IDP Education

Annual Report 2023

Realising global opportunities

As an industry leader in international education, IDP continues to play a pivotal role in shaping the future of our sector.

With a commitment to transforming the industry for our customers, clients and teams, our vision remains clear: to realise global opportunities for individuals worldwide.

Contents

FY23 at a glance

Student placement volumes

84,600

Student placement volumes rose 53 per cent to a record level, with all destination markets performing strongly. Notably, Australian placements increased by 77 per cent to reach 35,400.

FastLane offers

17,500

During the year, more than 17,500 students received formal course offers after using the IDP Live app's innovative FastLane feature. FastLane generated 50,000 student profiles and now offers access to 4,200 courses.

Total IDP IELTS tests administered

1.93m

In FY23, IDP administered a record-breaking number of International English Language Testing System (IELTS) tests as customers around the world embraced new ways to take the world-leading English test.

Downloads of IELTS by IDP

815,000

Just over a year after its launch, IELTS by IDP has already surpassed 815,000 downloads. The free app enables test takers to prepare for test day and receive their results in one central portal.

IDP appoints new CEO and Non-Executive Directors

In FY23, we appointed Tennealle O'Shannessy as our new Chief Executive Officer and Managing Director. We also welcomed Tracey Horton, AO, and Michelle Tredenick to our Board as Non-Executive Directors.

Record revenue

$982m

Our revenue increased by 24 per cent compared to FY22, reflecting strong global demand for international education and our commitment to our long-term strategy.

Expanding our physical and digital scale

We grew our capability and physical footprint through two important acquisitions in FY23: Intake Education, a leading international education organisation, and The Ambassador Platform, a UK-based student peer-to-peer platform.

Strong EBIT (Adjusted) growth

40%

In FY23, our Adjusted Earnings Before Interest and Tax (EBIT) was $228 million, an increase of 40 per cent compared to FY22.

> I have been a part of IDP for nearly 15 years and every day I am driven by the support and encouragement I receive from our leadership and our wonderful teams as we grow and reach new heights together.

Mahmoud Abdelaziz (left)
Associate Director IELTS Operations, on receiving an award from Sabry Shehata (right), Country Director Kingdom of Saudi Arabia and Egypt

A message from our Chair and Chief Executive Officer and Managing Director

Peter Polson
Chair

Tennealle O'Shannessy
Chief Executive Officer and Managing Director

Record performance, realising global opportunities

Dear shareholders,

Over the past year, we have seen a strong return to international study and migration. As we have done for 50 years, IDP continues to support students and skilled migrants to pursue their dreams of studying, working and living abroad.

The world has continued to open up following the pandemic, and increasingly our customers are pursuing their aspirations for international study and work. In FY23, we achieved some of our best results yet. We helped more students and test takers than ever before, and delivered record performance across all key financial and operating metrics.

Our strong performance reflects our position as a leader in the international education services sector. We achieved record revenue of $982 million, a 24 per cent increase on FY22, driven primarily by our student placement business.

In FY23, we helped enrol students into 84,600 courses, a 53 per cent increase on FY22. Australia remained our largest market, with Canada, the UK and the USA all growing to their highest-ever volumes. Even with our growing scale and volume, our customers are increasingly pleased with our service. This is reflected through an increase in our student Net Promoter Score (NPS) of 13 points over the past four years.

IDP administered 1.93 million IELTS tests, a company record, and a one per cent increase on the previous year.

From a profitability perspective, we recorded $228 million in Adjusted Earnings Before Interest & Tax (EBIT)[1] this year, a 40 per cent increase from FY22. Our Adjusted Net Profit After Tax (NPAT)[1] reached $154 million, a new company record, and 45 per cent higher than FY22.

These results demonstrate that our strategy is compelling, and we are executing it well.

At IDP, we open doors to life-changing opportunities, helping people get into their ideal course, prove their English skills or learn English in our schools.

We aim to transform the global industry for our customers, clients and teams. We pride ourselves on delivering exceptional experiences and providing fair and equitable access to our products and services.

Reinventing the student placement model

Our student placement strategy is focused on delivering differentiated customer experiences on an unmatched digital and physical scale. We are doing this by leveraging our unique data assets to create products and services that allow us to both delight our customers and increase productivity.

We have continued to grow our presence. In November 2022, IDP acquired Intake Education, expanding and strengthening our student placement operations in the African nations of Ghana, Kenya and Nigeria. It also strengthened our presence in Taiwan, Thailand, India and Philippines.

Including the Intake acquisition, we added 46 new offices in countries including India, Nigeria, Pakistan, Philippines, Thailand and Vietnam. We also opened a sixth campus for the Australian Centre for Education (ACE) in Cambodia.

Our responsible and sophisticated use of technology helps us improve productivity and customer experience. More than 60 per cent of applications are now managed

1. Adjusted EBIT and NPAT exclude merger and acquisition expenses which related to the acquisition and integration of Intake Education and The Ambassador Platform in FY23, the acquisition of the British Council's Indian IELTS operations in FY22 and consultancy and professional expenses incurred in the shareholders' restructure project in FY22. It also excludes acquired intangible amortisation.

Trust is at the heart of our relationships. It is our ambition to be the trusted partner that people want to work with and for.

through centralised application processing hubs, freeing up our counsellors to spend more time with students on important conversations.

Innovative products, such as IDP Live and FastLane, are enabling us to provide faster, more personalised experiences for students.

The IDP Live app was downloaded more than 860,000 times in FY23. FastLane built momentum throughout the year, with 17,500 students receiving a formal offer after using the FastLane process. Over 4,200 courses are now available from more than 90 clients.

Leading English language testing

Our English language testing business, IELTS, is the world's most recognised, reliable and secure English language test, using both expert human examiners and digital technology for the best customer experience. We aim to make it even more accessible.

Our strategy is focused on leveraging our brand leadership, extensive physical and digital distribution, differentiating our product offering and building our community.

We offer an unmatched product range and global footprint. IDP administers IELTS across more than 80 countries and 2,100 locations. We provide choice of paper-based, computer-based and online formats of the test.

In FY23, we rolled out IELTS Online, which is now available in more than 50 countries, with new countries being added regularly. We also launched IELTS One Skill Retake, a unique offering in the high-stakes English language testing industry, which will continue to be introduced globally throughout FY24.

Teaching English language

Our English language schools in Cambodia and Vietnam enrolled students into 94,300 courses in FY23. ACE in Cambodia celebrated its 30th anniversary, having empowered more than 700,000 global learners and leaders since 1992.

Service excellence

At IDP, we are improving our customer experience by enhancing our human connections through technology, data and insights.

An example of this is our acquisition of The Ambassador Platform, a technology platform that connects prospective students with current or past students to help them gain a more complete picture of what it is like to study and live abroad. From a university perspective, the platform enables higher education providers to amplify their students' voices in marketing and recruitment campaigns.

This acquisition is one of many ways we are investing in new technologies and digital innovation to deliver beyond expectations and help students achieve global success. It is also another point of difference we can offer our student customers and university clients.

Our IDP Connect business uses data and insights collected over many years to provide our clients and partners with a strong understanding of the needs of students, informing their planning and decision making.

Our latest research, Emerging Futures 3 (March 2023), conducted by IDP Connect, was our most comprehensive to date, gathering insights from more than 21,000 prospective and current international students.

A message from our Chair and Chief Executive Officer and Managing Director continued

The survey shows that competition between destinations is fierce, and with half of the respondents being first-time travellers, it highlights our responsibility and duty of care to the students.

Our duty of care is central to our culture, and this year, we have made significant investments in supporting students both offshore and onshore. We have been trialling a program called 'Thrive' in Australia. It fosters a sense of connection for students when they arrive at their destination and provides them with somewhere to turn to when in need.

Trusted partner

Trust is at the heart of our relationships. It is our ambition to be the trusted partner that people want to work with and for.

For over 50 years, we have been committed to putting students first by providing unbiased advice. At the heart of our approach lies the trusted relationship between our counsellors, students and their families.

Fast-forward to 2023, IDP is leading the transformation of our industry, driven by technology to enhance the human connection. This enables us to offer more tailored recommendations, fast-track the student application process and deliver a high-quality experience for test takers.

Our responsible and sophisticated use of data science and technology, combined with our network of more than 2,300 highly skilled and trusted counsellors, enables us to offer a unique proposition to our customers.

Our counsellors are highly trained experts that operate to the highest level of integrity. Our customers can trust that our counsellors adhere to the highest ethical standards, wherever in the world they engage with IDP.

Our test takers choose IELTS because it is the world's most trusted test of English language proficiency. At every step, we integrate security and integrity measures so that recognising organisations can trust that IELTS results are a true indicator of a person's English language ability.

We actively listen to our customers and potential customers to better understand what is important to them. We use these insights to build and improve our own business and support our clients in building their businesses too.

Driving sustainability

It is important to us that our operations have a positive impact on the people we do business with and the communities we serve. While we have been evolving our corporate responsibility activities for several years now, in the past 12 months, we have been establishing a framework that integrates our strategy and actions across our network.

We completed our first comprehensive materiality assessment, which has provided valuable insights into setting our agenda for the coming years. It is clear to us that our sustainability strategy aligns with our business priorities and is an integral part of our way of operating.

Our sustainability strategy focuses on addressing the most significant topics, meeting stakeholder expectations and contributing to the UN Sustainable Development Goals.

In this year's annual report, we outline our business and sustainability strategies and share how we have implemented and continue to implement them.

Recognition and achievements

In March, IDP was delighted to be recognised by the Workplace Gender Equality Agency (WGEA) as an Employer of Choice for Gender Equality in Australia. This citation recognises employers who are committed to making positive, measurable improvements in workplace gender equality.

Furthermore, we are proud to be officially recognised as a Great Place to Work in Australia, India and Sri Lanka by Great Place to Work®, recognising our outstanding workplace culture.

We would like to take this time to thank and acknowledge our teams for rising to the challenge and delivering on our commitments to make every opportunity a success.

As the world reopens and global mobility is rebounding, new challenges and opportunities will arise. We are confident that our people, customers and industry are ready to embrace them.

The IDP Board and management would like to sincerely thank Murray Walton for fulfilling the role of interim CEO during the transition period after Andrew Barkla stepped down. Tennealle O'Shannessy started with us in February 2023, and joins Tracey Horton AO and Michelle Tredenick as new members of the IDP Board.

To our stakeholders and shareholders, we appreciate your ongoing commitment as we continue to transform IDP into the world's leading provider of international education services. We still have many more ambitious goals to achieve, and we welcome your ongoing support.

We are proud that we can contribute to creating smarter, wealthier and more diverse communities by providing access to global study and career opportunities.

Peter Polson
Chair

Tennealle O'Shannessy
Chief Executive Officer and Managing Director

> What I love most about working at IDP is the incredible people, the many growth opportunities and the inclusive culture. It allows me to pursue my passion for international education.

Jessica Jonan
IELTS Digital Marketing Coordinator

From student exchange to a fulfilling career

Meet Jessica, a former student of Widya Mandala Catholic University in Surabaya, Indonesia. Inspired by an unforgettable IDP student exchange program and study abroad experience, Jessica now works for IDP as an IELTS Digital Marketing Coordinator.

"My journey with IDP has been truly amazing. It all began when I discovered IDP through my university's partnership with IDP Indonesia, offering student exchange programs to Australia, Canada and the UK. Participating in a summer school program at Australian Catholic University through IDP left a lasting impression on me.

A few years later, when I decided to pursue a master's degree and shift my career path, I knew that I would be in good hands with IDP.

Throughout my study abroad journey, IDP's assistance was invaluable. With a clear vision of my desired university and course, IDP guided me through the application process and helped me prepare for my IELTS test. Their support was especially helpful as I juggled a full-time job in Jakarta and had limited time to spare.

Studying abroad had a very positive impact on my personal growth. It shaped me into a more independent and cosmopolitan individual. The skills I gained during my study abroad experience, including resourcefulness, socialising in diverse settings and effective time management, have proven invaluable in my current role as IELTS Digital Marketing Coordinator at IDP.

What I love most about working at IDP is the incredible people, the many growth opportunities and the inclusive culture. It allows me to pursue my passion for international education by sharing my story and assisting other students who face similar challenges and uncertainties."

About IDP

> Our teams stand by our customers every day, guiding them through each step of their journey – from researching courses and preparing for IELTS tests to embarking on their dream study, career or life abroad.

Realising global opportunities

IDP is a leader in international education services, committed to realising global opportunities for individuals worldwide.

As an Australian-listed company, we operate in more than 80 countries around the world, empowering people to achieve their global study, work and migration goals.

We specialise in combining human expertise with our leading technology to help individuals gain admission to their ideal course, take an English language test or learn English in our schools.

Our teams stand by our customers every day, guiding them through each step of their journey – from researching courses and preparing for IELTS tests to embarking on their dream study, career or life abroad.

Organisations worldwide rely on our data and insights to ensure decisions are informed by the diverse goals, desires, challenges and needs of our customers.

Above all, we are proud of our people who are united in their purpose of transforming the global education services industry and helping our customers realise opportunities around the world.

About IDP continued

> With our global expertise, trusted human relationships and data-driven insights, we specialise in matching universities, colleges and schools with the right students worldwide.

A comprehensive range of services

As a leader in international education, IDP's services include student placement, English language testing, English language teaching and digital marketing and data insights.

Student placement

Our student placement service operates on a simple premise: international education thrives when students are matched with the right country, the right course and the right support system.

Students are at the core of our business. We are the only organisation that stands by students throughout their entire journey, from their initial course search to settling into their new country.

Our student-first approach is reinforced by our extensive network of partnerships with more than 800 institutions across Australia, Canada, Ireland, New Zealand, the UK and the USA. This collaboration provides students with unparalleled access to a wide range of high-quality educational options.

Our commitment doesn't end there. With a team of 2,300 trusted education counsellors worldwide and the support of our global digital platform, we enable students to connect with life-changing study opportunities. This unique combination of human expertise and technology ensures the best matches for both students and partners.

English language testing

IDP is a proud co-owner of IELTS, the world's most popular English language test for study, work and migration. For more than 35 years, IELTS has been a pioneering force in the industry, and we continue to lead the sector today.

We believe in using technology to enhance human connection, rather than replace it. We offer test takers the unique flexibility to choose between paper, computer or online options, setting us apart from other high-stakes tests.

With an IELTS score, test takers can showcase their language proficiency and abilities and access more than 11,500 organisations worldwide – from education institutions and employers to government and professional bodies.

IDP ensures widespread accessibility by providing IELTS in more than 2,100 test locations across 80 countries, including 400 IELTS on computer test centres.

English language teaching

In addition to English language testing, IDP offers a range of services to support English language learners.

The Australian Centre for Education (ACE) is a leading provider of English language teaching services in Cambodia and Southeast Asia. They offer study programs for students of all ages, from primary years to working professionals. ACE provides three study options: face-to-face, virtual and blended.

In Vietnam, the Australian Centre for Education and Training (ACET) is IDP's English language teaching college. ACET has campuses across Hanoi and Ho Chi Minh City and offers English courses for different purposes, including General English and Academic English.

Both ACE and ACET are respected institutions dedicated to delivering excellent English language education and helping students succeed academically, professionally and personally.

Digital marketing and data insights

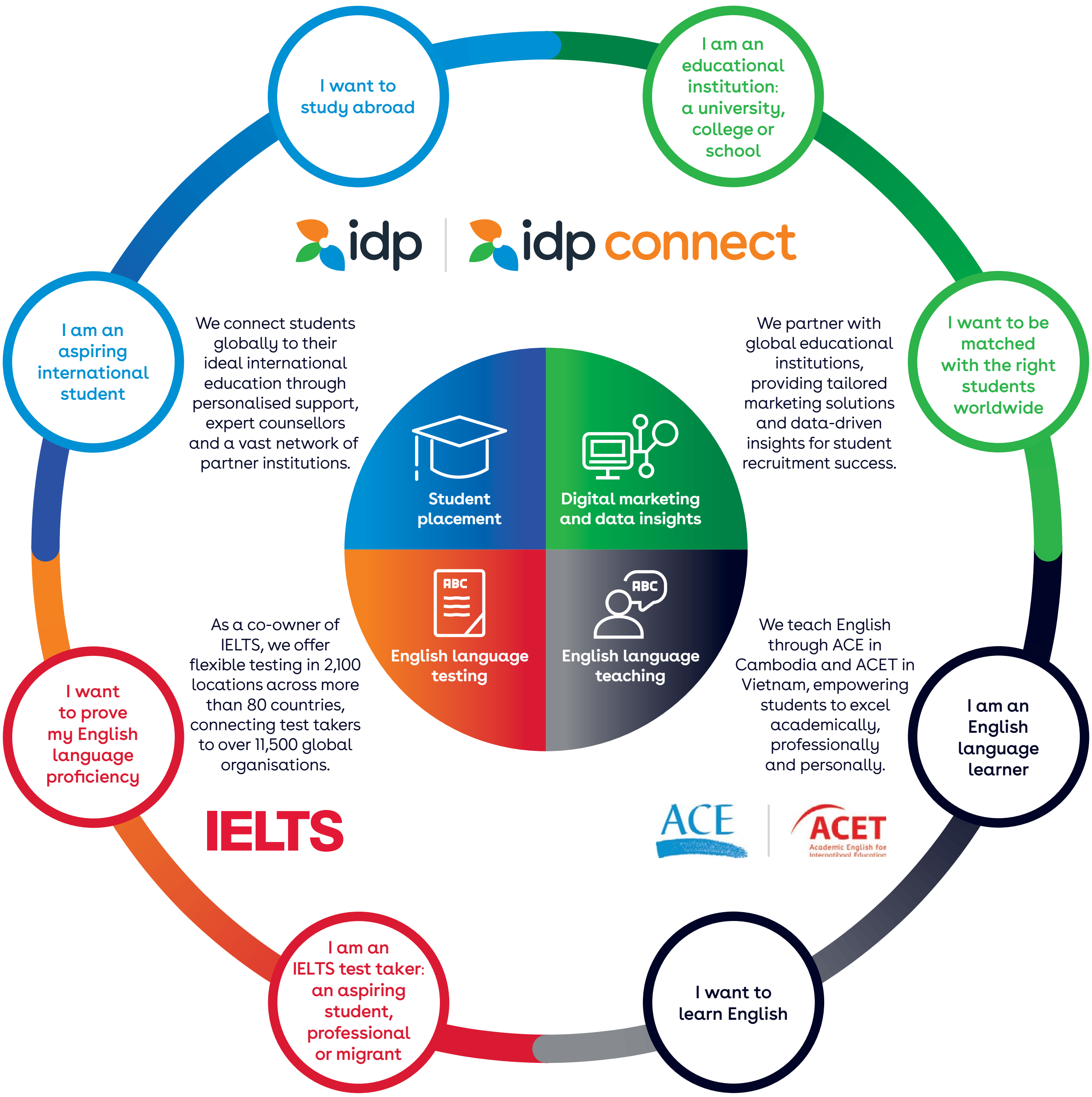
IDP Connect, a division of IDP, is the strategic partner of choice for institutions looking to connect with engaged student communities.

With our global expertise, trusted human relationships and data-driven insights, we specialise in matching universities, colleges and schools with the right students worldwide.

We understand that our client and sector partners face unique challenges. To provide support, we offer customised marketing and data insights solutions designed to address their specific needs. By leveraging our extensive data set of real-time student behaviour, market knowledge and global reach, we provide the necessary tools and insights for strategic planning and success.

Our primary objective is to help our partners achieve their recruitment goals and thrive in the ever-changing landscape of international education.

Our customers and services



Delivering on our strategy

Transforming international education

With more than 50 years of experience, IDP has earned its reputation as a trusted partner that people aspire to work for and with.

Our success stems from our focus on building strong human relationships, which form the foundation of our business. We have been enhancing these strong personal connections through digital technology and a deep understanding of our customers, enabling us to deliver global opportunities to more students, test takers and clients.

Our customers are at the heart of our business. Our highly skilled and knowledgeable people are supported by the latest technology and insights to provide unmatched services turning local dreams into reality worldwide.

The trust we have with our students, test takers and clients, along with our reputation for quality service and advice, underpins our success.

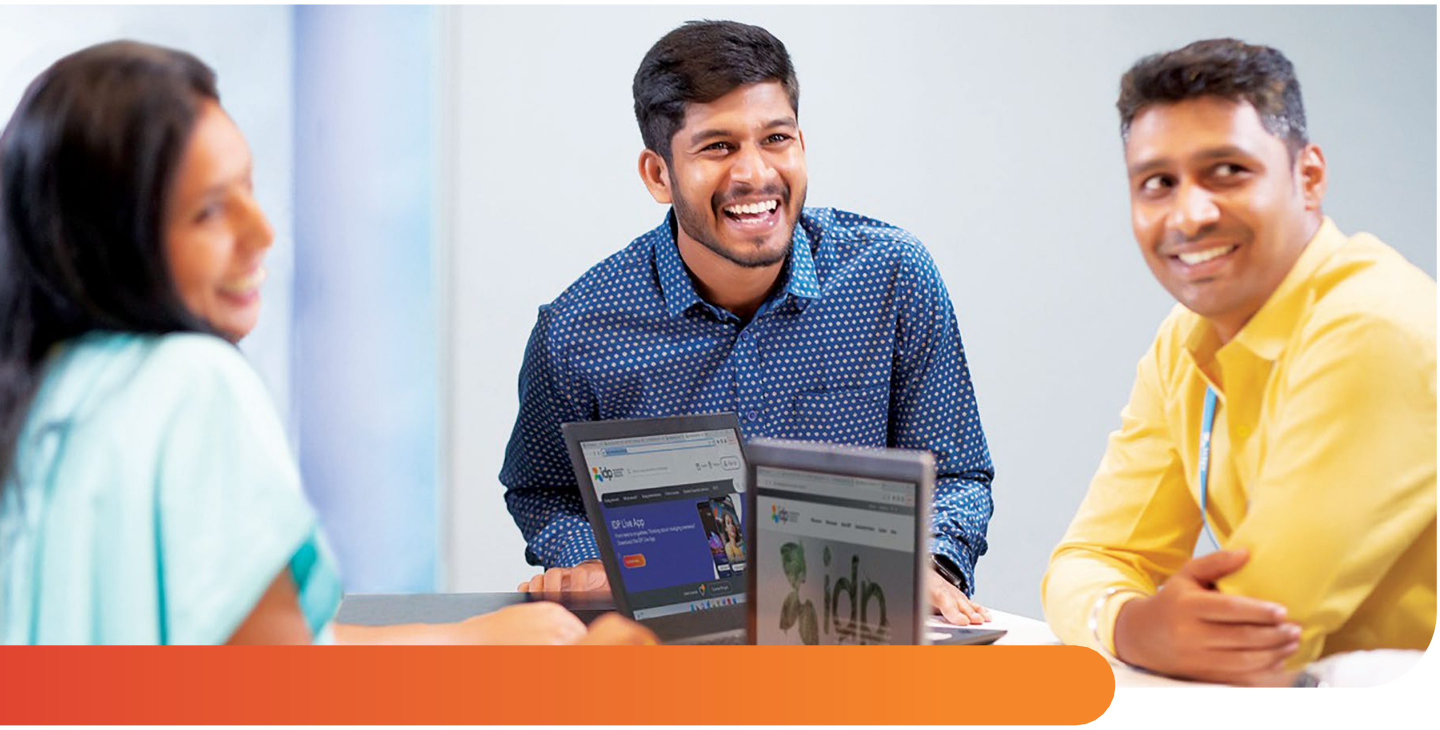
Shaping the future

Our aim is to continue transforming the industry, not just for our customers but also for our clients and teams. As an industry leader, IDP plays an important role in shaping the future of international education.

We recognise that providing global opportunities for individuals to achieve their aspirations comes with great responsibility.

In FY23, we refreshed our sustainability strategy to reflect our approach to addressing key sustainability and social challenges while upholding high governance standards. By incorporating sustainability principles into our operations, we aim to make a positive impact on the communities where we operate. You can read more about our sustainability strategy from page 21.

> “We recognise that providing global opportunities for individuals to achieve their aspirations comes with great responsibility.”



Connecting students to global opportunities

Our student placement strategy is focused on delivering a differentiated customer experience, powered by human connection and enhanced by technology.

We are doing this by leveraging our unique customer insights and digital capabilities to create services that allow us to both delight our customers and to increase productivity on an unmatched physical and digital scale.

Unmatched physical and digital scale

Our physical and digital reach continued to expand during the past year as we added 46 student placement offices to our network. The acquisition of Intake Education in late 2022 enabled us to accelerate our growth in key African markets as well as India, Philippines, Taiwan and Thailand.

We have also grown our digital presence. Our IDP Live app and innovative FastLane service have been instrumental in meeting the high demand for faster, more personalised and transparent information about study options, resulting in record student placement volumes in FY23.

The IDP Live app equips students with essential tools for their study abroad journey, including live chat with expert counsellors, university course search and our FastLane service.

FastLane matches students with suitable courses and also streamlines the university application process. We are focused on scaling FastLane and adding functionality over time to create additional unique features that delight our customers.

Building unique data assets

As we expand, we are growing our unique data assets which are becoming the most comprehensive data sets related to international education globally. These data assets are powering increasingly unique products and services and are helping us improve our productivity and our customers' experiences.

Today, we leverage data to power proprietary algorithms to drive real-time lead scoring and prioritisation to improve conversion, as well as next-best-action recommendations to enhance the productivity of our counsellors. We also provide sophisticated course and content recommendations to enhance the experience for our students.

Driving productivity

At the heart of our student placement business model are our 2,300 student placement counsellors who are passionately committed to providing aspiring students with trusted and independent advice on life-changing decisions.

We are investing in technology to provide our counsellors with more tools to enhance their advice and to make them more productive so they can spend more time with customers and less time on administrative tasks.

As an example of this, during FY23 we scaled our centralised application processing hubs. This investment alongside the deployment of our lead prioritisation algorithms underpinned a 24 per cent increase in counsellor productivity in FY23.

Differentiated customer experiences

At IDP, we put our customers first by listening to their needs and using insights to improve our decision-making. We also provide our clients with valuable information to empower them to make well-informed decisions.

To measure our success, we regularly survey our students to understand how we are performing, using Net Promoter Score (NPS). Over the past four years, even with our increasing scale, student NPS has improved significantly, increasing by 13 points. This demonstrates our continued commitment to better understanding and supporting students during their study abroad journey.

IDP Live provides students with a better experience, with those using the app rating three NPS points higher than those who are not using the app. Students who use FastLane have a better experience than those who don't by 11 NPS points.

In listening to our customers, we heard that they wanted to supplement the advice they were receiving from our counsellors with insights from their fellow students and university alumni. During FY23 we therefore acquired The Ambassador Platform, a technology platform that helps higher education institutions to connect their existing students to prospective students. By integrating the technology and functionality developed by The Ambassador Platform we aim to create a connected digital community that further enhances the differentiated customer experience that we aim to provide.

Delivering on our strategy continued

Enhancing the world's best and most trusted English language test

IELTS is the leading high-stakes English Language test. Secure, fair, accurate and reliable, IELTS is recognised by 11,500 organisations globally.

In FY23, almost four million IELTS tests were administered around the world, with IDP delivering more than 1.93 million of those tests.

Our strategy in English language testing is focused on leveraging IELTS' brand leadership, expanding our extensive physical and digital distribution, and differentiating our product offering.

IELTS offers the widest product range and unmatched global footprint. In FY23, we achieved significant milestones with the successful launch of IELTS Online and IELTS One Skill Retake, and exciting enhancements of the IELTS by IDP app.

IELTS Online allows test takers to conveniently complete their IELTS Academic test from a location of their choice.

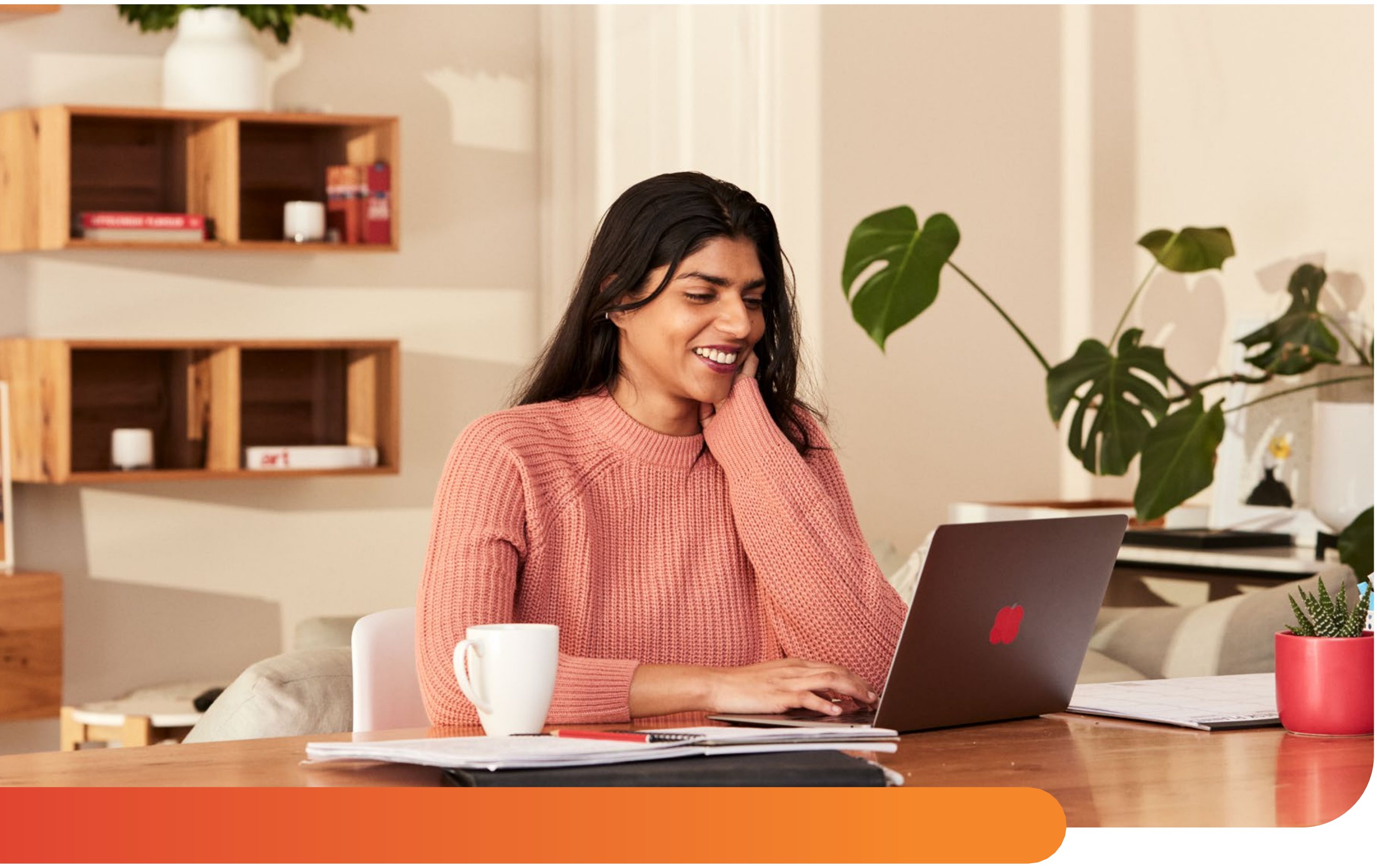
In FY23, the IELTS by IDP app was downloaded 815,000 times worldwide. One of its popular features is #MyIELTSResult, which enables test takers to proudly share their IELTS scores with their online community. In March, this feature achieved a milestone with 50,000 users.

