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IDP EDUCATION LIMITED
ABN 59 117 676 463

Interim Financial Report
For the half-year ended 31 December 2023

Appendix 4D
IDP EDUCATION LIMITED
ABN 59 117 676 463
Half-year ended 31 December 2023

Results for Announcement to the Market

	31 December 2023 \$000	31 December 2022 \$000	Movement \$000	Movement %
Revenue from ordinary activities	579,090	501,801	77,289	15
Net profit for the half year	97,390	82,131	15,259	19
Net profit for the half year attributable to the owners of IDP Education Limited	97,170	82,006	15,164	18

Dividends	Amount per ordinary share cents	Franked amount per ordinary share cents ¹
FY23 final dividend	20.0	3.40
FY24 interim dividend (declared after balance date)	25.0	19.25

¹Franked at the Australian corporate tax rate of 30%

Record date for determining entitlement to the dividends

- FY23 final dividend 5 September 2023
- FY24 interim dividend 8 March 2024

Dividend payment date

- FY23 final dividend 28 September 2023
- FY24 interim dividend 27 March 2024

Net tangible assets per ordinary share	31 December 2023 cents	30 June 2023 cents
Net tangible assets per share ²	0.11	(11.91)
Net assets per share	197.46	185.81

²Net tangible assets are defined as the net assets less intangible assets and capitalised development costs.

A significant proportion of the Group's assets are intangible in nature totalling \$549.3m (30 June 2023: \$550.3m), including software, goodwill, identifiable intangible assets relating to businesses acquired and capitalised development costs. These assets are excluded from the calculation of net tangible assets per share.

Other information

Additional Appendix 4D disclosure requirements and further information, including commentary on the Group's operating performance, results of segments and other factors affecting the results for the current period are contained in the Interim Financial Report and the Group's FY24 H1 Results Announcement.

The Consolidated Financial Statements contained within the Interim Financial Report, upon which this Appendix 4D is based, have been reviewed by Deloitte Touche Tohmatsu.

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Directors' report

The Directors of IDP Education Limited present the interim financial report of IDP Education Limited (the Company) and its controlled entities (the Group) for the half-year ended 31 December 2023.

In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report is as follows:

Directors

The following persons were directors of IDP Education Limited during the half-year and up to the date of this report unless otherwise stated:

Name	Particulars
Peter Polson	Non-Executive Director and Chairman
Tennealle O'Shannessy	Managing Director and Chief Executive Officer
Ariane Barker	Non-Executive Director
Andrew Barkla	Non-Executive Director (appointed on 12 September 2023)
Tracey Horton AO	Non-Executive Director
Chris Leptos AO	Non-Executive Director
Professor Colin Stirling	Non-Executive Director
Michelle Tredenick	Non-Executive Director
Greg West	Non-Executive Director

Review of operations

A summary of IDP Education Limited's consolidated financial results for the half-year ended 31 December 2023 (H1 FY24) is set out below.

The financial performance of the Group was strong with record half-year revenue and earnings being delivered.

From an operational perspective the key dynamics in the business during the period were broadly as follows:

- Student Placement – Total Student Placement related revenue of \$287.5m grew 44% vs the same period in FY23. IDP's Total Student Placement revenue is made up of fees generated directly from advising and placing students with education institutions ("Placements") in addition to revenue from other services provided to educational institutions that support the marketing and recruitment of students ("Other Student Placement Services"). These other services include digital marketing, events, data services consultancy and peer to peer software. During H1 FY24 Placements recorded revenue of \$255.6m with both volumes and average price contributing to the 48% growth in revenue vs the same period in FY23.
- English Language Testing – Total IELTS revenue of \$270.3m declined by 5% vs the same period in FY23, with India revenue declining by 29% due both to a reduction in market size and increased competition, while IELTS revenue outside of India grew by 21%. Testing volumes declined by 12% with an average price increase of 7% vs the same period in FY23.
- English Language Teaching – The Group's English schools in Cambodia, Taiwan, and Vietnam, generated overall growth of 25% vs the same period in FY23. Cambodia grew strongly at 27%, Vietnam declined by 16% while the schools in Taiwan acquired as part of the Intake acquisition contributed 18% of the growth.

Directors' report

The table below presents a summary of the key financial metrics for the period.

