

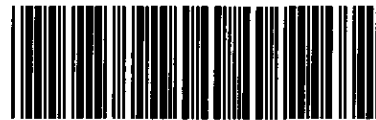
# **Inspired Education Holdings Limited**

## **Annual Report and Consolidated Financial Statements**

**For the year ended 31 August 2023**

Registered number: 10392529

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# **Inspired Education Holdings Limited**

## **Officers and professional advisers**

### **Directors**

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### **Auditor**

Deloitte LLP  
Statutory Auditor  
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United Kingdom

# Inspired Education Holdings Limited

## Strategic report

This strategic report has been prepared for Inspired Education Holdings Limited and its subsidiary undertakings ('Inspired' or 'the Group') as a whole and therefore gives greater emphasis to those matters which are significant to the Group when viewed as a whole.

### Principal activity

The principal activity of the Group is to provide private education services across the world.

### Review of the business

The consolidated statement of comprehensive income is set out on pages 21 and 22.

The Directors are delighted with the underlying performance of the Group, with enrolments increasing 11% and revenue increasing 28% (reflecting the impact of current year and 2022 acquisitions; enrolment increases; and fee increases during the year). Staff costs increased 22%, (including the impact of acquisitions, as well as inflationary pressures), which resulted in EBITDA before highlighted items increasing 27%, and Adjusted EBITDA increasing 28% year on year.

Profit for the year decreased by 50%, largely as a result of increased interest cost for the year.

Refer to Appendix 1 for definitions of EBITDA before highlighted items and Adjusted EBITDA. A reconciliation from profit for the year to EBITDA before highlighted items and Adjusted EBITDA is included below.

	Year ended 31 August 2023 €'000	Year ended 31 August 2022 €'000
Profit for the year	26,452	52,656
Tax	24,414	25,395
Profit before tax	50,866	78,051
Net finance costs	94,477	58,884
Amortisation	34,082	27,940
Depreciation	66,063	51,278
EBITDA	245,488	216,153
Pre-opening/start-up operating loss	3,674	3,004
Acquisition and transaction related costs	11,426	15,299
Litigation costs	1,219	278
(Gain)/loss on the disposal or closure of a subsidiary	(4,755)	4,404
Restructuring and integration costs	4,929	768
FX gains arising on financing and derivatives on acquisitions and disposals	(467)	(22,595)
Impairment of property, plant & equipment	13,170	-
Gain on bargain purchase	-	(401)
EBITDA before highlighted items	274,684	216,910
Cash payments on leases	(55,646)	(45,337)
Adjusted EBITDA	219,038	171,573

Revenue for the year ended 31 August 2023 was €841.4 million (2022: €657.5 million) and profit before tax was €50.9 million (2022: €78.1 million). These numbers do not include the full year impact of acquisitions completed during the year and are prior to the adjustment of highlighted items.

The Group's net assets as at 31 August 2023 were €902.1 million (31 August 2022: €841.6 million). The increase in reported net assets in the current year is a result of profit for the year of €26 million; issue of new shares of €125 million; offset by a movement in foreign exchange rates against the Euro, which has decreased the reported value of the Group's non-Euro denominated balances by €95 million.

# Inspired Education Holdings Limited

## Strategic report

### *Business combinations*

During the current year, the Group made the following acquisitions:

- On 15 November 2022, the Group acquired 100% of the shares in My Online Schooling Ltd, a business operating an online school, for total consideration of £6.9 million (€7.9 million).
- On 1 December 2022, the Group acquired 100% of the shares in Balboa Academy S.A. ('Balboa'), a business operating a school in Panama, for total consideration of USD \$36.5 million (€34.9 million).
- On 6 December 2022, the Group acquired 100% of the shares in Escola Vitruviano Ltda. ('CELV'), a business operating a school in Brazil, for total consideration of BRL 119 million (€21.7 million).
- On 14 June 2023, the Group signed an agreement to acquire 100% of the shares in Alpha Plus Holdings Plc, a business operating a group of schools in the United Kingdom. The acquisition completed on 11 October 2023, for provisional total consideration of £166.3 million (€192.7 million).
- On 15 July 2023, the Group signed an agreement to acquire 70% of the shares in and business of CGS Group, a business operating a school in Greece. Completion of the acquisition is subject to completion of various conditions precedent. The value of consideration is subject to determination at the completion date.

### *Acquisitions of non- controlling interests*

- On 23 February 2023, the Group acquired an additional 7% of the shares in Institut Khalil Jabran S.A. ('KGS'), through the capitalisation of a loan receivable from KGS of MAD 48 million (€4.5 million), taking the ownership to 83%.
  - On 23 February 2023, the Group acquired an additional 25% of the shares in Comprehensive Educational Projects LLC ('KGIS'), for consideration of OMR 1.1 million (€2.5 million), taking the ownership to 100%.
- On 10 April 2023, the Group acquired an additional 49% of the shares in Gurilandia Holdings S.A ('Gurilandia') and 30% of Green Educao SA, for total consideration of BRL 101 million (€18.4 million), taking the ownership to 100%.

# Inspired Education Holdings Limited

## Strategic report

### *Financing activities*

On 2 September 2022, the Group's committed revolving credit facility increased from €85 million to €155 million.

On 24 July 2023, the Group signed an agreement to increase its Term Loan borrowings by €600 million, with a maturity date of December 2028. €255 million of the funds were drawn on 29 September 2023, and used to repay existing Term Loans. The remaining €345 million was drawn on 10 October 2023 and used to fund acquisitions. As a result of the above, the total Term Loans outstanding as of the date of these accounts is €1,395 million.

A number of small local loan facilities were entered into / repaid during the year. Refer to note 18 for further detail.

### *Share capital movements*

#### Issue of new shares

In August 2023, 299,476 new shares were issued to existing institutional shareholders for total consideration of €125 million, to provide funding for acquisitions.

During the year, 600,000 new shares were issued to management for total consideration of €0.3 million.

The full list of shares issued by Inspired Education Holdings Limited ('the Company') during the year is as follows:

Date	Class of shares	Number of shares issued	Consideration
14 December 2022	H	6,984	€0.0 million
20 February 2023	H	2,097	€0.0 million
4 May 2023	H	2,097	€0.0 million
15 May 2023	H	46,125	€0.0 million
19 May 2023	H	12,580	€0.0 million
7 June 2023	H	2,097	€0.0 million
3 July 2023	H	312,805	€0.2 million
5 July 2023	H	20,967	€0.0 million
6 July 2023	H	3,355	€0.0 million
7 July 2023	H	8,387	€0.0 million
12 July 2023	H	6,290	€0.0 million
13 July 2023	H	176,216	€0.1 million
11 August 2023	B1	167,894	€70.1 million
11 August 2023	B2	42,768	€17.9 million
11 August 2023	E	58,010	€24.2 million
11 August 2023	E2	30,804	€12.9 million

#### Other transfers to / from the Employee Benefit Trust (EBT)

On 29 September 2022, 28,958 G2 ordinary shares; 33,146 G3 ordinary shares; and 92,593 G4 ordinary shares were transferred by existing shareholders into the Employee Benefit Trust for consideration of €0.0 million.

On 7 October 2022, the Employee Benefit Trust sold 827,312 H ordinary shares for consideration of €0.3 million.

On 2 December 2022, the Employee Benefit Trust sold 39,143 H ordinary shares for consideration of €0.0 million.

On 13 March 2023, the Employee Benefit Trust sold 33,545 H ordinary shares for consideration of €0.0 million.

On 4 May 2023, 3,692 G4 ordinary shares were transferred by existing shareholders into the Employee Benefit Trust for consideration of €0.0 million.

On 17 July 2023, 41,900 G4 ordinary shares and 48,222 H ordinary shares were transferred by existing shareholders into the Employee Benefit Trust for consideration of €0.0 million.

On 24 July 2023, 67,089 H ordinary shares were transferred by existing shareholders into the Employee Benefit Trust for consideration of €0.0 million.

On 11 August 2023, the Employee Benefit Trust sold 67,089 H ordinary shares for consideration of €0.0 million.

# Inspired Education Holdings Limited

## Strategic report

### Key performance indicators

The Group uses a range of key performance indicators (KPIs) to monitor performance and progress towards strategic objectives. The principal KPIs include: Revenue, Profit for the year, Earnings before interest, tax, depreciation and amortisation (EBITDA); EBITDA before highlighted items; Adjusted EBITDA; and pupil enrolments. Management review segment results on the basis of EBITDA before highlighted items and central costs.

An analysis of these KPIs is provided in the table below:

	2023	2022
Revenue €'000	841,378	657,460
Profit for the year €'000	26,452	52,656
EBITDA €'000	245,488	216,153
EBITDA before highlighted items €'000	274,684	216,910
Adjusted EBITDA €'000	219,038	171,573
Period end pupil enrolments	71,233	64,430

These numbers do not include the full year impact of acquisitions completed during each year.