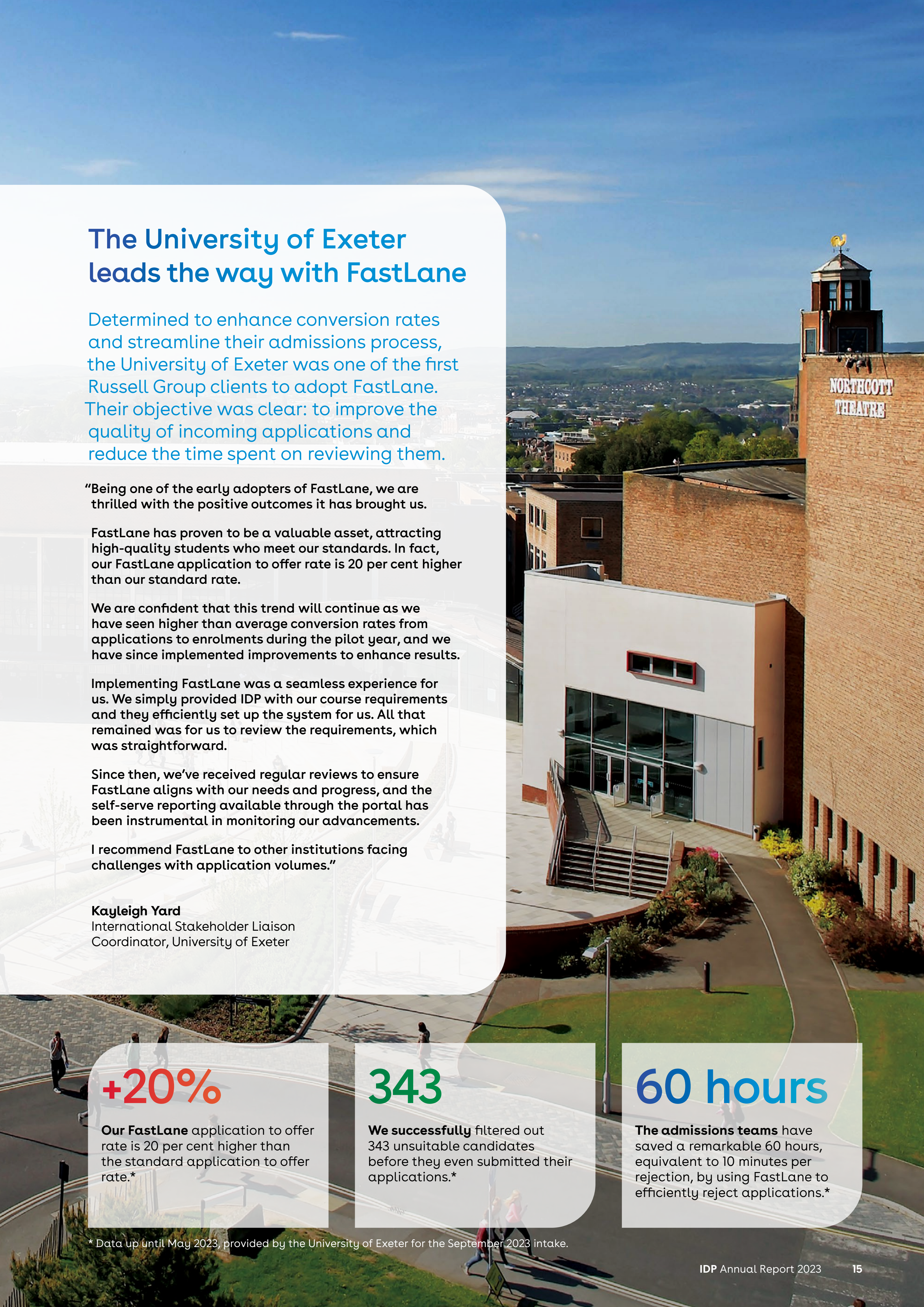
Customer-centric product innovation

We introduced IELTS One Skill Retake, offering test takers the opportunity to retake one of the four skills (Listening, Reading, Writing or Speaking) if they did not initially achieve their desired score. IELTS One Skill Retake meets the needs of test takers and industry partners, while also maintaining the integrity of our processes.

Underpinning the delivery of these new products has been the establishment of a new IELTS technology platform. The investment in this new technology platform has been a multi-year initiative jointly undertaken by IDP, the British Council and Cambridge Assessment – the co-owners of IELTS.

The roll-out and ongoing enhancement of this platform forms the foundation for future digital innovations, product development and streamlining of our IELTS operations.





The University of Exeter leads the way with FastLane

Determined to enhance conversion rates and streamline their admissions process, the University of Exeter was one of the first Russell Group clients to adopt FastLane. Their objective was clear: to improve the quality of incoming applications and reduce the time spent on reviewing them.

"Being one of the early adopters of FastLane, we are thrilled with the positive outcomes it has brought us.

FastLane has proven to be a valuable asset, attracting high-quality students who meet our standards. In fact, our FastLane application to offer rate is 20 per cent higher than our standard rate.

We are confident that this trend will continue as we have seen higher than average conversion rates from applications to enrolments during the pilot year, and we have since implemented improvements to enhance results.

Implementing FastLane was a seamless experience for us. We simply provided IDP with our course requirements and they efficiently set up the system for us. All that remained was for us to review the requirements, which was straightforward.

Since then, we've received regular reviews to ensure FastLane aligns with our needs and progress, and the self-serve reporting available through the portal has been instrumental in monitoring our advancements.

I recommend FastLane to other institutions facing challenges with application volumes."

Kayleigh Yard
International Stakeholder Liaison Coordinator, University of Exeter

+20%

Our FastLane application to offer rate is 20 per cent higher than the standard application to offer rate.*

343

We successfully filtered out 343 unsuitable candidates before they even submitted their applications.*

60 hours

The admissions teams have saved a remarkable 60 hours, equivalent to 10 minutes per rejection, by using FastLane to efficiently reject applications.*

* Data up until May 2023, provided by the University of Exeter for the September 2023 intake.

Realising the potential of our global team

Uniting our people through our diverse culture

IDP nurtures a culture that promotes inclusion and celebrates diversity. Our aim is to create an environment where we attract and retain great people, making IDP an even better place to work.

Growing future leaders

At IDP, we recognise and appreciate that our 6,800 people worldwide bring unique experiences and talents to our organisation. Our goal is to create a high-performance environment where everyone can thrive and contribute their strengths, driving our team's engagement, growth and overall success.

Our collective performance leads to overall business success. Everyone is encouraged to take charge of their own personal and professional growth, and we support this through a wide range of learning and development opportunities.

We do this by setting clear goals for teams, discussing achievements and exploring opportunities for development. We celebrate and acknowledge outstanding performance.

Just as we help our customers become future leaders, we nurture the next generation of global leaders within our business. We believe that everyone can be a leader and provide opportunities such as coaching and mentoring, training and workshops.

Each year, a small number of our people receive an Emerging Leaders Award, joining a prestigious leadership mentoring program. This includes mentorship sessions with our Global Leadership Team, access to high-quality learning resources and sponsorship for leadership development.

Our global workforce

Total permanent employees by gender and IDP regions

Region	Women (%)	Men (%)	Total employees (count)
Australasia Australia, New Zealand, Japan	66	34	134
Canada & LATAM Canada	57	43	44
Global shared services	44	56	770
IDP Connect Australia, UK, USA	61	39	153
MEA EU CIS Egypt, Nigeria, Oman, Pakistan, Saudi Arabia, Türkiye, United Arab Emirates	54	46	353
North Asia China, Hong Kong, Taiwan, South Korea	82	18	470
South Asia Bangladesh, India, Mauritius, Nepal, Sri Lanka	60	40	3,067
South East Asia Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam	63	37	1,560
Intake Education	64	36	255
TOTAL	**60**	**40**	**6,806**

Our commitment to 40:40 Vision

In 2021, IDP became a proud signatory to the 40:40 Vision, a firm step forward in our commitment to delivering a gender diverse leadership team.

The 40:40 Vision is an ambitious, investor-led initiative by HESTA, designed to drive structural change across ASX300 companies. The goal is to have women occupy at least 40 per cent of board, executive and senior leadership roles by 2030.

Progress towards our 40:40 Vision targets

Target	Status as at 30 June 2023	Actions
Gender balance in our Board of Directors by December 2023	We have four women on our eight-person Board.	The appointment of two new Non-Executive Directors in September 2022 led to the achievement of this target.
Gender balance in our Global Leadership Team by 2027	We have two women in our 12-person Global Leadership Team.	We continue to provide dedicated leadership coaching for women leaders identified for succession to the Global Leadership Team.
Gender balance in our senior leaders by 2030	63 of our 150 senior leadership roles globally are held by women.	While this target has been achieved, we continue to invest in our senior leaders to ensure the gender balance is maintained. This year, we developed and implemented our Talent Accelerator program to develop senior women for high-level operational and functional leadership roles. A successful two-day Women in Leadership workshop was also conducted for nine women in our Southeast Asia region.

Fostering culture and engagement

Our commitment to our core values of Community, Caring, Expertise, Integrity and Quality drives our teams to deliver outstanding service that truly makes a difference. These values are deeply ingrained in our organisation, reflected in our people, customers and work.

To measure engagement, IDP uses a listening strategy that addresses important issues throughout the employee lifecycle, catering to different country needs. While this approach allows for tailored initiatives at the local level, it provides a limited view on employee sentiment from a global perspective.

In FY24, we will review our methods for measuring employee satisfaction by introducing a baseline employee Net Promoter Score (e-NPS) for our global teams, building on the e-NPS currently used for our counsellors worldwide.

Promoting inclusion, diversity and equity

We embrace the diversity of our people, who in turn serve a broad range of customers and clients worldwide.

We are committed to respecting individual differences, fostering an inclusive environment where everyone feels a sense of belonging and ensuring fair and respectful treatment for all.

Our Inclusion, Diversity and Equity (IDE) program strives to make a positive impact on our global network. To understand different perspectives, we conducted a pilot program using the Global Diversity Equity and Inclusion Benchmarks (GDEIB) model in three countries. We learned that our people have varying views on IDE, with differences in maturity and IDE themes across regions, and our employees want to hear more about it from our Global Leadership Team.

Considering the pilot feedback, in FY24 we will continue to use the GDEIB model to establish a solid foundation for IDE with Global Leadership Team support. Additionally, we will launch a global engagement campaign to promote IDE throughout our network.

More information on our objectives, deliverables and progress towards achieving inclusion, diversity and equity in FY23 can be found in our Corporate Governance Statement: investors.idp.com

External recognition

WGEA Employer of Choice for Gender Equality

In March 2023, IDP was recognised by the Workplace Gender Equality Agency (WGEA) as an Employer of Choice for Gender Equality in Australia. This citation, which applies for two years, recognises employers with an active commitment to workplace gender equality.

Great Place to Work

In 2022, IDP became the first international education service provider in India to achieve Great Place to Work® certification. Continuing our success, IDP Australia and IDP Sri Lanka have now each been acknowledged as a Great Place to Work in 2023, further emphasising our exceptional work environment. We take immense pride in these accomplishments, showcasing our commitment to employee satisfaction.

Realising the potential of our global team continued

Welcoming Intake Education

In November 2022, we welcomed the Intake team to IDP.

Since then, we have made great progress in combining our two companies, with successful integrations already completed in India, Kenya and Philippines. The remaining countries and functions will be integrated by the end of 2023.

IDP and Intake share a common goal of helping individuals worldwide to achieve their lifelong international study goals. Through this acquisition, we have expanded our global presence while Intake's customers now have access to more course options in more locations.

The integration of IDP and Intake also brings benefits to our team members, who contribute a diverse range of cultures, experiences and expertise. This diversity creates opportunities for personal development and growth, fostering an environment where our people can work and learn alongside each other.

"The integration of IDP and Intake also brings benefits to our team members, who contribute a diverse range of cultures, experiences and expertise."

> I've been impressed by IDP's commitment to excellence, inclusivity, and teamwork during the integration process.

Doris Wei-Han
Head of Marketing, Intake Education

From integration comes professional growth

Doris, Intake Education's Head of Marketing, initially had some reservations about the IDP and Intake integration. However, witnessing the integration first-hand completely changed her perspective.

"As part of Intake's global marketing team, my role initially involved assisting marketers in various areas, including brand building and student communications. Since the integration, my role has expanded to overseeing brand transition campaigns and acting as a liaison between IDP's Digital Experience team and Intake.

The impact has been significant. Our workflows have been transformed, elevating our services to new heights. Collaboration between teams has been remarkable, fostering open communication and efficient problem-solving. Our processes are now streamlined, leading to improved speed and client service.

On a personal level, this integration has advanced my professional growth. Collaborating with talented individuals from IDP and Intake has broadened my perspectives and provided invaluable learning opportunities. The support from management and colleagues at IDP and Intake has been exceptional throughout the brand transition.

I've been impressed by IDP's commitment to excellence, inclusivity, and teamwork during the integration process. The culture encourages a collaborative and supportive environment, where ideas are freely shared, and open communication fosters responsibility and trust.

Moreover, the integration will allow us to expand our services, especially in the African market, by leveraging innovative digital tools and the support of regional teams. We remain dedicated to staying at the forefront of branding, digital marketing innovation and technology."

> My counsellor, Madhavi, was incredibly helpful throughout the process, even after she transitioned to a senior position.

Anneshwa Dey
Doctor of Philosophy PhD student,
Australian National University

Studying abroad made simple

Anneshwa's study abroad journey began when she discovered IDP during her research, and attended a seminar with top Australian and New Zealand universities. Visiting the IDP Chennai office shortly after set her on a smooth path to success.

"Motivated by my aspiration to study at a prestigious institution and experience life outside of India, I chose IDP to assist me. My counsellor, Madhavi, was incredibly helpful throughout the process, even after she transitioned to a senior position. The information session IDP provided was very helpful, and the fact that it was free was the icing on the cake.

Working with IDP was seamless. They efficiently handled most tasks, and whenever they couldn't help directly, they connected me with the right contacts. One challenge arose when my education loan took longer, but IDP swiftly guided me to a solution, ensuring I could contact the right people at the Australian National University (ANU) and postpone my deposit deadline.

Studying abroad has transformed me academically and personally. It has propelled me towards my goal of completing a PhD and embarking on an academic career, while also nurturing my resilience during the pandemic.

I have already recommended IDP to several friends. Moving abroad and navigating the financial aspects can be daunting, especially when dealing with paperwork. IDP took that burden off my shoulders and supported me consistently throughout the entire process. My goal now is to secure a permanent position in academia, and I'm confident my ANU PhD will be a strong foundation.

In summary, my experience with IDP, their counsellors and studying abroad was exceptional. They are the go-to resource for anyone considering studying abroad. Thank you, IDP, for bringing me one step closer to making my dreams a reality."

Driving sustainability at IDP

Empowering change

At IDP, we believe in harnessing the power of international education to drive positive change, and our sustainability framework reflects this belief.

Our refreshed sustainability strategy aims to focus our attention in areas where we can have the greatest social impact and leverage opportunities, while also acknowledging the global challenges and the increasing complexity of the environmental, social and governance (ESG) landscape.

Establishing the foundation

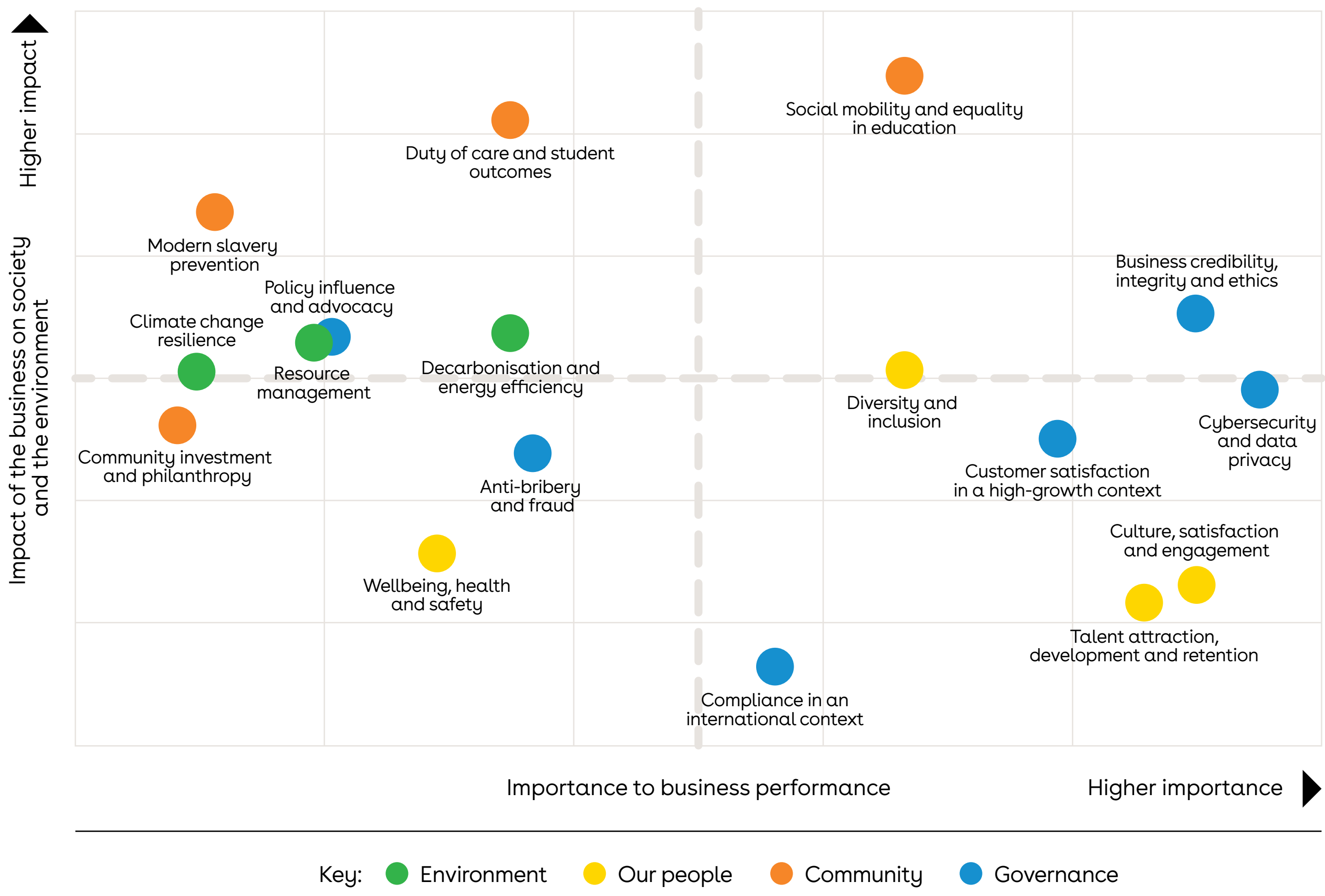
While we have been undertaking sustainability initiatives across our business for many years, this year we focused on better defining our sustainability strategy.

To establish a strong foundation, we collaborated with a third party to conduct a comprehensive materiality assessment. This assessment identified the most crucial sustainability topics that are relevant to our global strategy and our key stakeholders.

Our approach was guided by recognised ESG reporting frameworks such as Global Reporting Initiative (GRI) Standards, the International Sustainability Standards Board (ISSB) and the UN Sustainable Development Goals, considering both financial and societal impacts through the concept of 'double materiality'.

We invited stakeholders across our value chain and senior leaders within our global network to participate. From this assessment, we prioritised 17 material topics which are most important to IDP and our stakeholders, as shown below.

Materiality matrix



Driving sustainability at IDP continued

Our approach to sustainability

At IDP, our approach to sustainability is embedded in our purpose: realising global opportunities for individuals worldwide. With our expanding global reach and dedicated team of experts, we are able to extend this impact to more people across the world.

We recognise that to fulfil our purpose and achieve our business objectives, we need to actively contribute to a more sustainable future for our customers, clients and teams, while also delivering value to our shareholders.

We have structured our sustainability strategy around three pillars, each with specific goals. These pillars highlight our dedication to managing sustainability impacts and addressing stakeholder and community concerns in the areas where we operate. In FY24, our roadmap of initiatives will build on our progress in key areas aligned with our strategic goals and set baseline indicators for future targets.

Sustainability strategy pillars

Opportunity for all

We will help more people and communities access life-changing opportunities.

Our customers and clients

Delivering exceptional experiences that support success and providing fair and equitable access to our products and services.

Our global team

Being known for our inclusive, fair and equitable culture that champions diversity and opportunity.

Social impact

Using our global influence and the power of education to help address social challenges.

Trusted partner

We will be the trusted partner, operating with integrity everywhere in the world.

Responsible business

Acting ethically and with integrity to ensure we meet all stakeholder expectations.

Our partners and suppliers

Championing respect as the foundation of all our relationships and managing our key supply chain risks.

Environmental action

We will address our environmental impacts and contribute to collective action in our sector.

Emissions reduction

Mitigating our climate impacts and collaborating with others in our sector to do the same.

Resource management

Promoting environmentally responsible operations across our global footprint.

> It's fulfilling to know that my efforts are making a real difference in improving our environmental impact.

Aman Tyagi
Corporate Responsibility Lead

IDP's commitment to a better future

Meet Aman, IDP's Corporate Responsibility Lead, whose belief in long-term thinking and dedication to reducing resource consumption is helping to drive meaningful change for our planet and our organisation.

"Creating a sustainable future through education is at the core of who we are at IDP.

As someone deeply passionate about making a positive impact on our planet, I am honoured to be a part of this mission. I work as a gatekeeper for carbon reporting and disclosures, collaborating with key stakeholders to implement our global emissions reduction plan. It's fulfilling to know that my efforts are making a real difference in improving our environmental impact.

My journey with IDP began over five years ago, working in our student placement business, and my dedication to sustainability led me to where I am today. In my current position, I have the opportunity to work on environmental, social and governance initiatives that impact our people, our community and our operations, which is very exciting.

We know that sustainability isn't just a short-term effort, and we are committed to ongoing progress every year."

Driving sustainability at IDP continued

A trusted partner with integrity

Trust is at the core of our relationship with customers, clients and partners. At IDP, being a trusted partner means operating with integrity worldwide.

We are committed to conducting business responsibly and ethically, meeting the expectations of our stakeholders while upholding our own high standards.

Compliance in an international context

We place importance on effectively managing regulatory and compliance risks, which can vary greatly across the many countries in which we operate.

Our Group Internal Audit function conducts regular audits across our network, including country management and operations, to assess compliance with IDP's global policies.

Our internal audits encompass a review of local laws and regulations, including controls for managing compliance with business licences, tax and financial reporting obligations and other significant laws and regulations such as privacy or wages and employment benefits.

To address key compliance obligations, we updated our Workplace Health & Safety and Whistleblower policies, and provided training on reporting concerns.

In addition, we conducted our annual global compliance training for all IDP team members, focusing on our Code of Conduct. The training covers important topics such as anti-bribery and anti-corruption, privacy, cybersecurity and whistleblowing. We monitor completion rates and have processes in place to follow up with team members who have not completed the required training.

More information on our corporate governance framework and practices can be found in our Corporate Governance Statement: investors.idp.com

> "We place importance on effectively managing regulatory and compliance risks, which can vary greatly across the many countries in which we operate."

Modern slavery

As a global organisation, we are dedicated to upholding human rights and ethical business practices and preventing modern slavery in our operations and supply chains. In FY23, we enhanced our risk assessment process and supplier governance to address modern slavery concerns. We also expanded our risk assessments to include our Student Essentials partners, who assist students with services at their study destinations.

More information on our approach to combatting modern slavery can be found in our Modern Slavery Statement: investors.idp.com

Anti-bribery, fraud and corruption

Our reputation and the trust of our customers, clients, and partners depend on our values, culture and conduct.

In line with our values, we have clear policies in place. Our Anti-Bribery & Anti-Corruption Board Policy and Code of Conduct establish a zero-tolerance approach to bribery and corruption. We also expect our partners and suppliers to comply with the ethical standards outlined in our Supplier Code of Conduct.

Given the nature of our global business, we recognise the potential for heightened risk of fraud in some countries. We have a Fraud Prevention Policy, which is reviewed against international standards.

Our global compliance training covers anti-bribery and corruption, and includes clear examples of unacceptable activities. In FY23, we conducted a Middle East and Africa anti-bribery workshop and developed risk treatment plans to enhance training.

Any instances of potential non-compliance with the Anti-Bribery & Anti-Corruption and Fraud Prevention Board policies are promptly reported to the Board and the Audit and Risk Committee.

Cybersecurity and data protection

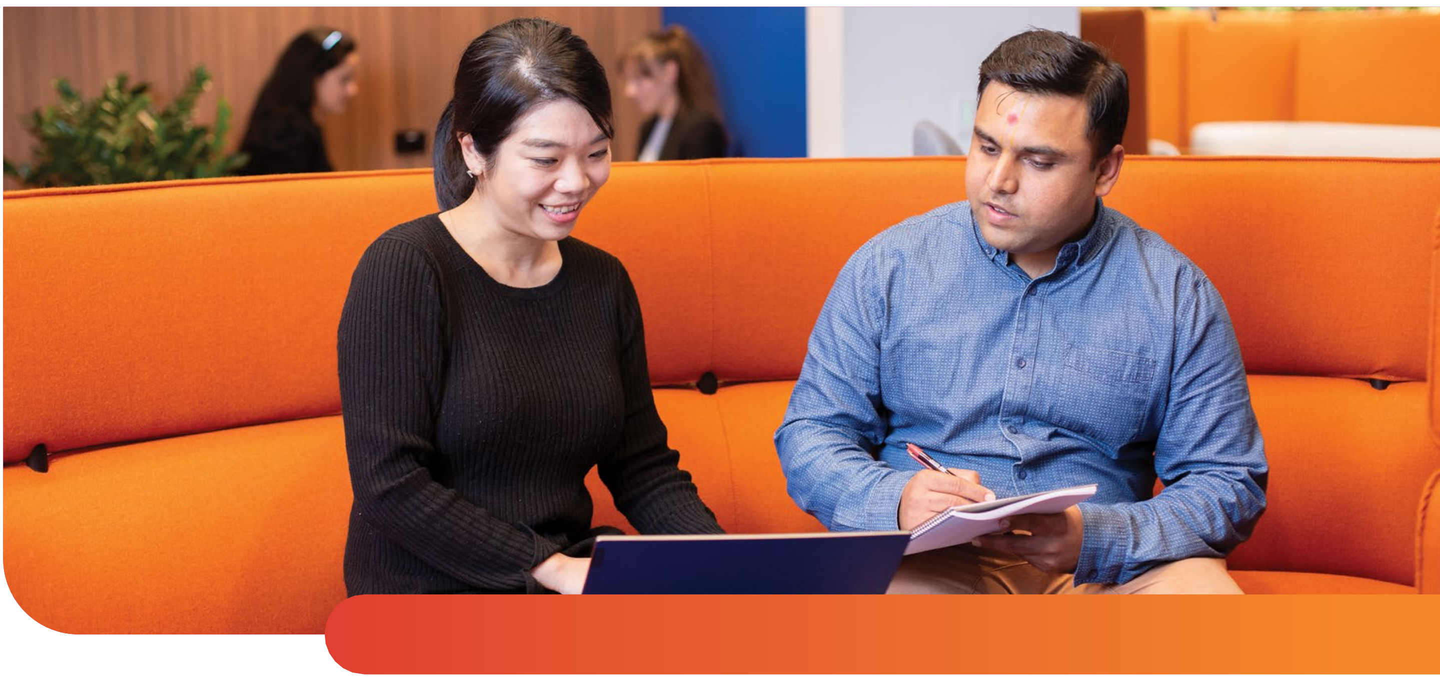
In recent years, across the globe, there has been a significant increase in companies being targeted in cyberattacks, resulting in leaks of personal information and reputational damage. At IDP, we take our responsibility of protecting customer data seriously and continuously evolve our cybersecurity approach.

We have a dedicated team of privacy specialists who help assimilate the varying privacy requirements and support our local teams in managing their compliance obligations.

To manage cybersecurity globally, we use industry-accepted frameworks like the National Institute of Standards and Technology (NIST 800-53) and ISO-27001 (information security management system) to measure the maturity of our cyber practices and, where required, uplift our cybersecurity controls to adhere to the framework requirements.

Our cyber defence team assesses threats daily, using various sources. Our employees play a vital role in our cybersecurity framework. We encourage them and our customers to report any cyber incidents to the IDP Privacy Officer. We also provide comprehensive education and awareness programs, including our global cybersecurity training, to equip our global teams to respond effectively.

In FY23, several operational initiatives contributed to strengthening our cybersecurity and data protection processes, including additional detection and response capabilities.



Environmental action

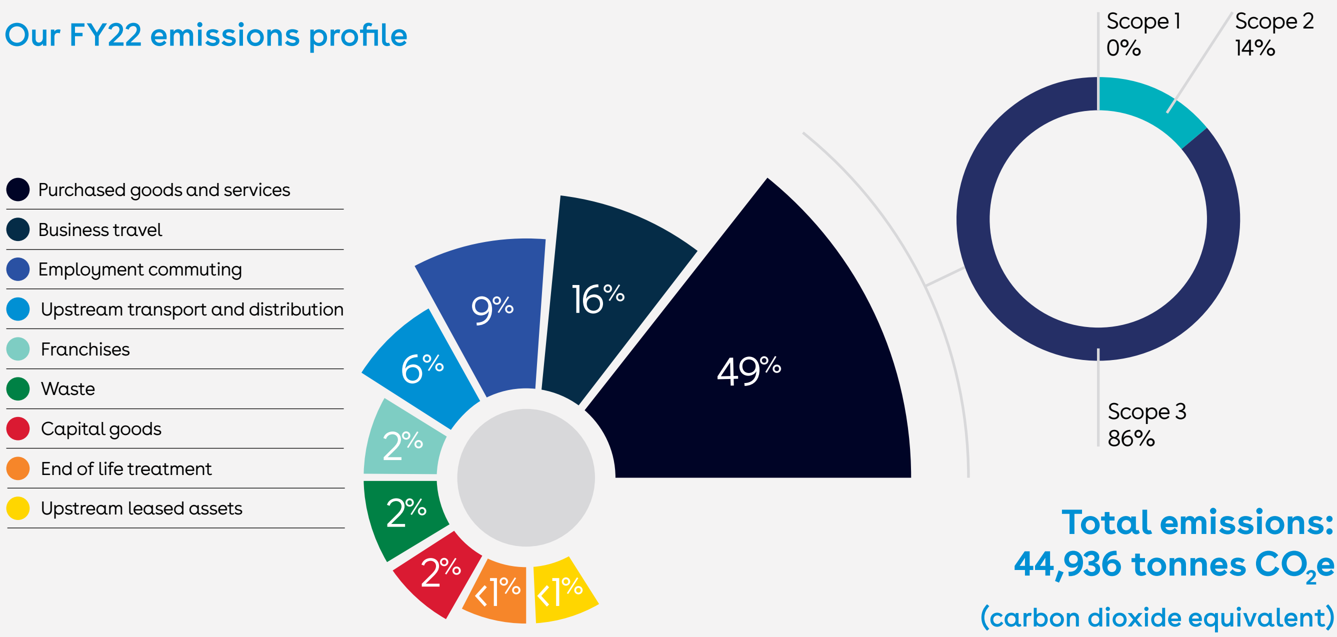
Addressing our climate impacts

Our global operations produce greenhouse gas emissions across our value chain. The majority of these emissions come from Scope 3 activities.

While we continue to invest in our digital transformation, we believe that the value we offer is in the human connections facilitated by physical offices and locations where students can interact with our trusted counsellors.

We also continue to provide both paper-based and digital IELTS tests to ensure our tests are accessible all over the world. These operational decisions continue to shape our climate impacts.

Our FY22 emissions profile



Total emissions: 44,936 tonnes CO_2e

(carbon dioxide equivalent)

Emissions reduction

This year, we developed an emissions reduction plan to begin implementation from 1 July 2023. The plan focuses on three key principles:

1. **Strong governance:** A coordinated response to climate change with clear accountability.
2. **Quality data:** Accurate data to track progress and measure our impact.
3. **Education and engagement:** Climate literacy among our global team to effectively tackle emissions reduction opportunities that rely on employee decisions and behavioural change.

We have identified emissions reduction opportunities across our value chain, particularly in South Asia, our largest emitting region. In the next 12 months, we will establish regional environment committees across our network to explore these opportunities in detail, considering regional differences in emissions profiles and access to alternative and low-emission technologies. The goal will be to determine the necessary investments and potential emissions reductions achievable in each region.