Six Months to 31 December	Unit	Half Year Actuals		Growth		Constant Currency Growth (%) **
		H1 FY24	H1 FY23	A\$m	%	
Student Placement	A\$m	287.5	199.3	88.2	44%	39%
Placements *	A\$m	255.6	172.8	82.8	48%	43%
- Australia	A\$m	92.3	64.4	27.9	43%	43%
- Other Destinations	A\$m	163.3	108.4	54.9	51%	43%
Other Services *	A\$m	31.9	26.5	5.4	20%	15%
English Language Testing	A\$m	270.3	285.4	(15.1)	-5%	-5%
English Language Teaching	A\$m	19.6	15.7	3.9	25%	21%
Other	A\$m	1.7	1.5	0.2	14%	8%
Total Revenue	A\$m	579.1	501.8	77.3	15%	14%
Gross Profit	A\$m	373.9	311.1	62.8	20%	19%
EBIT	A\$m	145.3	120.1	25.2	21%	21%
EBIT (Adjusted) ***	A\$m	158.8	127.1	31.7	25%	25%
NPAT	A\$m	97.4	82.1	15.3	19%	19%
NPAT (Adjusted) ***	A\$m	107.0	87.1	19.9	23%	23%
Basic EPS	cents	34.9	29.5	5.4	18%	
EPS (Adjusted) ***	cents	38.4	31.2	7.2	23%	
Debt	A\$m	284.9	218.9	66.0	30%	

* "Placements" revenue includes all commissions received from institutions for the placement of a student into a course plus any fees paid by students for our services. "Other services" related to Student Placement includes all revenue received from institutions for digital marketing, events, consultancy and data services, or peer-to-peer marketing via The Ambassador Platform

** Growth based on H1 FY23 translated using the same exchange rates used in the presentation of IDP Education's H1 FY24 results

*** Reconciliation between reported and adjusted EBIT/NPAT

	H1 FY24		H1 FY23	
	EBIT	NPAT	EBIT	NPAT
	\$m	\$m	\$m	\$m
EBIT/NPAT	145.3	97.4	120.1	82.1
Adjusted by:				
Specific credit loss provision for customers in countries subject to foreign exchange control	5.9	4.1	0.2	0.1
Unrealised foreign exchange losses	4.1	2.9	3.7	2.6
Merger, acquisition and integration expenses	1.3	0.9	2.7	1.9
Intangible asset amortisation generated from business combinations	2.2	1.7	0.4	0.4
EBIT/NPAT (Adjusted)	158.8	107.0	127.1	87.1

The Group recorded strong growth in earnings for H1 FY24 with net profit after tax increasing 19% to \$97.4m compared to the half-year ended 31 December 2022 (H1 FY23) of \$82.1m.

The result was driven by a 15% increase in revenue primarily a result of the very strong student placement growth during the reporting period.

The increase in student placement revenue of 44% was a result of strong growth in all destinations with Australian student placement up by 43% vs the same period in FY23. Placements to Other Destinations was also strong with Canada revenue growing by 66%, UK revenue growing by 40% and USA revenue growing by 63% vs the same period in FY23. From a source country perspective, India revenue grew by 38%, and China revenue grew by 60% with the same period in FY23 constrained as China borders remained closed. The rest of Asia (excluding India and China) grew by 49%. The Rest of the World revenue was 54% higher than the same period in FY23.

Other student placement services revenue grew 20% to \$31.9m with Digital Marketing growing 6% and Student Placement Events growing 39%. The revenue from The Ambassador Platform (which was acquired in May 2023) contributed 22% of the growth of other student placement services.

English Language Testing revenue declined by 5% in the half with volume declining 11.5% partially offset by an increase in average price of 7%. A decline in the market size of English Language Testing in India for candidates heading to Canada and increased competition in India during the half, led to a decline in revenue in India of 29%. In the rest of the world excluding India revenue grew strongly at 21% vs the same period in FY23.

English Language Teaching revenue grew 25% driven by Cambodia growing by 27% a result of a 17% increase in courses taught and an 8.4% increase in average price. Vietnam revenue was lower by 16% primarily due to lower course volumes while the acquisition of Intake added 2 campuses in Taiwan contributing 18% of the total growth in English Language Teaching.

Gross profit margin at 64.6% increased from 62% in H1 FY23 with a larger proportion of Student Placement revenue at higher margins than other business lines the key driver of the margin increase.

The EBIT adjusted growth of 25% was a result of strong student placement revenue growth. Expenses growth was 20% but excluding the significant items (as presented in the reconciliation on the previous page), the like for like expense growth was 17.9%. Investments were made in capability and capacity in the student placement business as we continued to expand our footprint with 11 new student placement offices, while corporate expenses were restrained and additional IELTS investment was made in marketing to defend our market position in India and Canada.

Currency translation movements had a minor net impact on the reported results. In aggregate, currency movements had a small positive impact on revenue with constant currency revenue growth for H1 FY24 at 14% relative to the actual reported growth of 15% which added \$6.8m to revenue. Direct Costs and overhead lines were negatively impacted by currency movements with a net increase due to currency movements of \$6.6m. Constant currency NPAT growth for H1 FY24 was at 18.8% compared to the actual reported growth of 18.6%.