The KPIs above reflect the continued growth of the Group during the year, including the full year impact of acquisitions made during 2022; part year impact of acquisitions made in 2023; and organic revenue growth.

### **EBITDA**

EBITDA represents profit before tax, interest, depreciation, and amortisation. A reconciliation from profit before tax to EBITDA is provided above.

### **EBITDA before highlighted items**

The Directors assess the profitability of the Group on a basis (as defined in Appendix 1) which excludes highlighted items (such as but not limited to pre-opening or start-up results for greenfield investments; acquisition-related transaction costs; and restructuring costs). The Group's 'EBITDA before highlighted items' for the year was €274.7 million (2022: €216.9 million), or a Highlighted EBITDA Margin of 32.6% (2022: 32.9%), which represents growth of 27% versus 2022.

### **Adjusted EBITDA**

Adjusted EBITDA is calculated as EBITDA before highlighted items, less cash payments for property and other leases.

The Group's adjusted EBITDA is monitored by the Directors as it is considered a key KPI for the Group's shareholders and lenders. The Group's Adjusted EBITDA for the year was €219.0 million (2022: €171.6 million), or an Adjusted EBITDA margin of 26.0% (2022: 26.1%), which represents growth of 28% versus 2022.

# Inspired Education Holdings Limited

## Strategic report

### Principal risks and uncertainties

The Group's operations expose it to a variety of business and financial risks. The Group has mechanisms in place that seek to limit the adverse impacts of these risks on the financial performance of the Group.

#### *Market risk - enrolments*

The Group's financial performance is dependent on new students enrolling, and re-enrolment of existing students. The Group actively looks to invest in, and improve, service quality and customer offerings which, together with established strong customer relationships, combine to mitigate pupil enrolment risk. Actual and forecast enrolments are monitored on a weekly basis. Continual investment and improvements are made in group, regional and local marketing and admissions processes and procedures.

As part of the Group's disaster recovery planning, the Group introduced a number of remote learning solutions to mitigate against the impact of any unforeseen closure of school premises, as was experienced as part of the COVID-19 pandemic. The provision of such solutions allows the Group to deliver its primary principal activity of delivering education services, even in a scenario of a future pandemic or similar event requiring school premises to close in the future.

#### *Employee risk*

The continued success of the Group is dependent on the quality of its teachers and staff. The Group continually reviews its HR practices, including personal development and reward structures, to improve the retention of key staff, and attract high quality new staff members.

#### *Regulatory risk*

The Group has to comply with various licence and other regulatory requirements to continue its operations. These requirements are continually monitored by local, regional and Group representatives from Health & Safety, Education and other operations to ensure continued compliance.

#### *Credit risk*

Trade receivables consist of a widespread customer base, with no concentration of risk.

#### *Liquidity risk*

The Group actively manages its finances, including conducting regular cash flow forecasts, and ensuring availability of sufficient cash balances and sources of longer-term debt, to ensure that the Group has sufficient funds available for its operations.

#### *Interest rate cash flow risk*

The Group has both interest-bearing assets and liabilities. The interest-bearing assets and liabilities are principally cash balances and borrowings, subject to floating interest rates. Exposures to interest rate risk are continually monitored.

During the year ended 31 August 2022, the Group entered into forward starting interest rate swaps to fix the interest payable under its €1,045 million Term Loan B debt from December 2022 to 31 May 2024. These have remained in operation for the current financial year.

Subsequent to 31 August 2023, the Group entered into an additional forward starting interest rate swap to fix the interest payable under its €1,045 million Term Loan B debt from 31 May 2024 to 29 May 2026. An interest rate swap was also entered into to hedge the additional €350 million Term Loan B debt that was drawn in October 2023, to 31 October 2026.



# Inspired Education Holdings Limited

## Strategic report

### Principal risks and uncertainties (continued)

#### *Foreign exchange risk*

Much of the Group's foreign exchange exposure is mitigated through local currency denominated expenses providing a natural hedge to local currency denominated revenues.

During the year ended 31 August 2023, foreign exchange instruments were used to manage the foreign exchange risk of the Euro translated value of deferred consideration payable in Brazilian Real for the acquisition of Escolas Globais do Brasil S.A. as well as the Euro translated value of consideration payable in GBP for the subsequent acquisition of Alpha Plus Holdings plc.

The Directors keep these measures under constant review.

#### **Corporate governance**

The Group is committed to good governance appropriate for a Group of its size in order to run its business effectively and ensure it can manage risk appropriately.

#### **Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

Inspired has a clearly defined organic growth strategy, supported by accretive acquisitions. The strategy is supported through documented operational business goals and objectives that are communicated with employees and other relevant stakeholders.

Decisions made by the Directors during the year ended 31 August 2023 included the approval of issue of shares to various institutional shareholders, the EBT and employees; approval of the acquisitions of My Online Schooling, Balboa, CELV and Alpha Plus; approval of new borrowings; approval of entering of foreign exchange instruments; and approval of various staff restructuring activities.

Our decisions are made to have a long-term beneficial impact on the Company and to contribute to the Company's success in delivering a better quality education for our students. Our decisions take into account the impact of the Company's operations on the community and environment, and our wider societal responsibilities.

The Board of Directors consider that in the decisions taken during the year, they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to (amongst other matters):

- the likely consequences of any decision in the long term;
- the interests of the Company's employees and employees of the Company's subsidiaries;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The Board reviews material new contracts (such as acquisition agreements, refinance transactions), to ensure that the appropriate level of diligence has been performed in understanding the obligations, risks and terms. This enables the Company to protect the integrity and long-term sustainability of its business, to meet its strategic objectives and to create value for its shareholders, customers and suppliers.

Our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. The Company also has in place an equity ownership structure for certain senior management that aligns management's remuneration to the long-term sustainable success of the Company.

During the year, when we have restructured parts of the Company, we followed best practices around consultation and engaged staff and their representatives to explore suitable alternative employment opportunities before progressing with redundancies. As part of our ongoing approach to proactive employee relations, we run staff opinion surveys throughout the year, sharing results and consulting with our employees on how to make improvements.

# Inspired Education Holdings Limited

## Strategic report

### Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

The Company, and all of its subsidiaries operate a zero-tolerance approach to modern slavery and human trafficking. Further information is available on our website.

We also aim to act responsibly and fairly in how we engage and co-operate with all of our other primary stakeholders - our customers, suppliers, communities, government regulators, debt providers, and shareholders - all of whom are integral to the success of the Company.

The Board is committed to social responsibility, community engagement and environmental sustainability. It achieves this through its commitment to a culture of ensuring the safety, health and wellbeing of everyone who works in the Company or for its subsidiaries; creating positive environmental and social impact; and valuing and respecting all staff.

The Company's website ([www.inspirededu.com](http://www.inspirededu.com)), and social media channels provide extensive and up-to-date news on recent developments.

### Future developments

The Directors expect the general level of activity to continue to increase in the forthcoming year. This is a result of continued growth in enrolments and fee revenue, the full year impact of new acquisitions made during the current year, and impact of acquisitions completed subsequent to the reporting date.

The Directors consider that the Group remains well placed to mitigate against the risks arising from the current high inflationary environment across the world, and to benefit from any future rebounds in the macro-economic environment.

### Post balance sheet events

On 29 September 2023, the Group drew down €255 million from its new December 2028 Term Loan B Facility, and used the proceeds to repay €250 million of existing debt.

On 4 October 2023, the Group entered into a new interest rate swap to fix the interest payable on €1,045 million of debt from 31 May 2024 to 29 May 2026.

On 10 October 2023, the Group drew down the remaining balance of €345 million of its December 2028 Term Loan B Facility.

On 11 October 2023, the Group acquired 100% of Alpha Plus Holdings Limited for total consideration of £166.3 million (€192.7 million).

On 12 October 2023, the Group entered into a new interest rate swap to fix the interest payable on €350 million of debt from 31 October 2023 to 31 October 2026.

On 17 October 2023, the Company issued 1,076,965 H2 ordinary shares for total consideration of €0.2 million.

On 23 November 2023, the Group acquired 51% of Education in Excellence S.L., a company operating a school in Spain, for provisional consideration of €5.0 million.