Looking ahead, we continue to focus on better understanding our climate impacts. In FY24, we plan to conduct an initial climate risk assessment to evaluate potential risks and opportunities on our strategy and growth. This assessment will consider the magnitude of any impacts to IDP and their significance to our stakeholders. The outcomes of the climate risk assessment will be shared with our Global Leadership Team for inclusion in our long-term strategic planning.

> **We believe that addressing climate change goes beyond decarbonisation and requires collaboration and a sector-wide response.**

Collaborating for climate action in international education

We believe that addressing climate change goes beyond decarbonisation and requires collaboration and a sector-wide response. This year, IDP became a signatory to the Climate Action Network for International Educators (CANIE) Accord, demonstrating our commitment to driving change in the international education sector.

CANIE is an initiative by practitioners in international education worldwide. Its goal is to promote greater engagement and understanding of the urgent need to address the climate crisis within international education. IDP has committed to 30 actions across five articles of the Accord.

As part of this network, IDP is engaging in conversations with others in our sector to share our progress and experiences around climate action. Alongside fulfilling our commitments under the Accord, we welcome opportunities to collaborate on climate projects related to international education.

Board of Directors

Peter Polson
Non-Executive Director and Chair

Peter was appointed Non-Executive Director and Chair of IDP Education in March 2007 and became Chair of IDP Education Limited when the company was listed on the Australian Stock Exchange in November 2015.

Peter has broad experience in the financial services industry, first as Managing Director of the international funds management business with the Colonial Group, then as an executive with the Commonwealth Banking Group with responsibility for all investment and insurance services, including the group's funds management, master funds, superannuation and insurance businesses and third-party support services for brokers, agents, and financial advisers.

He is currently Chairman of Avant Group Insurance Limited and Very Special Kids. Until October 2022, Peter was Chairman of Challenger Limited (ASX: CGF, listed company director from November 2003 to October 2022) and Challenger Life Company Limited.

Peter is also a Director of Avant Mutual Group Limited, Avant Group Holdings Limited and Copia Investment Partners.

Tennealle O'Shannessy
Chief Executive Officer and Managing Director

Tennealle was appointed as Chief Executive Officer and Managing Director of IDP in February 2023.

Tennealle has over twenty-five years of professional experience, including scaling online education and employment platforms and e-commerce businesses.

Prior to joining IDP, Tennealle was CEO of Adore Beauty, Australia's number one online beauty retailer, where she led the successful listing of the company on the ASX in 2020.

Prior to this role, Tennealle spent almost ten years with SEEK, a global market leader in online employment marketplaces and education services, where she held the role of Managing Director – Americas. Whilst at Seek, she also held a number of global strategy-focused positions, including the start-up and scaling of Online Education Services, a public-private partnership between SEEK and Swinburne University.

Earlier in her career, Tennealle was a consultant with global tier-one management consulting firm Kearney, focusing on strategic and operational CEO-agenda issues.

Ariane Barker
Non-Executive Director

Ariane was appointed as a Non-Executive Director of IDP Education at the completion of its IPO in November 2015 and is Chair of the Audit and Risk Committee.

Ariane is a Board Member of Commonwealth Superannuation Corporation (CSC) since September 2016, where she chairs the Governance Committee, is a member of the Remuneration and HR Committee and chairs ARIA Co Pty Ltd (a subsidiary of CSC). She is also a member of the Investment Committee at the Murdoch Children's Research Institute since 2011; and a former Board Director of Atlas Arteria (ASX: ALX, listed company director from March 2021 to December 2022) and Emergency Services & State Superannuation (ESSSuper).

She has extensive experience in international finance, risk management, debt and equity capital markets and venture capital, with over 20 years in senior executive roles at JBWere (part of National Australia Bank), Merrill Lynch, Goldman Sachs and HSBC in the United States, Europe, Japan, Hong Kong and Australia. She was previously the CEO of Scale Investors from 2017 to February 2021.

Ariane is a Fellow and graduate member of the Australian Institute of Company Directors (AICD).

Chris Leptos AO
Non-Executive Director

Chris was appointed as a Non-Executive Director of IDP Education at the completion of its IPO in November 2015.

Chris is also the Chairman of Summer Foundation, Chairman of Summer Housing, and the Independent Reviewer of the Food and Grocery Code under the Competition and Consumer Act.

He was previously a Senior Partner with KPMG and Managing Partner Government at Ernst & Young where he had national responsibility for leading the public sector and higher education practice.

In 2000, he was designated a Member of the Order of Australia for services to business and the community, and in 2022, he was designated an Officer of the Order of Australia for services to the public sector and education.

Chris is a Fellow of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors (AICD).

Professor Colin Stirling

Non-Executive Director

Colin was appointed as a Non-Executive Director of IDP Education in February 2018.

He is the President and Vice-Chancellor of Flinders University and brings more than thirty years of experience in international education in Australia, the UK and the USA.

Colin is a Director of Education Australia Limited and has held various other board positions across health, academic and community organisations.

Educated at the University of Edinburgh and with a PhD from the University of Glasgow, Colin began his award-winning scientific career at the University of California, Berkeley.

Greg West

Non-Executive Director

Greg was appointed as a Non-Executive Director of IDP Education in December 2006.

Greg is on the Council of the University of Wollongong and a Director and Chair of the Audit Committee of UOWGE Limited, a business arm of the University of Wollongong with universities in Dubai, Hong Kong and Malaysia. Greg is also a Director and Chair of Education Australia Limited and Education Centre of Australia Limited and Director of St James Foundation Limited and Fertoz Limited (ASX: FTZ, listed company director since February 2022).

Previously, Greg was Chief Executive Officer of a dual-listed ASX biotech company. He was also formerly a Director of Tiny beans (ASX: TNY, listed company director from March 2022 to October 2022). He has worked at Price Waterhouse and has held senior finance executive roles in investment banking with Bankers Trust, Deutsche Bank, NZI and other financial institutions.

Greg is a Chartered Accountant with experience in the education sector, investment banking and financial services.

Michelle Tredenick

Non-Executive Director

Michelle was appointed as a Non-Executive Director of IDP Education in September 2022.

Michelle is a company director with extensive experience in businesses operating in a broad range of industries, including banking, insurance, wealth management, education services, health insurance, superannuation, and technology. She also runs her own corporate advisory business advising boards and CEOs on strategy and technology.

She currently serves on several listed and private company boards. She is on the board of Insurance Australia Limited (ASX: IAG, listed company director since March 2018), Urbis Pty Ltd, First Sentier Investors Holdings Pty Ltd, and Zafin Labs Americas Inc.

Michelle served as a Non-Executive Director of the Bank of Queensland (ASX: BOQ, listed company director from February 2011 to September 2020), Cricket Australia from 2015-2022 and was also formerly a director of the Ethics Centre and a Senate Member of the University of Queensland.

Tracey Horton AO

Non-Executive Director

Tracey was appointed as a Non-Executive Director of IDP Education in September 2022.

Tracey is an experienced company director with extensive international experience in leadership and senior management in the education industry and management consulting.

She is currently a Director and Chair of the Remuneration Committee of the GPT Group (ASX: GPT, listed company director since May 2019), a Non-Executive Director of Campus Living Villages Pty Ltd and Acting President of the Australian Takeovers Panel.

Tracey has previously served on the Boards of leading listed companies, including as Chair of Navitas and Non-Executive Director at Automotive Holdings Group, Skilled Group and Nearmap. She has held several leadership roles in the not-for-profit sector, including President of the Chamber of Commerce and Industry of WA and Deputy Chair of the Australian Institute of Company Directors (AICD).

Financial Report

For the year ended 30 June 2023

Directors' Report

The Directors of IDP Education Limited, present the financial report of IDP Education Limited (the Company) and its controlled entities (the Group, IDP Education or IDP) for the financial year ended 30 June 2023.

Operating and financial review

Introduction

A summary of IDP Education's consolidated financial results for the year ending 30 June 2023 ("FY23") is set out below. The financial performance of the Group during FY23 was strong with record full year revenue and earnings being delivered. In total, revenue grew by 24%, EBIT (adjusted) grew 40% and NPAT (adjusted) grew 45% compared to FY22.

Summary Financials (A$m)

				Growth	
	Unit	FY23	FY22	$m	%
Total Revenue	A$m	981.9	793.3	188.6	24%
Gross Profit	A$m	613.9	459.5	154.4	34%
EBIT	A$m	220.7	158.9	61.8	39%
EBIT (Adjusted) *	A$m	227.8	163.2	64.6	40%
NPAT	A$m	149.1	102.8	46.3	45%
NPAT (Adjusted) *	A$m	154.2	106.6	47.6	45%
EPS	cents	53.4	36.9	16.5	45%
EPS (Adjusted) *	cents	55.2	38.2	17.0	44%
Debt	A$m	209.0	156.5	52.5	34%

* Adjusted EBIT, NPAT and earnings per share excludes intangible asset amortisation generated from business combinations (FY23 A$1.6m EBIT Adjustment and A$1.2m NPAT Adjustment), merger and acquisition expenses (FY23 A$2.6m EBIT Adjustment and A$1.9m NPAT Adjustment) and integration expenses related to the business combinations (FY23 A$2.9m EBIT Adjustment and A$2.0m NPAT Adjustment).

The Directors believe these adjustments and other non-IFRS measures included in this report are relevant and useful in measuring the financial performance of the Group. Later in the report the Directors also present "underlying" financial measures which remove the impact of foreign exchange movements during the year. The Directors believe that these "adjusted" and "underlying" metrics provide the best measure to assess the performance of the Group by excluding the impact of currency movements, non-cash intangible asset amortisation generated from business combinations, merger, acquisition and integration expenses from the reported IFRS measures.

Review of Operations

IDP has a large global footprint and a diversified business model across its four business lines. As a result, the aggregate performance of the Group for any given year is driven by a large number of variables across many countries. This report provides a high-level summary of the highlights and key drivers during the year.

The performance of IDP Education in FY23 was strong with student placement revenue the key driver of the performance as it returned to the growth trajectory that was in place prior to the impact of the global pandemic. Group revenue grew 24% compared to FY22 with growth in student placement revenue of 63% the primary driver, while IELTS revenue grew at 7% compared to FY22.

The Australian student placement market rebounded strongly in FY23 with volume growth of 77% and revenue growth of 86% above FY22. IDP's other study destinations had aggregate volume growth of 39% and revenue growth of 49%. Demand for study in the Northern Hemisphere remained strong with the UK and Canada being IDP's second and third largest destination markets by volume respectively. Volumes to the UK rose 44% for the year and despite slower visa processing and higher visa rejection rates in the first half, Canadian placement volumes rose 34% for the year. IDP student placement volume to the USA grew 33% compared to FY22 primarily from Indian post graduate students.

The performance of the Group's language testing business was mixed with volume growth of 1% and revenue growth of 7% for the year. Testing volumes and revenue growth outside of India grew at 18% and 22% but revenue from IELTS in India fell 5%. This was primarily due to weakness in the Canadian bound test-taker market where sentiment towards Canada declined after multiple periods of rising demand. From a testing perspective, the Canadian bound market from India was impacted during the year by visa processing delays, elevated rejection rates and waning sentiment from those seeking a migration outcome.

Profit growth for the period was very strong with Gross Profit rising 34%, EBIT increasing 39% and NPAT up 45% versus FY22. The profit performance was underpinned by growth in the student placement business which contributed 76% of the increase in the Group's Gross Profit for the year. Overhead expenses increased by 31% for the year. This included a number of significant items including costs associated with the acquisition of Intake Education and The Ambassador Platform. The underlying expansion of the cost base for the business included the addition of 46 new student placement offices in a range of strategic high growth markets all of which the Group believes will support the ongoing growth of this business in future years.

IDP Education views and manages its business on a geographic basis. Country and regional management are responsible for all activities in their geographic region across each of the Group's key products (Student Placement, English Language Testing, English Language Teaching and Digital Marketing and Events). As a result, the Group's key reporting segments comprise geographic regions. The sections below discuss the Group's results across its three geographic regions.

Asia

The table below shows the Group's results across its Asian region which includes the following countries: Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Laos, Malaysia, Mauritius, Myanmar, Nepal, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, and Vietnam.

Asia Segment – Financial Summary

				Growth	
	Unit	FY23	FY22	$m	%
Total Revenue	A$m	**726.3**	586.5	139.8	24%
EBIT	A$m	**290.6**	206.7	83.9	41%
EBIT Margin	%	**40%**	35%		
% of Total Group Revenue	%	**74%**	74%		
% of Total Group Segment EBIT (Excl Corporate Overheads)	%	**85%**	85%		

Asia revenue grew by 24% due to the strong growth in student placement volumes, with India student placement revenue growing at more than 70% compared to FY22.

In India, the strong performance in Student Placement revenue more than offset the 5% decline in IELTS revenue which as described above was primarily due to lower demand for Canadian bound testing.

In China, IDP student placement revenue grew by 21% relative to FY22, but the rebound is slower than compared with other source countries as the border opening has been delayed and the student pipeline in China requires more time to build. IDP's license fees from the British Council related to the distribution of IELTS in China grew by 49% relative to FY22 as the volumes rebounded in British Council's testing operations in the second half of FY23.

Outside of India and China, IDP's performance in the rest of Asia was strong as IDP source markets had strong student pipelines and higher IELTS candidate demand than prior to the pandemic. Revenue growth was 43% driven by strong student placement revenue growth of 54% and IELTS revenue growth of 33%. The English language teaching business delivered 62% growth with the majority of the growth coming from Cambodia as the schools had a full year of on campus teaching with higher capacity utilisation of classrooms.

The Asia EBIT growth of 41% was a result of the strong revenue performance, an improvement in gross profit margins.

Australasia

The table below shows the Group's results across its Australasian region which includes the following countries: Australia, Fiji, New Caledonia and New Zealand.

Australasia Segment – Financial Summary

				Growth	
	Unit	FY23	FY22	$m	%
Total Revenue	A$m	**44.3**	38.6	5.7	15%
EBIT	A$m	**4.4**	3.3	1.1	33%
EBIT Margin	%	**10%**	9%		
% of Total Group Revenue	%	**5%**	5%		
% of Total Group Segment EBIT (Excl Corporate Overheads)	%	**1%**	1%		

Australasian revenue returned to growth at 15% with the increase in international students onshore in Australia and New Zealand driving higher IELTS and student placement revenue. Student placement revenue onshore in Australia and New Zealand increased by 30% but remains below pre-pandemic levels as the demand for students requiring course changes is lower in the first year of their program. IELTS revenue was 14% above FY22 as the number of international students onshore grew in FY23.

The increase in EBIT of 33% was a result of the revenue growth and tight control over expenses to ensure they increased at a lower rate than revenue.

Rest of World

The table below shows the Group's results across the Rest of World region 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, Türkiye, Ukraine, Uruguay, Uzbekistan, the United Arab Emirates ("UAE"), the United Kingdom, and the United States of America.

Rest of World Segment – Financial Summary

				Growth	
	Unit	FY23	FY22	$m	%
Total Revenue	A$m	**211.3**	168.3	43.0	26%
EBIT	A$m	**45.2**	32.9	12.3	38%
EBIT Margin	%	**21%**	20%		
% of Total Group Revenue	%	**22%**	21%		
% of Total Group Segment EBIT (Excl Corporate Overheads)	%	**13%**	14%		

The Rest of World recorded a 26% increase in revenue coming from a 155% growth in student placement revenue, a 15% growth in IELTS revenue and a 1% decline in Digital Marketing revenue. The Rest of World segment included the largest proportion of Intake Education's operations, the acquisition of which was completed in November 2022 and supported the growth in student placement revenue in FY23. The Rest of World remains primarily an IELTS business with strong growth in testing in the Middle East, Africa and Eastern Europe offsetting the cessation of testing in Russia and Ukraine.

Digital marketing revenue in North America grew by 5% during the year. This increase was more than offset by a decline in UK digital marketing revenue as universities in the UK reallocated budgets from digital marketing to travel and events to visit source markets and attend student events.

The EBIT growth of 38% in the Rest of World was a result of the strong revenue growth and improvement in gross profit margin, which was a result of higher student placement revenue mix. Expenses in the Rest of World grew at a higher rate than revenue growth. This included 8 months of expenses from Intake which was acquired in November 2022. The seasonality of Intake revenue is highly aligned to the UK destination student placement cycle, whilst operational expenditure is spread throughout the year. The revenue from Intake relating to the 2022 UK autumn semester was recognised prior to its acquisition by IDP and this resulted in a higher expense to revenue ratio for FY23 in the Rest of World.

Directors' Report

continued

Results by Service

To aid the reader's understanding of the Group's results, IDP Education has also prepared financial results by secondary segments which show revenue and gross profit by service. The analysis below discusses the operational and financial highlights for each of the Group's four services.

Student Placement – Operational and Financial Summary

				Growth	
	Unit	FY23	FY22	Unit	%
Volumes					
- Australia	000's	35.4	20.1	15.4	77%
- Multi-Destination	000's	49.2	35.3	13.8	39%
- Total Volumes	000's	84.6	55.4	29.2	53%
Revenue					
- Australia	A$m	152.0	81.8	70.2	86%
- Multi-Destination	A$m	199.2	133.5	65.6	49%
- Total Revenue	A$m	351.2	215.4	135.8	63%
Gross Profit	A$m	300.3	182.8	117.5	64%
Gross Profit Margin	%	86%	85%		
Average Fee (A$)					
- Australia	A$	4,290	4,078	212.0	5%
- Multi-destination	A$	4,050	3,778	272.0	7%
- Total	A$	4,151	3,886	265.0	7%

Note: The Average Fee for Student Placement shown in this table is calculated as total Student Placement revenue divided by the number of courses IDP Education enrolled students with its client education institutions during the period. Total Student Placement revenue includes all revenue associated with all placements including any revenue received from the student. Volume data to calculate the Average Fee only includes IDP Education client education institution course enrolments and excludes course enrolment volumes at education institutions that are not clients of IDP Education.

Student placement volumes were 53% higher in FY23 and almost all source markets delivered strong double digit growth rates. Volume to Australia grew by 77% as the visa settings including post study work rights by the Australian government were viewed positively by international students, driving demand.

Volume to the UK grew by 44% including students placed by Intake (acquired in November 2022) primarily for the semester commencing in January 2023. The seasonality for the UK including Intake volumes was 67% for H1 and 33% for H2 with Intake volumes at 26% in H1 and 74% in H2. Both IDP and Intake seasonality would be expected to return to normal in FY24.

Volume to Canada grew by 34% with visa processing delays in the first half and higher visa rejection rates having a negative impact on the growth rate.

USA student placement volume grew at 33% with volumes primarily post-grad students from India.

Student Placement office expansion continued in FY23 with a total network of 203 student facing offices in 35 countries at the end of June 2023, 46 new student placement offices were added during the year.

Revenue for student placement grew 63% as volumes to Australia were very strong due to the favourable visa settings and the UK, Canada and the USA markets all continued the strong growth from FY22.

Gross profit grew by 64% and gross profit margin increased to 86% as the costs of software licensing, supporting and development of the student placement platform was relatively lower than the strong revenue growth.

The Average Fee across the business increased by 7% relative to that recorded in FY22. A range of factors contributed to this increase, including:

› An increase in commission rates negotiated with clients, particularly in the UK and Canada; and

› An increase in the student essentials revenue (e.g. health insurance, accommodation, funds transfer) particularly for Australia and Canada

English Language Testing – Operational and Financial Summary

				Growth	
	Unit	FY23	FY22	Unit	%
Volumes	000's	**1,932.5**	1,915.6	16.9	1%
Revenue	A$m	**545.5**	511.4	34.1	7%
Gross Profit	A$m	**263.1**	232.3	30.8	13%
Gross Profit Margin	%	**48%**	45%		
Average Fee	A$	**282.3**	266.9	15.4	6%

The Average Fee for English Language Testing is the average of all English Language Testing revenue divided by the total number of IELTS tests conducted during the period.

In English Language Testing, IDP Education's IELTS volumes increased by 1% in FY23 taking the annual total to 1,932,500 tests.

Excluding India which declined 9%, IDP IELTS volumes increased by 18% above FY22, Vietnam, Pakistan and Nigeria stood out with very strong growth. If Russia and Ukraine are also excluded, where IDP ceased testing in FY23, volumes increased by 20% above FY22 levels which is above the long term CAGR of the last 10 years.

Revenue grew by 7% primarily as a result of the increase in average price which came from candidate fee increases of 4%, a favourable impact of country source mix, and the growth from the British Council License fee from IELTS testing in China.

Gross profit grew by 13% and GP margin increased to 48% as IDP reduced the direct costs per candidate through efficiencies in test day activities, primarily in India.

English Language Teaching – Operational and Financial Summary

				Growth	
	Unit	FY23	FY22	Unit	%
Courses	000's	**94.3**	69.7	24.6	35%
Revenue	A$m	**33.4**	20.6	12.8	62%
Gross Profit	A$m	**21.8**	12.7	9.1	72%
Gross Profit Margin	%	**65%**	62%		
Average Course Fee	A$	**354.3**	295.4	58.9	20%

The Average Fee for English Language Teaching is the average of all English Language Teaching revenue divided by the total number of courses attended during the period.

IDP Education's English Language teaching business comprises 10 schools across Cambodia and Vietnam. The Intake Group acquisition included English Language teaching schools that made a contribution in the second half of FY23. The division returned to a full year of on campus teaching with an increase in capacity utilisation of classrooms. Total course volumes across the division grew by 35% for the year to 94,300 courses driven by the strong growth in Cambodia.

Revenue increased by 62% with the volume increases combined with a 20% increase in average course fee which was in turn driven by the return to on-campus teaching from a higher online mix in the previous year when the pandemic restricted face to face teaching.

Gross Profit increased by 72% with the higher average price and an increase in average class size improving capacity utilisation.

Digital Marketing and Events – Financial Summary

				Growth	
	Unit	FY23	FY22	$m	%
Revenue	A$m	47.8	43.3	4.5	11%
Gross Profit	A$m	25.5	30.3	-4.8	-16%
Gross Profit Margin	%	53%	70%		

The Digital Marketing and Events segment captures the revenue IDP generates from its student placement events and from IDP Connect digital marketing business. Digital Marketing revenue declined by 4% for the year with the Australian and UK markets lower as clients reallocated marketing budgets to travel and events, visiting source markets to reconnect with key markets and attend student events.

IDP Connect provides services for both UK domestic and international student recruitment. Orders for domestic student placement digital marketing declined by 2% while UK International orders remained in line with FY22. Digital Marketing revenue in Australia declined 23% while North America had growth of 5%.

Events are in-country recruitment fairs that IDP holds to promote its university clients to prospective students and their families. Universities that attend these events pay a fee to attend and meet IDP's students in each source country. The events are run on a cost-recovery basis in some markets and make a small loss in other markets. These events form a key part of the marketing activities for the Group's student placement business. The events in FY23 were almost all physical events as prospective students and clients were able to travel and attend in person, with Events revenue growing 67%.

Events and Digital Marketing gross profit declined by 16% primarily as a result of lower events margin from physical events with gross profit margin declining to 53%. Digital marketing gross profit margin declined from 87% in FY22 to 84% in FY23 as a result of higher offsite marketing costs and the services provided to support higher student placement commissions.

Financial Position

The financial position of IDP Education remains strong. As at 30 June 2023 the Group had total assets of $1,233.5m of which 45% related to intangible assets and the remaining being comprised primarily of cash, trade receivables, contract assets and right-of-use assets. Net assets totalled $517.4m.

As at 30 June 2023, IDP has following facilities:

Australian Dollar $209,157,000	Facility A: Acquisition funding unsecured Cash Advance loan facility for acquisitions, with a maturity date of 31 December 2024
Australian Dollar $75,000,000	Facility B: Unsecured Cash advance facility to support both general corporate purposes and working capital requirements of the Group, with a maturity date of 31 December 2024

The total drawn debt was $209m at 30 June 2023.

The Group had $166.6m of cash on the balance sheet as at 30 June 2023.

Foreign Exchange

IDP Education currently earns revenues and incurs expenses in approximately 50 currencies and as a result is exposed to movements in foreign exchange rates. It is therefore important to consider IDP Education's financial performance on an underlying basis by excluding the impact of foreign exchange movements during the year.

To illustrate the impact of foreign currency exchange rate movements on the FY23 result, IDP Education has restated its FY22 results using the foreign exchange rates that were recorded in FY23. By comparing FY23 actuals to the restated FY22 financials, IDP Education is able to isolate the underlying performance of the business during the period.

The table below summarises this analysis and by comparing to the Summary Financials on page 31 shows that foreign exchange movements had a positive impact on the net profit after tax for the year. The weakening of the Australian dollar contributed $3.7m favourable exchange movement in revenue, and $2.7m favourable exchange movement in gross profit which was partly offset by the increase in expenses from exchange movement in IDP's offshore operations. The impact of exchange movements on net profit after tax was favourable by $2.1m.

Underlying Growth

	Unit	FY23	FY22*	Growth $m	Growth %
Total Revenue	A$m	**981.9**	797.0	184.9	23%
Gross Profit	A$m	**613.9**	462.1	151.7	33%
EBIT	A$m	**220.7**	160.6	60.1	37%
EBIT (Adjusted) **	A$m	**227.8**	164.9	63.0	38%
NPAT	A$m	**149.1**	104.9	44.2	42%
NPAT (Adjusted) **	A$m	**154.2**	108.6	45.6	42%

* Calculated by restating the prior comparable period's financial results using the actual FX rates that recorded during the current period.

** Adjusted EBIT and NPAT excludes acquired intangible amortisation (FY23 A$1.6m EBIT Adjustment and A$1.2m NPAT Adjustment), merger and acquisition expenses (FY23 A$2.6m EBIT Adjustment and A$1.9m NPAT Adjustment) and integration expenses related to the business combinations (FY23 A$2.9m EBIT Adjustment and A$2.0m NPAT Adjustment).

IDP Education utilises a variety of methods to manage its foreign currency exchange rate risk. The key method is the use of forward exchange contracts and currency option contracts. IDP Education's hedging policy requires it to put in place hedges to cover the expected net cash operating flows of certain key currencies including the GBP, INR, CNY, USD, and CAD.

Business Strategy and Prospects

IDP continues to invest significantly in the transformation of its business to create a global omni channel footprint. Our strategy continues to remain focused on reinventing the Student Placement model and expanding the world's best English language test.

In its student placement business, this investment has established a technology platform that integrates with IDP's physical office and counsellor network to deliver omni-channel services to its student and client customers. Our student placement business is focused on delivering a unique offering powered by human connections that are enhanced by data and technology.

In English Language Testing, IDP has, with the other co-owners of IELTS, invested in the development of a new technology platform that supports the delivery of IELTS via new modes of delivery such as via a computer in a test centre and more recently online. In addition, the new platform has allowed development of new products such as One Skill Retake that allows candidates to attempt to improve the score in one of the four skills in the test while not risking the score achieved already in the other three skills. In parallel, IDP has expanded its physical testing network and has transformed its digital marketing capabilities to reach more prospective test takers.

From an industry perspective, the regulatory settings for all four key destination markets, Australia, the UK, Canada and the USA remain relatively accessible for international students and regulatory settings around post-study work and migration opportunities are conducive to a rising demand environment for both student placement and English language testing.

Risks

An investor in IDP Education also needs to consider the risks that have the potential to impact the financial performance of the Group going forward. A number of these key risks are summarised below.

Regulatory risk – The Group generates a substantial amount of income from placing international students into education institutions in Australia, the USA, the UK, Ireland, Canada and New Zealand. To the extent that any of these destination countries alter immigration policies, regulation or visa requirements that reduce the number of student or migration visas that they grant, this will have a direct impact on IDP Education's student placement enrolment volumes and/or IELTS test volumes and therefore revenue. Changes by government immigration authorities in these destination countries that decrease or remove the acceptance of IELTS, increase competition from other providers or change the way that tests are administered, could also have a material and adverse impact on the Group's financial position and performance.

Geopolitical – Political and social instability, natural disasters, infectious disease outbreaks and global pandemics, including the impact of lockdowns that flow from these global pandemics, expropriation, nationalisation, the application of sanctions, embargoes or export and trade restrictions and war have the potential to limit the movement of people across borders. Other issues such as unfavourable press, negative international relations and other international events may reduce the attractiveness of particular destination countries and/or ability of source countries' students and other migrants to pursue international study or immigration. Any future circumstances which reduce the attractiveness of a particular destination country and/or ability of source countries' students or other migrants to pursue international study or immigration may have a material and adverse impact on the Group's financial position and performance.

Directors' Report
continued

Risks of operating a global group – The global footprint which IDP Education operates across is exposed to regulatory, operating and management complexities and risks. There are certain risks inherent in doing business in foreign jurisdictions such as unexpected changes in legal and regulatory requirements, difficulties in managing foreign operations, longer payment cycles, problems in collecting accounts receivable, and difficulties in the consistent implementation of business activities. There may also be foreign exchange controls which restrict, prohibit or delay the repatriation of funds, and other risks to the effective hedging of foreign exchange exposures. Prohibitions and delays may also exist that impact payments from customers or government agencies. These issues may arise from time to time, in the foreign jurisdictions in which IDP Education operates, which could have a material and adverse impact on the Group's financial position and performance. IDP Education manages its exposure to these external risks through organisational resilience measures including access to funding channels and business continuity management processes. Each of the countries that IDP Education operates in has separate taxation laws/regulations and authorities. Whilst the most significant tax jurisdictions are Australia and India, the global nature of the operations results in significant complexity in managing the Group's tax affairs. Further detail on the current tax risk is set out in Note 30 (Contingent liabilities) to the Financial Statements.

Competition – IDP Education operates in highly competitive markets across all of its geographies and products. IELTS in particular competes with high-stakes English language tests and, in most jurisdictions, IDP Education competes with the British Council as a distributor of IELTS. IDP Education's ability to respond to competitive threats in IELTS tests is, in part dependent on co-ordination with the IELTS partners. The following factors have the potential to reduce the number and/or profitability of IELTS tests that are conducted by IDP Education and therefore could have a material and adverse impact on the Group's financial position and performance: (i) the cost of sitting alternative high-stakes English language tests being lower than that for IELTS; (ii) increased acceptance by destination education institutions and immigration departments of alternative high-stakes English language tests; (iii) an increase in the number of testing centres, and times, at which alternative high-stakes English language tests can be taken; (iv) alternative high-stakes English language tests being marked in quicker timeframes when compared to those for IELTS; or (v) alternative high-stakes English language tests being perceived to be fairer and/or more suited to people whose first language is not English.

Privacy and cybersecurity – Maintaining privacy and security of all data, including the personal data of our customers, clients, students, employees and company data is critical. There continues to be a growing trend in cyberthreats against individuals and companies. The nature of these cyberattacks is constantly evolving and can include sophisticated phishing scams and attacks on critical infrastructure. Additionally, the privacy and security of the data we hold may be compromised by breaches of our information technology security and unauthorised or inadvertent release of information through human error, malware or espionage. In addition to the threat of data breaches, the impact of cyberattacks also has the potential to cause material business disruption to IDP's operations which may impact IDP's ability to meet its financial objectives. IDP Education continuously monitors and assesses its cybersecurity threats and works to ensure its systems are resilient.

Directors

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

Name	Particulars
Peter Polson	Non-Executive Director and Chair
Tennealle O'Shannessy	Managing Director and Chief Executive Officer (appointed on 13 February 2023)
Andrew Barkla	Managing Director and Chief Executive Officer (resigned on 11 September 2022)
Ariane Barker	Non-Executive Director
Professor David Battersby AM	Non-Executive Director (resigned on 31 March 2023)
Tracey Horton AO	Non-Executive Director (appointed on 12 September 2022)
Chris Leptos AO	Non-Executive Director
Professor Colin Stirling	Non-Executive Director
Michelle Tredenick	Non-Executive Director (appointed on 12 September 2022)
Greg West	Non-Executive Director

Details of each Director's qualifications, experience and special responsibilities are set out on pages 28 to 29.

Company Secretary

The Company Secretary is Ashley Warmbrand. Mr Warmbrand is a highly experienced company secretary and general counsel, with over 20 years' experience working in both global and large ASX listed organisations.