Revenue and EBIT by Geographic Segment (A\$m)

Six Months to 31 December	Half Year Actuals		Growth	
	H1 FY24	H1 FY23	A\$m	%
Revenue				
Asia	422.5	374.4	48.1	13%
Australasia	25.0	21.7	3.3	15%
Rest of World	131.6	105.7	25.9	25%
Total revenue	579.1	501.8	77.3	15%
EBIT				
Asia	175.9	148.7	27.2	18%
Australasia	2.8	1.4	1.4	96%
Rest of World	31.9	27.9	4.0	14%
Total EBIT pre corporate costs	210.5	178.0	32.5	18%
Corporate costs	65.3	57.9	7.4	13%
Total EBIT	145.3	120.1	25.2	21%

From segment perspective all regions performed well with revenue growth of 13% in Asia and 25% in Rest of World providing the majority of that growth. All regional segments benefited from the growth in student placement across most source markets. While Rest of World and Australasia also recorded strong growth in IELTS revenue, Asia IELTS revenue declined as a result of the reduction of market size and increased competition in India.

EBIT in Asia increased by 18% during the period with strong contributions from India and China, with the India business delivering good growth from the student placement business.

Rest of World EBIT increased by 14% with strong contributions from Nigeria and Ghana in Student Placement while Pakistan delivered good growth in both IELTS and Student Placement. Australasia EBIT grew by 96%, as Australian onshore Student Placement and IELTS direct testing delivered strong volume and revenue growth.

Financial Position

The financial position of the Group remains strong. At 31 December 2023, the Group had total assets of \$1,278m which exceeded total liabilities by \$555.8m.

From a cash perspective the Group had \$128.7m of cash on the balance sheet at 31 December 2023.

During the current financial period, IDP refinanced its bank borrowing facilities. As at 31 December 2023, IDP had the following facilities:

Australian Dollar \$360,000,000	Facility A: Acquisition funding unsecured Cash Advance loan facility for acquisitions. Facility A expires December 2026 (\$180m) and December 2028 (\$180m).
Australian Dollar \$85,200,000	Facility B: Unsecured Cash advance facility to support both general corporate purposes and working capital requirements of the Group. Facility B expires December 2026 (\$42.6m) and December 2028 (\$42.6m).

The total drawn debt was \$284.9m at 31 December 2023.

Auditor's independence declaration

The Auditor's independence declaration is set out on page 7.

Rounding of amounts

The Interim Financial Report and directors report are presented in Australian dollars and amounts have been rounded to the nearest thousand dollars, unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

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

On behalf of the Directors



Peter Polson
Chairman



Tennealle O'Shannessy
Managing Director

Melbourne

13 February 2024

13 February 2024

Board of Directors
IDP Education Limited
Level 10, Melbourne Quarter 2
697 Collins Street
Docklands VIC 3008

Dear Board Members

Auditor's Independence Declaration - IDP Education Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of IDP Education Limited.

As lead audit partner for the review of the financial statements of IDP Education Limited for the half-year ended 31 December 2023, 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 review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



Travis Simkin
Partner
Chartered Accountants

**Condensed consolidated statement of profit or loss
for the half-year ended 31 December 2023**

	Notes	31 December 2023 \$'000	31 December 2022 \$'000
Revenue	3	579,090	501,801
Expenses	4	(405,883)	(357,806)
Depreciation and amortisation		(28,086)	(23,891)
Finance income		1,851	1,447
Finance costs		(11,330)	(6,640)
Share of profit/(loss) of associates		129	(38)
Profit for the half-year before income tax expense		135,771	114,873
Income tax expense	5	(38,381)	(32,742)
Net profit for the half-year		97,390	82,131
Profit for the half-year attributable to:			
Owners of IDP Education Limited		97,170	82,006
Non-controlling interests		220	125
		97,390	82,131

	Notes	31 December 2023	31 December 2022
Earnings per share for profit attributable to ordinary equity holders			
Basic earnings per share (cents per share)	6	34.91	29.46
Diluted earnings per share (cents per share)	6	34.83	29.39

The above statement should be read in conjunction with the accompanying notes.