Approved by the Board and signed on its behalf by



N M Nsouli  
Director

Date: 15 December 2023

**Registered Office:**  
Sixth Floor  
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W1S 3EP

# Inspired Education Holdings Limited

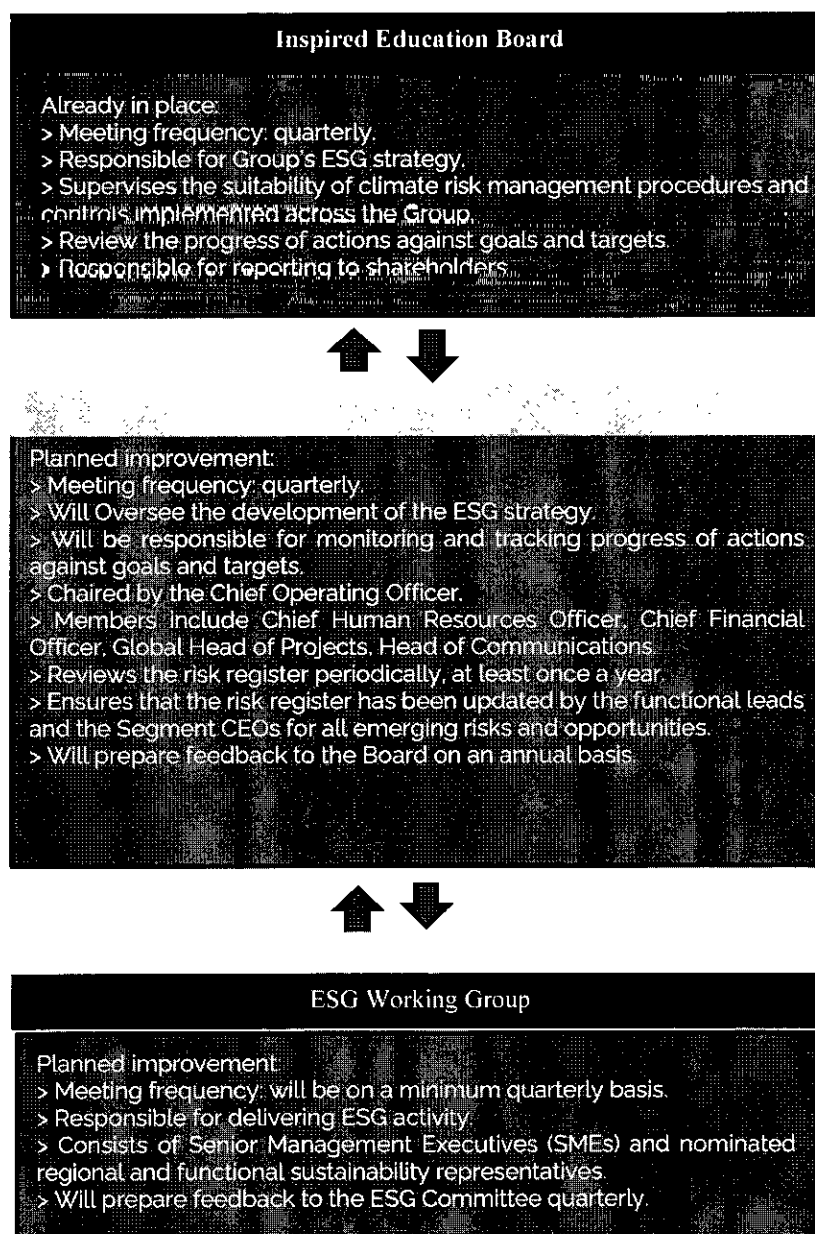
## Non-financial and sustainability information statement

Effective for periods commencing on or after 6 April 2022, the Climate-related Financial Disclosure Regulations 2022 (regulations) were introduced in the UK, requiring companies to report on material climate-related matters and their impact on the business. Below is the Group's first disclosure in line with the new regulation, which includes information on how climate change is being addressed in corporate governance, its impact on strategy, how climate-related risks and opportunities are being managed, and the relevant performance metrics and targets applied.

### Governance

The Board of Inspired Education Holdings Limited (the Board) is ultimately responsible for the Environmental, social, and corporate governance ('ESG') strategy and the oversight of, and governance over the climate-related risks and opportunities. In the year ending 31 August 2024, ESG will be formally introduced as an agenda item in Board meetings, which will consider, monitor and discuss climate-related risks and opportunities.

During the year ended 31 August 2023, the Board implemented a climate governance framework, encompassing the Board and associated Committees to focus on climate-related risks and opportunities and ESG initiatives, as described in the diagram below. As an ongoing initiative, we will continue to refine our governance arrangements to further align with developing best practices. Some improvements that are underway are also incorporated in the diagram, including additional ESG Committee and Working Group responsibilities and activities and the frequency of their meetings.



## Inspired Education Holdings Limited

### Non-financial and sustainability information statement

#### *Risk management*

The Board uses the Inspired Risk Policy and Framework to define and measure climate-related risks, which are then integrated into the overall risk management process. The Group's consolidated risk register is maintained by the Finance function. Climate-related risks are identified by the functional leads and the segment (subsidiary) CEOs, who are responsible for ensuring that the risk register is updated on a timely basis. To ensure that each risk has effective controls and mitigations in place each risk has a designated owner.

As part of the process, all identified risks are assessed by time sensitivity and mitigation measures in place and are then given a Red/Amber/Green ('RAG') status. This means that the risks are classified as either a material (red); moderate (amber); or low (green) risk. Material risks are those with immediate impact on the business i.e. highly time-sensitive and/or weak mitigations available. Risks are also evaluated against relevance to our industry, their likelihood, regulatory and legal considerations, financial implications, and the extent to which the operations will be affected by them.

Once material risks are identified, the ESG Working Group manages the mitigations and monitoring of the risks and provides a quarterly update to the ESG Committee.

Time	Definition	Rationale
Short	Present to 5 years	Immediate operational and strategic risks, which are aligned to our financial planning cycle and allows for more reactive action plans.
Medium	6 years – 10 years	Medium-term risks are those, where mitigation actions are not required immediately.
Long	> 10 years	Longer-term for the physical or transition risks and opportunities to impact the business.

For the scenario analysis on the assessment of transition risks, we use two transition scenarios to perform a qualitative assessment of the applicable risks and opportunities. Both of these are SSP2 (Shared Socioeconomic Pathways-Middle of the Road) aligned. Table 1 below summarises the results of this assessment.

We completed an initial assessment of our physical risk and a high-level qualitative analysis of some of our transition risks using two scenarios which could have significant negative or positive impacts on our business model.

We have identified the expected impacts and assessed these through the impact on and the resilience of our strategy, using the above time horizons, taking into consideration the nature of our business - lease periods, and budgetary cycles used for forecasts.

Based on this process, the Board concluded three things: that climate risk is not a principal risk for the Group; that there is no material impact from climate change in the current year; and that the Group has adequate mitigating measures in place to address the impact of the identified physical and transition risks on the resilience of the business. We continue to monitor the potential climate-related risks (physical and transition) and opportunities identified, that could reasonably be expected to impact the Group.

The Board reasonably believe that, having regard to the nature of the Group's business, and the manner in which it is carried on, the disclosures herein provide sufficient information for understanding the impact of climate risk on the Group, and that climate-related risks are likely to cause a minimal impact in the short to medium term on our activities.

# Inspired Education Holdings Limited

## Non-financial and sustainability information statement

Table 1: Climate risks and opportunities and business resilience

Type of risk	Risk/opportunity category	Risk detail	Potential impact	RAG Status/ Time Horizon	Strategic response and resilience
Physical risk	Acute physical risk	Risk of earthquake, flood or drought for certain locations	Climate events such as earthquakes, flash floods or droughts can disrupt in-person classes and cause damage to physical school sites and offices.	Medium	<p>Since the pandemic, the Group has introduced a number of remote learning solutions to mitigate against the impact of any unforeseen closure of school premises.</p> <p>The delivery of live streamed teacher led classes ensures that the schools are able to continue to deliver lessons to all students. The Group will monitor this risk regularly and this risk will be considered for any new potential sites and offices.</p> <p>We intend to integrate climate-related risk assessment into the decision-making process that we follow, when we invest in a new building to help ensure that material, acute and chronic physical climate risks are considered and embedded into business continuity procedures.</p>
Physical risk	Chronic physical risk	Longer-term shifts in climate patterns including increase/decrease in temperature	Rising/decreasing temperatures could lead to increases in cooling/heating costs in the school and office premises	Long	<p>The Group continuously monitors cooling and heating utilisation and costs including the use of renewable energy sources, e.g. installation of solar panels.</p> <p>Renewable energy sources are currently used throughout the Group.</p>
Transition risk	Policy and legal	Risk of potential scope 1 emission costs increasing as a result of the implementation of carbon policies and taxation	Each of our regions could be exposed to carbon costs under a 1.5C scenario.	Long	The Group will regularly review its progress against its targets and take necessary actions, including using more renewable sources of energy.
Transition risk	Technology	Risk of increased electricity prices due to increased prices of fossil fuel energy sources	In a 1.5C scenario, prices of fossil fuel energy sources increase, and this could have an impact on our electricity costs.	Long	The Group will take measures towards reducing electricity usage.
Transition opportunity	Market	Opportunity for increase in revenue due to a change in output volumes of the education sector	<p>Changes in revenue due to changing demand for education services as a result of the transition to a low carbon economy.</p> <p>As the world seeks to decarbonise, there could be different impacts across different regions and sectors, driven by the costs of decarbonisation.</p>	Long	Not applicable.

