in future periods.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 17. BORROWINGS

	30 June 2022 \$'000	30 June 2021 \$'000
a. Current		
Convertible notes	-	650
Loans (i)	138	78
Related party loans	-	398
	138	1,126
b. Non-current		
Long-term loan (ii)	224	224
	224	224

On 22 June 2022, convertible notes with a face value \$500,000 plus accrued interest of \$131,557 were converted to equity and 12,631,140 shares at the contracted price of \$0.05 each were issued in satisfaction of this obligation.

On 29 June 2022, the Company redeemed convertible notes with a value of \$150,000.

(i) Loans (secured)

These loans relate to motor vehicle financing and are interest bearing. The motor vehicle financier has a security interest in the vehicles necessary to secure repayment of the loan.

(ii) Long term loan (secured)

Facility limit:	\$223,960
Commencement date:	19 May 2020
Interest rate:	0.00% for the first 12 months from the commencement date. Then 2.50% for the remainder of the loan term
Interest period:	Monthly
Term:	10 years from the commencement date
Repayment terms:	No repayments for the first 12 months, followed by 24 months of interest only repayments then 84 months of principal and interest repayments
Security:	Loan is secured over the assets of Capital Training Institute Pty Limited

NOTE 18. EMPLOYEE BENEFITS

	30 June 2022 \$'000	30 June 2021 \$'000
a. Current		
Provision for annual leave	1,709	346
Provision for long service leave	513	15
	2,222	361
b. Non-current		
Provision for long service leave	131	-
	2,353	361

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 19. DEFERRED TAXATION

Balances

At 30 June 2022, net deferred tax assets of \$11,011,841 have not been recognised in terms of AASB112 Income Taxes. The Company does not currently have foreseeable future taxable profits against this net deferred tax amount may be utilised.

	2022 \$	2021 \$
a. Deferred tax assets		
Tax losses	7,093	5,426
Provisions and accruals	4,134	301
Capital raising costs	-	290
Other	1,082	208
	12,309	6,225
Set-off deferred tax liabilities	(1,297)	(78)
Net deferred tax assets	11,012	6,147
Less deferred tax assets not recognised	(11,012)	(6,147)
Net deferred tax assets	-	-
b. Deferred tax liabilities		
Other	6,342	700
	6,342	700
Set-off deferred tax liabilities	(1,297)	(78)
Net deferred tax liabilities	5,045	622
c. Tax losses and deductible temporary differences		
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
▪ Tax losses	28,371	20,868
	28,371	20,868

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 20. ISSUED CAPITAL

	12 months to 30 June 2022 Number	12 months to 30 June 2021 Number	12 months to 30 June 2022 \$'000	12 months to 30 June 2021 \$'000
Fully paid ordinary shares at no par value	1,095,383,863	581,564,649	102,427	34,194
a. Ordinary shares				
At the beginning of the year	581,564,649	526,564,649	34,194	29,986
Shares issued during the period/year:				
Placement shares issued at \$0.1000 per share		55,000,000		5,500
Placement shares issued at \$0.1350 per share	467,245,747		63,078	
Placement shares issued at \$0.1350 per share	30,030,841		4,054	
Placement shares issued at \$0.1199 per share	3,911,486		469	
Convertible Notes shares issued at \$0.05 per share	12,631,140		632	
Transaction costs relating to share issues	-		-	(1,292)
At reporting date	1,095,383,863	581,564,649	102,427	34,194

	12 months to 30 June 2022 Number	12 months to 30 June 2021 Number	12 months to 30 June 2022 \$'000	12 months to 30 June 2021 \$'000
a. Options				
Options				
At the beginning of the period	27,000,000	7,500,000	3,079	1,957
Options issued/(lapsed) during the year:				
Expired 03/07/2020		(7,500,000)		
Issued to broker (i)				
Expiry Date: 10/07/2023		10,000,000		165
Exercise Price: \$0.05				
Issued to broker (ii)				
Expiry Date: 09/11/2023		17,000,000		957
Exercise Price: \$0.15				
At reporting date	27,000,000	27,000,000	3,079	3,079

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 21. RESERVES

	30 June 2022 \$'000	30 June 2021 \$'000
Foreign currency reserve	43	-
Share-based payments reserve	3,079	3,079
	<u>3,122</u>	<u>3,079</u>

Movements in reserves

	Foreign currency translation \$'000	Share-based payments \$'000
Carrying amount at 1 July 2021	-	3,079
Foreign currency translation	43	-
Carrying amount at 30 June 2022	<u>43</u>	<u>3,079</u>

NOTE 22. FINANCIAL INSTRUMENTS

	Weighted average interest rate %	2022 \$'000	Weighted average interest rate %	2021 \$'000
Cash and cash equivalents (note 6)	0.88%	27,161	0.10%	4,549
Term deposit – restricted cash	0.29%	3,050	0.00%	478
Net exposure to cash flow interest rate risk		<u>30,211</u>		<u>5,027</u>