**Condensed consolidated statement of other comprehensive income
for the half-year ended 31 December 2023**

	31 December 2023 \$'000	31 December 2022 \$'000
Profit for the half-year	97,390	82,131
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(17,455)	(12,284)
Cash flow hedges		
Fair value gain on hedging instruments	2,244	1,368
Cumulative gain on hedging instruments reclassified to profit or loss	3,261	4,360
Income tax related to gains/(losses)	148	(99)
Other comprehensive income for the half-year, net of income tax	(11,802)	(6,655)
Total comprehensive income for the half-year	85,588	75,476
Total comprehensive income attributable to:		
Owners of IDP Education Limited	85,386	75,344
Non-controlling interests	202	132
	85,588	75,476

The above statement should be read in conjunction with the accompanying notes.

**Condensed consolidated statement of financial position
as at 31 December 2023**

	Notes	31 December 2023 \$'000	30 June 2023 \$'000
CURRENT ASSETS			
Cash and cash equivalents		128,685	166,626
Short term investments in term deposits		13,227	-
Trade and other receivables		150,062	160,936
Contract assets	7	187,376	102,838
Derivative financial instruments		2,897	4,642
Current tax assets		6,055	3,570
Other current assets		37,296	35,317
Total current assets		525,598	473,929
NON-CURRENT ASSETS			
Contract assets	7	8,486	5,840
Investment in associates		8,038	8,719
Property, plant and equipment		35,119	33,465
Rights-of-use assets		104,947	109,448
Intangible assets	8	533,461	538,164
Capitalised development costs		15,827	12,155
Deferred tax assets		22,894	26,265
Other non-current assets		23,525	25,482
Total non-current assets		752,297	759,538
TOTAL ASSETS		1,277,895	1,233,467
CURRENT LIABILITIES			
Trade and other payables		174,537	191,705
Lease liabilities		22,338	24,530
Contract liabilities		54,068	57,949
Provisions		21,946	20,850
Current tax liabilities		11,133	24,390
Financial liabilities at fair value through profit or loss		3,947	25,560
Derivative financial instruments		579	6,302
Total current liabilities		288,548	351,286
NON-CURRENT LIABILITIES			
Borrowings	9	284,905	209,004
Lease liabilities		94,431	96,030
Deferred tax liabilities		50,440	50,603
Provisions		9,709	9,102
Total non-current liabilities		439,485	364,739
TOTAL LIABILITIES		728,033	716,025
NET ASSETS		549,862	517,442
EQUITY			
Issued capital	10	281,666	271,467
Reserves		(14,361)	4,907
Retained earnings		282,297	240,794
Equity attributable to owners of IDP Education Limited		549,602	517,168
Non-controlling interests		260	274
TOTAL EQUITY		549,862	517,442

The above statement should be read in conjunction with the accompanying notes.

**Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2023**

	Issued capital \$'000	Cash flow hedge reserve \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Retained earnings \$'000	Equity attributable to owners of IDP Education Limited \$'000	Non- controlling interests \$'000	Total \$'000
As at 1 July 2022	276,888	(3,052)	(776)	(5,682)	188,299	455,677	(309)	455,368
Change in the fair value of cash flow hedges, net of income tax	-	4,010	-	-	-	4,010	-	4,010
Exchange differences arising on translation of foreign operations	-	-	(10,672)	-	-	(10,672)	7	(10,665)
Profit for the half-year	-	-	-	-	82,006	82,006	125	82,131
Total comprehensive income for the period	-	4,010	(10,672)	-	82,006	75,344	132	75,476
Dividend paid to owners of IDP Education Limited	11	-	-	-	(37,575)	(37,575)	-	(37,575)
Share-based payments, net of tax	-	-	-	3,712	-	3,712	-	3,712
Issue of treasury shares to employees	10	3,558	-	(3,558)	-	-	-	-
As at 31 December 2022	280,446	958	(11,448)	(5,528)	232,730	497,158	(177)	496,981

The above statement should be read in conjunction with the accompanying notes.

**Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2023**

	Note	Issued capital \$'000	Cash flow hedge reserve \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Retained earnings \$'000	Equity attributable to owners of IDP Education Limited \$'000	Non- controlling interests \$'000	Total \$'000
As at 1 July 2023		271,467	(2,283)	8,729	(1,539)	240,794	517,168	274	517,442
Change in the fair value of cash flow hedges, net of income tax		-	3,853	-	-	-	3,853	-	3,853
Exchange differences arising on translation of foreign operations		-	-	(15,637)	-	-	(15,637)	(18)	(15,655)
Profit for the half-year		-	-	-	-	97,170	97,170	220	97,390
Total comprehensive income for the period		-	3,853	(15,637)	-	97,170	85,386	202	85,588
Dividend paid to owners of IDP Education Limited	11	-	-	-	-	(55,667)	(55,667)	-	(55,667)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(216)	(216)
Share-based payments, net of tax		-	-	-	2,715	-	2,715	-	2,715
Issue of treasury shares to employees	10	10,199	-	-	(10,199)	-	-	-	-
As at 31 December 2023		281,666	1,570	(6,908)	(9,023)	282,297	549,602	260	549,862

The above statement should be read in conjunction with the accompanying notes.