# Inspired Education Holdings Limited

## Non-financial and sustainability information statement

### *Strategy*

The climate related risks and opportunities are not assessed as material for the current year. We commit to continue analysing the impact of climate-related risks and opportunities on our strategy and business model in future periods.

### **Scenario overview**

For the scenario analysis on the assessment of transition risks, we leveraged two transition scenarios to perform a qualitative assessment of the above transition risks and opportunities, both of which are SSP2 (Shared Socioeconomic Pathways-Middle of the Road) aligned. SSP2 assumes that global population growth is moderate and levels off in the second half of the century, and that Gross domestic product ('GDP') continues to grow in line with historical trends. We selected the following scenarios in line with Taskforce on Climate-related Financial Disclosures (TCFD) guidance, that organisations should consider different climate-related scenarios, including a 2C or lower transition scenario. We believe that these scenarios act as a good starting point for our assessment.

### **4C baseline scenario: limited action towards addressing climate change**

#### *Key assumptions:*

- Emissions continue to increase in line with the current business-as-usual pathway.
- No further climate policy intervention- Government or state intervention on climate change does not exceed current levels.

### **1.5C scenario: significant activity towards addressing climate change**

#### *Key assumptions:*

- Global decarbonisation trajectory in line with achieving 1.5C pathway.
- Nationally Determined Contributions (NDCs) are delivered successfully up to 2030. Post-2030, emissions reduction measures are implemented to achieve the global 1.5C target.
- There are costs applied to carbon throughout the economy, and trade-offs made within regions and sectors in order to achieve the 1.5C pathway.

### **Approach**

To perform a qualitative assessment, we analysed the following key trends. These trends were selected based on a high-level assessment of the potential impact on the Group and were analysed in regions where we have the highest scope 1 emissions (Europe, Middle East and Africa).

- Carbon pricing
- Electricity prices
- Change in revenue for the education sector

As our analysis was qualitative in nature, our assessment of the potential impact was limited to the extent to which the above trends could change over time out to 2050. We have not assessed the potential financial impact. The conclusion from our qualitative analysis is that the Group has adequate mitigating measures in place to address the impact of the identified physical and transition risks on the resilience of the business, to be assessed as not material.

### *Metrics and targets*

We are committed to playing our part in minimising our impact on climate change by reducing our energy intensity and carbon emissions. The Board appreciates the importance of setting targets, however, recognises further analysis of existing data is required before robust, meaningful targets linked to the Group's long-term targets can be set. We are working to improve the coverage of our emissions data, and have started to assess the procedures required in measuring data to perform a more detailed Scope 3 assessment, and set targets associated with climate risks along our value chain in future periods.

## Inspired Education Holdings Limited

### Non-financial and sustainability information statement

The principal environmental impact of our business is due to the energy we use across our school and office building facilities. The transition risk of increase in potential Scope 1 emission costs and increase in electricity prices may also financially impact the Group in the longer term. Hence, the Group will consider setting specific targets around the following metrics to enhance our current mitigating measures:

- Reduction in consumption related emissions on a year-on-year basis
- Increase energy contracts in Group managed properties from verified and renewable sources

These targets will be based on the KPI of the Group's intensity ratio, which is calculated as a percentage of total GHG emissions (expressed in Tonnes of CO<sub>2</sub>e) per million of global school sales revenue. As the Group grows through new schools being built/acquired, absolute emissions may grow and therefore the intensity ratio is the most appropriate KPI for the Group rather than absolute numbers. For the financial year ending 31 August 2023 the ratio was 3.7% (31 August 2022 – 4.3%).

We disclose in the table below the Group's annual GHG emissions associated with our global energy use, calculated with reference to the Greenhouse Gas Protocol.

	2023	2022
<b>Scope 1 &amp; 2 Emissions (tCO<sub>2</sub>e)</b>		
Scope 1 Emissions	9,728	9,295
Scope 2 Emissions (Location based)	14,565	13,276
<b>Total Scope 1 &amp; 2 emissions</b>	<b>24,293</b>	<b>22,571</b>
<b>Intensity Ratio (Scope 1 &amp; 2 Emissions/Metric)</b>		
tCO <sub>2</sub> e/€000 Revenue	3.7%	4.3%

# Inspired Education Holdings Limited

## Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 August 2023.

The financial statements are for Inspired Education Holdings Limited ("the Company") and its subsidiary undertakings (together, "the Group").

### Future developments

Details of future developments can be found in the strategic report on page 8 and form part of this report by cross-reference.

### Events after the balance sheet date

Details of significant events since the balance sheet date are contained in the strategic report on page 8 and in Note 33 to the financial statements.

### Financial risk management objectives and policies

Details of financial risk management objectives and policies are contained in the strategic report on page 6 and in Note 32 to the financial statements. Financial instruments are not used for speculative purposes.

### Dividends

The Directors do not propose the payment of a dividend for the year (2022: €Nil).

### Going concern

The Directors have reviewed the future forecast cash requirements of the Group; its ability to draw down on its loan facilities; and its ability to meet the debt covenants and consider that there are no material uncertainties that may cast significant doubt about Group's ability to continue as a going concern. The Directors have therefore adopted the going concern basis in preparing the financial statements. Refer to Note 3 for further information.

### Directors

The following Directors have, unless otherwise stated, held office throughout the year and up to the date of approval of this report:

N M Nsouli  
C G Parkin  
G R G Crawford  
A Sarma  
I Stoyanov  
R Rishani  
C Gentry (from 11 August 2023)  
A Van der Wel (from 3 November 2023)  
N Wergan (to 3 November 2023)  
N Woloszczuk (to 11 August 2023)

### Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its Directors and Directors of subsidiary entities, which were made during the year and remain in force at the date of this report.

### Political contributions

No political donations were made during the year (2022: €Nil).

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.



# Inspired Education Holdings Limited

## Directors' report (continued)

### Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings, and regular consultation with employee representatives on a wide range of matters affecting their current and future interests. Any significant employee related issues are discussed at board meetings.

### Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor of the Group and a resolution to reappoint will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



N M Nsouli  
Director

Date: 15 December 2023

**Registered Office:**  
Sixth Floor  
3 Burlington Gardens  
London  
W1S 3EP

# Inspired Education Holdings Limited

## Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Inspired Education Holdings Limited**

## **Independent auditor's report to the members of Inspired Education Holdings Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion:

- the financial statements of Inspired Education Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 47.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Inspired Education Holdings Limited**

### **Independent auditor's report to the members of Inspired Education Holdings Limited (continued)**

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability 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 the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included employment law and health, safety and environmental legislations.

## **Inspired Education Holdings Limited**

### **Independent auditor's report to the members of Inspired Education Holdings Limited (continued)**

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Impairment of goodwill:
  - assessed the completeness of the assets being included in the asset base and the appropriateness of any liability balances included by management;
  - challenged the cash flow forecasts and estimates as at the year end date by:
    - Considering the reasonableness of management's cash flow forecasts. This included challenging forecast revenue and EBITDA growth assumptions through the evidence on which these assumptions were based, comparison to historical performance and external evidence.
    - Assessing forecasts in the context of the latest trading results of each group of cash generating units.
    - Considering contradictory evidence and external data points.
  - focused on those group of cash generating units which were either more sensitive to changes in assumptions used by management or had a low headroom;
  - performed sensitivity analysis by testing key assumptions in the model to recalculate a range of potential outcomes in relation to the size of the headroom between the carrying value and the net present value. The sensitivities performed were based on the key assumptions underpinning management's assessment;
  - performed detail testing on key assumptions for those group of cash generating units which were considered to be at risk that reasonably possible changes in assumptions used by management could give rise to an impairment;
  - performed a stand back assessment and evaluated management's impairment for any evidence of management bias in assumptions and judgements applied; and
  - assessed the disclosures included in the consolidated financial statements, including the inclusion of the impairment of goodwill as a key source of estimation uncertainty and of the sensitivity analysis disclosures required by both IAS 1 and IAS 36.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **Inspired Education Holdings Limited**

### **Independent auditor's report to the members of Inspired Education Holdings Limited (continued)**

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kate Darlison FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

15 December 2023

## Inspired Education Holdings Limited

### Consolidated statement of comprehensive income For the year ended 31 August 2023

	Note	31 August 2023 €'000	31 August 2022 €'000
<b>Revenue</b>	5	841,378	657,460
Operating expenses		(696,035)	(520,926)
<b>Operating profit</b>		145,343	136,534
Gain on bargain purchase	27	-	401
Finance income	8	2,756	1,360
Finance costs – other	8	(62,866)	(34,435)
Finance costs – lease liability	8	(34,367)	(25,809)
<b>Profit before tax</b>		50,866	78,051
Tax	9	(24,414)	(25,395)
<b>Profit for the year</b>	6	26,452	52,656
Attributable to:			
Owners of the Company		25,284	51,816
Non-controlling interests		1,168	840
		26,452	52,656