Meetings of Directors

The following table sets out the number of meetings (including meetings of committees of directors) held for the year and the number of meetings attended by each Director.

	Board		Audit and Risk Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Peter Polson	7	7	8	8	3	3	4	4
Tennealle O'Shannessy[1]	4	4						
Andrew Barkla[2]	1	1						
Ariane Barker	7	7	8	8	3	3	4	4
Professor David Battersby AM[3]	4	4			2	2		
Tracey Horton AO[4]	6	6			2	2	2	2
Chris Leptos AO	7	7			3	3	4	4
Professor Colin Stirling	7	7			3	3		
Michelle Tredenick[5]	6	6	6	6	2	2		
Greg West	7	6	8	7	3	3		

1. Tennealle O'Shannessy was appointed as Chief Executive Officer and Managing Director on 13 February 2023.
2. Andrew Barkla stepped down as Chief Executive Officer and Managing Director on 11 September 2022.
3. Professor David Battersby retired as a director on 31 March 2023.
4. Tracey Horton was appointed as a director on 12 September 2022.
5. Michelle Tredenick was appointed as a director on 12 September 2022.

Principal activities

The Group's principal activities during the year were:

- placement of international students into education institutions in Australia, UK, USA, Canada, New Zealand and Ireland. Services include counselling, application processing and pre-departure guidance;
- distribution and administration of International English Language Testing System ("IELTS") tests, a globally recognised high-stakes English language test for study, work and migration purposes. IDP is a co-owner of IELTS with the British Council and Cambridge Assessment;
- operation of English language schools in Vietnam and Cambodia; and
- operation of digital marketing and event services.

There was no significant change in the nature of these activities during the year.

Significant changes in state of affairs

Chief Executive Officer and Managing Director

On 11 September 2022, Andrew Barkla stepped down from his role as IDP's Chief Executive Officer and Managing Director after more than seven years in the position. Tennealle O'Shannessy was appointed Chief Executive Officer and Managing Director on 13 February 2023. Tennealle joined IDP from her previous role as CEO of Adore Beauty, Australia's leading online beauty marketplace.

Murray Walton, IDP's Chief Financial Officer, assumed the role of interim Chief Executive Officer from 12 September 2022 until 12 February 2023.

Directors' Report
continued

Acquisition of Intake Education

On 1 November 2022, IDP completed the acquisition of 100% of Intake Education (Intake). As set out in Note 27 to the financial statements, the purchase consideration of $89.6m comprised $70.7m cash paid at the settlement date and the present value of contingent consideration expected to be paid in cash on the first anniversary of the settlement date subject to a number of conditions (up to $20.4m).

Intake is a leading student placement agency that has operations across Nigeria, Ghana, Kenya, Philippines, Thailand, Taiwan and India.

Established in 1993 as UKEAS, Intake has brought to IDP three decades of industry leadership in the UK-bound international education sector. Proudly student-first, Intake's employees bring additional expertise, experience and diversity to IDP's global team.

Acquisition of The Ambassador Platform

On 23 May 2023, IDP completed the acquisition of 100% of The Ambassador Platform. As set out in Note 27 to the financial statements, the purchase consideration of $16.1m comprised $11.8m cash paid at the settlement date and the contingent consideration of up to $4.3m expected to be paid in cash on the first anniversary of the settlement date subject to a number of conditions.

The Ambassador Platform is a UK-based technology company that provides a SaaS platform for higher education institutions to connect their existing students to prospective students. The platform facilitates one-to-one and group chats, live streams, the collection and promotion of user generated content and provides detailed reporting and insights for institutions.

Future developments

Information regarding likely developments in the operations of the Group in future financial years is set out in the Operating and Financial Review and elsewhere in the Financial Report.

Dividends

In respect of the financial year ended 30 June 2023, an interim dividend of 21.0 cents per share franked at 25% was paid on 31 March 2023. A final dividend of 20 cents per share franked at 17% was declared on 22 August 2023, payable on 28 September 2023 to shareholders registered on 5 September 2023.

In respect of the financial year ended 30 June 2022, an interim dividend of 13.5 cents per share franked at 9% was paid on 28 March 2022. A final dividend of 13.5 cents per share franked at 14% was declared on 24 August 2022, payable on 29 September 2022 to shareholders registered on 8 September 2022.

Events subsequent to balance date

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

Directors' interests in securities

The following table sets out each director's relevant interest in the Company's ordinary shares, Performance Rights and Service Rights as at the date of this report:

	Number of Ordinary Shares	Number of Performance Rights	Number of Service Rights
Peter Polson	50,000	–	–
Tennealle O'Shannessy	–	30,394	8,722
Ariane Barker	21,684	–	–
Tracey Horton AO	1,200	–	–
Chris Leptos AO	28,684	–	–
Professor Colin Stirling	667	–	–
Michelle Tredenick	2,500	–	–
Greg West	27,817	–	–

Environmental regulation and performance

The Group's operations are not subject to any significant environmental regulations under the government legislation of the countries it operates in.

The Group's environmental footprint is relatively small and arises primarily from the energy used and materials consumed in its offices. The Board believes that the Group has adequate systems in place for the monitoring of environmental regulations. The Group has not incurred any significant liabilities under any environmental legislation during the financial year.

Indemnification and insurance of officers

During the year, the Company paid a premium in respect of a contract insuring the Directors of IDP Education Limited (as named above), the Company Secretary and all executive officers of IDP against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company's Constitution provides that the Company will, to the extent permitted by law, indemnify any current or former director or officer in respect of any liability incurred in that capacity and related legal costs. The Company has entered a Deed of Indemnity with each director of the Company. Under the Deed, the Company indemnifies the relevant officer against certain liabilities and legal costs to the extent permitted by law.

Non-audit services

From time to time, the Group may engage the services of its auditor to assist with assignments additional to their statutory audit duties, where the auditor's expertise and experience with the Group are essential and the services will not compromise their independence.

The directors are aware of the issues relating to auditor independence and have in place policies and procedures to address actual, potential and perceived conflicts in relation to the provision of non-audit related services by the Company's auditor.

Details of amounts paid or payable to the auditor Deloitte Touche Tohmatsu for audit and non-audit services provided during the year are outlined in Note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Australian Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 70.

Rounding of amounts to the nearest thousand dollars

The Group is of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' report and financial report are rounded off to the nearest thousand dollars, except where otherwise stated.

Corporate governance policies

IDP is committed to strong and effective governance frameworks and, wherever possible, complies with the Australian Securities Exchange Corporate Governance Principles and Recommendations (ASX Principles). IDP's Corporate Governance Statement, in addition to corporate governance policies, can be found in the Corporate Governance section of the Investor Centre of the IDP website: investors.idp.com

Letter from Remuneration Committee Chair

Dear shareholders,

On behalf of the Board, we are pleased to present IDP's **2023 Remuneration Report**.

Tracey Horton was appointed as Chair of the Remuneration Committee on 1 March 2023 taking on the responsibilities from Peter Polson.

We are a global leader in international education. Our continuing investment in our people is at the heart of our ongoing growth and a key ingredient in our strategy to maximise our scale through innovation and digital transformation. Our global team continues to deliver market leading performance.

FY23 performance

After the challenges of the previous two years our performance in FY23 has delivered record Revenue of $982m (up 24% vs FY22), Adjusted EBIT of $228m (up 40% vs FY22) and Adjusted NPAT of $154m (up 45% vs FY22).

Highlights underpinning these financial results include:

- Student Placement volumes up 53% vs FY22; driven by the Australian market growing 77% vs FY22, and other study destinations growing at 39%
- FastLane was accepted by leading UK, Australian and Canadian Universities with more than 17,500 students receiving an 'Offer in Principle' against a target of ~10,000;
- Counsellor productivity increased 24% vs FY22 through expanding centralised application processing hubs and leveraging proprietary sophisticated prioritisation and recommendation engines;
- Intake Education was acquired and successfully integrated into IDP in India, Kenya and Philippines to accelerate geographic expansion into strategically important African markets;
- The Ambassador Program was acquired to accelerate our strategic vision for student placement connectivity;
- Record 1.93 million IELTS tests delivered; and
- With our new IELTS platform, IELTS Online continued to scale globally and the One Skill Retake rollout accelerated.

These results reflect a focus on and successful achievement of many of the KPIs set for the 2023 STI, which are designed to align our talented team around key initiatives for future growth. The positive outcomes achieved demonstrate progress against our ambitious goal of transforming our industry, and in doing so supporting the world's next generation of global leaders to connect to their lifelong learning and career aspirations.

FY23 remuneration decisions

The key remuneration decisions for FY23 and FY24 include:

Board of Directors

- Chair and Non-Executive Director base fees remained unchanged in FY23. It is a number of years since base fees have been increased, the Board has resolved to increase these by 5% effective from 1 July 2023;
- Remuneration Committee Chair fee was increased from $10,000 to $20,000 on 1 February 2023.

Executive Key Management Personnel (KMP)

- Ms O'Shannessy commenced as Chief Executive Officer and Managing Director (CEO) on 13 February 2023. Her annualised total remuneration consists of Fixed Annual Remuneration (FAR) – $1.1m, Short Term Incentive (STI) – 100% of FAR, at target, Long Term Incentive (LTI) – 100% of FAR. A sign-on incentive (Service Rights) to the value of $250,000 and approved by shareholders, was awarded on commencement. 50% will vest after 12 months and 50% will vest after 24 months continuous service in the role;
- FAR for ongoing Executive KMP was increased by 4% for FY23;
- FY23 STI award for executive KMP will be between 81.15% and 91.15% of target. A detailed explanation of the component results is set out from page 55;
- The number and mix of key performance indicators (KPI) to be applied to executive KPI for FY24 were reconsidered and approved by the Board. A 50% weighting based on EBIT targets will remain. The non-financial measures (50%) will now comprise Growth & Efficiency (20%), Customers & Innovation (25%) and People (5%). The Board will continue to monitor and evolve these measures in line with our business strategy;
- The STI opportunity for Mr Freeland (Chief Strategy Officer) was increased from 50% of FAR at target to 100% of FAR at target for FY23. 30% of any STI earned will be awarded as equity and deferred for 12 months;
- Mr Walton (Chief Financial Officer) acted as interim CEO for a period until the commencement of Ms O'Shannessy.

An increase of $300,000 (paid on a pro-rata basis) was awarded to Mr Walton for these additional responsibilities;

- The EPS CAGR and the Relative TSR performance conditions for the Performance Rights granted under the FY21 LTI have been tested following the end of the performance period on 30 June 2023. FY21 LTI EPS CAGR was achieved at 100% and FY21 LTI TSR relative was partially achieved.

Full details of the remuneration decisions and outcomes for FY23 are set out in the Remuneration Report. In addition, the Board will continue to review the market competitiveness of executive KMP remuneration through independent market benchmark assessments and make considered judgements accordingly.

Leadership changes

FY23 was marked by a number of KMP changes. Long serving Non-Executive Director, Professor David Battersby AM retired on 31 March 2023. Two new Non-Executive Directors, Michelle Tredenick and Tracey Horton AO joined the Board on 12 September 2022.

Ms Tennealle O'Shannessy joined the Company on 13 February 2023 as CEO, replacing long serving CEO Mr Andrew Barkla who stepped down on 11 September 2022. Mr Murray Walton acted as interim CEO from 12 September 2022 to 12 February 2023.

On 23 August 2023 we announced the appointment of Andrew Barkla as a Non-Executive Director, with a commencement date of 12 September 2023.

The incoming Chair of the Remuneration Committee will work closely with fellow Directors, external advisors and management to ensure that our remuneration framework provides the appropriate incentives to retain a strong, motivated and effective leadership team aligned in their focus on achieving our strategic objectives and delivering positive outcomes for shareholders.

We will continue to engage with our shareholders and other stakeholders.

We now seek your support of the Remuneration Report at our Annual General Meeting in October 2023.

Tracey Horton

Peter Polson
Chair

Tracey Horton AO
Chair of the Remuneration Committee

22 August 2023

Remuneration Report

Contents

1. Key Management Personnel

The following people were KMP of IDP in the financial year ended 30 June 2023 and to the date of this report:

Executive KMP[1]	Position	Term
Tennealle O'Shannessy	Managing Director and Chief Executive Officer (CEO)	Part Year[2]
Murray Walton[3]	Chief Financial Officer (CFO)	Full Year
Warwick Freeland	Chief Strategy Officer and Managing Director IELTS (CSO)	Full Year
Harmeet Pental	Chief Operating Officer (COO)	Full Year
Non-Executive Directors		
Peter Polson	Chair	Full Year
Ariane Barker	Non-Executive Director	Full Year
Chris Leptos AO	Non-Executive Director	Full Year
Greg West	Non-Executive Director	Full Year
Professor Colin Stirling	Non-Executive Director	Full Year
Tracey Horton AO	Non-Executive Director	Part Year[4]
Michelle Tredenick	Non-Executive Director	Part Year[4]
Former Executive KMP	**Position**	**Term**
Andrew Barkla	Managing Director and Chief Executive Officer (CEO)	Part Year[5]
Former Non-Executive Directors		
Professor David Battersby AM	Non-Executive Director	Part Year[6]

1. Key management personnel (KMP) is defined by AASB 124 Related Party disclosures. Only Directors, the Chief Executive Officer and executives that have the authority and responsibility for planning, directing and controlling the activities of IDP, directly or indirectly and are responsible for the Company's governance are classified as KMP.
2. Commenced on 13 February 2023.
3. Appointed Interim CEO for the period 12 September 2022 to 12 February 2023.
4. Commenced 12 September 2022.
5. Stepped down 11 September 2022.
6. Retired 31 March 2023.

Leadership Changes

In May 2022 we announced that Mr Andrew Barkla would step down as Chief Executive Officer and Managing Director effective September 2022 and that he would continue to be employed with IDP as a Strategic Advisor until September 2023 at which time the Board intend to nominate him as a Non-Executive Director at the 2023 AGM.

In August 2022 the Board announced that Ms Tennealle O'Shannessy had been appointed as the new Chief Executive Officer and Managing Director with full details of Ms O'Shannessy's employment contract and remuneration announced to the market at that time. Ms O'Shannessy commenced with IDP on 13 February 2023.

Mr Murray Walton was appointed interim CEO for the period 12 September 2022 to 12 February 2023.

The Board also welcomed Michelle Tredenick and Tracey Horton to the Board as Non-Executive Directors (NEDs) from 12 September 2022. These appointments were confirmed at the 2022 Annual General Meeting. We thank Professor David Battersby for his long and committed contribution to the Company's success.

2. Summary of remuneration decisions in FY23

The table below provides a summary of remuneration decisions taken by the Board in FY23:

CEO	Ms O'Shannessy commenced as CEO on the following remuneration arrangements: › Fixed Annual Remuneration (FAR) – $1,100,000 per annum (inclusive of superannuation) › Short Term Incentive (STI) – 100% of FAR at target with a proportion of any STI payment delivered as equity and deferred for 12 months as outlined in Section 4.2 › Long Term Incentive (LTI) – 100% of FAR › Sign-on Incentive delivered as Service Rights to the value of $250,000 with 50% of the Service Rights to vest after 12 months and the remaining 50% to vest after 24 months as approved at the 2022 AGM
Executive KMP	› FAR increase of 4.0% reflecting local market movements › FY23 STI award of between 81.15% and 91.15% of STI potential at target › FY20 LTI Plan • Tranche 1 – Earnings per Share (EPS) compound annual growth (CAGR) failed to meet the minimum threshold and lapsed • Tranche 2 – Total Shareholder Return (TSR) relative vested at 88.9% of target › FY23 STI % for Warwick Freeland (CSO) increased from 50% of FAR at target to 100% of FAR at target with 30% of any STI payment delivered as equity and deferred for 12 months › FY23 LTI % for Harmeet Pental (COO) increased from 60% of FAR to 100% of FAR › Temporary increase in FAR equivalent to $300,000 per annum paid on a pro-rata basis to Mr Walton as Interim CEO until Ms O'Shannessy commenced as CEO. The temporary increase has no impact on STI and LTI outcomes
NEDs	› Annual fee for the Chair of the Remuneration Committee increased from $10,000 pa to $20,000 pa with effect from 1 February 2023. All other fees are unchanged

Remuneration Report
continued

3. Remuneration Strategy

Our intention is to set executive remuneration that is fair, equitable, competitive and appropriate for the markets in which we operate, is mindful of internal relativities and ensures that the mix and balance of remuneration is appropriate to attract, motivate, retain and fairly reward all senior executives and other key employees and is consistent with contemporary Corporate Governance standards.

Remuneration Principles	
Aligned to longer term strategy	Reward is linked to shareholder value accretion via appropriate equity (or equivalent) incentives to selected senior executives and employees linked to long-term Company performance
We are a global company	The strategy applies to all employees and Directors within IDP's global business operations
Market competitive	Fair, competitive and appropriate pay for the markets in which IDP operates, mindful of relevant internal relativities
Pay for performance	A meaningful portion of executive reward is 'at risk', dependent upon meeting pre-determined performance benchmarks, both short (annual) and long term (3+ years)
Reward policies are transparent	FAR is fair and competitive both internally and externally for all positions under transparent policies and review procedures
Reward linked to collective effort	The weighting toward shared KPIs and performance measures recognises IDP's success requires collaboration
Remuneration is only part of our value proposition	Reward is one important component of the overall employee experience supporting the attraction, development and retention of a highly skilled and diverse workforce

Executive Remuneration Framework

Executive KMP total remuneration packages comprise the following elements:

The table below explains the purpose of each of the remuneration elements of IDP's Remuneration Framework and how they align to IDP's performance and shareholder interests.

	Structure & Opportunity	Purpose & Link to Strategy	Changes in FY23
FAR	Fixed salary reflects the accountabilities and expectations of the role and the executive's experience, skills and contribution. Benefits include retirement contributions (such as superannuation) and specific support for relocation where applicable	Attract and retain executives with the right capability and experience to deliver against set strategic priorities	No change to definition and structure of FAR in FY23 FAR was increased for the CFO, CSO and COO roles
STI	Cash, and in some cases equity, awarded for achievement of annual performance metrics	Ensure a portion of remuneration is "at risk" and linked to the delivery of agreed measures. The KPIs are focused on financial and strategic priorities, driving executives to deliver outstanding business performance. We set stretch targets which are over and above day to day expectations to motivate and reward strong performance. Maximum STI is awarded only for outstanding performance above and beyond already challenging targets	No change to definition and structure of STI in FY23 STI potential increased for CSO
LTI	Performance Rights with performance tested over 3 years	Create strong shareholder alignment and reward executives for strategy execution achievements over the long term. Reward sustainable long-term growth in shareholder value, typically measured through TSR relative and EPS CAGR	No change to LTI structure in FY23, comparator group for TSR performance changed to the S&P/ASX100 (ex Banks, Financials, Resource and Real Estate companies)

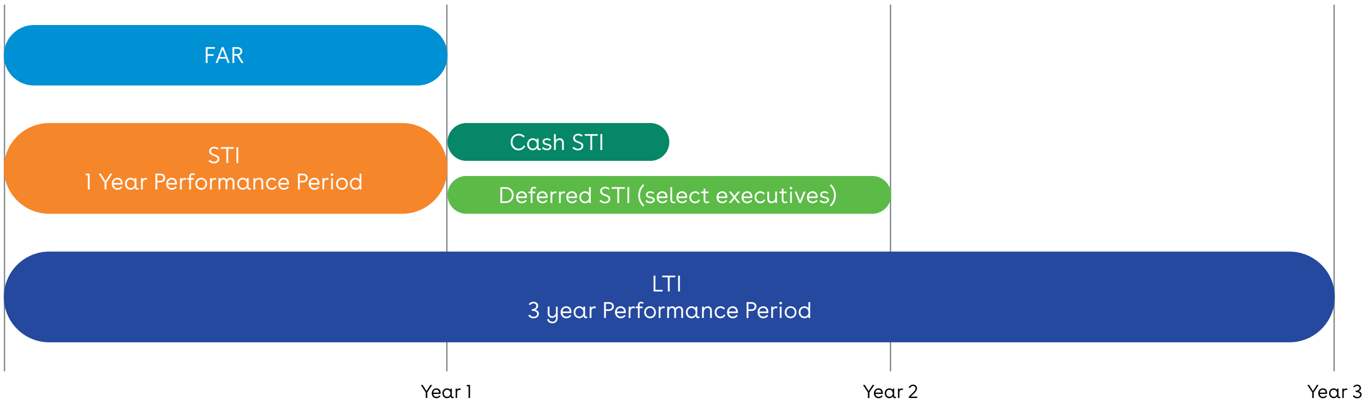
Remuneration delivery timeline

Reward is realised over an extended period supporting a focus on short term delivery that underpins sustainable long-term performance.

- FAR is delivered over 12 months
- The STI is measured over the financial year performance period, the cash component is paid in September after confirmation of the annual results. Select Executive KMP have a proportion of the STI award deferred and delivered as Service Rights in IDP which vest over a further 12 months
- LTI awards only vest if pre-determined Company performance hurdles are achieved over a three year period

We believe this aligns with shareholder interests, with a meaningful proportion of reward at risk and subject to achievement of measures aligned to longer term shareholder value accretion and share price performance.

The timing of Executive KMP remuneration outcomes is illustrated in the following diagram:



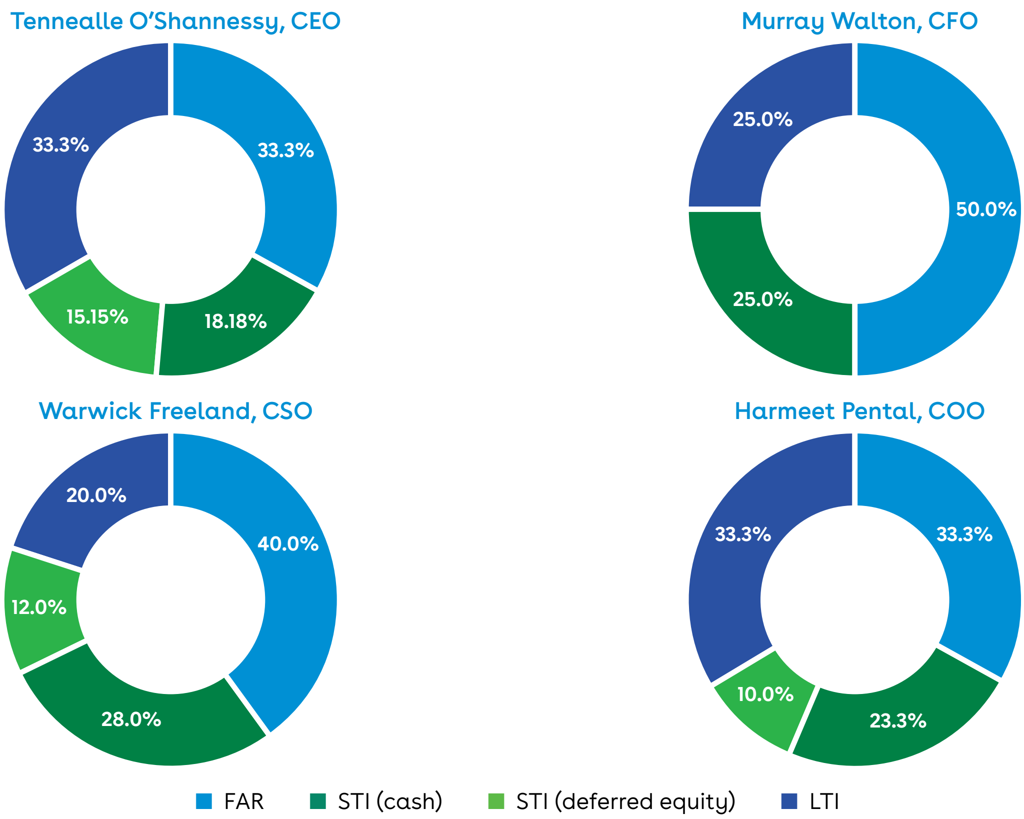
Remuneration mix

IDP's remuneration framework, including STI targets, has been developed to provide transparency and consistency in setting executive remuneration packages.

The intent of the remuneration structure is to provide the right balance of fixed and variable reward that aligns Executive KMP rewards with shareholder interests and alignment to our pay for performance philosophy, focusing efforts on driving growth and sustained long term performance. As a company with high growth prospects a significant proportion of the target reward mix is variable, and therefore at risk, and will only be realised if executives meet critical performance hurdles.

Over recent years the structure of total reward has evolved to increase the focus on short and long term "at risk" remuneration aligned to meeting key Company objectives and further driving IDPs growth agenda. The Board aims to ensure that the mix of fixed to variable and short to long term rewards is right for IDP to attract and retain the critical executive talent needed to lead a global education services company but will continue to evaluate the appropriateness of this mix to ensure it meets our needs into the future.

The illustrations below provide an overview of the Total Target Remuneration (TTR) mix for the CEO and other Executive KMP.



There are varying levels of STI deferral applied across executive KMP. As the Company has grown, pay mix including STI targets has been adjusted to remain fair, reasonable and drive shareholder return through increased variable opportunity. Pay mix changes and increased STI targets have been coupled with the introduction of deferred STI outcomes. This has allowed IDP to provide an appropriate pay mix for KMP roles and at the time of implementation introduce deferral of a portion of STI outcomes.

4. FY23 Remuneration Structure

This section provides details of each of the remuneration elements and relevant performance conditions in FY23.

FY23 Total Target Remuneration

The table below shows the actual TTR for FY23 for each of the Executive KMP.

		Fixed Annual Remuneration ($)	STI (At-Target) ($)	STI (Maximum) ($)	LTI (100% vesting)[1]	Total Target Remuneration ($)
Tennealle O'Shannessy	**2023**	**415,890**	**415,890**	**813,957**	**1,121,168**[2]	**1,952,948**[3]
	2022	–	–		–	–
Murray Walton[4]	**2023**	**625,747**	**312,874**	**612,338**	**312,874**	**1,251,495**
	2022	601,680	300,840	590,935	300,840	1,203,360
Warwick Freeland	**2023**	**544,307**	**544,307**	**1,065,287**	**272,153**	**1,360,767**
	2022	523,372	261,686	514,026	261,686	1,046,744
Harmeet Pental[5]	**2023**	**601,046**	**601,046**	**1,176,332**	**601,046**	**1,803,138**
	2022	567,078	567,078	1,113,904	340,247	1,474,403

1. The remuneration value used to determine the number of Performance Rights awarded under the LTI Plans.
2. Proportion of period (number of days from commencement date to 30 June 2025 divided by 1096 days). Includes $250,000 sign-on award approved by shareholders at 2022 AGM and awarded as Service Rights.
3. Ms O'Shannessy commenced as CEO on 13 February 2023, actual TTR reflects part year service and includes $250,000 sign-on award approved by shareholders at 2022 AGM.
4. For FY23 this represents FAR payable as CFO. It does not include pro rata increase in FAR in recognition of interim CEO position.
5. For FY23 this represents conversion from Arab Emirates Dirham (AED) to AUD based on 3 month average FX rate (Apr-Jun 2023). For FY22 this represents conversion from SGD to AUD based on 3 month average FX rate (Apr-Jun 2022).

4.1 Fixed Annual Remuneration

What were the changes to fixed annual remuneration in FY23?	The Board reviews Executive KMP remuneration each year to ensure remuneration remains fair and reasonable and market competitive, whilst also continuing to drive outstanding annual business performance. The review in FY23 included an independent benchmark report against two bespoke comparator groups comprising ASX listed companies of similar size, type and market capitalisation. Considering the review outcomes the Board determined to increase the FAR of the Executive KMP, excluding the CEO, by 4.0% effective from 1 July 2022 to reflect local market movement.

Remuneration Report
continued

4.2 FY23 Short Term Incentive

Performance period	1 year – 1 July 2022 to 30 June 2023
How much can Executive KMP earn?	› The CEO, COO and CSO had a target STI opportunity of 100% of FAR and a maximum STI opportunity of 195.7%. In Ms O'Shannessy's case any amount is pro-rated based on her service from 13 February 2023 to 30 June 2023 › The CFO had a target STI opportunity of 50% of FAR and a maximum opportunity of 97.9% of FAR
How is performance assessed and what are the performance measures?	STI awards are assessed over a 12-month period aligned with the Company's financial year. During FY23, the key performance criteria for the Executive KMP were: Financial – 50% weighting › Earnings Before Interest and Taxation Non financial – 50% weighting › Student Placement – 25% (15% for the CSO) › IELTS – 20% (30% for the CSO) › Our People – 5% Specific achievement against the KPI's set for FY23 is detailed in Section 5 – Company performance and remuneration outcomes
Rewarding performance	The STI performance weightings are set under a predetermined matrix with the Board determination final Executive KMP STI performance criteria each have a minimum threshold achievement level, a target level and a stretch component that is designed to encourage above target performance › Failure to achieve the minimum threshold level of performance will result in no payment for that KPI › Achievement of target performance will usually deliver 100% payment for that KPI; and › Achievement of or exceeding stretch will deliver payment up to 200% for that KPI The Policy includes a mechanism to incorporate a performance weighting on the basis set out in the tables below 1. Outcomes for financial measures or measures with an objective numeric target are calculated based on the table immediately below

STI Performance Rating	Percentage of Budget	Maximum % STI to be awarded
Threshold	85 – 90%	25 – 50%
Budget	100%	100%
Stretch (Target)	115 – 125%	120 – 150%
Exceptional	› 125%	Up to 200%

2. Outcomes of non-financial KPI's are assessed using the following scale

Performance Rating	Score
Below Satisfactory	0
Satisfactory	15
Good	50
Very Good	100
Outstanding	125
Exceptional	150

Executive KMP are subject to malus and clawback provisions that enable the Board to adjust any unvested STI awards as appropriate

How is it paid?	The CEO's STI, set at 100% of FAR at target is satisfied as follows: › STI amounts up to $100,000 and 50% of any amount above $100,000 are awarded in cash; and › 50% of any amount above $100,000 is satisfied through a grant of Service Rights issued under the IDP Education Employee Incentive Plan (IDIP) subject to a vesting condition that the CEO remains employed for a further 12 months from the end of the financial year. The COO and the CSO STIs set at 100% of FAR at target, are satisfied as follows: › 70% is awarded in cash; and › 30% is satisfied through a grant of Service Rights issued under the IDIP subject to a vesting condition that the COO/CSO remain employed for a further 12 months from the end of the financial year. The CFO's STI, set at 50% of FAR at target is awarded in cash[1].

1. No STI deferral is applied to the CFO position. Implementation of deferral is typically coupled with an adjustment to the incentive potential given there has been no adjustment to the CFO's STI potential, there has been no opportunity to implement deferral

4.3 FY23 Long Term Incentive

Performance period	3 years – 1 July 2022 to 30 June 2025
How is performance assessed and what are the performance measures?	We assess the FY23 LTI against two equally weighted, independent performance targets Tranche 1 – EPS CAGR Hurdle (50% weighting) Tranche 1 will vest if IDP achieves a CAGR in EPS of at least 33.2% per annum above the Base Year EPS of 36.95 cents per share for FY22 over the Performance Period as per the following table:

CAGR in EPS	% of Rights vesting in this tranche*
‹ 33.2% per annum	0%
≥ 33.2% per annum	50%
› 35.7% per annum	100%

* Proportional straight-line vesting between 33.2% and 35.7% per annum will apply.

The Board has the discretion to adjust for material one-off impacts to EPS to ensure the intent and integrity of the EPS hurdle is preserved (for example, if there is a change in the accounting standards that materially impact the EPS calculation whether positively or negatively). The Board has never exercised this discretion

How is performance assessed and what are the performance measures? (continued)

Tranche 2 – Relative TSR performance hurdle (50% weighting)

The TSR measure represents changes in the value of our share price over a period including reinvested dividends. These are expressed as a percentage of the opening value of the shares. Relative TSR is selected as a performance hurdle because we believe this provides the most direct measure of shareholder return and reflects an investor's choice to invest in IDP or our direct competitors.