**Condensed consolidated statement of cash flow
for the half-year ended 31 December 2023**

	Note	31 December 2023 \$'000	31 December 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		500,459	419,311
Payments to suppliers and employees		(420,477)	(365,828)
Interest received		1,851	1,447
Interest paid on borrowings		(7,706)	(2,312)
Interest on lease liabilities		(3,227)	(2,808)
Income tax paid		(52,013)	(31,324)
Net cash inflow from operating activities		18,887	18,486
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets and capitalised development costs		(19,300)	(11,448)
Payments for plant and equipment		(8,596)	(7,213)
Payments for acquisition of a subsidiary, net of cash acquired		-	(69,352)
Payments of deferred/contingent consideration for acquisition of a subsidiary		(21,555)	-
Payments for investment in term deposits		(13,227)	-
Dividends received from an associate		712	-
Payments for investment in associates		-	(4,254)
Net cash outflow from investing activities		(61,966)	(92,267)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		85,000	62,411
Repayments of borrowings		(7,500)	-
Repayment of lease liabilities		(12,618)	(11,329)
Dividends paid to owners of IDP Education Limited	11	(55,667)	(37,575)
Dividends paid to non-controlling interests		(216)	-
Net cash inflow from financing activities		8,999	13,507
Net decrease in cash and cash equivalents		(34,080)	(60,274)
Cash and cash equivalents at the beginning of the half-year		166,626	196,608
Effect of exchange rates on cash holdings in foreign currencies		(3,861)	(1,543)
Cash and cash equivalents at the end of the half-year		128,685	134,791

The above statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. Significant accounting policies

(i) Basis of preparation

The consolidated interim financial report for the half-year reporting period ended 31 December 2023 is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the consolidated interim financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2023, except for the impact of the Standards and Interpretations described in section (ii) below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Interim Financial Report and directors report are presented in Australian dollars and amounts have been rounded to the nearest thousand dollars, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

The consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by IDP Education Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(ii) New accounting standards and interpretations

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

The application of the amendments did not have a material impact on the Group's consolidated financial statements.

The Group is not in the scope of the Pillar Two top up tax being implemented in Australia (as it will apply to entities with revenue exceeding €750 million).

2. Segment information

Basis of segmentation

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Maker in assessing performance and determining the allocation of resources.

The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Group's operating segments comprise the geographic regions of:

- Asia – which includes Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Laos, Malaysia, Mauritius, Myanmar, Nepal, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, and Vietnam;
- Australasia – which includes Australia, Fiji, New Zealand and New Caledonia; and
- Rest of World – which includes Argentina, Azerbaijan, Bahrain, Brazil, Canada, Chile, Colombia, Cyprus, Ecuador, Egypt, Germany, Ghana, Greece, Iran, Ireland, Italy, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Mexico, Morocco, Nigeria, Oman, Pakistan, Peru, Poland, Qatar, Romania, Russia, Saudi Arabia, Spain, Switzerland, Turkey, Ukraine, Uruguay, Uzbekistan, the United Arab Emirates, the United Kingdom and United States of America.

The principal activities of each segment are provision of student placement services, International English Language Testing (IELTS) and English language teaching services.

Geographic segment revenue and results

	Segment revenue		Segment EBIT	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Asia	422,531	374,412	175,856	148,714
Australasia	24,966	21,697	2,753	1,404
Rest of World	131,593	105,692	31,892	27,919
Total	579,090	501,801	210,501	178,037
Corporate costs			(65,251)	(57,971)
Earnings Before Income and Tax			145,250	120,066
Net finance costs			(9,479)	(5,193)
Profit before tax			135,771	114,873

Service segment

The Group also uses a secondary segment which shows revenue and gross profit by service.

	Revenue		Gross profit	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Student placement and related services	287,533	199,279	234,925	163,346
IELTS examination	270,322	285,383	124,827	136,580
English language teaching	19,556	15,664	12,799	10,154
Other	1,679	1,475	1,307	1,041
Total	579,090	501,801	373,858	311,121

3. Revenue

The Group derives its revenue from the following major services.