Consolidated - 2022 Non-derivatives	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<i>Non-interest bearing</i>					
Trade payables	3,102	-	-	-	3,102
Other payables	5,485	-	-	-	5,485
Payroll accruals	2,078	-	-	-	2,078
Total non-derivatives	<u>10,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,665</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Consolidated - 2021	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	2,106	-	-	-	2,106
Other payables	536	-	-	-	536
Payroll accruals	665	-	-	-	665
Total non-derivatives	3,307	-	-	-	3,307

NOTE 23. INTEREST IN SUBSIDIARIES

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the Group. Investments in subsidiaries are accounted for at cost. Each subsidiary's country of incorporation is also its principal place of business:

Name	Principal Activity	Place of incorporation and operation	Ownership interest	
			2022	2021
RedHill Education Limited ¹	Educational services	Australia	100%	0%
Go Study Australia Pty Ltd ²	Student recruitment	Australia	100%	0%
Academy of Information Technology Pty Ltd ²	Educational services	Australia	100%	0%
International School of Colour and Design Pty Ltd ²	Educational services	Australia	100%	0%
Greenwich English College Pty Ltd ²	Educational services	Australia	100%	0%
Go Study Australia Intercambio Cultural Ltda ³	Student recruitment	Brazil	100%	0%
Go Study Australia S.A.C. ³	Student recruitment	Peru	100%	0%
Go Study Australia Sociedad Limitada ⁴	Student recruitment	Spain	100%	0%
iCollege International Pty Ltd	Educational services	Australia	100%	100%
Management Institute of Australia Pty Ltd ⁵	Educational services	Australia	100%	100%
Management Institute of Australia No.1 Pty Ltd ⁵	Educational services	Australia	100%	100%
Management Institute of Australia No.2 Pty Ltd ⁵	Educational services	Australia	100%	100%
Celtic Training & Consultancy Pty Ltd	Educational services	Australia	100%	100%
Brisbane Career College Pty Ltd	Educational services	Australia	100%	100%
Capital Training Institute Pty Ltd	Educational services	Australia	100%	100%

1. Acquired on 1 October 2021

2. 100% owned by RedHill Education Limited

3. 75% owned by Go Study Australia Pty Ltd and 25% owned by RedHill Education Limited

4. 100% owned by Go Study Australia Pty Ltd

5. Companies were all acquired at the same time and are now in liquidation waiting deregistration

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 24. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	30 June 2022 \$'000	30 June 2021 \$'000
Profit / (loss) after income tax expense for the year	(8,695)	308
Adjustment for:		
Depreciation and amortisation	7,764	1,437
Share-based payments	469	1,122
Non-cash finance costs	1,687	225
Other non-cash items	169	(695)
Changes in operating assets and liabilities:		
Decrease in trade receivables	(528)	(327)
Decrease in deferred tax assets	-	-
Decrease in prepayments	(164)	(77)
Decrease in other operating assets	(4,979)	(228)
Increase in trade and other payables	1,116	(16)
Increase in contract liabilities	15,008	(1,081)
Decrease in provision for income tax	(628)	(116)
Increase in employee benefits	41	132
Increase in other provisions	(60)	-
Net cash from operating activities	11,200	684

NOTE 25. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease Liabilities \$'000
Balance at 1 July 2021	3,594
Net cash from financing activities	(6,209)
RedHill acquisition	18,714
Modifications	3,237
Finance costs	1,687
Balance at 30 June 2022	21,023
	Convertible Notes \$'000
Balance at 1 July 2021	650
Fully redeemed on 29/06/2022	(150)
Converted to shares on 22/06/2022 @ \$0.05c per share	(500)
Balance at 30 June 2022	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 26. KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

The names and positions of KMP during FY22 are as follows:

- Mr Simon Tolhurst Independent non-executive director (independent chairman until 29 July 2022)
- Mr Ashish Katta Non-executive director (resigned 29 July 2022)
- Ms Sandra Hook Non-executive director (appointed 8 November 2021)
- Mr William Deane Non-executive director (appointed 8 November 2021)
- Mr Badri Gosavi Executive director (resigned 29 July 2022)
- Mr Glenn Elith Chief Executive Officer (appointed 1 October 2021)
- Mr Michael Fahey Chief Financial Officer (appointed 1 October 2021)

	30 June 2022 \$'000	30 June 2021 \$'000
Short-term employee benefits		
Cash salary and fees	1,169	518
Movement in annual leave	157	-
Incentives	325	-
Post-employment benefits	65	-
Long-term benefits	24	-
Share-based payments	-	80
Total	1,740	598

NOTE 27. RELATED PARTY TRANSACTIONS

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

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the consolidated entity and other related parties are disclosed below.