Tranche 2 will vest if IDP achieves a TSR ranking against the S&P ASX 100 Accumulation Index (excluding Banks, Financials, Resource and Real Estate companies) over the Performance Period as per the following table:

Relative TSR Ranking	% of Rights vesting in this tranche
‹ 50th percentile	0%
At 50th percentile	50%
› 50th percentile to 75th percentile	Pro-rated vesting between 50% and 100%

If any of the selected companies, listed below, are delisted for any reason during the Performance Period their TSR result at the time of delisting will be deemed to be the TSR result for the Performance Period.

If necessary to avoid an anomalous result, the Board may make adjustments in measuring TSR performance to ensure the intent of the incentive plan is maintained.

The Board retains full discretion to determine and calculate the vesting outcomes.

Executive KMP are subject to malus and clawback provisions that enable the Board to adjust any unvested LTI awards as appropriate.

How is it paid?

Performance Rights.

Each performance right that vests at the end of the performance period entitles the executive to one fully paid ordinary IDP share at no cost

Fair value

CEO Performance Rights granted on 21 February 2023

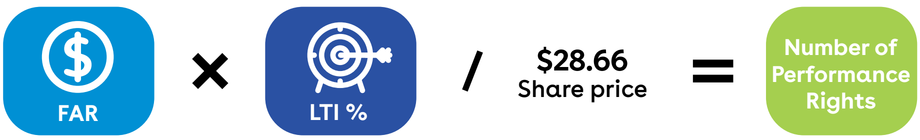
- EPS CAGR – $29.99
- TSR – $22.50

Executive KMP Performance Rights granted on 4 October 2022

- EPS CAGR – $26.85
- TSR – $19.47

How many Performance Rights are awarded?

We determine the number of rights to be awarded by dividing a percentage of an executive's FAR as at 1 July by the VWAP of shares over the 5 trading days immediately following the day on which we released our financial results. For the FY23 grant, this was $28.66.



CEO - Tenneallle O'Shannessy – 100% of FAR[1]

CFO - Murray Walton – 50% of FAR

CSO - Warwick Freeland – 50% of FAR

COO - Harmeet Pental – 100% of FAR

1. Proportioned by the number of days from commencement date to 30 June 2025 divided by 1096 days.

What is the LTI Comparator Group?	The Board has determined that IDP's performance will be ranked by percentile according to its TSR relative to the TSR of the companies comprising the S&P ASX 100 Accumulation Index (excluding Banks, Financials, Resource and Real Estate companies) over the period from 1 July 2022 to 30 June 2025. The group includes: AGL Energy ALS Ltd Altium Ltd Amcor Plc Ansell Ltd APA Group ARB Corporation Aristocrat Leisure Atlas Arteria Aurizon Holdings Block Inc Brambles Ltd carsales.com Ltd Cleanaway Waste Cochlear Ltd Coles Group Computershare Ltd CSL Ltd Dominos Pizza Downer EDI Endeavour Group Fisher & Paykel Healthcare Harvey Norman Incitec Pivot Insurance Australia James Hardie JB Hi-Fi Medibank Private Metcash Ltd NextDC Ltd Nine Entertainment Orica Ltd Orora Ltd Qantas Airways QBE Insurance Qube Holdings Ramsay Health REA Group Reece Ltd Reliance Worldwide ResMed Inc SEEK Ltd Sonic Healthcare Steadfast Group Suncorp Group Tabcorp Holdings Telstra Corporation The a2 Milk Group The Lottery Corporation The Star Entertainment Group Transurban Group Treasury Wine Wesfarmers Ltd WiseTech Global Woolworths Group Xero Ltd

Remuneration Report
continued

5. Company Performance and Remuneration Outcomes

5.1 FY23 financial performance

Achieving our highest ever NPAT and EBIT results in FY23, as well as record results for all key financial and operational metrics, we recognise our global team who worked collaboratively to produce this positive result for our shareholders while successfully delivering a number of milestone achievements.

IDP's historical financial performance over the last five years will assist shareholders to understand the context of the remuneration framework, management's performance and how the Company's performance impacts the remuneration outcomes for the Executive KMP.

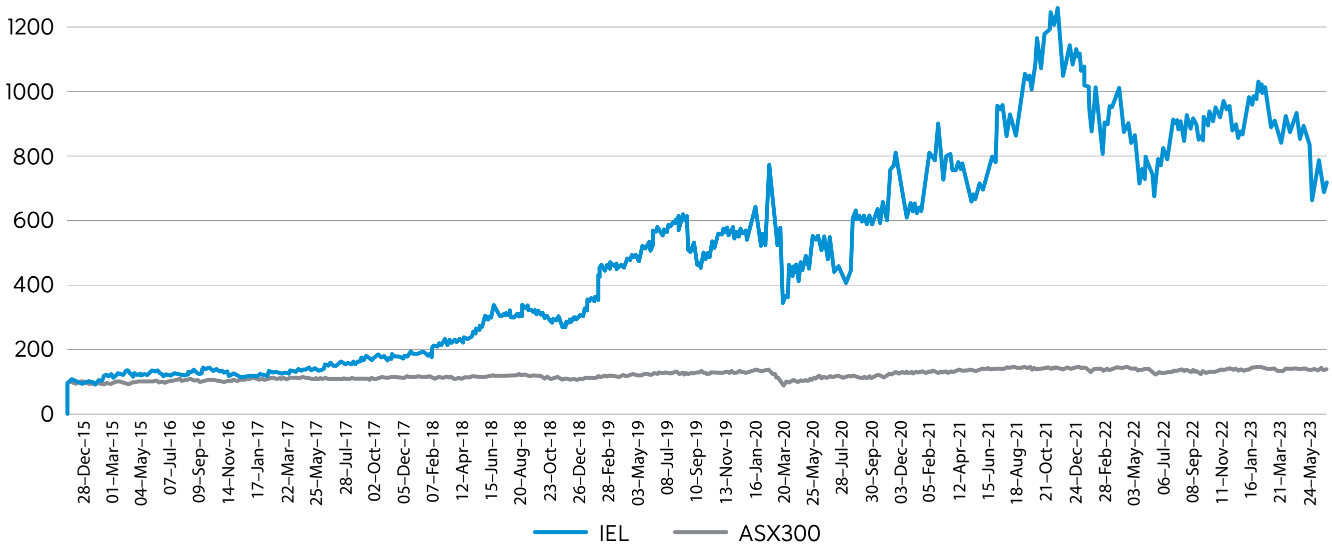
Measure	FY23	FY22	FY21	FY20	FY19
Revenue ($m)	**981.9**	793.3	528.7	587.1	598.1
EBIT ($m)	**220.9**	158.9	64.1	108.1	97.1
NPAT ($m)	**149.1**	102.8	39.5	68.0	66.3
Basic EPS (cents per share)	**53.36**	36.86	14.26	26.23	26.26
Dividend (cents per share)	**34.50**	13.50	8.00	24.00	18.50
Share Price as at 30 June ($)	**22.10**	23.82	24.54	15.49	17.66
Average STI payout (% of target)	**88.7**	117.0	100.0	65.1	112.3
LTI Outcome (% vested)	**44.45**	50	100	100	100

IDP has continued to grow in size and complexity since it listed on the ASX in 2015. Over this period financial performance has improved as have the returns delivered to shareholders.

Set out in the table below is IDP's TSR performance relative to the ASX100, ASX200 and the ASX300 since IDP listed in November 2015. These comparisons have been chosen because they represent the broad market indices within which IDP shares have traded since listing. TSR is the measure of the returns that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends.

The table also shows that IDP's total shareholder return has increased 615% since listing (using closing price) to 30 June 2023, outperforming the ASX100, ASX200 and ASX300 by a significant margin.

IEL TSR vs ASX100, ASX200 & ASX300
26 Nov 2015 to 30 June 2023



Note: The ASX100, ASX200 and AXS300 performance are indistinguishable due to the horizontal axis scale.
TSR has increased 820% when calculated using IPO offer price of $2.65 per share.

5.2 FY23 STI performance outcome

In FY23 our global team delivered significant progress for the business. We welcomed many new people to the Company to fuel our growth including the Intake team and our new CEO, as well as being recognised as a 'Great Place' to work in India, Sri Lanka and Australia and a WGEA Employer of Choice for Equal Opportunity in Australia. New companies were acquired and invested in to accelerate innovation in the services and products we offer our customers.

The highest ever EBIT result was delivered in a global environment of changing government policy settings which elevated our competition, ongoing economic and geopolitical instability, an extended lockdown in China due to the pandemic, supply constraints in Student Placement and a significant rise in inflationary pressure impacting our business, customers and people. All of which increased the complexity and challenges of delivering the STI targets.

Execution of IDP's strategic plan refreshed in FY22 continues strongly, the specific STI KPIs set in FY23 reinforce the plan and encourage the delivery of improved financial performance through a focus on deep human connection enhanced by technology and enhanced digital and physical scale.

Our strategy plan progresses through three phases:

1. "*Rebound and Accelerate*" – leverage our global leadership position to help people reignite their global ambitions.
2. "*Expand on our Unique Model*" – deliver unrivalled services that elevate us from our competitors and solve problems for our customers.
3. "*Maximise Global Scale*" – aiming higher, we will transform the global industry for customers, clients and our teams.

These phases are supported by our continued focus on *Service Excellence* and building capability in Our People. Alignment of the FY23 STI KPIs to the strategy is summarised below.

KMP KPIs **Aligned to Strategy**	**Rebound & Accelerate**	**Expand on our unique model**	**Maximize global scale**
Student Placement		› FastLane Offer in Principle	› Applied volume › Counsellor Productivity › Intake Integration
IELTS	› IELTS share of total high stakes English language test market	› One Skill Retake › IELTS Online (IOL)	
Service Excellence	› Business class leads experience (Student Placement) › Booking Experience (IELTS)		
Our People	› GLT-1 Succession planning		

Key strategic initiatives progressed with our team focused on improving the experience of our students, test takers, clients and employees. We have evolved and reimagined our ways of working, through maturing our digital practices, including product development, technology delivery, cybersecurity and project governance and reporting. Our leadership and talent pipeline grew, with FY23 initiatives delivered including succession planning, business rotation program implementation and the launch of our global leadership development and coaching program.

The team remain excited about the opportunities created through the acquisition of the Ambassador Platform and SPEAK and the acceleration to innovation and impact this will enable us to make on our customers' experience.

The Board has reviewed the annual performance and has approved outcomes consistent with the standard remuneration framework which has resulted in an overall award of 91.15% of target (46.57% of maximum potential) for the CEO, CFO and COO. The overall award for the CSO was 81.15% of target (41.46% of maximum potential). A breakdown of the outcomes and reasoning for each KPI outcome against target is provided in the tables overleaf.

Remuneration Report
continued

	Measure	Definition and target	Why chosen
Financial (50%)	Company EBIT	Achieve Company EBIT of A$229.1M	EBIT is a key indicator of financial performance. It ensures appropriate focus on profit and cost and is a strong indicator of underlying company profitability
Student Placement	Business class leads experience	Using technology to transform the first touch point for online student enquiries who are "highly likely to apply" improving the customer experience through lead scoring resulting in higher conversion rates for business class leads	This is the critical first opportunity to convert a lead. Ensuring we connect with customers in the moment they are researching will improve their experience and conversion rates
	Applied Volume	Grow total applied volume year on year by 34%	Applied volume is a key leading indicator for growth
	Productivity	Increase Counsellor productivity	Counsellor activity focussed on customer and client experience as well as generating further leads and finalising applications
	Intake Integration	Successfully integrate Intake Education	Strategic acquisition, fuelling our growth
	FastLane Offer in Principle	Build on Offer in Principle (OiP) capability to ensure students who initially received OiP received full offers from institutions	OiP is a unique offering provided to students and clients through FastLane to enable swift decisions. The business can scale marketing effectively through technology and operations to improve conversion rates to drive revenue
IELTS	One Skill Retake	Launch One Skill Retake (OSR) in key markets	OSR is a new feature of IELTS, enabling our customers to target a single skill for improvement, while also providing a way to counter new competition
	IELTS Online	Launch IELTS Online (IOL) in new markets and explore strategically important data points and growth opportunities	IELTS Online gives our customers flexibility for where and when they take their test, enabling entry into new markets
	Booking Experience	Deliver seamless booking experience across IELTS globally	New booking technology improves customer experience, expanding the ways a test can be booked and delivering stronger conversion and revenue
	IELTS share of total high stakes English language test market	Further develop the ability to accurately determine IELTS market share in English language testing through competitor analysis and develop measurable marketing campaigns to challenge competitors	Targeting resources at the most important opportunities for challenging competitors and impacting market share
Our People	GLT-1 Succession planning	Grow leadership talent by strategically investing in capacity and capability development	The depth and capability of our leadership team is fundamental to our success and ability to grow at speed and innovate to be an industry leader

Measure & Weighting	KPIs	Outcome	Result %
Financial **50%**	Achieve company consolidated EBIT of **$229.1m** (at budget FX rate)	Result was **$228.5m** – this is the highest EBIT result achieved, exceeding last year's result by 39% Threshold Target Maximum EBIT for STI purposes has been adjusted to exclude one off events[1].	**49.3**
Service Excellence **5% (excl CSO)**	Student Placement Business class leads experience	All milestones **achieved** according to plan Threshold Target Maximum	**5.0 (excludes CSO)**
Maximise Global Scale **5%**	Applied Volume	**40% growth** – exceeded target Threshold Target Maximum	**6.3**
Maximise Global Scale **5%**	Productivity	**24% increase** – exceeded target Threshold Target Maximum	**5.6**

1. EBIT Adjustment – Consistent with usual practices the Group EBIT performance for STI purposes has been adjusted to exclude one off events including the impact of Nigerian currency movements and Intake merger and acquisition expenses from the reported IFRS measures.
   - On 14 June 2023 the Nigerian Government announced it was floating the Nigerian currency, leading to a 69% currency devaluation which resulted in a $3.8m foreign exchange loss for the Company. The Nigerian Government has had exchange controls in place which effectively prevents repatriation of cash and the equivalent of A$8.8m was trapped in local currency in country as a result.
   - Removing the benefits and costs of the Intake acquisition from the overall Company result.

   The adjusted EBIT for STI purposes is $228.5m.

Remuneration Report
continued

Measure & Weighting	KPIs	Outcome	Result %
Maximise Global Scale **5%**	Intake Integration	**Not** all milestones **achieved** Threshold Target Maximum	**0.0**
Expand on our Unique Model **5% (excl CSO)**	FastLane Offer in Principle (OIP) adoption	Target exceeded – **17,576** students who initially received OiP received full offers against a target of 10,000 Threshold Target Maximum	**10.0 (excludes CSO)**
Expand on our Unique Model **5% (excl CSO)** **10% (CSO)**	One Skill Retake	**Not** all milestones **achieved** Threshold Target Maximum	**0.0**
Expand on our Unique Model **5% (excl CSO)** **10% (CSO)**	IELTS Online	All milestones **achieved** according to plan Threshold Target Maximum	**5.0 (excludes CSO)** **10.0 (CSO)**
Service Excellence **5%**	Booking Experience	**Not** all milestones **achieved** Threshold Target Maximum	**0.0**
Maximise Global Scale **5%**	Data and baseline of IELTS share of total high stakes English language test market	All milestones **achieved** according to plan Threshold Target Maximum	**5.0**
Our People **5%**	GLT-1 Succession planning	All milestones **achieved** according to plan Threshold Target Maximum	**5.0**
			91.15 (excludes CSO) **81.15 (CSO)**

The table below provides a summary of Executive KMP STI amounts earned for the FY23 performance year:

FY23	STI At-Target $	STI at Maximum $	STI Awarded %	STI Awarded $	STI Foregone $
Tennealle O'Shannessy[1]	415,890	813,957	91.15	379,084	434,873
Murray Walton	312,874	612,338	91.15	285,184	327,154
Warwick Freeland	544,307	1,065,287	81.15	441,705	623,582
Harmeet Pental	601,046[2]	1,176,332	91.15	547,853	628,479

1. calculated as a pro-rata amount from date of commencement to 30 June 2023.
2. converted to AUD from AED based on 3 month average FX rate (Apr-Jun 2023).

5.3 FY20 LTI performance outcome

LTI Awards are granted annually to all Executive KMP and are granted as Performance Rights with tranches measured over a set performance period.

Under the FY20 LTI Award, the performance condition for Tranche 1 was EPS CAGR and Relative TSR for Tranche 2. The performance conditions for the Performance Rights awarded under the FY20 LTI were tested following the end of the performance period on 30 June 2022. The results and vesting outcomes are detailed below and Performance Rights vested or lapsed on 31 August 2022, at no cost to the Executive KMP, as shown in the table below.

FY20 LTI	Target	Result	% of Performance Rights Vested
EPS CAGR	› Threshold - 15% › Maximum - 17.5%	12.8%	0%
Relative TSR	› Threshold = 50th percentile › Maximum = 75th percentile	69.45th percentile	88.9%

EPS CAGR of the FY20 LTI did not fully vest and Relative TSR partially vested in August 2022. The performance was impacted by a number of factors including:

- Extended impact on NPAT of the global pandemic and border closures through the performance period;
- Capital raising increasing the number of shares on issue. This was an important decision management and the Board took to ensure available cashflow to take the whole team through the other side of the pandemic; and
- One off impacts in FY22 such as the repayment of employee's salary reduction from FY21.

There are currently three LTI grants on foot and the current expectation of each grant for performance vesting is as follows:

Award	EPS CAGR Vesting Date	Vesting Probability	Relative TSR Vesting Date	Vesting Probability
FY21 LTI	31 August 2023	Certain	31 August 2023	Certain (partial)
FY22 LTI	31 August 2024	Unlikely	31 August 2024	Possible
FY23 LTI	31 August 2025	Unlikely	31 August 2025	Possible

Remuneration Report
continued

5.4 Total Realised Remuneration (non-statutory) – FY23

This is an additional voluntary disclosure which the Board believes provides a transparent view of what the Executive KMP actual take-home pay was in FY23. These outcomes are aligned with IDP's performance during FY23, as well as being aligned to IDP's longer term performance.

The table below is not required under Australian Accounting Standards or the *Corporations Act 2001* and is provided to assist in understanding actual realised remuneration outcomes. These figures include FAR, FY23 STI cash amounts not deferred and to be paid in September 2023. It also includes the value of previous years' STI deferred shares and LTI awards that vested during FY23 and became exercisable. The values differ from the values shown in the statutory remuneration tables in section 9 that shows the accounting expense for both vested and unvested awards.

The increase in FAR for Murray Walton between FY22 and FY23 represents the impact of a 4% increase to FAR for the permanent role of CFO and the pro rata increase in FAR in recognition of his 6 month appointment as interim CEO. The increase in FAR for Harmeet Pental between FY22 and FY23 represents a 4% increase in FAR and the impact of foreign exchange movements.

	Year	FAR $	Other cash payments[1] $	STI Cash payments[2] $	Vesting of prior year Deferred STI awards[3] $	Vesting of prior year LTI awards[4] $	Total Realised Remuneration $
Tennealle O'Shannessy[5]	**2023**	**421,667**	**–**	**239,542**	**–**	**–**	**661,209**
Murray Walton[6]	**2023**	**753,055**	**–**	**285,184**	**–**	**156,578**	**1,194,817**
	2022	589,934	71,971	351,882	–	257,620	1,271,407
Warwick Freeland[7]	**2023**	**543,824**	**–**	**309,194**	**–**	**156,387**	**1,009,405**
	2022	520,649	177,230	306,085	–	262,106	1,266,070
Harmeet Pental[8]	**2023**	**634,186**	**13,124**	**383,497**	**147,074**	**243,897**	**1,421,778**
	2022	557,562	205,125	464,305	158,823	389,419	1,775,233
Former KMP							
Andrew Barkla[9]	**2023**	**236,426**	**–**	**–**	**456,652**	**489,568**	**1,182,646**
	2022	1,072,291	132,038	679,182	425,809	711,079	3,020,399
Total	**2023**	**2,589,157**	**13,124**	**1,217,417**	**603,726**	**1,046,430**	**5,469,854**
	2022	2,740,436	586,364	1,801,454	584,632	1,620,224	7,333,109

1. Other cash payments include service related benefits and local benefits for offshore roles.
2. Represents the cash component relating to the FY23 STI plan earned in the relevant financial year.
3. Represents the value of vested Deferred STI award granted in prior years based on the taxable value as reported to the ATO or in the case of Harmeet Pental an equivalent value.
4. Represents the value of Performance Rights on exercise based on the taxable value as reported to the Australian Taxation Office or in the case of Harmeet Pental an equivalent value.
5. Ms O'Shannessy commenced as CEO with IDP on 13 February 2023.
6. Mr Walton received a 4% increase to FY23 FAR and pro rata increase in FAR in recognition of his appointment as interim CEO.
7. Mr Freeland received a 4% increase to FY23 FAR.
8. Mr Pental received a 4% increase to FY23 FAR however FX movements have impacted the year on year comparison.
9. Mr Barkla ceased as CEO on 11 September 2022.

The reduction in total realised remuneration from $7.3m in FY22 to $5.5m in FY23 is predominantly due to 3 contributing factors including; a decrease in the value of STI cash awards resulting from the timing of the CEO transition, the partial vesting of the FY19 LTI award at 44.45% of opportunity, with EPS CAGR not being met and Relative TSR being partially met and thirdly a reduction in 'Other cash payments' where FY22 included a one off repayment of salary foregone in FY20 and FY21.

6. Executive KMP Employment Agreements

Remuneration and other terms of employment are covered in a formal employment contract. The employment contracts include provisions requiring a minimum notice period by both the Executive KMP and the Company. If either party provides notice, the Company may make a payment in lieu of notice.

For all Executive KMP, in the event of serious misconduct or other circumstances warranting summary dismissal, notice is not required.

The minimum notice period for each Executive KMP as per the contractual terms are set out in the table below.

	Contract type	Notice period by Executive	Notice period by IDP	Non-compete clause
Tennealle O'Shannessy	Ongoing	26 weeks	26 weeks	12 months
Murray Walton	Ongoing	3 months	3 months	12 months
Warwick Freeland	Ongoing	13 weeks	26 weeks	12 months
Harmeet Pental	Ongoing	6 months	6 months	12 months

7. Non-Executive Director Remuneration

Non-Executive Director fees are determined by reference to external survey data, taking account of the Company's relative size and business complexity.

Under the Company Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Non-Executive Director. However, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company in a general meeting. This amount, being the fee pool limit, has been fixed at $2,000,000 per financial year.

Each Non-Executive Director's total remuneration package may be comprised of the following elements:

› Base fee

› Committee fee

Non-Executive Directors have no entitlement to STI or LTI.

No retirement benefits are payable to Non-Executive Directors other than statutory superannuation entitlements.

The below table provides further details relating to the components of the Non-Executive Director remuneration.

Component	Delivered	Description
Base Fee	Cash	The base fee represents remuneration for service on the IDP Education Ltd Board. The base fee for the Board Chair represents the entire remuneration for that role
Committee Chair fees	Cash	Committee Chair fees represent remuneration for chairing Board committees
Committee Member Fees	Cash	Committee member fees represent remuneration for service on an IDP Education Ltd Board Committee

Non-Executive Directors' fees were reviewed in 2022 by independent remuneration advice against comparable ASX listed companies. The current Non-Executive Director remuneration fee structure is within the approved fee pool and is shown in the following table including the increase of Remuneration Committee Chair fee from $10,000 to $20,000 from February 2023.

Remuneration Report
continued

At the August 2023 Board meeting a 5% increase, effective 1 July 2023, to the Chair and Non-Executive Director Base fees was approved for FY24. This is the first increase in Base fees since March 2018. Committee fees remain the same:

	$ per annum to 30 June 2023	$ per annum from 1 July 2023[2]
Base Fee		
Chair	350,000	367,500
Non-Executive Director	150,000	157,500
Committee Chair Fees		
Audit and Risk Committee	40,000	
Nomination Committee	10,000	
Remuneration Committee[1]	20,000	
Committee Member Fees		
Audit and Risk Committee	10,000	
Nomination Committee	10,000	
Remuneration Committee	10,000	

1. Remuneration Committee Chair fee increased to $20,000 pa from 1 February 2023.
2. Chair and Non-Executive Director fees increased to $367,500 and $157,500 pa from 1 July 2023.

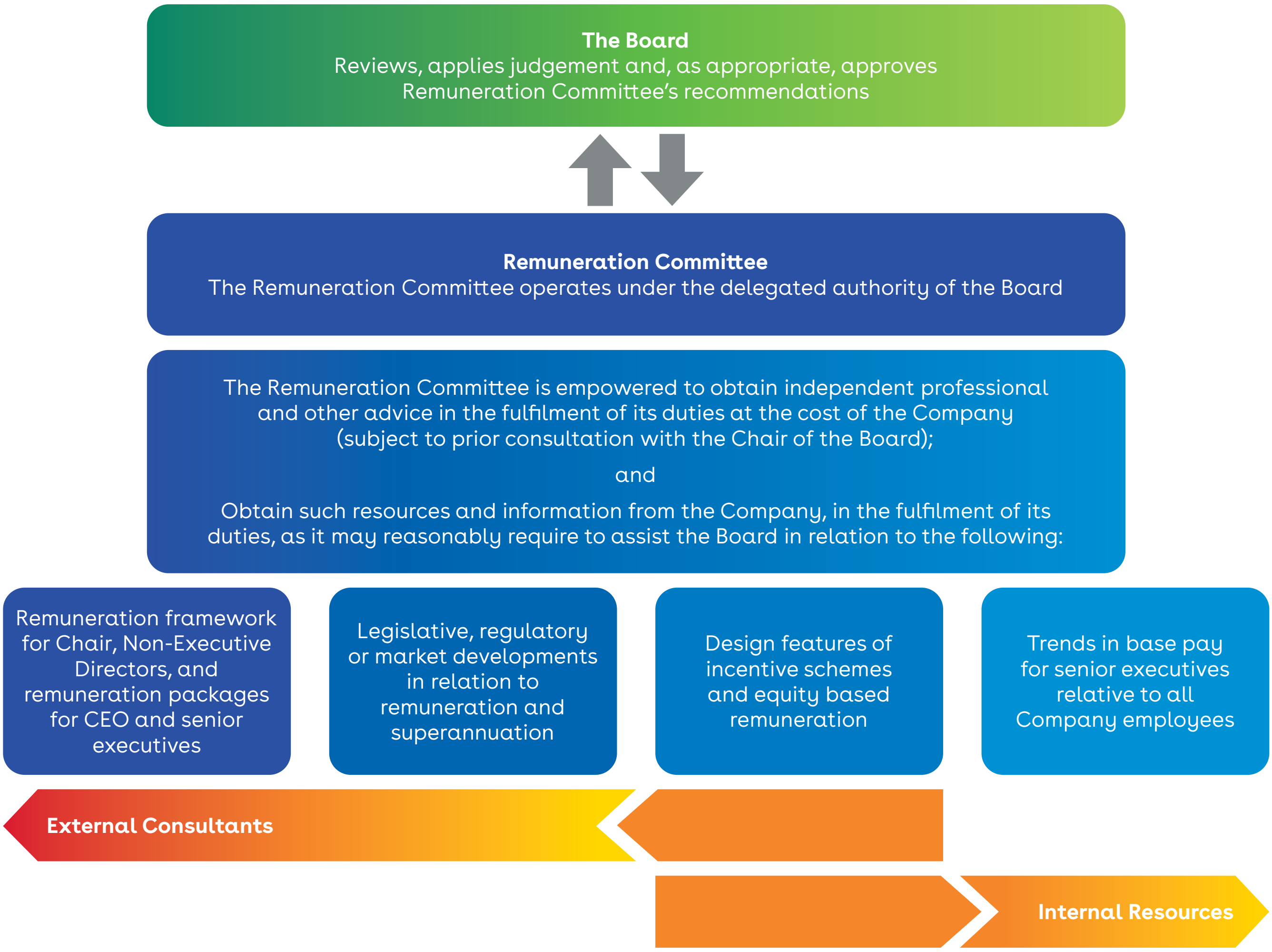
8. Remuneration Governance

This section of the Remuneration Report describes the role of the Board and the Remuneration Committee, and the use of remuneration consultants when making remuneration decisions.

The Board is responsible for IDP's remuneration strategy and policy. Consistent with this responsibility, the Board has established the Remuneration Committee (the Committee).

In summary, the role of the Committee includes assisting and advising the Board on remuneration policies and practices for the Board, the CEO, the other Executive KMP, senior executives and other persons whose activities, individually or collectively, affect the financial soundness of the Company. The Committee advises the Board on remuneration practices and policies which are fair and responsible to drive a high performance culture and align with shareholder outcomes.

The Committee's role and interaction with the Board, internal and external advisors, are further illustrated overleaf:



Further information on the Committee's role, responsibilities and membership is contained in the Corporate Governance Statement. The Remuneration Committee Charter can also be viewed in the Corporate Governance section of the Investor Centre of the IDP website: investors.idp.com

As at 30 June 2023, the Committee comprised the following Non-Executive Directors:

› Ms Tracey Horton AO (Committee Chair) – appointed 1 February 2023
› Mr Peter Polson (Board Chair)
› Ms Ariane Barker
› Mr Chris Leptos AO

The Directors' Report provides information regarding:

› Skills, experience and expertise of the Committee members; and
› Number of meetings and attendance of members at the Committee meetings.

Board Discretion

Before determining remuneration outcomes and vesting, we assess alignment with overall Company performance – both financial and non-financial. In addition, the Board has full discretion over the outcome of any variable reward payment and vesting.

The Board has the discretion to adjust, modify or cancel the STI and LTI outcomes – recognising overall outcomes relative to shareholder benefits.

Remuneration Report
continued

Malus and Clawback

Executive KMP are subject to malus and clawback provisions that enable the Board to adjust any unvested STI or LTI awards as appropriate. This applies to circumstances including material misstatement or omission in the financial statements, fraud, dishonesty, conduct exposing IDP to potential reputational damage or other serious misconduct.

The Malus and Clawback policy can be found on the IDP investor website: investors.idp.com

Minimum Shareholding Requirement

The minimum shareholding policy requires Non-Executive Directors to hold shares to the equivalent value of the annual base fee within 3 years from the date of appointment as a Non-Executive Director or in the case of a Non-Executive Director who was previously a representative of Education Australia (a major shareholder in IDP) they are required to comply with the policy within 3 years from 30 August 2021 (the date Education Australia ceased being IDP's major shareholder). As at 30 June 2023, all Directors with this obligation hold more shares than their threshold requirement.

There is also a voluntary minimum shareholding for Executive KMP and other members of the Global Leadership Team under which they are expected to retain IDP shares to the value of 20% of FAR. This minimum shareholding is expected to be achieved within a five-year period from the later of:

- 26 November 2015 (IDP's IPO listing); or
- the commencement date of employment (or appointment if an internal promotion) of any new Global Leadership Team member.

Minimum shareholding requirements are detailed below:

	Percentage Required
Non-Executive Directors	100% of Board fee
CEO	20% of FAR
Other KMP	20% of FAR

Use of remuneration consultants

The Board directly engages external advisors to provide input to the process of reviewing Executive KMP and Non-Executive Director remuneration. A Use of Remuneration Consultants Policy was reviewed and approved by the Board on 22 August 2023.

During FY23, Crichton and Associates Pty Limited (Crichton and Associates) were engaged by the Board to provide remuneration recommendations in relation to KMP. Crichton and Associates invoiced IDP Education $27,763 for these services.

The following arrangements were made to ensure that the remuneration recommendations have been made free from undue influence:

- Crichton and Associates takes instructions from an independent Non-Executive Director and the Committee and is accountable to the Board for all work completed;
- During any assignment, Crichton and Associates may seek input from management, however deliverables are provided directly to the Remuneration Committee and considered by the Board; and
- Professional fee arrangements are agreed directly with the Remuneration Committee Chair.

Consequently, the Board is satisfied that the remuneration recommendations were made free from undue influence from any member of the KMP.

In addition to providing remuneration recommendations, Crichton and Associates also provided services relating to other aspects of remuneration in respect of the Company's employees, including the provision of valuation services, equity award offer documentation and related consulting services. For these services Crichton and Associates invoiced IDP Education $127,147 during FY23.