	31 December 2023 \$'000	31 December 2022 \$'000
Student placement and related services	287,533	199,279
IELTS examination	270,322	285,383
English language teaching	19,556	15,664
Other	1,679	1,475
Total revenue	579,090	501,801
Point in time recognition	264,602	179,395
Over time recognition	314,488	322,406
Total revenue	579,090	501,801

4. Expenses

	31 December 2023 \$'000	31 December 2022 \$'000
Service providers fees	159,583	152,868
Employee benefits expenses	143,163	120,196
Marketing expenses	26,138	21,718
IT and communication expenses	21,472	15,721
Administrative expenses	16,740	10,886
Consultancy and professional expenses	11,877	12,043
Occupancy expenses	8,080	6,207
Travel expenses	5,773	5,500
Foreign exchange loss	7,766	9,247
Other expenses	5,291	3,420
	405,883	357,806

5. Income taxes

The income tax expense for the half-year can be reconciled to the accounting profit as follows:

	31 December 2023 \$'000	31 December 2022 \$'000
Profit before tax	135,771	114,873
Income tax expense calculated at 30% (December 2022: 30%)	40,731	34,462
<i>Adjusted for tax effects of:</i>		
Non-deductible expenses	718	269
Attributed Income	706	465
Unused tax losses, tax offsets and timing differences not recognised as deferred tax assets	306	169
Withholding taxes	49	178
Non-assessable income	(145)	(74)
Other deductible items	(991)	(692)
Adjustments recognised in relation to current tax of prior years	178	(495)
Adjustments recognised in relation to prior year deferred tax balances	(1,348)	28
Effect on deferred tax balances due to changes in income tax rates	(345)	-
Effect of different tax rates in foreign jurisdictions	(1,478)	(1,568)
Income tax expense recognised in profit or loss	38,381	32,742

6. Earnings per share

	31 December 2023		31 December 2022	
	Cents		Cents	
	Basic	Diluted	Basic	Diluted
Earnings per share	34.91	34.83	29.46	29.39
Earnings used in calculating earnings per share			31 December 2023	31 December 2022
			\$000	\$000
Earnings used in the calculation of basic and diluted earnings per share			97,170	82,006
Weighted average number of shares used as the denominator			31 December 2023	31 December 2022
Weighted average number of shares used in calculating basic EPS			278,336,211	278,336,211
Weighted average of potential dilutive ordinary shares				
- Performance rights			638,662	671,614
Weighted average number of shares used in calculating diluted EPS			278,974,873	279,007,825

7. Contract assets

	31 December 2023	30 June 2023
	\$'000	\$'000
Student placement services	195,862	108,678
Current	187,376	102,838
Non-current	8,486	5,840
	195,862	108,678

Contract assets represent amounts recognised as revenue for Student Placement services where the performance obligations have been satisfied however the services are yet to be invoiced in accordance with contractual terms with relevant customers.

Contract assets are reclassified to trade receivables upon once they are invoiced to the customer.

8. Intangible assets

Cost	Note	Software \$'000	Brand and trade names \$'000	Customer relationships \$'000	Website, platform and database \$'000	Goodwill \$'000	Contracts for English language testing \$'000	Total \$'000
Balance at 30 June 2023		73,522	16,057	23,728	7,710	259,587	209,823	590,427
Finalisation of business combination accounting	12	-	-	575	8,605	(5,670)	-	3,510
Additions		27	-	-	-	-	-	27
Transfer from capitalised development costs		14,623	-	-	-	-	-	14,623
Disposals		(45)	-	-	-	-	-	(45)
Effect of foreign currency exchange differences		(28)	(297)	(478)	(337)	(7,137)	(6,691)	(14,968)
Balance at 31 December 2023		88,099	15,760	23,825	15,978	246,780	203,132	593,574
Accumulated amortisation								
Balance at 30 June 2023		(36,340)	(573)	(7,640)	(7,710)	-	-	(52,263)
Amortisation for the period		(6,025)	-	-	-	-	-	(6,025)
Amortisation of intangible assets acquired in business combinations		-	(35)	(1,169)	(1,005)	-	-	(2,209)
Depreciation on disposal of assets		45	-	-	-	-	-	45
Effect of foreign currency exchange differences		10	-	176	153	-	-	339
Balance at 31 December 2023		(42,310)	(608)	(8,633)	(8,562)	-	-	(60,113)
Net Book Value								
At 30 June 2023		37,182	15,484	16,088	-	259,587	209,823	538,164
At 31 December 2023		45,789	15,152	15,192	7,416	246,780	203,132	533,461

As at 30 June 2023, the acquisition accounting for The Ambassador Platform was completed on a provisional basis. During the current half-year period, the acquisition accounting has been finalised. As a result, technology platform of \$8.6m, customer relationships of \$0.6m and related deferred tax liabilities of \$2.3m have been recognised with a net reduction in goodwill of \$5.7m.

Refer to note 12 for the further details.