## Inspired Education Holdings Limited

### Consolidated statement of comprehensive income (continued) For the year ended 31 August 2023

	Note	31 August 2023 €'000	31 August 2022 €'000
<b>Profit for the year</b>		<b>26,452</b>	<b>52,656</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of net defined benefit liability	30	(101)	(701)
Income tax relating to items that will not be reclassified subsequently to profit or loss		20	55
		<b>(81)</b>	<b>(646)</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Fair value gain arising on hedging instruments during the period	32	11,689	1,625
Tax credit on fair value movements on cash flow hedges		(2,884)	(406)
Exchange (loss) / gains on translation of foreign operations		(95,054)	91,946
		<b>(86,249)</b>	<b>93,165</b>
<b>Other comprehensive (loss) / income for the year, net of tax</b>		<b>(86,330)</b>	<b>92,519</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(59,878)</b>	<b>145,175</b>
Total comprehensive (loss) / income attributable to:			
Owners of the Company		(61,046)	144,335
Non-controlling interests		1,168	840
		<b>(59,878)</b>	<b>145,175</b>



# Inspired Education Holdings Limited

## Consolidated balance sheet At 31 August 2023

	Note	As at 31 August 2023 €'000	As at 31 August 2022 €'000
<b>Non-current assets</b>			
Goodwill	10	1,125,933	1,140,049
Other intangible assets	11	310,063	334,469
Property, plant and equipment	13	748,892	672,438
Right of use assets	14	329,874	352,895
Deferred tax assets	19	33,833	20,433
Other non-current assets	12	1,819	2,407
		<u>2,550,414</u>	<u>2,522,691</u>
<b>Current assets</b>			
Inventories	16	2,203	1,728
Trade and other receivables	17	209,735	114,722
Cash and bank balances		171,265	192,494
		<u>383,203</u>	<u>308,944</u>
<b>Total assets</b>		<u>2,933,617</u>	<u>2,831,635</u>
<b>Current liabilities</b>			
Trade and other payables	20	(107,664)	(101,073)
Current tax liabilities		(12,835)	(9,499)
Borrowings	18	(62,974)	(20,709)
Lease obligations	14	(23,621)	(23,263)
Provisions	21	(7,275)	(5,127)
Deferred consideration and consideration payable for non-controlling interests	22	(5,464)	(26,299)
Deferred revenue	31	(275,772)	(252,972)
		<u>(495,605)</u>	<u>(438,942)</u>
<b>Net current liabilities</b>		<u>(112,402)</u>	<u>(129,998)</u>
<b>Non-current liabilities</b>			
Borrowings	18	(1,077,285)	(1,067,497)
Lease obligations	14	(346,516)	(361,978)
Retirement benefit obligations	30	(3,236)	(2,962)
Long-term provisions	21	(3,077)	(1,408)
Deferred consideration and consideration payable for non-controlling interests	22	(5,647)	(16,148)
Deferred revenue	31	(1,870)	(1,464)
Deferred tax liabilities	19	(98,237)	(99,646)
		<u>(1,535,868)</u>	<u>(1,551,103)</u>
<b>Total liabilities</b>		<u>(2,031,473)</u>	<u>(1,990,045)</u>
<b>Net assets</b>		<u>902,144</u>	<u>841,590</u>

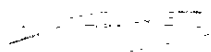
## Inspired Education Holdings Limited

### Consolidated balance sheet (continued) At 31 August 2023

	Note	As at 31 August 2023 €'000	As at 31 August 2022 €'000
<b>Equity</b>			
Share capital	23	11,316	11,017
Share premium account	24	842,363	717,007
Common control reserve	25	(25,849)	(25,849)
Translation reserve	25	(37,299)	57,755
Other reserves	25	(18,824)	(18,167)
Hedging reserve	25	10,024	1,219
Retained earnings		114,517	89,923
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		896,248	832,905
<b>Non-controlling interests</b>	26	5,896	8,685
		<hr/>	<hr/>
<b>Total equity</b>		<u>902,144</u>	<u>841,590</u>

The financial statements of Inspired Education Holdings Limited (registered number: 10392529) were approved by the Board of Directors and authorised for issue on 15 December 2023.

They were signed on its behalf by:



N M Nsouli  
Director

# Inspired Education Holdings Limited

## Consolidated statement of changes in equity For the year ended 31 August 2023

Equity attributable to equity holders of the Company

Note	Share capital €'000	Share premium account €'000	Common control reserve €'000	Translation reserve €'000	Other reserves €'000	Hedging reserve €'000	Retained earnings €'000	Total €'000	Non- controlling interest €'000	Total equity €'000
	23	24	25	25	25	25			26	
<b>At 1 September 2021</b>	<b>10,992</b>	<b>575,993</b>	<b>(25,849)</b>	<b>(35,275)</b>	<b>(36,461)</b>	-	<b>39,837</b>	<b>529,237</b>	<b>35,958</b>	<b>565,195</b>
Profit for the year	-	-	-	-	-	-	51,816	51,816	840	52,656
Other comprehensive income / (loss)	-	-	-	91,946	-	1,219	(646)	92,519	-	92,519
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,946</b>	<b>-</b>	<b>1,219</b>	<b>51,170</b>	<b>144,335</b>	<b>840</b>	<b>145,175</b>
Issue of share capital	458	-	-	-	-	-	-	458	-	458
Share premium on issue of share capital	-	153,939	-	-	-	-	-	153,939	-	153,939
Cost of share premium issue	-	(12,925)	-	-	-	-	-	(12,925)	-	(12,925)
Share buy-back	(433)	-	-	-	433	-	-	-	-	-
Recognition of gross obligations under option to purchase non controlling interest	-	-	-	-	(12,484)	-	-	(12,484)	-	(12,484)
Disposal of subsidiary	-	-	-	1,084	2,862	-	(1,084)	2,862	(2,532)	330
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	420	420
Purchase of non-controlling interest	-	-	-	-	25,811	-	-	25,811	(25,811)	-
Share based payments	-	-	-	-	1,672	-	-	1,672	-	1,672
Payment of dividends to non-controlling interests	-	-	-	-	-	-	-	-	(190)	(190)
<b>As at 31 August 2022</b>	<b>11,017</b>	<b>717,007</b>	<b>(25,849)</b>	<b>57,755</b>	<b>(18,167)</b>	<b>1,219</b>	<b>89,923</b>	<b>832,905</b>	<b>8,685</b>	<b>841,590</b>

# Inspired Education Holdings Limited

## Consolidated statement of changes in equity For the year ended 31 August 2023

	Share capital €'000	Share premium account €'000	Common control reserve €'000	Translation reserve €'000	Other reserves €'000	Hedging reserve €'000	Retained earnings €'000	Total €'000	Non- controlling interest €'000	Total equity €'000
<b>At 1 September 2022</b>	11,017	717,007	(25,849)	57,755	(18,167)	1,219	89,923	832,905	8,685	841,590
Profit for the year	-	-	-	-	-	-	25,284	25,284	1,168	26,452
Other comprehensive (loss) / income	-	-	-	(95,054)	-	8,805	(81)	(86,330)	-	(86,330)
<b>Total comprehensive (loss) / income for the year</b>	-	-	-	(95,054)	-	8,805	25,203	(61,046)	1,168	(59,878)
Issue of share capital	299	-	-	-	-	-	-	299	-	299
Share premium on issue of share capital	-	125,356	-	-	-	-	-	125,356	-	125,356
Purchase of non-controlling interest	-	-	-	-	(3,738)	-	-	(3,738)	(3,981)	(7,719)
Payment of dividends to non-controlling interests	-	-	-	-	-	-	-	-	(585)	(585)
Recognition of non-controlling interest	-	-	-	-	-	-	(609)	(609)	609	-
Share based payments	-	-	-	-	3,081	-	-	3,081	-	3,081
<b>As at 31 August 2023</b>	11,316	842,363	(25,849)	(37,299)	(18,824)	10,024	114,517	896,248	5,896	902,144