9. Executive KMP – Statutory Remuneration

The following table has been prepared in accordance with Section 300A of the *Corporations Act 2001* and details the statutory accounting expense of all remuneration-related items for the Executive KMP. Note that the table below accrues amounts for equity awards being expensed throughout FY23 that are yet to, and may never, be realised by the Executive KMP. The statutory remuneration table below differs from the FY23 KMP Realised Remuneration outlined on page 60. Differences arise mainly due to the accounting treatment of share-based payments (Performance Rights, Options and Service Rights).

		Short Term Benefits				Post Employment Benefits	Long Term Benefits	Equity Based Benefits	
	Financial Year	Salary $	STI[1] $	Other[2] $	Non-monetary Benefits[3] $	Super-annuation $	Leave[4] $	Perfor-mance Rights/ Service Rights[5] $	Total Remun-eration $
Tennealle O'Shannessy[6]	**2023**	**411,125**	**379,084**	**-**	**-**	**10,542**	**891**	**137,400**	**939,042**
	2022	-	-	-	-	-	-	-	-
Murray Walton	**2023**	**725,555**	**285,184**	**-**	**-**	**27,500**	**28,673**	**532,085**	**1,598,997**
	2022	562,434	351,882	71,971	-	27,500	20,162	387,538	1,421,487
Warwick Freeland	**2023**	**516,324**	**441,705**	**-**	**-**	**27,500**	**22,305**	**471,791**	**1,479,625**
	2022	493,149	306,085	177,230	-	27,500	37,263	346,698	1,387,925
Harmeet Pental[7]	**2023**	**634,186**	**547,853**	**13,124**	**154,760**	**-**	**51,685**	**730,960**	**2,132,568**
	2022	557,562	663,293	91,502	113,623	-	35,790	548,737	2,010,507
Former Executive KMP									
Andrew Barkla[8]	**2023**	**229,826**	**-**	**-**	**-**	**6,600**	**1,620**	**151,869**	**389,915**
	2022	1,044,791	1,258,362	132,038	-	27,500	22,840	910,774	3,396,305
Total	**2023**	**2,517,016**	**1,653,826**	**13,124**	**154,760**	**72,142**	**105,173**	**2,024,105**	**6,540,147**
	2022	2,657,936	2,579,622	472,741	113,623	82,500	116,055	2,193,747	8,216,224

1. STI includes both cash and Service Rights expected to be paid/vest in future periods as a result of FY23 STI outcomes.
2. In Mr Pental's case this includes medical insurance.
3. Non-monetary benefits for Mr Pental represent housing benefit for this offshore position.
4. Long term benefits represent long service leave accrued but untaken during the year.
5. Equity based benefits represent benefits issued under the LTI and the Recognition Award. It represents statutory accounting expenses measured under AASB 2, which are based on the grant date fair value, amortised on a straight line basis over the vesting period. Refer to share based payments accounting policy (note 23) for further details.
6. Ms O'Shannessy commenced with IDP on 13 February 2023.
7. Mr Pental is paid in foreign currency and the figures are impacted by variations in the FX rate.
8. Mr Barkla ceased as CEO on 11 September 2022.

There was a 20% reduction on Total Remuneration year on year. The decrease is predominately due to the timing of the CEO transition and the impact on the STI. 'Other' payments reduced year on year, FY22 included a one off repayment of salary foregone as a component of the strategy to manage expenses during the pandemic.

Remuneration Report
continued

Executive KMP LTI Outcomes

Executive KMP	Award	Performance Rights/ Service Rights	Grant Date	Opening Balance
Tennealle O'Shannessy	The FY23 Award	Performance Rights	21-Feb-23	–
	Sign-On Award	Service Rights	21-Feb-23	–
Murray Walton	The FY20 Award	Performance Rights	01-Oct-19	12,310
	The FY21 Award	Performance Rights	07-Sep-20	10,578
	The FY22 Award	Performance Rights	09-Nov-21	10,253
	Recognition Award	Service Rights	19-Oct-21	19,614
	The FY23 Award	Performance Rights	04-Oct-22	–
Warwick Freeland	The FY20 Award	Performance Rights	01-Oct-19	12,510
	The FY21 Award	Performance Rights	07-Sep-20	10,750
	The FY22 Award	Performance Rights	09-Nov-21	8,919
	Recognition Award	Service Rights	19-Oct-21	17,061
	The FY23 Award	Performance Rights	04-Oct-22	–
Harmeet Pental	The FY20 Award	Performance Rights	01-Oct-19	19,175
	The FY21 Award	Performance Rights	07-Sep-20	17,553
	The FY22 Award	Performance Rights	09-Nov-21	10,331
	Recognition Award	Service Rights	19-Oct-21	16,469
	The FY23 Award	Performance Rights	04-Oct-22	–
Former Executive KMP				
Andrew Barkla[2]	The FY20 Award	Performance Rights	01-Oct-19	38,485
	The FY21 Award	Performance Rights	07-Sep-20	33,070
	The FY22 Award	Performance Rights	09-Nov-21	36,667

1. This represents 55.55% of the FY20 LTI plan that lapsed during FY23 in accordance with the performance conditions of the plan.
2. The table represents outcomes for Andrew Barkla as at 11 September 2022 when he ceased to be an Executive KMP.

Executive KMP Shareholdings

Details of ordinary shares held by the Executive KMP and their related parties are provided in the table below:

Executive KMP	Opening Balance	Performance/ Service Rights exercised	Net change other[1]	Closing Balance
Tennealle O'Shannessy	–	–	–	–
Murray Walton	47,250	5,471	(12,606)	40,115
Warwick Freeland	4,154	5,560	(2,000)	7,714
Harmeet Pental	44,591	13,736	(15,000)	43,327
Former KMP				
Andrew Barkla[2]	241,736	33,295		275,031

1. These amounts represent ordinary shares purchased or sold directly or indirectly by the Executive KMP during the financial year. These transactions have no connection with the roles and responsibilities as employees of the Company.
2. Andrew Barkla stepped down as an Executive KMP on 11 September 2022, the closing balance is as at this date.

Granted during year	Exercised during year	Forfeited during year[1]	Closing Balance – vested and exercisable	Closing Balance – vested but not exercisable	Closing Balance – unvested
30,394	–	–	–	–	30,394
8,722	–	–	–	–	8,722
–	5,471	6,839	–	–	–
–	–	–	–	–	10,578
–	–	–	–	–	10,253
–	–	–	–	–	19,614
10,916	–	–	–	–	10,916
–	5,560	6,950	–	–	–
–	–	–	–	–	10,750
–	–	–	–	–	8,919
–	–	–	–	–	17,061
9,495	–	–	–	–	9,495
–	8,522	10,653	–	–	–
–	–	–	–	–	17,553
–	–	–	–	–	10,331
–	–	–	–	–	16,469
20,576	–	–	–	–	20,576
–	17,106	21,379	–	–	–
–	–	–	–	–	33,070
–	–	–	–	–	36,667

Remuneration Report
continued

Non-Executive Director Statutory Remuneration Table

		Short Term Benefits				Post Employment Benefits	Long Term Benefits	Equity Based Benefits	
	Financial Year	Directors Fees $	STI $	Other[1] $	Non-monetary Benefits $	Super-annuation $	Leave $	Perfor-mance Rights $	Total Remun-eration $
Non-Executive Directors									
Peter Polson	2023	322,500	-	-	-	27,500	-	-	350,000
	2022	322,500	–	43,396	–	27,500	–	–	393,396
Ariane Barker	2023	208,337	-	-	-	1,663	-	-	210,000
	2022	205,688	–	23,750	–	–	–	–	229,438
Greg West	2023	153,846	-	-	-	16,154	-	-	170,000
	2022	154,545	–	19,406	–	17,395	–	–	191,346
Chris Leptos AO	2023	153,846	-	-	-	16,154	-	-	170,000
	2022	154,545	–	19,406	–	17,395	–	–	191,346
Professor Colin Stirling	2023	144,796	-	-	-	15,204	-	-	160,000
	2022	145,455	–	18,265	–	16,372	–	–	180,092
Tracey Horton AO[2]	2023	125,117	-	-	-	8,412	-	-	133,529
Michelle Tredenick[2]	2023	117,070	-	-	-	12,292	-	-	129,363
Former Non-Executive Directors									
Professor David Battersby AM[3]	2023	108,597	-	-	-	11,403	-	-	120,000
	2022	145,455	–	18,265	–	16,372	–	–	180,092
Total	2023	1,334,110	-	-	-	108,781	-	-	1,442,892
	2022	1,128,188	-	142,488	-	95,034	-	-	1,365,710

1. Repayment of fees foregone in 2020 paid as a lump sum in September 2021.
2. Ms Tredenick and Ms Horton commenced as Non-Executive Directors on 12 September 2022.
3. Professor Battersby ceased as a Non-Executive Director on 31 March 2023.

Non-Executive Director Shareholdings

Details of ordinary shares held by the Non-Executive Directors and their related parties are provided in the table below:

	Opening Balance	Performance Rights Exercised	Options Exercised	Net Change Other[1]	Closing Balance
Non-Executive Directors					
Peter Polson	50,000	–	–	–	50,000
Ariane Barker	21,684	–	–	–	21,684
Greg West[2]	27,817	–	–	–	27,817
Chris Leptos AO	28,684	–	–	–	28,684
Professor Colin Stirling[2]	667	–	–	–	667
Tracey Horton AO	–	–	–	1,200	1,200
Michelle Tredenick	–	–	–	2,500	2,500
Former Non-Executive Directors					
Professor David Battersby AM[2,3]	10,048	–	–	–	10,048

1. These amounts represent ordinary shares purchased or sold directly or indirectly by the Non-Executive Directors during the financial year. These transactions have no connection with the roles and responsibilities as Non-Executive Directors of the Company.
2. Indicates previous representatives of Education Australia.
3. Professor Battersby ceased as a Non-Executive Director on 31 March 2023, closing balance is as at this date.

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

Peter Polson
Chair

Tennealle O'Shannessy
Managing Director

Melbourne
22 August 2023

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne VIC 3000
Australia
Phone: +61 3 9671 7000
www.deloitte.com.au

22 August 2023

The 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 audit of the financial report of IDP Education Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Travis Simkin
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss

for the year ended 30 June 2023

	Notes	30 June 2023 $'000	30 June 2022 $'000
Revenue	2, 3	981,916	793,331
Expenses	4.1	(710,649)	(595,107)
Depreciation and amortisation	4.2	(50,473)	(38,228)
Finance income		2,861	866
Finance costs	4.3	(16,238)	(7,615)
Share of loss of associates		(110)	(1,115)
Profit before income tax expense		207,307	152,132
Income tax expense	5	(58,209)	(49,292)
Profit for the year		149,098	102,840
Profit for the year attributable to:			
Owners of IDP Education Limited		148,521	102,604
Non-controlling interests		577	236
		149,098	102,840

Earnings per share (EPS) Attributable to the owners of IDP Education Limited	Notes	30 June 2023	30 June 2022
Basic EPS (cents per share)	7	53.36	36.86
Diluted EPS (cents per share)	7	53.28	36.79

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

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	30 June 2023 $'000	30 June 2022 $'000
Profit for the year		**149,098**	102,840
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**9,849**	5,237
Gains/(losses) arising on changes in fair value of hedging instruments entered into for cash flow hedges:			
Forward foreign exchange contracts		**(3,261)**	(4,359)
Cumulative gains/(losses) arising on changes in fair value of hedging instruments reclassified to profit or loss		**4,360**	1,765
Income tax related to items recognised in other comprehensive income	5	**(668)**	(7)
Other comprehensive income for the year, net of income tax		**10,280**	2,636
Total comprehensive income for the year		**159,378**	105,476
Total comprehensive income attributable to:			
Owners of IDP Education Limited		**158,795**	105,248
Non-controlling interests		**583**	228
		159,378	105,476

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

Consolidated Statement of Financial Position

as at 30 June 2023

	Notes	30 June 2023 $'000	30 June 2022 $'000
CURRENT ASSETS			
Cash and cash equivalents	20	**166,626**	196,608
Trade and other receivables	8	**160,936**	93,185
Contract assets	9	**102,838**	48,918
Derivative financial instruments	22	**4,642**	2,079
Current tax assets		**3,570**	7,728
Other current assets	14	**35,317**	21,654
Total current assets		**473,929**	370,172
NON-CURRENT ASSETS			
Contract assets	9	**5,840**	3,447
Investment in associates		**8,719**	3,901
Property, plant and equipment	11	**33,465**	26,417
Rights-of-use assets	12	**109,448**	90,783
Intangible assets	13	**538,164**	413,598
Capitalised development costs	10	**12,155**	23,666
Deferred tax assets	5	**26,265**	18,229
Other non-current assets	14	**25,482**	24,573
Total non-current assets		**759,538**	604,614
TOTAL ASSETS		**1,233,467**	974,786
CURRENT LIABILITIES			
Trade and other payables	15	**191,705**	125,046
Lease liabilities	19	**24,530**	18,436
Contract liabilities	16	**57,949**	51,852
Provisions	17	**20,850**	21,434
Current tax liabilities		**24,390**	5,850
Financial liabilities at fair value through profit or loss	22	**25,560**	-
Derivative financial instruments	22	**6,302**	7,004
Total current liabilities		**351,286**	229,622
NON-CURRENT LIABILITIES			
Borrowings	18	**209,004**	156,453
Lease liabilities	19	**96,030**	81,525
Deferred tax liabilities	5	**50,603**	48,218
Provisions	17	**9,102**	3,600
Total non-current liabilities		**364,739**	289,796
TOTAL LIABILITIES		**716,025**	519,418
NET ASSETS		**517,442**	455,368
EQUITY			
Issued capital	21	**271,467**	276,888
Reserves		**4,907**	(9,510)
Retained earnings		**240,794**	188,299
Equity attributable to owners of IDP Education Limited		**517,168**	455,677
Non-controlling interests		**274**	(309)
TOTAL EQUITY		**517,442**	455,368

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

Consolidated statement of changes in equity

for the year ended 30 June 2023

	Note	Issued capital $'000	Cash flow hedge reserve $'000	Foreign currency trans-lation reserve $'000	Share based payments reserve $'000	Retained earnings $'000	Equity attrib-utable to owners of IDP Education Limited $'000	Non-contro-lling interests $'000	Total $'000
As at 1 July 2021		**278,145**	**(1,236)**	**(5,236)**	**(6,412)**	**123,270**	**388,531**	**(537)**	**387,994**
Exchange differences arising on translating the foreign operations		–	–	4,460	–	–	4,460	(8)	4,452
Change in the fair value of cash flow hedges, net of income tax		–	(1,816)	–	–	–	(1,816)	–	(1,816)
Profit for the year		–	–	–	–	102,604	102,604	236	102,840
Total comprehensive income for the year		–	(1,816)	4,460	–	102,604	105,248	228	105,476
Acquisition of treasury shares	21.2	(5,567)	–	–	–	–	(5,567)	–	(5,567)
Share-based payments schemes including tax effect – value of employee services		–	–	–	5,040	–	5,040	–	5,040
Issue of treasury shares to employees	21.2	4,310	–	–	(4,310)	–	–	–	–
Dividends paid	6	–	–	–	–	(37,575)	(37,575)	–	(37,575)
As at 30 June 2022		**276,888**	**(3,052)**	**(776)**	**(5,682)**	**188,299**	**455,677**	**(309)**	**455,368**

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

	Note	Issued capital $'000	Cash flow hedge reserve $'000	Foreign currency trans-lation reserve $'000	Share based payments reserve $'000	Retained earnings $'000	Equity attrib-utable to owners of IDP Education Limited $'000	Non-contro-lling interests $'000	Total $'000
As at 30 June 2022		276,888	(3,052)	(776)	(5,682)	188,299	455,677	(309)	455,368
Exchange differences arising on translating the foreign operations		–	–	9,505	–	–	9,505	6	9,511
Change in the fair value of cash flow hedges, net of income tax		–	769	–	–	–	769	–	769
Profit for the year		–	–	–	–	148,521	148,521	577	149,098
Total comprehensive income for the year		–	769	9,505	–	148,521	158,795	583	159,378
Acquisition of treasury shares	21.2	(8,868)		–	–	–	(8,868)	–	(8,868)
Share-based payments schemes including tax effect – value of employee services		–	–	–	7,590	–	7,590	–	7,590
Issue of treasury shares to employees	21.2	3,447	–	–	(3,447)	–	–	–	–
Dividends paid	6	–	–	–	–	(96,026)	(96,026)	–	(96,026)
As at 30 June 2023		271,467	(2,283)	8,729	(1,539)	240,794	517,168	274	517,442

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

Consolidated Statement of Cash Flow

for the year ended 30 June 2023

	Notes	30 June 2023 $'000	30 June 2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		897,462	789,820
Payments to suppliers and employees		(666,066)	(596,689)
Interest received		2,861	866
Interest paid on borrowings		(7,599)	(1,842)
Interest on lease liabilities		(5,863)	(4,330)
Income tax paid		(50,515)	(47,191)
Net cash inflow from operating activities	20	170,280	140,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of a subsidiary, net of cash acquired	27	(80,914)	(260,441)
Payments for investment in associates		(4,254)	(188)
Payments for property, plant and equipment		(17,132)	(11,995)
Payments for intangible assets and capitalised development costs		(21,814)	(17,653)
Net cash outflow from investing activities		(124,114)	(290,277)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	20	82,411	100,000
Repayments of borrowings	20	(30,000)	-
Payments for treasury shares	21.2	(8,868)	(5,567)
Repayment of lease liabilities	20	(22,726)	(19,350)
Dividends paid	6	(96,026)	(37,575)
Net cash inflow/(outflow) from financing activities		(75,209)	37,508
Net decrease in cash and cash equivalents		(29,043)	(112,135)
Cash and cash equivalents at the beginning of the year		196,608	306,948
Effect of exchange rates on cash holdings in foreign currencies		(939)	1,795
Cash and cash equivalents at the end of the year		166,626	196,608

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

Notes to the Consolidated Financial Statements
for the year ended 30 June 2023

1. Basis of preparation

This general purpose financial report for the year ended 30 June 2023 has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial statements are for the consolidated entity, consisting of IDP Education Limited (the Company) and its controlled subsidiaries (the Group). IDP Education Limited is a for profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX).

The consolidated financial statements for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 22 August 2023.

1.1. Compliance with IFRS

This general purpose financial report complies with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

1.2. Historical cost convention

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial assets and financial liabilities (including derivative instruments) that have been recognised at fair value through profit and loss.

1.3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out in the relevant notes except for those disclosed in notes 1.7 to 1.8.

The accounting policies adopted are consistent with those of the previous financial year except as noted. When the presentation or classification of items in the financial report is amended, comparative amounts are also reclassified.

The financial report has been prepared on a going concern basis.

1.4. Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

› Revenue recognition and variable consideration: Note 3 – Revenue and Note 9 – Contract assets
› Assessment of uncertain tax positions: Note 14 – Other assets and Note 30 – Contingent liabilities
› Note 13 – Intangible assets – Impairment test of goodwill and intangible assets with indefinite useful lives
› Note 27 – Fair value of identifiable assets and liabilities arising from business combinations

1.5. Rounding of amounts

The Company is of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the consolidated financial statements and the Directors' report have been rounded to the nearest thousand dollars unless otherwise stated.

1.6. Accounting standards issued

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current year. The adoption of these amendments did not have a material impact on the financial statements of the Group.

Certain new accounting Standards and Interpretations have been issued but not mandatory for 30 June 2023 reporting period and have not been early adopted by the Group.

The Group does not anticipate that the adoption of AASB 17 *Insurance Contracts* and other new Standards and amendments issued but not mandatory for 30 June 2023 reporting period will have a material impact in future periods on the financial statements of the Group.

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).

Notes to the Consolidated Financial Statements
continued

1. Basis of preparation (continued)

1.7. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

› Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

› Exposure, or rights, to variable returns from its involvement with the investee; and

› The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income is attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1.8. Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent's functional currency. For each Group controlled entity, the Group determines the functional currency and items included in the financial statements of each Group controlled entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent balance sheet date:

(i) Foreign currency monetary items are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the profit or loss with exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation; and

(ii) Non-monetary items which are measured at historical cost are not retranslated.

Group consolidation

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Financial Performance

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 Caledonia and New Zealand; 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, Türkiye, Ukraine, Uruguay, Uzbekistan, the United Arab Emirates, the United Kingdom and the United States of America.

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

Geographic segment revenue and results

	Segment revenue		Segment EBIT	
	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
Asia	726,290	586,454	290,577	206,718
Australasia	44,283	38,574	4,427	3,331
Rest of World	211,343	168,303	45,222	32,884
Total	981,916	793,331	340,226	242,933
Corporate costs			(119,542)	(84,052)
Earnings Before Income and Tax			220,684	158,881
Net finance costs			(13,377)	(6,749)
Profit before tax			207,307	152,132

Service segment revenue and gross profit

The Group also uses a secondary segment which shows revenue and gross profit (i.e., revenue less direct costs) by service.

	Revenue		Gross profit	
	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
Point in time revenue recognition				
Student placement revenue	351,159	215,360	300,303	182,763
Other revenue	4,088	2,738	3,117	1,414
Over time revenue recognition				
IELTS examination revenue	545,456	511,358	263,105	232,279
English language teaching revenue	33,414	20,603	21,841	12,739
Digital marketing and event revenue	47,799	43,272	25,502	30,258
Total	981,916	793,331	613,868	459,453

Notes to the Consolidated Financial Statements
continued

3. Revenue

Accounting policy

The Group's revenue mainly comprises:

› Student placement revenue
› IELTS examination revenue
› English language teaching revenue
› Digital marketing revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of a service to a customer.

Under AASB 15, revenue recognition for each of the major revenue streams is as follows:

Revenue stream	Performance obligation	Timing of recognition
Student placement revenue	Institution application service, visa application service and pre-departure service	Point in time recognition when the performance obligations are satisfied after applying an estimated withdrawal rate (i.e. when students withdraw from the courses after the enrolments are confirmed).
IELTS examination revenue	Provision of English language testing service	Over time from the date the testing commences, until the testing results are issued. This typically occurs within a timeframe of 13 days. Revenue is calculated based on the input method (i.e. resources consumed and cost incurred).
English language teaching revenue	Provision of English language teaching courses	Over time starting from the expiry of the trial period, until the completion of the courses. Revenue is calculated based on the output method (i.e. lessons delivered).
Digital marketing revenue	Hosting the advertising content online, lead generation and enquiry processing	Over time starting from the date that the content goes live, until the expiry of the advertising contract. Revenue is calculated based on the input method (i.e. resources consumed and cost incurred).

4. Expenses and finance costs

4.1 Expenses

	30 June 2023 $'000	30 June 2022 $'000
Service providers fees	**298,831**	276,745
Employee benefits expenses	**253,475**	204,394
Occupancy expenses	**12,366**	10,395
Marketing expenses	**44,628**	30,319
Administrative expenses	**21,090**	19,739
IT and communication expenses	**33,252**	23,751
Consultancy and professional expenses	**26,167**	18,456
Travel expenses	**9,955**	4,695
Foreign exchange loss	**9,423**	4,978
Other expenses	**1,462**	1,635
	710,649	595,107

4.2 Depreciation and amortisation expenses

	Note	30 June 2023 $'000	30 June 2022 $'000
Depreciation – Property, plant and equipment	11	**11,151**	8,666
Amortisation – Intangible assets	13	**13,405**	7,311
Depreciation – Right-of-use assets	12	**25,917**	22,251

4.3 Finance costs

	30 June 2023 $'000	30 June 2022 $'000
Interest on borrowings	**8,583**	2,310
Interest expenses on lease liabilities	**5,863**	4,330
Other finance costs	**1,792**	975
	16,238	7,615

4.4 Included in the employee benefit expenses

	Note	30 June 2023 $'000	30 June 2022 $'000
Share-based payments	23.4	**7,573**	5,168
Governments wages subsidies		**(223)**	(705)
Defined contribution plans		**14,854**	12,498

5. Income taxes

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result the calculation of the Group's tax charge involves a degree of estimation and judgment in respect of certain items. The Group recognises liabilities for potential tax issues based on management's assessment of whether additional taxes may be payable. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determination is made.

Accounting policy

IDP Education Limited is the head entity in a tax-consolidated group under Australian taxation law. As a result, the Company and Australian entities controlled by the Company are all subject to income tax through membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, the entities controlled by the Group have agreed to pay an amount to, or receive an amount from, the head entity equal to the tax liability or asset assumed by the head entity for that period as noted above. Such amounts are reflected in amounts receivable from or payable to the head entity. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent it relates to items recognised in other comprehensive income or directly in equity in which case it is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

(i) The initial recognition of assets or liabilities in a transaction that is not a business combination;

(ii) The initial recognition of goodwill; and

(iii) The initial recognition of assets and liabilities in a transaction which at the time of the transaction affects neither accounting profit nor taxable profit (taxable loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised to the extent that it is probable that future tax profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.1 Income tax recognised in profit or loss

	30 June 2023 $'000	30 June 2022 $'000
Current tax		
Current tax expense	67,845	51,021
Withholding taxes	609	1,063
Adjustments recognised in relation to the current tax of prior years	(327)	1,391
	68,127	53,475
Deferred tax		
Deferred tax expense	(9,485)	(4,684)
Adjustments recognised in relation to the deferred tax of prior years	(433)	501
Income tax expense	58,209	49,292

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

	30 June 2023 $'000	30 June 2022 $'000
Profit before tax	207,307	152,132
Income tax expense calculated at 30% (2022: 30%)	62,192	45,640
Tax effect of:		
Attributed income from foreign jurisdictions	3,131	3,047
Non-deductible expenses	1,643	953
Withholding taxes	609	1,063
Unused tax losses, tax offsets and timing differences not recognised as deferred tax assets	18	474
Utilisation and recognition of losses not previously recognised as deferred tax assets	(3,657)	(353)
Effect of tax rates in foreign jurisdictions	(4,010)	(2,996)
Adjustments recognised in relation to the current tax of prior years	(327)	1,391
Adjustments recognised in relation to deferred tax of prior years	(433)	501
Non-assessable income	(658)	(145)
Other deductible items	(288)	(342)
Effect on deferred tax balances due to changes in income tax rates	(11)	59
Income tax expense	58,209	49,292

Notes to the Consolidated Financial Statements
continued

5. Income taxes (continued)

5.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	30 June 2023 $'000	30 June 2022 $'000
Deferred tax assets	26,265	18,229
Deferred tax liabilities	(50,603)	(48,218)
	(24,338)	(29,989)

2023

Temporary differences and tax losses

$'000	Opening balance	Acquired through business combinations	Recognised in profit or loss	Recognised in other compre-hensive income	Recognised in reserves	Closing balance
Accrued expenses	3,785	–	1,060	–	–	4,845
Deferred capital expenditure	1,342	–	(172)	–	–	1,170
Employee benefits	4,435	–	2,028	–	(1,176)	5,287
Leases	2,658	–	274	–	–	2,932
Trade receivables	653	–	90	–	–	743
Derivative financial instruments	1,520	–	(623)	(329)	–	568
Unrealised foreign exchange losses	(214)	–	846	–	–	632
Plant, property and equipment	840	–	3,648	–	–	4,488
Deferred revenue	1,788	–	620	–	–	2,408
Intangible assets	(48,188)	(2,423)	405	(339)	–	(50,545)
Prepayments	(88)	–	28	–	–	(60)
Tax losses	755	–	1,977	–	–	2,732
Others	725	–	(263)	–	–	462
Net deferred tax	(29,989)	(2,423)	9,918	(668)	(1,176)	(24,338)

2022

Temporary differences and tax losses

$'000	Opening balance	Acquired through business combinations	Recognised in profit or loss	Recognised in other compre-hensive income	Recognised in reserves	Closing balance
Accrued expenses	3,349	–	436	–	–	3,785
Deferred capital expenditure	674	–	668	–	–	1,342
Employee benefits	4,179	164	1,980	–	(1,888)	4,435
Leases	2,033	141	484	–	–	2,658
Trade receivables	408	–	245	–	–	653
Derivative financial instruments	715	–	27	778	–	1,520
Unrealised foreign exchange losses	220	–	(434)	–	–	(214)
Plant, property and equipment	1,425	136	(721)	–	–	840
Deferred revenue	605	–	1,183	–	–	1,788
Intangible assets	(4,870)	(42,812)	279	(785)	–	(48,188)
Prepayments	(34)	–	(54)	–	–	(88)
Tax losses	1,096	–	(341)	–	–	755
Others	294	–	431	–	–	725
Net deferred tax	10,094	(42,371)	4,183	(7)	(1,888)	(29,989)

5.3 Unrecognised deferred tax assets

	30 June 2023 $'000	30 June 2022 $'000
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
– temporary differences	8	1,333
– tax losses	2,548	6,129
	2,557	7,462

The unrecognised tax losses will expire between 5 years and indefinite.

6. Dividends

Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

6.1 Dividends paid

	30 June 2023		30 June 2022	
	cents per share	Total $'000	cents per share	Total $'000
Final dividend paid in respect of prior financial year – 14% franked (2022: 0%) at the Australia corporate tax rate of 30%	13.50	37,575	-	-
Interim dividend paid in respect of current financial year – 25% franked (2022: 9%) at the Australia corporate tax rate of 30%	21.00	58,451	13.50	37,575
Total		96,026		37,575

The final dividend of 13.5 cent per share for the financial year ended 30 June 2022 was paid on 29 September 2022.

An interim dividend of 21.0 cents per share franked at 25% was declared on 22 February 2023 to shareholders registered on 10 March 2023. The payment was made on 31 March 2023.

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

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. This dividend has not been included as a liability in the financial statements. The total estimated dividend to be paid is $55.667m.

6.3 Franking credits

The balance of the franking account at 30 June 2023 was $8.814m (2022: $6.973m) based on the Australian corporate tax rate of 30% (2022: 30%).

7. Earnings per share

Accounting policy

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to the owners of IDP Education Limited, by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	30 June 2023 Cents		30 June 2022 Cents	
	Basic	Diluted	Basic	Diluted
Earnings per share	53.36	53.28	36.86	36.79

Earnings used in calculating earnings per share	30 June 2023 $000	30 June 2022 $000
Earnings used in the calculation of basic and diluted earnings per share	148,521	102,604

Weighted average number of shares used as the denominator	30 June 2023	30 June 2022
Weighted average number of shares used as the denominator for basic EPS	278,336,211	278,336,211
Weighted average number of potential dilutive ordinary shares:		
– Performance Rights and Service Rights	405,728	546,736
Weighted average number of shares used as denominator for diluted EPS	278,741,939	278,882,947

Notes to the Consolidated Financial Statements

continued

Assets and liabilities

8. Trade and other receivables

Accounting policy

Receivables arise from revenue that has been billed, but not yet settled by the customer.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised as the relevant performance obligations identified in a customer contract are satisfied. Refer to Note 3 for further details of revenue recognition.

Where revenue recognised precedes billings it results in a contract asset as disclosed in Note 9 below, and where cash amounts are received in advance of revenue recognition it results in a contract liability as disclosed in Note 16.

IDP's credit terms are generally 30 to 60 days from the date of invoice. As such, the carrying amount of receivables approximates their fair value.

	30 June 2023 $'000	30 June 2022 $'000
Trade receivables	156,005	91,751
Credit loss allowance	(2,721)	(2,375)
	153,284	89,376
Other receivables	7,652	3,809
	160,936	93,185

Credit Loss Allowance

The Group applies the simplified approach under AASB 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Expected credit losses are measured by grouping trade receivables and contract assets based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

A provision allowance is determined based on historic credit loss rates for each group of customers, adjusted for any material expected changes to the customers' future credit risk.

9. Contract assets

	30 June 2023 $'000	30 June 2022 $'000
Student placement services	108,678	52,365
Current	102,838	48,918
Non-current	5,840	3,447
	108,678	52,365

Any amount previously recognised as contract assets is reclassified to trade receivables at the point at which it is invoiced to the customer.