Impairment testing

No impairment indicators were identified as at 31 December 2023.

9. Borrowings

	31 December 2023	30 June 2023
Non-current	\$'000	\$'000
Bank loans	284,905	209,004

During the current half-year period, \$77.5m (net) was drawn down to fund the deferred consideration for the acquisition of Intake Group and working capital requirements. The Group also completed the refinance of its borrowing facilities in December 2023 which resulted in an increase in limit and an extension of their maturity to December 2026 and December 2028 as set out below:

	Currency	31 December 2023	30 June 2023
		\$'000	\$'000
Cash Advance Facility A			
Facility utilised at end of period	AUD	209,156	209,156
Facility not utilised at end of period	AUD	150,844	-
Maturity date		31 December 2026 (\$180m) 31 December 2028 (\$180m)	31 December 2024
Cash Advance Facility B			
Facility utilised at end of period	AUD	77,500	-
Facility not utilised at end of period	AUD	7,700	75,000
Maturity date		31 December 2026 (\$42.6m) 31 December 2028 (\$42.6m)	31 December 2024

10. Issued capital

10.1 Share capital

	Note	31 December 2023	30 June 2023
		\$'000	\$'000
Ordinary shares fully paid		282,369	282,369
Treasury shares	10.2	(703)	(10,902)
		281,666	271,467

Movement in ordinary shares (fully paid)	Number of shares	\$'000
Balance at 30 June 2023 (including treasury shares)	278,336,211	282,369
Addition	-	-
Balance at 31 December 2023 (including treasury shares)	278,336,211	282,369

10.2 Treasury shares

Movement in treasury shares	Number of shares	\$ per share	\$'000
Balance at 30 June 2023	420,542		10,902
Transfer to employees	(394,388)	25.86	(10,199)
Balance at 31 December 2023	26,154		703

During the half-year, 394,388 treasury shares were transferred to employees under the performance rights plans. These shares therefore ceased to be held as treasury shares after these dates.

As at 31 December 2023, there were 26,154 treasury shares held in the Trust. These shares will be transferred to eligible employees under the Performance Rights plan once the vesting conditions are met.

11. Dividends

11.1 Dividends paid

Fully ordinary shares	31 December 2023		31 December 2022	
	cents per share	Total \$'000	cents per share	Total \$'000
Final dividend paid in respect of prior financial year –17.0% (2022: 14%) franked	20	55,667	13.5	37,575

The final dividend of 20 cents per share franked at 17% for the financial year ended 30 June 2023 was declared on 22 August 2023 to shareholders registered on 5 September 2023. The dividend was paid on 28 September 2023.

11.2 Dividends proposed and not recognised at the end of the reporting period

An interim dividend of 25 cents per share franked at 77% was declared on 13 February 2024, payable on 27 March 2024 to shareholders registered on 8 March 2024. This dividend has not been included as a liability in the financial statements. The total estimated dividend to be paid is \$69.6m.

12. Business Combination

Acquisition of The Ambassador Platform

On 23 May 2023, IDP acquired 100% of The Ambassador Platform. The purchase consideration comprised \$12.1m as a cash payment at the settlement date. An additional contingent consideration up to \$4.4m will be paid in cash on the first anniversary of the settlement date subject to a number of conditions.

As at 30 June 2023, the acquisition accounting for The Ambassador Platform was provisional. The Group were in the process of identifying and measuring the fair value of acquired net assets, including the fair value of the acquired technology platform. Provisional goodwill of \$16.1m was recognised as at 30 June 2023.

During the current financial period, the acquisition accounting for The Ambassador Platform has been finalised. As a result, technology platform assets of \$8.6m, customer relationships of \$0.6m and related deferred tax liabilities of \$2.3m have been recognised with a net reduction in goodwill of \$5.7m. Technology platform is amortised over five years and customer relationships is amortised over three years.

The final goodwill balance of \$10.5m represents the value attributable to synergies from combining operations of the acquiree and the acquirer with respect to the student placement business.

Details of the consideration and fair value of assets and liabilities acquired are as follows:

	\$'000
Cash consideration paid on the settlement date	12,115
Present value of contingent consideration payable	3,546
Total purchase consideration	15,661
Less: fair value of net identifiable assets acquired	5,190
Goodwill on acquisition	10,471

12. Business Combination (Continued)

The fair value of assets and liabilities arising from the acquisition at acquisition date are as follows:

	\$'000
Cash and cash equivalents	357
Receivables and other current assets	302
Property, plant and equipment	13
Technology platform	8,605
Customer relationships	575
Total assets	9,852
Payables and other current liabilities	(2,367)
Deferred tax liabilities	(2,295)
Total liabilities	(4,662)
Net identifiable assets acquired	5,190

13. Contingent liabilities

The Group operates in many countries across the world, each with separate taxation laws/regulations and authorities. Whilst the Group's most significant tax jurisdictions are Australia and India, the global nature of the Group's operations result in significant complexity in managing the Group's tax affairs.