# Inspired Education Holdings Limited

## Consolidated cash flow statement For the year ended 31 August 2023

	Note	31 August 2023 €'000	31 August 2022 €'000
<b>Net cash from operating activities</b>	28	145,481	135,572
<b>Investing activities</b>			
Interest received		1,933	1,001
Proceeds on disposal of property, plant and equipment		344	879
Purchases of property, plant and equipment		(141,721)	(83,151)
Cost of internally developed intangible assets		(8,155)	(5,317)
Deferred consideration payments		(19,780)	(2,161)
Acquisition of business, net of cash acquired	27	(55,878)	(314,993)
Proceeds from sale of business, net of cash disposed		-	(381)
<b>Net cash used in investing activities</b>		(223,257)	(404,123)
<b>Financing activities</b>			
Drawdown of borrowings		67,246	252,619
Repayments of borrowings		(18,998)	(28,506)
Repayments of lease obligations		(21,279)	(19,527)
Acquisition of non-controlling interests		(25,240)	(20,000)
Proceeds on issue of shares, net of share issue costs		55,021	141,473
Cash flows relating to hedging activities		1,933	26,865
Dividends paid to non-controlling interests		(585)	(190)
<b>Net cash from financing activities</b>		58,098	352,734
<b>Net (decrease) / increase in cash and cash equivalents</b>		(19,678)	84,183
<b>Cash and cash equivalents at beginning of year</b>			
Cash at beginning of year		192,494	111,865
Effect of foreign exchange rate changes		(1,551)	(3,554)
<b>Cash and cash equivalents at end of year</b>		171,265	192,494

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements For the year ended 31 August 2023

### 1. General information

Inspired Education Holdings Limited (the “Company”) is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company’s registered office is:

Sixth Floor  
3 Burlington Gardens  
London  
W1S 3EP

The principal activity of the Company and its subsidiaries (the “Group”) is to provide private education services across the world.

These financial statements are presented in Euros and all values are rounded to the nearest thousand Euros (€’000) except where otherwise indicated, because that is the currency of the primary economic environment in which the Group operates.

### 2. Adoption of new and revised Standards

In the current year, the Group adopted the following new IFRS standards and amendments issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 16	<i>Property, Plant and Equipment—Proceeds before Intended Use</i>
Annual Improvements to IFRS Standards 2018-2020 Cycle	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 2. Adoption of new and revised Standards (continued)

##### *New and revised IFRSs in issue but not yet effective*

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are either not yet effective / not yet endorsed for use in the UK:

IFRS 17 and Amendments to IFRS 17	<i>Insurance Contracts</i>
IFRS S1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
IFRS S2	<i>Climate Related Disclosures</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IFRS 16	<i>Lease liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The Group is currently assessing the impact of these amendments but do not expect these to have a material impact on the financial statements.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies

The principal accounting policies adopted are set out below.

#### Basis of accounting

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 August each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control or until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated 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.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* when applicable, or the costs on initial recognition of an investment in an associate or a joint venture.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Employee Benefit Trust

Inspired Education Holdings Limited Employee Benefit Trust ('EBT') is accounted for under IFRS 10 and is consolidated on the basis that the Company has control, thus the assets and liabilities of the EBT are included on the consolidated balance sheet of the Company.

The shares held by the EBT are treated as a deduction from shareholders' funds in the financial statements. Other assets and liabilities of the EBT are consolidated in the Company's financial statements as if they were assets and liabilities of the Company.

#### Common control accounting

The Company consolidated the results of the Group entities it acquired on 30 November 2016 under common control accounting, on the basis that both the Company and the entities it acquired were ultimately controlled by the same party both before and after the combination. The Income Statement effect of common control accounting was to combine the post acquisition results of the acquired companies with the results of the Company. The Balance Sheet was recognised in the consolidation at book values, rather than fair value. No goodwill was recognised under this method of accounting. The surplus of consideration over the acquired net assets was recognised directly in equity within the Common Control reserve account.

#### Going concern

The Group meets its day-to-day working capital requirements through various bank facilities in place. After reviewing the future forecast cash requirements of the Group in the context of the Group's performance, profits and cash flows; ability to draw down on its loan facilities; and forecast future covenant compliance, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

In considering the forecast trading performance of the Company and the Group, the Directors have considered the impact of global macro factors including any future COVID-19 or other pandemic outbreak. This assessment recognises the inherent uncertainty associated with any forecasting, and, whilst the Directors believe that trading performance will remain robust, the scenarios prepared have included consideration of the impact on the Group's forecast trading performance and resulting cash flows of closure of school premises as required by regional or national level lockdowns in the countries in which Inspired's schools are located.

In assessing the appropriateness of the going concern assumption, the Directors have considered the ability of the Group to meet the debt covenants and maintain adequate liquidity through the forecast period. At 31 August 2023, the Group had cash of €171 million. At the date of signing these financial statements, the Group has cash of €192 million, and access to committed undrawn loan facilities of €155 million. The principal loan facilities in the Group are not repayable until 2025, 2026 and 2028. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate comfortably within the level of its current facilities and meet its debt covenant obligation.

Sensitivities have been modelled to understand the impact of the various risks outlined in the Strategic Report on the Group's cash headroom. Given the ability of the Group to deliver its core tuition services remotely if required, at the date of this report, when taking into account the factors set out above, a shortage of available cash is considered to be highly unlikely.

The Directors have considered the net current liability position of the Group, which is driven by the significant deferred revenue balances. As this will not result in a direct cash funding requirement, the Directors consider that the Group is able to meet its liabilities as they fall due.

On this basis, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements and that it remains appropriate to continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interest in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from its interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

When consideration is payable shortly after the acquisition date, so that no adjustment is necessary for the effects of discounting, the cash outflow will be classified as investing. This is because there is no significant financing element and the payment clearly represents the cost of making the acquisition.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) or Group of CGUs expected to benefit from the synergies of the combination. CGUs or Groups of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU or Group of CGUs is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### Revenue recognition and deferred income

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes; in accordance with the terms of the customer contract.

Revenue is only recognised when a written contract is in place that identifies each party's rights and performance obligations regarding the goods or services to be transferred; payment terms are set; and it is considered probable that the consideration to which the Group is entitled under the contract will be collected.

The vast majority of the Group's revenue is from contracts with customers relating to annual school tuition fee income and other related fees from ancillary sources including examinations, school trips, boarding fees, bus transportation and catering fees. Further revenue is derived from the sales of school uniforms and other academic goods.

The Group considers that the performance obligations relating to tuition and boarding fees, and other regular services are fulfilled over the course of the academic year and are recognised as such. Online tuition fees are recognised in the same manner. Fees relating to examinations and school trips are recognised at the point in time that the examination or trip takes place as at this point the performance obligation is satisfied. Revenue from the sale of school goods is recognised at the point of sale as at this point the control of the assets have transferred from the Group to the customer. Annual registration fees are considered to represent an additional instalment of tuition fees and are therefore recognised on the same basis as tuition fees. One-off placement / admission fees are deferred to the first academic year a student attends the school and are recognised over that academic year. The Group has applied a judgement that this represents the contractual period and hence are recognised in this first year.

Tuition fees are typically billed in advance and can vary across the Group from monthly to annual billing. There are no financing elements to the contract. The Group only recognises deferred revenue to the extent that payment has been made or the right to receive payment is unconditional.

Discounts are provided for scholarships, sibling discounts, staff discounts or hardship grants and are allocated to the contract price in accordance with the relative fair value of the service provided. No judgements are required to allocate discounts as the contracts are explicit which service they linked with. Discounts are recognised concurrently with the service that they are related to.

As revenue is only recognised as performance obligations are fulfilled, customers typically have no rights to refunds.

#### Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Leased assets

##### *The Group as a lessee*

For any new contracts entered into on or after 1 September 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

##### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right of use assets on a straight-line basis from the lease 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 Group also assesses the right of use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients as allowed by IFRS 16. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euros, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks where hedge accounting is applied (see below under financial instruments); and
- exchange differences on monetary items receivable from or payable to a foreign operation within the consolidated group for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses; the effect of the asset ceiling (if applicable); and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet, with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs within Operating expenses in its Statement of comprehensive income (see Note 30). Curtailments gains and losses are accounted for as past-service cost.

Net interest expense or income is recognised within finance costs (see Note 8).

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19:70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

#### *Current tax and deferred tax for the period*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment, less their residual values, over their useful lives, using the straight-line method, on the following bases:

Buildings	8 - 50 years
Leasehold improvements	Length of lease / 5 - 50 years
Fixtures & fittings	3 - 10 years
Computer equipment	1 - 5 years
Other equipment	1 - 10 years
Motor vehicles	3 - 8 years

Freehold land and assets under construction are not depreciated.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

#### Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Costs associated with the development of identifiable software are recognised as intangible assets. Costs are capitalised from the point that the asset first meets the recognition criteria, and are reviewed for impairment until the asset is completed, after which point the costs are amortised over their estimated useful lives.

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives, on the following bases:

Customer relationships	5 - 15 years
Brand	10 years to indefinite life
Software	3 - 5 years

A number of Brands are considered to have an indefinite useful life, and accordingly are not subject to amortisation but are reviewed annually for impairment.