Critical accounting estimates and assumptions

Amounts relating to contract assets are balances where student placement revenue recognised precedes billings under customer contracts. The Group recognised student placement revenue when performance obligations are satisfied after applying estimated withdrawal rates (i.e., when students withdraw from the courses after the enrolments are confirmed). Withdrawal rate applied requires estimates and judgements, which are continually evaluated and are based on historical data, experience and other factors, including reasonable expectations of future events. Management believes that the estimates used in measuring contract assets are reasonable. Actual results in the future may differ from the estimated rates and it is therefore reasonably possible that outcomes within the next financial year that are different from management's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets in the future reporting periods.

10. Capitalised development costs

Accounting policy

Capitalised development costs represent internally developed systems not yet put into use. These assets will be transferred to intangible assets as appropriate on the date of completion.

Capitalised development costs arising from the development phase of an internal project are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to use the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount recognised is the sum of the expenditure incurred from the date when the project development first meets the recognition criteria listed above. Where above criteria is not met, development expenditure is recognised in profit or loss in the period in which it is incurred.

	Note	30 June 2023 $'000	30 June 2022 $'000
Balance at beginning of the year		23,666	16,306
Additions		23,150	19,721
Transfers to property, plant and equipment	11	-	(1,363)
Transfers to intangible assets	13	(34,681)	(10,962)
Effect of foreign currency exchange differences		20	(36)
Balance at end of the year		12,155	23,666

11. Property, plant and equipment

Accounting policy

Property, plant and equipment is carried at cost, net of accumulated depreciation and impairment losses, if any. Property, plant and equipment are depreciated using the straight-line basis over their estimated useful economic lives. The expected depreciation rate for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation rate**
Leasehold Improvements	Lesser of lease term or useful life
Plant and equipment	20-33%

Impairment

The carrying values of property, plant and equipment are reviewed annually for indications of impairment to ensure they are not in excess of the recoverable amount for these assets. An impairment loss is recognised to the extent that the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

11. Property, plant and equipment (continued)

Cost	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 30 June 2021	27,061	25,915	52,976
Additions	4,940	5,337	10,277
Acquired through business combinations	1,238	3,721	4,959
Transfer from capitalised development costs	–	1,363	1,363
Disposals	(84)	(1,303)	(1,387)
Effect of foreign currency exchange differences	(278)	(59)	(337)
Balance at 30 June 2022	32,877	34,974	67,851
Additions	**8,145**	**8,986**	**17,131**
Acquired through business combinations	**1,240**	**699**	**1,939**
Disposals	**(1,751)**	**(2,404)**	**(4,155)**
Effect of foreign currency exchange differences	**(645)**	**(37)**	**(682)**
Balance at 30 June 2023	**39,866**	**42,218**	**82,084**
Accumulated depreciation			
Balance at 30 June 2021	(13,381)	(17,337)	(30,718)
Depreciation for the year	(3,786)	(4,880)	(8,666)
Acquired through business combinations	(1,055)	(3,720)	(4,775)
Disposals	80	1,248	1,328
Effect of foreign currency exchange differences	698	699	1,397
Balance at 30 June 2022	(17,444)	(23,990)	(41,434)
Depreciation for the year	**(5,259)**	**(5,892)**	**(11,151)**
Acquired through business combinations	**(148)**	**(136)**	**(284)**
Disposals	**1,752**	**2,352**	**4,104**
Effect of foreign currency exchange differences	**219**	**(73)**	**146**
Balance at 30 June 2023	(20,880)	(27,739)	(48,619)
Net Book Value			
At 30 June 2022	15,433	10,984	26,417
At 30 June 2023	**18,986**	**14,479**	**33,465**

12. Right-of-use assets

Accounting policy

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses in accordance with AASB 136 Impairment of Assets, if any, and adjusted for certain remeasurement of the lease liability.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office and IT equipment that have a lease term of 12 months or less or for leases of low-value assets such as printers and other IT equipment for use by staff in its offices. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying value of right-of-use assets is presented below:

Cost	Office buildings $'000
Balance at 30 June 2021	116,378
Additions	31,988
Lease terminations	(3,473)
Effect of foreign currency exchange differences	3,480
Balance at 30 June 2022	148,373
Additions	**44,063**
Acquired through business combination	**2,023**
Lease terminations	**(6,412)**
Effect of foreign currency exchange differences	**492**
Balance at 30 June 2023	**188,539**
Accumulated depreciation	
Balance at 30 June 2021	(36,986)
Depreciation for the year	(22,251)
Lease terminations	2,978
Effect of foreign currency exchange differences	(1,331)
Balance at 30 June 2022	(57,590)
Depreciation for the year	**(25,917)**
Lease terminations	**4,615**
Effect of foreign currency exchange differences	**(199)**
Balance at 30 June 2023	**(79,091)**
Net Book Value	
At 30 June 2022	90,783
At 30 June 2023	**109,448**

Amounts recognised in the Statement of Profit or Loss

	30 June 2023 $'000	30 June 2022 $'000
Depreciation expenses on right-of-use assets	**25,917**	22,251
Interest expenses on lease liabilities	**5,863**	4,330
Expenses relating to short term or low value leases	**516**	953
Occupancy expenses	**11,850**	9,442

13. Intangible assets

Critical accounting estimates and assumptions

Impairment of goodwill and other intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are allocated to a cash-generating unit (CGU) or group of CGUs and tested for impairment annually to determine whether they are subject to any impairment in accordance with the accounting policy stated below.

A CGU is the smallest identifiable group of assets that generate cash flows largely independent of cash flows of other groups of assets. Goodwill and other indefinite life intangible assets are allocated to CGU or group of CGUs which are no larger than one of the Group's operating segments.

The recoverable amounts of the CGU or group of CGUs to which the assets have been allocated have been determined based on the value in use calculations. These calculations are performed based on cash flow projections and other supplementary information which, given their forward looking nature, require the adoption of assumptions and estimates.

The key assumptions and estimates utilised in management's assessments relate primarily to:

› Three years cash flow forecasts sourced from internal budgets and management forecasts;
› Terminal value growth rates applied to the period beyond the three year cash flow forecasts; and
› Post-tax discount rates, used to discount the cash flows to present value.

Each of these assumptions and estimates is based on a "best estimate" at the time of performing the valuation.

Accounting policy

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as expenses. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Cost	Note	Software $'000	Brand and trade names $'000	Customer relation-ships $'000	Website tech-nology and database $'000	Goodwill $'000	Contracts for English language testing $'000	Total $'000
Balance at 30 June 2021		27,941	15,554	14,647	7,452	39,689	35,200	140,483
Additions		12	–	–	–	–	–	12
Acquired through business combinations	27	–	–	–	–	126,136	171,246	297,382
Transfer from capitalised development costs	10	10,962	–	–	–	–	–	10,962
Effect of foreign currency exchange differences		44	(634)	(629)	(326)	189	3,911	2,555
Balance at 30 June 2022		38,959	14,920	14,018	7,126	166,014	210,357	451,394
Additions		**3**	**–**	**–**	**–**	**–**	**–**	**3**
Acquired through business combinations	27	**159**	**–**	**8,066**	**–**	**87,342**	**–**	**95,567**
Transfer from capitalised development costs	10	**34,681**	**–**	**–**	**–**	**–**	**–**	**34,681**
Disposals		**(249)**	**–**	**–**	**–**	**–**	**–**	**(249)**
Effect of foreign currency exchange differences		**(31)**	**1,137**	**1,644**	**584**	**6,231**	**(534)**	**9,031**
Balance at 30 June 2023		**73,522**	**16,057**	**23,728**	**7,710**	**259,587**	**209,823**	**590,427**
Accumulated amortisation								
Balance at 30 June 2021		(18,760)	(431)	(4,909)	(6,930)	–	–	(31,030)
Amortisation for the year		(5,869)	–	–	–	–	–	(5,869)
Amortisation of intangible assets generated from business combinations		–	(71)	(845)	(526)	–	–	(1,442)
Effect of foreign currency exchange differences		(33)	–	248	330	–	–	545
Balance at 30 June 2022		(24,662)	(502)	(5,506)	(7,126)	–	–	(37,796)
Amortisation for the year		**(11,760)**	**–**	**–**	**–**	**–**	**–**	**(11,760)**
Amortisation of intangible assets generated from business combinations		**–**	**(71)**	**(1,574)**	**–**	**–**	**–**	**(1,645)**
Disposals		**89**	**–**	**–**	**–**	**–**	**–**	**89**
Effect of foreign currency exchange differences		**(7)**	**–**	**(560)**	**(584)**	**–**	**–**	**(1,151)**
Balance at 30 June 2023		**(36,340)**	**(573)**	**(7,640)**	**(7,710)**	**–**	**–**	**(52,263)**
Net Book Value								
At 30 June 2022		**14,297**	**14,418**	**8,512**	**–**	**166,014**	**210,357**	**413,598**
At 30 June 2023		**37,182**	**15,484**	**16,088**	**–**	**259,587**	**209,823**	**538,164**

13. Intangible assets (continued)

Accounting policy (continued)

Software

Software is amortised over the useful life of 3 to 5 years.

Brand and trade names

Brand and trade names are separately identifiable intangible assets arising from business combinations and are recognised at fair value at the acquisition date. The useful life of brand and trade names are assessed based on nature of the specific market and assets. Brand and trade names from the UK digital marketing CGU of $14.998m (2022: $13.861m) are considered to have an indefinite useful life and as such are not amortised but are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Brand and trade names from other CGUs are amortised over 15 years.

Customer relationships

Customer relationships are separately identifiable intangible assets arising from business combinations and are recognised at fair value at the acquisition date. Customer relationships are amortised between 7 and 19 years.

During FY23, an intangible asset for customer contracts and relationships of $8.066m was recognised as part of the acquisition accounting of Intake Education. Please refer to the note 27 for details.

Website technology and database

Website technology and databases are separately identifiable intangible assets arising from a business combination and are recognised at fair value at the acquisition date. Website technology and database are amortised between 3 and 5 years.

Goodwill and Contracts for English language testing

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary or business at the date of acquisition. Refer to note 27 for an overview of current year business combinations.

Contracts for English language testing representing IELTS testing Intellectual Property, which are recognised at their fair value at date of acquisition. Contracts for English language testing have an indefinite useful life, as they have no termination date and are expected to continue to be used by the Group for the foreseeable future.

Goodwill and Contracts of English language testing are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Contracts of English language testing and goodwill are allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the Contracts for English language testing and the goodwill generated from business combinations.

During FY23, goodwill of $71.201m was recognised as part of the acquisition accounting of Intake Education. The acquisition accounting for The Ambassador Platform was provisional as at 30 June 2023 with the purchase consideration of $16.141m being provisionally recognised as goodwill as at 30 June 2023. Please refer to the note 27 for details.

Impairment testing and key assumptions

A summary by CGU of the carrying amount of goodwill and intangible assets with indefinite useful lives is detailed below:

	30 June 2023		30 June 2022	
CGU/Group of CGUs	Goodwill $'000	Intangible assets with indefinite useful lives $'000	Goodwill $'000	Intangible assets with indefinite useful lives $'000
Asia – IELTS testing	131,570	189,248	131,958	189,782
Australasia – IELTS testing	3,451	11,275	3,451	11,275
Rest of World – IELTS testing	2,847	9,300	2,847	9,300
Rest of World – Student placement	69,317	-	-	-
Asia – Student placement	8,879	-	2,451	-
UK – Digital marketing	27,382	14,998	25,307	13,861
Unallocated*	16,141	-	-	-
	259,587	224,821	166,014	224,218

* The Ambassador Platform was acquired on 23 May 2023. The accounting for the acquisition remains provisional, as such, the provisional goodwill arising from the acquisition is yet to be allocated to relevant CGUs. Acquisition accounting for The Ambassador Platform will be finalised during FY24 and goodwill will be allocated to relevant CGUs for impairment testing thereafter.

The Group performs impairment testing for goodwill and intangible assets with indefinite useful lives annually or whenever an impairment indictor is present.

Key assumptions

CGU/Group of CGUs	Valuation method	Terminal growth rate %		Post-tax discount rate %	
		2023	2022	2023	2022
Asia – IELTS testing	Value in use	3.0%	3.0%	8.9%	8.1%
Australasia – IELTS testing	Value in use	0%	0%	8.4%	8.1%
Rest of World – IELTS testing	Value in use	3.0%	3.0%	9.1%	8.1%
Rest of World – Student placement	Value in use	3.0%	n/a	9.1%	n/a
Asia – Student placement	Value in use	3.0%	n/a	8.9%	n/a
UK – Digital marketing	Value in use	3.8%	2.0%	14.5%	12.5%

The Group has conducted sensitivity analysis taking into consideration the current uncertain macro-economic conditions, which indicated that no reasonably possible change in key assumptions would result in an impairment loss. Accordingly, the Group has concluded that no impairment is required based on current market and economic conditions and expected future performance.

Notes to the Consolidated Financial Statements
continued

14. Other assets

Other current assets	30 June 2023 $'000	30 June 2022 $'000
Prepayments	**11,098**	6,894
Refundable deposits	**14,471**	14,276
Recoverable GST/VAT input credits	**8,967**	114
Other assets	**781**	370
	35,317	21,654

Other non-current assets

	30 June 2023 $'000	30 June 2022 $'000
Prepayments	**985**	394
Recoverable GST/VAT input credits	**3,209**	-
Tax deposits	**21,288**	24,179
	25,482	24,573

Critical accounting estimates and assumptions

The Group is subject to GST and other value added taxes in Australia and foreign jurisdictions. As a result, the Group's indirect tax positions involve a degree of estimation and judgment in respect of the interpretations adopted by management in relation to the applicability of GST or Service taxes in certain jurisdictions.

Tax deposits represent GST paid in advance in foreign jurisdictions and are recognised as an asset on the basis that the Group has a right to obtain future economic benefits, either by receiving a cash refund, or by applying the payment against a future tax liability should one crystalise. Tax deposits are classified as non-current as the timeline for filing and processing of GST refunds is expected to take longer than 12 months and the Group is currently subject to legal proceedings and reviews by the Indian tax authorities in relation to the interpretation of GST legislation for which the tax deposits relate. The Group currently expects all deposits to be refunded in full. Further details on the legal proceedings and reviews are disclosed in Note 30.

Where the final outcome of these matters is different from the amounts that were initially recorded, any differences will impact the profit and loss in the period in which such determination is made.

15. Trade and other payables

Current	30 June 2023 $'000	30 June 2022 $'000
Trade payables	**145,898**	88,522
Employee benefits payable	**44,235**	35,937
Other payables	**1,572**	587
	191,705	125,046

As at 30 June 2023 and 2022, the carrying value of trade and other payables approximated their fair value.

16. Contract liabilities

	30 June 2023 $'000	30 June 2022 $'000
Amounts received in advance of delivery of exams[1]	17,619	19,219
Amounts received in advance of student placement services[2]	3,282	2,207
Amounts received in advance of events[3]	3,672	3,041
Amounts received in advance of language courses[4]	8,698	7,272
Amounts received in advance of online digital marketing services[5]	24,678	20,113
	57,949	51,852

1. The contract liabilities arise in respect to IELTS fees paid by candidates in advance of the IELTS testing month.
2. The contract liabilities arise as a result of fees paid by students in advance of the student placement services.
3. The contract liabilities arise as a result of exhibition fees paid by participants in advance of the event date.
4. The contract liabilities arise as a result of tuition fees paid by participants in advance of the tuition date.
5. The contract liabilities arise as a result of digital marketing contracts fees paid by customers in advance of service delivery.

The brought-forward contract liabilities from 30 June 2022 ($51.852m) have been fully recognised in the current reporting period as revenue.

17. Provisions

Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for make good

A make good liability or obligation is provided for to dismantle, remove and restore items of property, plant and equipment in properties leased by the Group. The provision calculation is based on the terms of the lease agreements.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of annual and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

	30 June 2023 $'000	30 June 2022 $'000
Employee benefits	27,643	23,266
Make good provision	2,309	1,768
	29,952	25,034
Current	20,850	21,434
Non-current	9,102	3,600
	29,952	25,034

Capital structure and financing

18. Borrowings

Non-current	30 June 2023 $'000	30 June 2022 $'000
Bank loans	209,004	156,453
Total	209,004	156,453

18.1 Financing arrangements

The Group has access to the following borrowing facilities at the end of the year:

	Currency	30 June 2023 '000	30 June 2022 '000
Cash advance facility A	AUD	209,157	209,157
Facility utilised at end of the year	AUD	(209,157)	(156,745)
Facility not utilised at end of the year	AUD	-	52,412
Cash advance facility B	AUD	75,000	75,000
Facility utilised at end of the year	AUD	-	-
Facility not utilised at end of the year	AUD	75,000	75,000

Cash advance facility A and B will expire on 31 December 2024.

During FY23, $52.4 m from cash advance facility A was drawn down to fund the acquisition of Intake Group.

19. Lease liabilities

Accounting policy

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate as the discount rate. The discount rate is generally calculated using incremental borrowing rates for the specific lease terms and currencies. Reference interest rates based on risk-free rates in major countries and currencies were used to calculate the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in substance fixed payments less any lease incentives receivables;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement rate;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Payment of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It will be remeasured when there is a change in index or rate for future lease payments, a change in the Group's estimated amount payable under a residue value guarantee or changes in the Group's assessment of probabilities of exercising a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Maturity analysis	30 June 2023 $'000	30 June 2022 $'000
Year 1	**30,197**	22,832
Year 2 to 5	**77,176**	62,012
Year 5 onwards	**31,276**	29,820
	138,649	114,664
Less: impact of discounting	**(18,089)**	(14,703)
	120,560	99,961
Presented as:		
Current lease liabilities	**24,530**	18,436
Non-current lease liabilities	**96,030**	81,525
	120,560	99,961

The Group does not face a significant liquidity risk with regard to its lease liabilities.

20. Cash flow information

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with maturities of three months or less, net of bank overdrafts.

The reconciliation of net profit for the year after tax to net cash flows from operating activities is as follows:

	30 June 2023 $'000	30 June 2022 $'000
Net profit after tax	149,098	102,840
Adjustment for:		
Depreciation and amortisation	50,473	38,228
Credit losses	1,024	744
Share of loss of an associate	110	1,115
Net foreign exchange loss	2,331	4,978
Share-based payments	7,573	5,168
Loss on disposal of assets	–	240
Movement in working capital:		
Trade and other receivables	(67,367)	(18,808)
Contract assets	(39,167)	(18,155)
Other assets	(17,279)	(16,342)
Trade and other payables and contract liabilities	69,382	36,455
Current and deferred tax	9,184	(521)
Provisions	4,918	4,692
Net cash inflow from operating activities	170,280	140,634

20.1 Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	Opening balance $'000	Financing net cash flows $'000	New and modified leases $'000	Others $'000	Closing balance $'000
2023					
Bank loans	156,453	52,411	–	(140)	209,004
Lease liabilities	99,961	(22,726)	43,173	152	120,560
2022					
Bank loans	56,745	100,000	–	(292)	156,453
Lease liabilities	86,355	(19,350)	31,431	1,525	99,961

21. Issued capital

21.1 Share capital

	Note	30 June 2023 $'000	30 June 2022 $'000
Ordinary shares fully paid		282,369	282,369
Treasury shares	21.2	(10,902)	(5,481)
		271,467	276,888

Movement in ordinary shares (fully paid)	Number of shares	$ per share	$'000
Balance at 30 June 2021	278,336,211		282,369
Addition	–	–	–
Balance at 30 June 2022	278,336,211		282,369
Addition	–	–	–
Balance at 30 June 2023	278,336,211		282,369

21.2 Treasury shares

Movement in treasury shares	Note	Number of shares	$ per share	$'000
Balance at 30 June 2021		183,958		4,224
Acquisition of treasury shares		203,258	27.39	5,567
Transfer to employees	23.2	(188,867)	22.82	(4,310)
Balance at 30 June 2022		198,349		5,481
Acquisition of treasury shares		346,615	25.58	8,868
Transfer to employees	23.2	(124,422)	27.70	(3,447)
Balance at 30 June 2023		420,542		10,902

During FY23, 124,422 treasury shares were transferred to employees under the Performance Rights plans (Note 23.2). These shares therefore ceased to be held as treasury shares after these dates.

During FY23, IDP Education Employee Share Scheme Trust acquired 346,615 shares (at an average price of $25.58 per share) to be held in the Trust for the benefit of IDP group employees who are participants in the IDP Education Employee Incentive Plan.

As at 30 June 2023, there were 420,542 treasury shares ($10.902m) held in the Trust. These shares will be transferred to eligible employees under the Performance and Service Rights plans once the vesting conditions are met.

Notes to the Consolidated Financial Statements
continued

22. Financial instruments
22.1 Financial assets and liabilities

	30 June 2023 $'000	30 June 2022 $'000
Financial assets		
Cash and cash equivalents	166,626	196,608
Derivative financial instruments		
Foreign exchange forward/option contracts	4,642	2,079
Trade and other receivables	160,936	93,185
Contract assets	108,678	52,365
Financial liabilities		
Borrowings	209,004	156,453
Lease liabilities	120,560	99,961
Financial liabilities at fair value through profit or loss		
Contingent consideration*	25,560	-
Derivative financial instruments		
Foreign exchange forward/option contracts	6,302	7,004
Trade and other payables	191,705	125,046

* Contingent consideration.

As part of the acquisition of Intake Group, contingent consideration with an estimated fair value of $18.8m was recognised on 1 November 2022 (i.e., the acquisition date). The contingent consideration is classified as a financial liability at fair value through profit and loss. The final payment amount of the contingent consideration is dependent on the KPI measurement of Intake Group for the 12-month period after the acquisition.

As part of accounting for the acquisition of The Ambassador Platform, contingent consideration with an estimated fair value of $4.3m was recognised on 23 May 2023 (i.e., the acquisition date). The contingent consideration is classified as a financial liability at fair value through profit and loss. The final payment amount of the contingent consideration is dependent on the KPI measurement of The Ambassador Platform for the 12-month period after the acquisition.

Accounting policy

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income (OCI) and later reclassified to profit or loss when the hedged item affects profit or loss.

Cash flow hedges

Hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses.

The Group uses forward currency contracts and options as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in profit or loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast transaction occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedge of net investments in foreign operations

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

22. Financial instruments (continued)

22.2 Financial risk management objectives and policies

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk) and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, the use of financial derivatives and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's Corporate Treasury function reports at least quarterly to the Group's Audit and Risk Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

Foreign currency risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. Predominantly these foreign currencies include British Pounds (GBP), Indian Rupee (INR), Chinese Yuan (CNY), Canadian dollar (CAD) and United States dollar (USD).

Foreign currency exchange rate risk arises from:

- GBP payments to the University of Cambridge Local Examinations Syndicate test materials commitment;
- Other foreign currencies income or operational expenses (mainly CNY and INR); and
- GBP, USD, CAD and NZD receivable from student placement revenue and IELTS examination fees.

Cash flow hedge

The Group utilises a variety of methods to manage its foreign currency exchange rate risk. The key method is the use of forward exchange contracts and currency option contracts. The Group's hedging policy permits the purchase of forward exchange contracts up to 100% and currency option contracts up to 50% of the currency exposure on the current and following year's forecast cash operating expenses and revenues (net of any forecast cash receipts and payments in the same currency). The main currencies currently covered by the hedging strategy are GBP, INR, CNY, CAD and USD.

The Group's current policy is to enter into hedges during the current year covering up to 25% each quarter of the foreign currency exchange rate exposure of the following financial year's forecast cash operating expenses (net of any forecast cash receipts). The balance of the hedge program is completed when the Board approves the Group's budget and cash flow forecasts for the following financial year (which is prior to the commencement of that financial year).

The following table details the significant forward currency contracts and options outstanding at the end of the reporting period.

	Foreign currency		Fair value (AUD)	
	30 June 2023 '000	30 June 2022 '000	30 June 2023 $'000	30 June 2022 $'000
Buy GBP				
0 to 3 months	17,000	17,164	2,763	(909)
3 to 6 months	7,000	5,000	848	(9)
6 months to 1 year	–	10,000	–	42
Sell INR				
0 to 3 months	(1,500,000)	(1,902,156)	(1,265)	(500)
3 to 6 months	(1,500,000)	(1,425,000)	(1,108)	(278)
6 months to 1 year	(1,200,000)	(2,430,000)	(323)	(172)
Buy CNY				
0 to 3 months	26,500	40,178	(230)	467
3 to 6 months	41,450	12,500	(51)	78
6 months to 1 year	22,000	25,000	(174)	168
Sell CAD				
0 to 3 months	(14,500)	(35,020)	(219)	(1,975)
3 to 6 months	(5,000)	(6,250)	(353)	(199)
6 months to 1 year	(14,000)	(12,500)	(696)	(412)
Sell USD				
0 to 3 months	(12,601)	(10,654)	(721)	(755)
3 to 6 months	(3,000)	(3,750)	(197)	(189)
6 months to 1 year	(2,500)	(7,500)	(61)	(386)

Foreign currency denominated monetary assets and monetary liabilities

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	30 June 2023		30 June 2022	
AUD equivalent	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
USD	36,057	(15,500)	27,703	(13,901)
CNY	1,636	(6,050)	1,407	(4,469)
GBP	92,074	(81,373)	53,809	(40,427)
INR	29,234	(91,182)	13,305	(53,975)
VND	2,432	(14,690)	2,512	(5,417)
CAD	36,674	(2,887)	26,160	(2,622)
AED	22,119	(6,123)	9,834	(3,149)
BDT	8,641	(2,377)	8,208	(1,748)
NPR	12,757	(1,935)	8,334	(1,527)
Other Currencies	28,211	(29,577)	19,757	(25,124)
Total	269,835	(251,694)	171,029	(152,359)

22. Financial instruments (continued)

22.2 Financial risk management objectives and policies (continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% movement in the Australian dollar against the significant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and foreign exchange contracts.
A positive number below indicates an increase in profit or equity whereas a negative number below indicates a decrease in profit or equity.

		Effect on profit or loss $'000	Effect on equity $'000
USD			
2023	**-10%**	**1,599**	**(521)**
2022	-10%	1,074	(1,398)
CNY			
2023	**-10%**	**(343)**	**1,109**
2022	-10%	(238)	1,071
GBP			
2023	**-10%**	**832**	**4,392**
2022	-10%	1,041	5,450
INR			
2023	**-10%**	**(4,818)**	**(10,813)**
2022	-10%	(3,764)	(11,405)
CAD			
2023	**-10%**	**2,628**	**(334)**
2022	-10%	1,831	(2,875)
AED			
2023	**-10%**	**1,244**	**1,244**
2022	-10%	520	520
Other currencies			
2023	**-10%**	**269**	**692**
2022	-10%	388	794

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates, Bank Bill Swap Rate (BBSY).

At 30 June 2023, the Group was exposed to the variable interest rate loans of $209.2m (2022: $156.7m).

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit or loss $'000	Effect on equity $'000
2023	**50**	**732**	**732**
2022	150	1,647	1,647

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity risk management

The Board of Directors is ultimately responsible for liquidity risk management. The Group has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has a policy which describes the manner in which cash balances will be invested. The investment policy is to ensure sufficient flexibility to capture investment opportunities as they may occur, yet maintain reasonable parameters in the execution of the investment program.

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. The table has been drawn up based on the net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

	Less than 1 year $'000	1-5 years $'000	More than 5 years $'000	Total $'000	Carrying amount $'000
30 June 2023					
- Trade and other payables	**191,705**	**-**	**-**	**191,705**	**191,705**
- Interest-bearing borrowings	**6,877**	**212,595**	**-**	**219,472**	**209,004**
- Lease liabilities	**30,197**	**77,176**	**31,276**	**138,649**	**120,560**
- Foreign exchange forward contracts	**6,302**	**-**	**-**	**6,302**	**6,302**
	235,081	**289,771**	**31,276**	**556,128**	**527,571**
30 June 2022					
- Trade and other payables	125,046	-	-	125,046	125,046
- Interest-bearing borrowings	4,269	161,370	-	165,639	156,453
- Lease liabilities	22,832	62,012	29,820	114,664	99,961
- Foreign exchange forward contracts	7,004	-	-	7,004	7,004
	159,151	223,382	29,820	412,353	388,464

22. Financial Instruments (continued)

22.2 Financial risk management objectives and policies (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with financial institutions that are rated the equivalent of investment grade and above. Credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure for cash and cash equivalents is controlled by counterparty limits that are reviewed and approved by the Audit and Risk Committee annually.

The Group's customer base comprises Australia, UK, US, Canada and New Zealand universities and institutions and IELTS test centres. Credit risk assessments are conducted on new and renegotiated contracts to evaluate each customer's creditworthiness. Management considers the Group's credit risk is low due to the industry characteristic of major customers and the diverse customer base.

Management also considers many factors that influence the credit risk of its customer base including the industry default risk and country in which customers operate in. Management closely monitors the economic and political environment in geographical areas to limit the exposure to particular volatility. The Group's activities are increasingly geographically spread reducing the credit risk associated with one particular market or region.

Carrying value of financial assets represents the Group's maximum exposure to credit risk because the financial assets are not offset by the financial liabilities as they do not meet the net presentation requirements under AASB 132 and the Group does not have agreements in place to enable offset as a result of credit event.

22.3 Fair value of financial instruments

The Group measures fair value of financial instruments at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

› In the principal market for the asset or liability, or

› In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

› Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

› Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

› Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets/ financial liabilities	Fair value hierarchy	Fair value as at 30 June 2023 $'000	Fair value as at 30 June 2022 $'000	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Foreign currency forward and options contracts	Level 2	Assets: 4,642 Liabilities: 6,302	Assets: 2,079 Liabilities: 7,004	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Financial liabilities at fair value through profit or loss – Contingent consideration	Level 3	25,560	–	The fair value has been estimated by discounting the expected amount at which the contingent consideration is to be settled to its present value.	Discount rate of 10.3% was used in the calculation.	The higher the discount rate, the lower the fair value.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values as detailed in Note 22.1.

22.4 Capital management

The Group's objective is to maintain an optimal capital structure for the business which ensures sufficient liquidity, provide returns for shareholders, benefits for other stakeholders and to minimise the cost of capital.

As at 30 June 2023, IDP has following facilities:

Australian Dollar $209,157,000	Facility A: Acquisition funding unsecured Cash Advance loan facility for acquisitions
Australian Dollar $75,000,000	Facility B: Unsecured Cash advance facility to support both general corporate purposes and working capital requirements of the Group

The Company has complied with all bank lending requirements during the year and at the date of this report.

IDP's capital management is characterised by:

› Ongoing cash flow forecast analysis, detailed budgeting processes and consistent cash repatriation of surplus available cash from its overseas operations to ensure net cost of funds is minimised;

› The Group may adjust the level of dividends paid to shareholders, return capital to shareholders or issue new shares in order to maintain or adjust the capital structure;

› Maintain gearing to a level that does not limit IDP growth opportunities; and

› Monitor the gearing ratio of the Group.

Other notes

23. Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or performance right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23.3 below.

Accounting policy

Share-based compensation benefits are provided to key management personnel (KMP) and certain employees via long-term incentive (LTI) Performance Rights and Options plans.

The fair value of equity-settled rights and options granted under the plans is recognised as an employee benefit expense over the period during which the employees become unconditionally entitled to the rights and options with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights and options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights and options that are expected to vest which are revised at the end of each reporting period. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

The fair value is measured at grant date and the expense recognised over the life of the plan. The fair value of Performance Rights and Options is independently determined using Monte Carlo Simulation or similar pricing model that takes into account the exercise price, the term of the plan, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The expected price volatility is based on the historic volatility (based on the remaining life of the plans), adjusted for any expected changes to future volatility due to publicly available information.

23.1 Performance Rights and Options

The LTI plan is designed to align executives' interest with those of shareholders by incentivising participants to deliver long term shareholders returns. Under the plan, participants are granted Performance Rights or Options that have vesting hurdles. The vesting hurdles must be satisfied at the end of the performance period for the rights to vest.

Details of the current Performance Rights and Options plans are summarised in the table below.