From time to time, the Group is subject to both formal and informal reviews by various tax authorities. The outcome of any tax review or audit cannot be determined in advance with an acceptable degree of certainty. As at 31 December 2023, the Consolidated Statement of Financial Position reflects the Group's best estimate of all known taxation liabilities arising from completed and ongoing reviews. The Group is taking reasonable steps to progress and conclude all open reviews with the relevant tax authorities.

The Group has historically been party to an Indian Service Tax matter and currently has open Indian GST matters which are subject to legal proceedings and reviews by Indian tax authorities in the ordinary course of business.

In relation to the Indian Service Tax matter, the matter related to the application of Indian Service Tax for the period 1 April 2014 to 30 June 2017 (the date Service Tax ceased in India). In October 2021, the Indian Federal Customs, Excise & Service Tax Appellate Tribunal adjudicated on this matter for the period 1 April 2014 to 30 September 2015 in IDP's favour and the formal appeal deadline for the tax authority has passed. No review activities have been undertaken by the Indian tax authorities in relation to the remaining period 1 October 2015 to 30 June 2017 since receiving this favourable outcome. As a result, the Group has concluded that a cash outflow for the remaining period is remote and not considered as a contingent liability.

In relation to the Indian GST matters, the matters in dispute relate to the application of GST from the date of its introduction in India on 1 July 2017 to the current balance date. The matters are similar in nature to the matter adjudicated for Indian Service Tax, as discussed above. The GST matters are at various stages of review by State-based tax authorities, pending the establishment and commencement of relevant State-based GST Tribunals intended to adjudicate on such matters. During the current period the Group also received an 'Intimation of Tax' notice in relation to this matter from the Directorate General of GST Intelligence (DGGI), India's central board for indirect taxes and customs, covering the period 1 July 2017 to 31 December 2022.

As at 31 December 2023, the Group expects to achieve a favourable outcome in relation to the GST matters, with reference to advice from external tax advisors and legal counsel in India, guidance issued by the Indian Central Tax Authority and the favourable adjudication received from the Federal Indian Customs, Excise & Service Tax Appellate Tribunal for Indian Service Tax. Whilst the GST matters remain in dispute, the Group has concluded that it is not probable that a cash outflow will be required. As a result, the GST matters are considered to be contingent liabilities, with no provision recognised as at 31 December 2023.

The Group's best estimate of potential exposure, in the event that IDP were to be unsuccessful in relation to the GST matters in all States, including potential interest and penalties, is estimated at \$60.1m (June 2023: \$41.0m).

The increase of \$19.1m since June 2023 is due to the continuation of ordinary business operations, including an additional six months of potential interest (\$6.8m) and, as a result of the notice issued by the DGGI, the inclusion of amounts related to States who have previously accepted IDP's position on the application of GST (\$12.3m).

As at 31 December 2023, the Group holds tax deposits of \$20.2m (June 2023: \$21.3m) which are held as a non-current asset in the Statement of Financial Position. The Group expects to receive these amounts as a refund from relevant State tax authorities or, in the event IDP is unsuccessful, use these amounts to satisfy any possible future obligation applied by relevant tax authorities.

14. Subsequent events

There have been no matters or circumstances occurring subsequent to the end of the period half year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

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Directors' declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the financial statements and notes thereto set out on pages 8 to 22 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.

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



Peter Polson
Chairman



Tennealle O'Shannessy
Managing Director

Melbourne

13 February 2024

Independent Auditor's Review Report to the members of IDP Education Limited

Conclusion

We have reviewed the half-year financial report of IDP Education Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, and the condensed consolidated statement of profit and loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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 Half-year Financial Report* section of our report. We are independent of the Group in accordance with 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2023 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.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Travis Simkin

Travis Simkin
Partner
Chartered Accountants
Melbourne, 13 February 2024

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Corporate Directory

Directors

Peter Polson
Chairman

Tennealle O'Shannessy
Managing Director and Chief Executive Officer

Ariane Barker

Andrew Barkla

Tracey Horton AO

Chris Leptos AO

Professor Colin Stirling

Michelle Tredenick

Greg West

Secretary

Ashley Warmbrand

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Stock exchange listing

IDP Education Limited shares are listed on the Australian Securities Exchange (Listing code: IEL)

Website

www.idp.com

ABN

59 117 676 463