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

#### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 3. Significant accounting policies (continued)

##### Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### Investments in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

Under the equity method, an investment in an associate is recognised initially in the Consolidated Balance Sheet at cost, and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using first in first out method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### ***Financial assets***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

#### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 3. Significant accounting policies (continued)

##### *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'operating expenses' line item.

##### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Provision for impairment is made when there is objective evidence that the Group will not be able to recover balances in full. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a historic period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information. Balances are written off when the possibility of recovery is assessed as being remote.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

#### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or at amortised cost.

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'operating expenses' line item in the income statement. Fair value is determined in the manner described in Note 32.

#### *Financial liabilities at amortised cost*

All financial liabilities which do not meet the criteria to be recognised as FVTPL are classified as financial liabilities at amortised cost. These liabilities are initially recognised at fair value less any transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequent recognition charges the effective rate of interest as a finance cost with any cash payments diminishing the liability.

#### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### *Derivative financial instruments*

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 32.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## **Inspired Education Holdings Limited**

### **Notes to the consolidated financial statements (continued)** **For the year ended 31 August 2023**

#### **3. Significant accounting policies (continued)**

##### **Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

##### **Contingent liabilities acquired in a business combination**

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

##### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

##### **Share based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value excludes the effect of non-market-based conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the estimated vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest.

##### **Hedge accounting**

The Group designates certain derivatives as hedging instruments in respect of interest rate risks in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 3. Significant accounting policies (continued)

#### Hedge accounting (continued)

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Note 32 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in the Statement of Changes in Equity.

#### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. If the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Critical judgements in applying the Group's accounting policies*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

#### **Leases**

Management exercises judgement in determining the likelihood of exercising break or extension options in determining the lease term. Break and extension options are included to provide operational flexibility should the economic outlook for the asset be different to expectations, and hence at commencement of the lease, extension options are not typically considered reasonably certain to be exercised, unless there is a valid business reason otherwise. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. Incremental borrowing rates are determined depending on the term, country, currency and start date of the lease. The incremental borrowing rate is determined based on a series of inputs, including the risk free rate based on the government bond rate; a country-specific risk adjustment, a credit risk adjustment based on the Group's borrowing, and an entity specific adjustment where the entity risk profile is different to that of the Group. Refer to note 14 for additional disclosures relating to leases.

#### **Acquired intangible assets**

When the Group makes an acquisition, management determines initially whether any intangible assets (e.g. customer relationships, brands and technology) should be recognised separately from goodwill, and the provisional amounts at which to recognise those assets. Certain assumptions are used in determining the provisional values for such intangible assets, including, but not limited to, future growth rates and student churn rates. During the first 12 months of ownership, intangible assets are reviewed to determine whether any additional information exists that supports amendments to that original assessment.

#### **Fair value of acquired land and buildings**

Whilst not a critical judgement, there is judgement in the determination of fair value of acquired land & buildings. When the Group makes an acquisition, management obtains an external valuation of any land and buildings acquired. Certain assumptions are used in determining the value of such assets including, but not limited to, future projected profitability and cashflows.



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 4. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use and fair value less costs of disposal of cash-generating units (CGUs) or Group of CGUs to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the CGU or Group of CGUs, and a suitable discount rate in order to calculate present value. The fair value less costs of disposal calculation requires the Directors to estimate the multiples of budgeted earnings that are expected to be realised on any sale of the CGU or Group of CGU's.

Future cash flows are based on approved budgets, five year plans and assumptions of terminal growth rates. Multiples are based on valuations of similar transactions.

For the year ended 31 August 2023, the key area of estimation uncertainty related to the estimates applied to the Colombia CGU. Refer to Note 10 for further detail, including sensitivity analysis of the applied estimates.

#### **Impairment of land & buildings**

Determining whether land & buildings are impaired requires an estimation of the recoverable amount of the asset where there is an indication that those assets have suffered an impairment loss. Recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the assets, and a suitable discount rate in order to calculate present value. The fair value less costs of disposal calculation requires the Directors to estimate the fair value using comparative valuations of similar assets.

For the year ended 31 August 2023, the key area of estimation uncertainty related to the estimates applied to land & buildings in the Americas region. Refer to Note 13 for further detail.

#### **Recognition of deferred tax losses**

The Group recognises deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases; unused tax losses; and unused tax credits. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits or deductible temporary differences can be utilised. Judgements are required in assessing whether sufficient future taxable profits will be made to recognise the benefit of deferred tax assets accumulated at the Balance Sheet date. Changes in the judgements which underpin the Group's forecasts could have an impact on the amount of future taxable profits and could have an impact on the period over which the deferred tax asset would be recovered. Details of the deferred tax assets, recognised and unrecognised, are set out in Note 19.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 5. Segmental reporting

The Board of Directors has determined that the Group's business activities are split into six segments. Five segments are based on geographical areas. The Online segment is considered to represent a different service provision and is reported on a global basis given the global location of its customers. These divisions constitute the basis on which information is reported to the Group's Chief Operating Decision Maker, which has been determined to be the Group's Board of Directors. There are no un-disclosed or other operating segments.

The segment result is the measure used for the purposes of performance assessment and represents profit earned by each segment, but before central costs, highlighted items, net finance costs, depreciation, amortisation, and taxation.

Each segment derives its revenues from the provision of education and related services. The accounting policies applied in preparing the management information for each of the reportable segments are the same as the Group's accounting policies described in Note 3.

An analysis of the results of the period by reportable segment is as follows:

	<b>31 August 2023</b>	
	<b>Revenue €'000</b>	<b>Segment result €'000</b>
South Africa & Kenya	88,740	37,548
Europe	379,379	119,018
Middle East and North Africa	48,934	22,884
Americas	136,993	46,777
Asia Pacific	152,732	74,030
Online	34,600	4,455
<b>Total</b>	<b>841,378</b>	<b>304,712</b>

	<b>31 August 2022 (restated)</b>	
	<b>Revenue €'000</b>	<b>Segment result €'000</b>
South Africa & Kenya	87,119	37,409
Europe	316,555	94,909
Middle East and North Africa	41,318	16,190
Americas	57,062	26,161
Asia Pacific	133,018	62,520
Online	22,388	4,258
<b>Total</b>	<b>657,460</b>	<b>241,447</b>

The Revenue and Segment result balances for South Africa & Kenya; and Middle East and North Africa for the year ended 31 August 2022 have been restated to reflect the updated regional segmentation that is provided to the Group's Chief Operating Decision Maker.

The previously disclosed regions included the revenue and segment result of the group's operations in Kenya within the Middle East and North Africa segment, with disclosed revenues and segment result respectively in 2022 of €71.3 million and €30.1 million for South Africa, and €57.1 million and €23.5 million for Middle East and North Africa. There is no change in the total revenue or total segment result reported for the year ended 31 August 2022.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 5. Segmental reporting (continued)

No segmental analysis of assets and liabilities is provided, as this is not information which is regularly provided to the Group's Chief Operating Decision Maker.

Reconciliation from aggregate segment result to profit for the year:

	<b>31 August 2023 €'000</b>	<b>31 August 2022 €'000</b>
Aggregate segment result	<b>304,712</b>	<b>241,447</b>
Central costs	(30,028)	(24,537)
Pre-opening/start-up operating loss	(3,674)	(3,004)
Acquisition and transaction related costs	(11,426)	(15,299)
Gain/(loss) on the disposal or closure of a subsidiary	4,755	(4,404)
Restructuring and integration costs	(4,929)	(768)
Litigation expenses	(1,219)	(278)
Gain on bargain purchase	-	401
FX gains arising on financing and derivatives re: acquisitions and disposals	467	22,595
Impairment of property, plant & equipment	(13,170)	-
Depreciation	(66,063)	(51,278)
Amortisation	(34,082)	(27,940)
Net finance costs	(94,477)	(58,884)
Profit before tax	<b>50,866</b>	<b>78,051</b>
Tax	(24,414)	(25,395)
Profit for the year	<b>26,452</b>	<b>52,656</b>

## **Inspired Education Holdings Limited**

### **Notes to the consolidated financial statements (continued) For the year ended 31 August 2023**

#### **5. Segmental reporting (continued)**

##### ***Pre-opening/start-up operating loss***

Start-up revenues, operating costs, finance income and finance costs (including those relating to lease liabilities) related to the operating results of new schools, including online school operations, started by the Group. The profile of revenue and costs in start-up schools is different to that of more mature operations within the Group and hence the Directors consider that separate disclosure is helpful for users of the financial statements. The results of start-up operations for new schools will cease to be included within this category once they become consistently profitable before net finance costs; depreciation; amortisation; and taxation; or after three years of operation where the property is owned, or four years of operation where the property is leased, whichever is earlier.

##### ***Acquisition and transaction related costs***

Costs incurred in relation to acquisitions and other corporate transactions, including legal and advisory fees, and the revaluation of the present value of gross obligations under written put options over non-controlling interests.