Performance Rights/ Service Rights awards	No. of Performance/ Service Rights	Grant date	Grant date fair value	Exercise price	Vesting conditions	Vesting date
FY21 LTI award – tranche 1	58,286	7-Sep-20	19.16	N/A	EPS target CAGR	31-Aug-23
FY21 LTI award – tranche 2	58,291	7-Sep-20	14.86	N/A	Total shareholder return hurdle	31-Aug-23
FY21 IDP plan award – tranche 1	62,323	7-Sep-20	19.16	N/A	EPS target CAGR	31-Aug-23
FY21 IDP plan award – tranche 2	62,356	7-Sep-20	14.86	N/A	Total shareholder return hurdle	31-Aug-23
FY22 LTI award – tranche 1	56,585	4-Oct-21/ 27-Oct-21	36.38/37.04	N/A	EPS target CAGR	31-Aug-24
FY22 LTI award – tranche 2	56,592	4-Oct-21/ 27-Oct-21	30.45	N/A	Total shareholder return hurdle	31-Aug-24
FY22 IDP plan award – tranche 1	45,120	4-Oct-21	36.38	N/A	EPS target CAGR	31-Aug-24
FY22 IDP plan award – tranche 2	45,158	4-Oct-21	30.45	N/A	Total shareholder return hurdle	31-Aug-24
FY22 Recognition award	125,409	4-Oct-21	36.46	N/A	Service condition	31-Aug-23
FY22 Digital Campus award	7,496	4-Oct-21	36.54	N/A	Service condition	31-Aug-23
FY22 Deferred STI award	31,295	5-Sep-22	27.57	N/A	Service condition	01-Jul-23
FY23 IDP Plan award – tranche 1	61,147	19-Sep-22/ 01-Nov-22	26.85	N/A	EPS target CAGR	31-Aug-25
FY23 IDP Plan award – tranche 2	61,195	19-Sep-22/ 01-Nov-22	19.47	N/A	Total shareholder return hurdle	31-Aug-25
FY23 LTI award – tranche 1	79,308	19-Sep-22/ 13-Feb-23	26.85/29.99	N/A	EPS target CAGR	31-Aug-25
FY23 LTI award – tranche 2	79,310	19-Sep-22/ 13-Feb-23	19.47/22.50	N/A	Total shareholder return hurdle	31-Aug-25
FY23 Intake award	9,729	01-Nov-22	27.57	N/A	Service condition	31-Aug-24
FY23 Digital Campus award	14,751	05-Dec-22	27.95/27.64	N/A	Service condition	31-Aug-23/ 31-Aug-24
FY23 CEO Sign On award	8,722	13-Feb-23	30.51/30.17	N/A	Service condition	13-Feb-24/ 13-Feb-25

Notes to the Consolidated Financial Statements
continued

23. Share-based payments (continued)

23.2 Movements during the year

The table below summarises the movement in the number of Performance Rights/Options in these plans during the year:

2023

				Number of Performance and Service Rights					
	Grant date	Vesting period (years)	Exercise price	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year	Closing balance	Vested and exercis-able at balance date
Performance right plans									
FY20 LTI	1-Oct-19	3.0	$0.00	135,086	–	(56,629)	(75,048)	3,409*	–
FY20 IDP plan award	1-Oct-19	3.0	$0.00	92,460	–	(40,083)	(52,377)	–	–
FY21 LTI	7-Sep-20	3.0	$0.00	116,577	–	–	–	116,577	–
FY21 IDP plan award	7-Sep-20	3.0	$0.00	130,154	–	–	(5,475)	124,679	–
FY21 deferred STI	9-Sep-21	1.0	$0.00	24,981	–	(24,981)	–	–	–
FY22 LTI	4-Oct-21/ 27-Oct-21	3.0	$0.00	113,177	–	–	–	113,177	–
FY22 IDP plan award	4-Oct-21	3.0	$0.00	93,661	–	–	(3,383)	90,278	–
FY22 recognition award	4-Oct-21	2.0	$0.00	125,409	–	–	–	125,409	–
FY22 digital campus award	4-Oct-21	1.0-2.0	$0.00	10,225	–	(2,729)	–	7,496	–
FY22 deferred STI	5-Sep-22	0.8	$0.00	–	31,295	–	–	31,295	–
FY23 LTI	19-Sep-22/ 13-Feb-23	2.6-3.0	$0.00	–	158,618	–	–	158,618	–
FY23 IDP plan award	19-Sep-22/ 01-Nov-22	2.8-3.0	$0.00	–	122,342	–	–	122,342	–
FY23 Intake Award	01-Nov-22	1.8	$0.00	–	9,729	–	–	9,729	–
FY23 Digital Campus Award	05-Dec-22	1.0-2.0	$0.00	–	14,852	–	(101)	14,751	–
FY23 CEO Sign On Award	13-Feb-23	1.0-2.0	$0.00	–	8,722	–	–	8,722	–
Total Performance Rights				841,730	345,558	(124,422)	(136,384)	926,482	–
Weighted average exercise price				–	–	–	–	–	–

* Performance Rights of 3,409 in FY20 LTI plan was vested but restricted as of 30 June 2023.

2022

	Grant date	Vesting period (years)	Exercise price	Number of Performance and Service Rights Opening balance	Granted during the year	Exercised during the year	Forfeited during the year	Closing balance	Vested and exercis-able at balance date
Performance right plans									
FY19 LTI	27-Sep-18	3.0	$0.00	174,210	–	(87,103)	(87,107)	–	–
FY19 IDP plan award	27-Sep-18	3.0	$0.00	154,322	–	(77,151)	(77,171)	–	–
FY20 LTI	1-Oct-19	3.0	$0.00	135,086	–	–	–	135,086	–
FY20 IDP plan award	1-Oct-19	3.0	$0.00	110,746	–	–	(18,286)	92,460	–
FY21 LTI	7-Sep-20	3.0	$0.00	116,577	–	–	–	116,577	–
FY21 IDP plan award	7-Sep-20	3.0	$0.00	150,270	–	–	(20,116)	130,154	–
FY20 deferred STI	7-Sep-20	1.0	$0.00	24,613	–	(24,613)	–	–	–
FY22 LTI	4-Oct-21/ 27-Oct-21	3.0	$0.00	–	113,177	–	–	113,177	–
FY22 IDP plan award	4-Oct-21	3.0	$0.00	–	98,359	–	(4,698)	93,661	–
FY21 deferred STI	9-Sep-21	1.0	$0.00	–	24,981	–	–	24,981	–
FY22 recognition award	4-Oct-21	2.0	$0.00	–	125,409	–	–	125,409	–
FY22 digital campus award	4-Oct-21	1.0-2.0	$0.00	–	10,462	–	(237)	10,225	–
Total Performance Rights				865,824	372,388	(188,867)	(207,615)	841,730	–
Weighted average exercise price				–	–	–	–	–	–

23.3 Fair value and pricing model

The fair value of Performance Rights and Options granted under the Plan is estimated at the date of grant using a Monte Carlo Simulation Model taking into account the terms and conditions upon which the Performance Rights/Options were granted. The model simulates the total shareholders return of the Company to the vesting date using the Monte Carlo Simulation technique. The simulation repeated numerous times produce a distribution of payoff amounts. The Performance Rights fair value is taken as the average payoff amount calculated, discounted back to the valuation date.

In valuing the Performance Rights, a number of assumptions were used as shown in the table below:

	FY23 Performance Rights
Exercise price	–
Share price at grant date	27.63 – 30.85
Expected volatility	42.44% – 50%
Expected dividend yield	0.97% – 1.11%
Risk free interest rate	3.01% – 3.60%

The expected volatility is a measure of the amount by which the price is expected to fluctuate during a period.

Notes to the Consolidated Financial Statements
continued

23. Share-based payments (continued)

23.4 Total share-based payment expenses for the year

The following expenses were recognised in employees benefit expenses during the year relating to share-based payments described above:

	Note	2023 $'000	2022 $'000
LTI Performance and Service Rights plans	4.4	7,573	5,168
		7,573	5,168

24. Related party transactions

Transactions with key management personnel

	30 June 2023 $	30 June 2022 $
Short-term employee benefits	5,672,836	7,094,598
Post-employment benefits	180,923	177,534
Other long-term benefits	105,174	116,055
Share-based payments	2,024,105	2,193,747
Total compensation paid to key management personnel	7,983,038	9,581,933

Refer to the Remuneration Report, which forms part of the Directors' Report for further details regarding KMP's remuneration.

25. Remuneration of auditors

The auditor of IDP Education Limited is Deloitte Touche Tohmatsu (Australia). During the year, the following fees were paid or payable for services provided by the auditors of the Group or its related practices.

	30 June 2023 $	30 June 2022 $
Deloitte and related network firms		
Audit and review of financial statements		
– Group	565,000	537,750
– Subsidiaries	332,966	295,741
Statutory and other assurance and agreed-upon procedures	17,348	-
Tax compliance services	28,574	10,327
Other services	185,705[1]	165,860
Other auditors and their related network firms		
Audit and review of financial statements	242,431	321,253
	1,372,024	1,330,931

1. Other service primarily relates to IT support services for Human Resource Application, control self-assessment tool, people experience strategy workshop and foreign exchange control in India. The IT support services company (Presence of IT) was acquired by Deloitte during FY20. During FY23, IDP has transitioned these services (2023: $75,400) to an independent third-party provider.

26. Subsidiaries and Associates

26.1 Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of voting power controlled by the Group 2023	2022
IELTS Australia Pty Limited	Examinations	Australia	100%	100%
IDP World Pty Ltd	Holding company	Australia	100%	100%
IDP Education Pty Ltd (South Korea)	Student Placements & Examinations	Korea	100%	100%
IDP Education Services Co. Ltd[1]	Student Placements & Examinations	Thailand	100%	100%
IDP Education (Vietnam) Ltd	Student Placements & Examinations	Vietnam	100%	100%
Yayasan Pendidikan Australia[2]	Student Placements & Examinations	Indonesia	100%	100%
PT IDP Consulting Indonesia	Student Placements & Examinations	Indonesia	100%	100%
IDP Consulting (Hong Kong) Co. Ltd	Holding company	Hong Kong	100%	100%
IDP Education India Pvt Ltd	Student Placements & Examinations	India	100%	100%
IDP Education Cambodia Ltd	Student Placements, Examinations & English Language Teaching	Cambodia	100%	100%
IDP Education (Canada) Ltd	Client Relations, Student Placements & Examinations	Canada	100%	100%
IDP Education (Bangladesh) Pvt Ltd	Student Placements & Examinations	Bangladesh	100%	100%
IDP Education (Egypt) LLC	Student Placements & Examinations	Egypt	100%	100%
IDP Education Consulting (Beijing) Co., Ltd	Student Placements	China	100%	100%
IDP Business Consulting (Shanghai) Co., Ltd	Student Placements	China	100%	100%
Beijing Promising Education Limited	Student Placements	China	100%	100%
IDP Education Services New Zealand Limited	Student Placements & Examinations	New Zealand	100%	100%
IDP Education Türkiye LLC	Student Placements & Examinations	Türkiye	100%	100%
IDP Education Lanka (Private) Limited	Student Placements & Examinations	Sri Lanka	100%	100%
IDP Education Pakistan (Private) Limited	Student Placements & Examinations	Pakistan	100%	100%
IDP Education Nepal Private Limited	Examinations	Nepal	100%	100%
IDP Education Japan Limited	Examinations	Japan	100%	100%
IDP Connect Limited	Digital marketing and online students recruitment	United Kingdom	100%	100%
Complete University Guide Limited	Digital marketing	United Kingdom	100%	100%
Hotcourses Data Limited[3]	Digital marketing	United Kingdom	-	100%
IDP Connect Inc.	Client Relations	United States of America	100%	100%
Hotcourses Pty Limited	Client Relations	Australia	100%	100%
Hotcourses India Private Limited	Online services	India	100%	100%
IDP Education India Services LLP	Shared services	India	100%	100%
IDP Education Student Services Nepal Private Limited	Student Placements	Nepal	51%	51%
IDP Education Exam Services Private Limited	Examinations support service	India	100%	100%

Notes to the Consolidated Financial Statements
continued

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of voting power controlled by the Group 2023	2022
IDP Education Services Nigeria limited	Student Placements & Examinations	Nigeria	100%	100%
IDP Education Singapore Pte Ltd	Student Placements & Examinations	Singapore	100%	100%
IDP Education Employee Share Scheme Trust	Employee Share Scheme Trust	Australia	100%	100%
Intake TM Pte Ltd[4]	Holding company	Singapore	100%	-
Intake Global Pte Ltd[4]	Holding company	Singapore	100%	-
Intake Global Ltd[4]	Holding company	Taiwan	100%	-
Intake Education Pte Ltd[4]	Holding company	Singapore	100%	-
UKEAS Education Consulting Pvt Ltd[4]	Student Placements	India	100%	-
Intake Education (Kenya) Ltd[4]	Student Placements	Kenya	100%	-
Intake Education Nigeria Ltd[4]	Student Placements	Nigeria	100%	-
Intake Education Philippines Inc[4]	Student Placements	Philippines	100%	-
Intake Education Ltd[4]	Student Placements & English Language Teaching	Taiwan	100%	-
Mentor ISC Co., Ltd[4]	Student Placements	Thailand	100%	-
The Ambassador Platform Ltd[5]	Technology service	United Kingdom	100%	-
The Ambassador Platform Pty Ltd[5]	Technology service	Australia	100%	-
The Ambassador Platform Inc.[5]	Technology service	United States of America	100%	-

1. IDP Education Limited owns 100% ordinary Class A shares, which represents 49% of total shares of IDP Education Services Co. Ltd. According to the company constitution, ordinary Class A shares holds 100% voting right of the company. Based on these facts and circumstances, management determined that, in substance, the Group controls these entities with no non-controlling interest.
2. Foundation controlled through IDP Education Limited's capacity to control management of the company.
3. Hotcourses Data Limited wound up during the year.
4. Intake Group entities acquired during the year. Please refer to the note 27.
5. The Ambassador Platform group entities acquired during the year. Please refer to the note 27.

26.2 Associates

Details of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of voting power controlled by the Group 2023	2022
HCP Limited	English language test preparation and online services	China	19%	19%
IELTS UK Services Ltd	Provision of English language test development	United Kingdom	33%	33%
Speak E.H.A Ltd[1]	Examination services	Israel	20%	-

1. New associate acquired during the year.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

27. Business Combinations

Acquisition of Intake Education

On 1 November 2022, IDP completed the acquisition of 100% of Intake Education (Intake). The purchase consideration of $89.6m comprised of $70.7m of cash paid at the settlement date and the present value of contingent consideration expected to be paid in cash on the first anniversary of the settlement date subject to a number of conditions (up to $20.3m).

As a result, Intake Group's assets, liabilities, income and expenses were included in the consolidated financial statements from 1 November 2022 (date of control).

Intake is a leading student placement agency that has operations across Nigeria, Ghana, Kenya, Philippines, Thailand, Taiwan and India.

As part of the acquisition accounting, an intangible asset for customer contracts and relationships of $8.066m was recognised. Goodwill of $71.201m was also recognised as part of the acquisition accounting. Goodwill represents the value attributable to synergies from combining operations of the acquiree and the acquirer.

Intake contributed consolidated revenue of $14.523m and contributed a net profit after tax of $2.363m during the FY23 since acquisition. If the acquisition had taken place at the beginning of the financial year the contribution to the consolidated revenue would have been $34.212m and the contribution to net profit would have been $12.630m.

Acquisition of The Ambassador Platform

On 23 May 2023, IDP completed the acquisition of 100% of The Ambassador Platform. The purchase consideration paid was $11.8m as a cash payment at the settlement date. An additional contingent consideration up to $4.3m will be paid in cash on the first anniversary of the settlement date subject to a number of conditions.

The Ambassador Platform is a UK-based technology company that provides a SaaS platform for higher education institutions to connect their existing students to prospective students.

As at 30 June 2023, the acquisition accounting for The Ambassador Platform was provisional. The Group are in the process of identifying and measuring the fair value of acquired net assets, including the fair value of the acquired technology platform. As The Ambassador Platform does not have material working capital balances or tangible assets, consideration has been provisionally allocated to goodwill pending completion of acquisition accounting during FY24.

Purchase consideration of $16.141m was provisionally recognised as goodwill as at 30 June 2023.

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

	Intake $'000	The Ambassador Platform $'000	Total $'000
Cash consideration paid on the settlement date	70,721	11,803	82,524
Present value of contingent consideration payable	18,831	4,338	23,169
Total purchase consideration	89,552	16,141	105,693
Less: fair value of net identifiable assets acquired	(18,351)	–	(18,351)
Goodwill on acquisition	71,201	16,141	87,342
The cash outflow on acquisition is as follows:			
Cash consideration paid on the settlement date	70,721	11,803	82,524
Cash and cash equivalent balances acquired	(1,610)	–	(1,610)
Net cash outflow	69,111	11,803	80,914

Notes to the Consolidated Financial Statements
continued

27. Business Combination (continued)

The assets and liabilities arising from the acquisition of Intake Group at acquisition date are as follows:

	Intake Fair value $'000
Assets	
Cash and cash equivalents	1,610
Receivables and contract assets	18,555
Other current assets	593
Total current assets	20,758
Property, plant and equipment	1,654
Intangible assets	8,225
Right-of-use assets	2,023
Total non-current assets	11,902
Total assets	32,660
Liabilities	
Payables and other current liabilities	6,443
Current tax liabilities	5,443
Total current liabilities	11,886
Deferred tax liabilities	2,423
Total non-current liabilities	2,423
Total liabilities	14,309
Net identifiable assets acquired	18,351

Accounting policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred on the acquisition date at fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses. Costs incurred for the acquisition of Intake Group and The Ambassador Platform were $2.6m.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

28. Deed of cross guarantee

The following wholly-owned entities have entered into a Deed of Cross Guarantee.

Company	Financial year entered into agreement
IDP Education Limited	30 June 2017
IELTS Australia Pty Limited*	30 June 2017
IDP World Pty Ltd*	30 June 2017

* These entities are not required to prepare and lodge a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The companies that are members of this deed guarantee the debts of the others and represent the "Closed Group" from the date of entering into the agreement. These are the only members of the Deed of Cross Guarantee and therefore these companies also represent the 'Extended Closed Group'.

28.1 Statement of profit or loss, other comprehensive income and a summary of movements in consolidated retained profits of the Closed Group for Deed of Cross Guarantee purposes

Statement of comprehensive income	30 June 2023 $'000	30 June 2022 $'000
Revenue	609,101	323,600
Dividend income	8,251	24,314
Expenses	(421,041)	(222,643)
Depreciation and amortisation	(22,875)	(16,226)
Finance income	1,078	409
Finance costs	(10,140)	(3,254)
Share of loss of associates	(110)	(1,115)
Profit for the year before income tax expense	164,264	105,085
Income tax expense	(41,703)	(31,235)
Profit for the year of the Closed Group	122,561	73,850
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	103	(93)
Gain/loss arising on changes in fair value of hedging instruments entered into for cash flow hedges		
Forward foreign exchange contracts	(3,271)	(4,359)
Cumulative gain arising on changes in fair value of hedging instruments reclassified to profit or loss	4,369	1,765
Income tax related to gains/losses recognised in other comprehensive income	(329)	778
Items that will not be reclassified subsequently to profit or loss:	–	–
Other comprehensive income for the year, net of income tax	872	(1,909)
Total comprehensive income for the year of the Closed Group	123,433	71,941

Summary of movements in consolidated retained profits	30 June 2023 $'000	30 June 2022 $'000
Retained profits at 1 July	96,437	60,162
Profit for the year	122,561	73,850
Dividends paid	(96,026)	(37,575)
Retained profits at 30 June of the Closed Group	122,972	96,437

Notes to the Consolidated Financial Statements
continued

28. Deed of Cross Guarantee (continued)

28.2 Consolidated statement of financial position of the Closed Group for Deed of Cross Guarantee purposes

	30 June 2023 $'000	30 June 2022 $'000
CURRENT ASSETS		
Cash and cash equivalents	78,664	143,685
Trade and other receivables	130,854	75,390
Contract assets	96,131	48,918
Derivative financial instruments	4,642	2,079
Current tax assets	347	5,218
Other current assets	9,993	6,705
Total current assets	320,631	281,995
NON-CURRENT ASSETS		
Contract assets	5,840	3,447
Investments in subsidiaries	173,435	83,878
Investments in associates	8,719	3,901
Property, plant and equipment	8,707	8,645
Right-of-use assets	27,314	24,226
Intangible assets	261,667	238,568
Capitalised development costs	11,784	22,998
Deferred tax assets	14,562	8,438
Other non-current assets	985	394
Total non-current assets	513,013	394,495
TOTAL ASSETS	833,644	676,490
CURRENT LIABILITIES		
Trade and other payables	150,074	108,120
Lease liabilities	7,549	6,662
Contract liabilities	6,420	4,647
Provisions	15,571	13,102
Current tax liabilities	8,473	-
Financial liabilities at fair value through profit or loss	21,155	-
Derivative financial instruments	6,302	7,004
Total current liabilities	215,544	139,535
NON-CURRENT LIABILITIES		
Borrowings	209,004	156,453
Lease liabilities	22,496	20,471
Provisions	1,636	1,196
Total non-current liabilities	233,136	178,120
TOTAL LIABILITIES	448,680	317,655
NET ASSETS	384,964	358,835
EQUITY		
Issued capital	271,467	276,888
Reserves	(9,475)	(14,490)
Retained earnings	122,972	96,437
TOTAL EQUITY	384,964	358,835

29. Parent entity information

IDP Education Limited is the parent entity of the Group. The financial information presented below represents that of the parent and is not comparable to the consolidated results.

Financial position	30 June 2023 $'000	30 June 2022 $'000
Current assets	302,481	321,069
Total assets	602,004	528,131
Current liabilities	106,026	64,936
Total liabilities	339,162	243,056
Equity		
Issued capital	271,467	276,888
Retained earnings	2,250	22,321
Reserves	(10,875)	(14,134)
Total equity	262,842	285,075

Financial performance	30 June 2023 $'000	30 June 2022 $'000
Profit for the year	75,955	58,665
Other comprehensive income	(884)	(1,245)
Total comprehensive income	75,071	57,420

During the year, the parent entity received $78.3m dividends income from the subsidiaries (2022: $79.3m).

30. 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 results 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 30 June 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 currently has an open Indian Service Tax matter and 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 in dispute relates to the application of Indian Service Tax for the period 1 October 2015 to 30 June 2017 (the date Service tax ceased in India). The same matter for the period 1 April 2014 to 30 September 2015 was adjudicated by the Indian Federal Customs, Excise & Service Tax Appellate Tribunal in IDP's favour and the formal appeal deadline for the tax authority has passed. As a result of this favourable outcome, the Group has concluded that a cash outflow for the remaining open period will not be required.

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. Unlike Indian Service Tax, which was administered at a Federal level, GST is administered at a State level. The GST matters are at various stages of review by State tax authorities.

In summary:

› Amounts in dispute for States where a formal review has commenced, or where refund claims related to tax deposits have been disputed as at 30 June 2023 total $28.0m (2022: $23.0m). The increase of $5.0m since June 2022 is due to the continuation of ordinary business operations in these States.

› As at 30 June 2023, the Group has made tax deposits of $21.3m (2022: $24.2m) which are held as a non-current asset in the Statement of Financial Position. The reduction of $2.9m is due to refunds received from State tax authorities during FY23. 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 State tax authorities.

› The Group's best estimate of potential exposure, in the event that IDP were to be unsuccessful in these matters in all States, including potential interest and penalties, is estimated at $41.0m (2022: $32.5m). The increase of $8.5m since June 2022 is due to the continuation of ordinary business operations and an additional year of potential interest.

As at 30 June 2023, the Group expects to achieve a favourable outcome, with reference to advice from external tax advisors and legal counsel in India, guidance issued by the Indian Central Tax Authority and the recent Federal Indian Customs, Excise & Service Tax Appellate Tribunal decision adjudicated in IDP's favour 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 30 June 2023.

31. Events after the reporting period

There has been no matter or circumstances occurring subsequent to the balance date that has significantly affected, or may significantly affect, the operation of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

In the Directors' opinion:

(a) the consolidated financial statements and notes of IDP Education Limited and its controlled entities (the Group) set out on pages 71 to 122 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 28 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 28.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

The declaration is made in accordance with a resolution of the Directors.

Peter Polson
Chair

Tennealle O'Shannessy
Managing Director

Melbourne
22 August 2023

Independent Auditor's Report

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne VIC 3000
Australia
Tel: +61 3 9671 7000
www.deloitte.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of IDP Education Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policy policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>

Assessment of uncertain tax positions

Refer to Note 14 Other Assets and Note 30 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 on a range of tax matters. Of note, the Group currently has open GST matters which are subject to legal proceedings and reviews by state based Indian tax authorities. The GST matters are at various stages of review by the relevant tax authorities.

The Group's best estimate of the potential exposure, in the event the Group were to be unsuccessful in these matters in all States, including potential interest and penalties, is estimated at $41.0 million (2022: $32.5 million).

As at 30 June 2023, the Group has made tax deposits, net of refunds received to 30 June 2023, of $21.3 million (2022: $24.2 million), 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 the relevant tax authorities or, in the event the Group is unsuccessful, use these amounts to satisfy any possible future obligation applied by the relevant tax authorities.

Significant judgement has been exercised by management in the determination of the tax position for the GST matters, including the determination of whether a liability or contingent liability exists.

</td><td>

Our procedures included:

- Understanding the process undertaken by management to identify and assess uncertain tax positions and conclude on whether a liability or contingent liability exists.
- In conjunction with our tax specialists in India, we:
  - Assessed the status of each state-based GST matter and managements process to monitor developments in ongoing disputes,
  - Read correspondence received from local tax authorities during the year to assess whether the position held for each state-based tax matter has been appropriately accounted for or adjusted to reflect the current status for each matter,
  - Met with the Group's Indian based tax advisors to understand if there had been any regulatory developments or new information arising in the period that should be considered in managements determination of whether a liability or contingent liability exists and the measurement of the Group's best estimate of the potential exposure. We also assessed the independence, competency and objectivity of management's tax advisors, and
  - Evaluated the Group's accounting policy for tax deposits.

We also assessed the adequacy of the disclosures in the notes to the financial statements.

</td></tr>
</table>

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Intake Education: Business combination accounting
 	
Refer to Note 27 Business Combinations and Note 13 Intangible Assets
 	
On 1 November 2022, the Group completed the acquisition of 100% of Intake Education (Intake). The purchase consideration paid was $89.6 million, comprised of $70.7 million of cash paid at settlement date and $18.8 million being the present value of contingent consideration to be settled in cash on the first anniversary of settlement date, subject to a number of conditions.
 	
The Group applied the acquisition method in accounting for the business combination – the acquisition method involves the use of judgement to identify all identifiable assets and liabilities acquired and estimation to determine the acquisition date fair value of those assets and liabilities and the measurement of the consideration paid.
 	
The contingent consideration was estimated at $18.8 million and intangible assets of $8.2 million were identified and valued. The difference between the purchase consideration of $89.6 million and the fair value of the net identifiable assets acquired of $18.4 million has been recognised as goodwill of $71.2 million.
 	
Goodwill arising from the acquisition of Intake was allocated to those cash generating units (CGUs) or groups of CGUs expected to benefit from the synergies of the acquisition. The basis of allocating goodwill to the CGUs which benefit from the synergies requires the application of judgement.
	Our procedures included:
	
	• Reviewed the Sale and Purchase Agreement and other documentation to assess the key terms of the business combination, including the acquisition date and purchase consideration.
	
	• In conjunction with our valuation specialists, we:
	  o Assessed the identification of intangible assets and the valuation methodologies used by the Group's external valuation specialist to measure the fair value of intangible assets. We also assessed the independence, competency and objectivity of the valuation specialist,
	  o Assessed the reasonableness of key inputs and assumptions used in the valuation of intangible assets, including the discount rate and terminal growth rates,
	  o Evaluated management's contingent consideration estimate,
	  o Assessed the reasonableness of the basis used by management to allocate goodwill to relevant CGUs or Groups of CGUs.
	
	We also assessed the adequacy of the disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

continued

Deloitte.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 44 to 69 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of IDP Education Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Travis Simkin
Partner
Chartered Accountants
Melbourne, 22 August 2023

Shareholder Information

As at 28 August 2023

Top shareholders

Rank	Name	Shares Held	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	78,407,525	28.17
2	CITICORP NOMINEES PTY LIMITED	54,201,285	19.47
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	52,526,806	18.87
4	NATIONAL NOMINEES LIMITED	15,647,942	5.62
5	BNP PARIBAS NOMS PTY LTD	10,819,927	3.89
6	CITICORP NOMINEES PTY LIMITED	4,482,605	1.61
7	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	2,505,250	0.90
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,139,566	0.77
9	INVIA CUSTODIAN PTY LIMITED	1,831,159	0.66
9	UNIVERSITY OF NEW SOUTH WALES	1,831,159	0.66
9	MACQUARIE UNIVERSITY	1,831,159	0.66
9	THE UNIVERSITY OF MELBOURNE	1,831,159	0.66
9	DEAKIN UNIVERSITY	1,831,159	0.66
9	JAMES COOK UNIVERSITY	1,831,159	0.66
9	CHARLES STURT UNIVERSITY	1,831,159	0.66
9	CHARLES DARWIN UNIVERSITY	1,831,159	0.66
9	CENTRAL QUEENSLAND UNIVERSITY	1,831,159	0.66
10	BNP PARIBAS NOMINEES PTY LTD	1,621,004	0.58
11	SWINBURNE UNIVERSITY OF TECHNOLOGY	1,612,725	0.58
12	BNP PARIBAS NOMINEES PTY LTD	1,609,862	0.58
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,602,155	0.58
14	ARGO INVESTMENTS LIMITED	1,534,737	0.55
15	UNIVERSITY OF SOUTHERN QUEENSLAND	1,373,369	0.49
16	THE UNIVERSITY OF WOLLONGONG	1,235,884	0.44
17	FLINDERS UNIVERSITY	1,231,159	0.44
18	BNP PARIBAS NOMS(NZ) LTD	1,148,336	0.41
19	WARBONT NOMINEES PTY LTD	919,329	0.33
20	LA TROBE UNIVERSITY	916,159	0.33
TOTAL		252,016,056	90.54
BALANCE OF REGISTER		26,320,155	9.46
GRAND TOTAL		278,336,211	100.00

Shareholder Information

As at 28 August 2023 continued

Substantial Shareholders

Range	Shares Held[1]	% of issued Capital
Bennelong Funds Management Group	28,498,875	10.24
The Capital Group Companies Inc	20,228,878	7.27
State Street Corporation	17,433,537	6.26
Greencape Capital Limited	14,011,794	5.03

1. Number of shares held by substantial shareholders is based on the most recent notifications lodged by substantial shareholders with the ASX

Unquoted Equity Securities

Range	Number on issue	Number of Holders
Employee Performance Rights plan	725,671	72

Distribution of Shareholders

Range	Securities	% of issued Capital	No. of holders	%
100,001 and Over	265,099,974	95.24	59	0.37
10,001 to 100,000	3,254,647	1.17	145	0.92
5,001 to 10,000	1,626,969	0.58	234	1.48
1,001 to 5,000	4,738,080	1.70	2,304	14.59
1 to 1,000	3,616,541	1.30	13,046	82.63
TOTAL	**278,336,211**	**100.00**	**15,788**	**100.00**

There were 359 holders of less than a marketable parcel of ordinary shares

Corporate Directory

Directors

Peter Polson
Chair

Tennealle O'Shannessy
Managing Director and Chief Executive Officer

Ariane Barker

Tracey Horton AO

Chris Leptos AO

Professor Colin Stirling

Michelle Tredenick

Greg West

Secretary

Ashley Warmbrand

Principal registered office in Australia

Level 10
697 Collins Street
DOCKLANDS VIC 3008
AUSTRALIA
Ph: +61 3 9612 4400

Share Registry

Link Market Service Limited
Tower 4
727 Collins Street
MELBOURNE VIC 3008
Australia

Auditor

Deloitte Touche Tohmatsu
477 Collins Street
MELBOURNE VIC 3000
AUSTRALIA
Ph: +61 3 9671 7000

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

IDP Education Limited
ACN 117 676 463

www.idp.com