The loan outstanding payable to Mr Ashish Katta of \$380,000 at 30 June 2021 has been fully repaid during the year.

There was a loan outstanding receivable from Sero Learning Pty Ltd, of which Mr Ashish Katta is a director and shareholder at 30 June 2021 of \$261,302. Following the completion of a detailed reconciliation, cash of \$76,274 and fixed assets with a value of \$55,070 were transferred to iCollege in February 2022 as full settlement of this loan outstanding. As part of this settlement, an impairment of \$130,000 has been recorded against this receivable.

A payment of \$8,967 was made to Gosavi Pty Limited for catering expenses. Gosavi Pty Limited is a related party of Badri Gosavi.

In addition to the remuneration paid to KMP, amounts to related parties of the CEO totalling \$20,917 were paid during the period for administrative support services (year ended 30 June 2021: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 28. AUDITOR'S REMUNERATION

Remuneration of the auditor for auditing or reviewing the financial reports:

	30 June 2022 \$	30 June 2021 \$
Hall Chadwick WA Audit Pty Ltd	123	66
	123	66

NOTE 29. EARNINGS PER SHARE (EPS)

	30 June 2022 \$'000	30 June 2021 \$'000
a. Reconciliation of earnings to profit or loss		
Profit / (loss) for the year	(8,695)	308
Profit / (loss) used in the calculation of basic and diluted EPS	(8,695)	308
	30 June 2022 No.	30 June 2021 No.
b. Weighted average number of ordinary shares		
Outstanding during the year used in calculation of basic EPS	921,016,961	561,674,240
	30 June 2022	30 June 2021
c. Earnings per share		
Basic EPS (cents per share)	(0.94)	0.05
Diluted EPS (cents per share)	(0.94)	0.05

d. As at 30 June 2022, the consolidated entity has 27,000,000 unissued shares under options (30 June 2021: 27,000,000). During the year ended 30 June 2022, the consolidated entity's unissued shares under option were non-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 30. SHARE-BASED PAYMENTS

	30 June 2022 \$'000	30 June 2021 \$'000
Share-based payments		
Recognised in professional and consulting fees	-	165
Recognised in merger and acquisition costs	469	-
	469	165

Share-based payment arrangements in effect during the year

a. *Consultant options*

In consideration for services during the year, the Company had issued options in prior financial year with terms and summaries below:

Number under option	Date of expiry	Exercise price	Vesting terms
10,000,000	10 Jul 2023	\$0.05	Immediately upon issue
17,000,000	9 Nov 2023	\$0.15	Immediately upon issue

Movement in share-based payment arrangements during the period

A summary of the movements of all Company options issued as share-based payments is as follows:

	2022		2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	27,000,000		7,500,000	
Granted				
Expiry: 10/07/2023	-		10,000,000	0.05
Expiry: 09/11/2023	-		17,000,000	0.15
Expired	-	-	(7,500,000)	0.08
Outstanding at year-end	27,000,000	0.11	27,000,000	0.11
Exercisable at year-end	27,000,000	0.11	27,000,000	0.11

NOTE 31. CONTINGENT LIABILITIES

The consolidated entity has given bank guarantees as at 30 June 2022 of \$5,107,604 (30 June 2021: \$nil) to various lessors.

The consolidated entity has a bank guarantee facility with a limit of \$4,533,377 with National Australia Bank (NAB) of which \$4,076,043 has been utilised as at 30 June 2022. The consolidated entity has term deposits of \$2,476,639 as at 30 June 2022 classified within non-current assets to support this facility. The consolidated entity is required to maintain a minimum cash balance of 100% of the bank guarantee facility with NAB, inclusive of amounts held as term deposits.

In addition to this facility, the consolidated entity has issued bank guarantees totalling \$574,227, which are fully backed by term deposits.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 32. COMMITMENTS

The consolidated entity is committed to incur capital expenditure of approximately \$0.5 million in relation to the Level 3, 119 Charlotte Street, Brisbane campus. The expenditure is expected to be settled in the FY2023 financial year.

NOTE 33. EVENTS SUBSEQUENT TO REPORTING DATE

On 29 July 2022 the Company announced a series of Board changes. Cass O'Connor was appointed as an independent non-executive director and as chair of the Board. Simon Tolhurst stepped down as chair of the Board and remains as an independent non-executive director. On the same day, Ashish Katta and Badri Gosavi resigned from the Board.

On 22 August 2022 the Company repaid in full the secured long-term loan of \$223,960 referred to in Note 17.

Apart from the matters noted above, there has been no additional matter or circumstance that has arisen after balance sheet date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future reporting periods.

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