##### ***Gain / loss on the disposal or closure of a subsidiary***

In 2023, the Group recognised gains from the release of excess provisions arising from the liquidation of St. Michael's College (Tenbury) Limited; Interhigh Education Limited and Interhigh Education (No1) Limited.

In 2022, the Group disposed of its 60.2% investment in Ostaz Holdings Ltd, which resulted in a loss on disposal of €4.4 million.

##### ***Restructuring and integration costs***

Costs incurred in the completion of cost-saving and right-sizing initiatives, including the recognition of material onerous contracts; severance payments and associated legal fees incurred as part of a restructuring plan; and recruitment costs for new school heads hired post acquisition. Restructuring costs are only excluded from results if they constitute an initial restructure post acquisition, or a significant restructuring of the school's ongoing operations.

##### ***Litigation expenses***

Costs incurred in the settlement of claims against the Group that the Directors consider to be significant enough to warrant separate disclosure.

##### ***Gain on bargain purchase***

The balance in 2022 represented the bargain purchase gain arising from the acquisition of Centro de Formacion Mestral SL ('Mestral').

##### ***FX gains arising on financing and derivatives re: acquisitions and disposals***

Mark to market gains (realised and unrealised) on derivative instruments used to hedge foreign currency consideration payable on acquisitions, and gains/losses on intragroup debt/equity structuring.

##### ***Impairment of property, plant & equipment***

Represents the shortfall in recoverable value versus carrying amount, of certain identified items of property, plant & equipment.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 5. Segmental reporting (continued)

##### Revenue by country

The following countries had revenues from external customers that constituted 10 per cent or more of the Group's total revenue.

	31 August 2023 €'000	31 August 2022 €'000
Spain	170,221	132,125
Italy	88,389	79,286
South Africa	n/a	71,355

South Africa revenues represented < 10% of total revenue in the year ended 31 August 2023 (8.6%).

There are no individual customers that constitute 10 per cent or more of the Group's revenues.

##### Revenue by category

An analysis of the Group revenue by category is as follows:

	31 August 2023 €'000	31 August 2022 €'000
School and other related fees	839,018	655,129
Sales of goods	2,360	2,331
<b>Revenue from contracts with customers</b>	<b>841,378</b>	<b>657,460</b>

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 6. Profit for the year

#### (a) Profit for the year has been arrived at after charging / (crediting):

	31 August 2023 €'000	31 August 2022 €'000
Net foreign exchange losses	1,954	7,266
Depreciation of property, plant and equipment	33,612	24,812
Depreciation of right of use asset	32,451	26,466
(Gain) / loss on disposal of property, plant and equipment	(1,180)	546
(Gain) / loss on disposal or closure of subsidiary	(4,755)	4,404
Amortisation of acquired intangible assets	29,480	24,396
Amortisation of other intangible assets	4,602	3,544
Short term and low value leases	1,009	1,263
Staff costs (see Note 7)	358,947	295,427

In accordance with IFRS 16, short term and low value leases represent leases with a duration of < 1 year, and a value of < €5,000.

#### (b) The analysis of the auditor's remuneration is as follows:

*Fees payable to the company's auditor and their associates for the statutory audit of the Company and Consolidated financial statements:*

	31 August 2023 €'000	31 August 2022 €'000
Audit of the Company's annual accounts	986	810
Audit of the Company's subsidiaries	1,498	1,580
<b>Total audit fees</b>	<b>2,484</b>	<b>2,390</b>

*Non-audit fees payable to the company's auditor and their associates:*

- Other assurance services	22	63
<b>Total non-audit fees</b>	<b>22</b>	<b>63</b>

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 7. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2023 Number	2022 Number
Teaching staff	5,149	4,805
Non-teaching staff	4,055	3,896
	<u>9,204</u>	<u>8,701</u>

Their aggregate remuneration comprised:

	31 August 2023 €'000	31 August 2022 €'000
Wages and salaries	299,534	251,685
Social security costs	48,390	34,937
Other pension costs	7,941	7,133
Share based payments	3,082	1,672
	<u>358,947</u>	<u>295,427</u>

### 8. Finance costs and income

	31 August 2023 €'000	31 August 2022 €'000
Bank interest expense	55,019	30,169
Amortisation of loan fees	6,951	4,266
Lease liability interest	34,367	25,809
Imputed interest on provisions	896	-
	<u>97,233</u>	<u>60,244</u>
Bank interest income	(2,624)	(1,092)
Other interest income	(132)	(268)
	<u>94,477</u>	<u>58,884</u>

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 9. Tax

	31 August 2023 €'000	31 August 2022 €'000
<b>Corporation tax:</b>		
Current year charge	39,690	32,972
Adjustments in respect of previous years	3,893	(1,445)
Current tax	43,583	31,527
Current year credit	(16,365)	(5,855)
Adjustments in respect of previous years	(2,804)	(277)
Deferred tax (see Note 19)	(19,169)	(6,132)
	24,414	25,395

UK corporation tax is calculated at 21.5% (2022: 19%) of the estimated taxable profit for the year. UK deferred tax balances are measured at the tax rate of 25% effective 1 April 2023 (2022: 25%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit in the comprehensive statement of income as follows:

	31 August 2023 €'000	31 August 2022 €'000
Profit before tax	50,866	78,051
Tax at the UK corporation tax rate of 21.5% (2022: 19%)	10,936	14,830
Adjustments in respect of current tax of previous years	3,893	(1,445)
Adjustments in respect of deferred tax of previous years	(2,804)	(277)
Expenses that are not deductible in determining taxable profit	11,025	9,049
Income not taxable in determining taxable profit	(485)	(1,600)
Utilisation of tax losses not previously recognised	465	(412)
Impact of change in tax rate	159	(107)
Change in unrecognised deferred tax assets	(4,006)	754
Effect of different tax rates of subsidiaries operating in other jurisdictions	4,373	3,173
Non-creditable or refundable withholding taxes on dividend/interest/royalty receipts	858	1,430
<b>Tax expense for the year</b>	<b>24,414</b>	<b>25,395</b>

The €11.0 million of expenses in the current year that are not deductible in determining taxable profit include the impact of transfer pricing adjustments; non-deductible acquisition costs; and non-deductible finance expenses.



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 9. Tax (continued)

In addition to the amount charged to the comprehensive statement of income, the following amounts relating to tax have been recognised in other comprehensive income:

#### Deferred tax:

	31 August 2023 €'000	31 August 2022 €'000
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Remeasurement of net defined benefit liability	20	55
Tax credit on fair value movements on cash flow hedges	(2,884)	(406)
<b>Total income tax recognised in other comprehensive income</b>	<b>(2,864)</b>	<b>(351)</b>

### 10. Goodwill

	31 August 2023 €'000	31 August 2022 €'000
<b>Cost</b>		
Balance at beginning of year	1,140,049	813,520
Recognised on acquisition of a business	40,669	270,922
Adjustment to provisional accounting in the prior period	(545)	37
De-recognised on disposal of a subsidiary	-	(6,270)
Exchange differences	(54,240)	61,840
<b>Total</b>	<b>1,125,933</b>	<b>1,140,049</b>

The Group tests goodwill annually for impairment.

The recoverable amounts of CGUs or group of CGUs are determined from value in use calculations.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to operating costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs or group of CGUs. The growth rates and operating cost forecasts are based on financial budgets approved by the Directors covering a five-year period, and a variable terminal growth rate of between 1.0% and 5.0% thereafter. This rate does not exceed the average long-term growth rate for the relevant markets.

The Board has considered various alternative performance scenarios for each CGU or group of CGUs, including sensitising all of the key assumptions noted above. The principal sensitivity in assessing value in use is the level of forecast future enrolment growth. The value in use calculations assume growth in enrolments over the forecast period. It is noted that an adverse change in forecast enrolment numbers may result in the carrying value of CGUs or groups of CGUs to exceed the estimated value in use calculation.

The most sensitive CGU to an adverse change in assumptions that could result in an impairment is the Colombia CGU. For this CGU, it is noted that a reduction of 5% in the forecast annual Adjusted EBITDA would result in a shortfall in value in use versus carrying amount, prior to assessment of the fair value less costs of disposal. For example, a 10% fall in annual Adjusted EBITDA would result in a shortfall of €1.1 million on the value in use basis. On a fair value less costs of disposal basis, a 20% fall in the forecast annual Adjusted EBITDA, or a reduction in assumed multiple to 10.8 times budgeted annual adjusted EBITDA would result in an impairment.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 10. Goodwill (continued)

For newly or recently acquired CGUs or groups of CGUs (including Brazil, Panama, Morocco, and Online), the sensitivity to any impairment is also considered through assessment of the fair value less costs of disposal. This includes assessment of any reasonably possible adverse changes in budgeted profitability and/or acquisition multiples. Assumed acquisition multiples vary depending on the group of CGUs. For the most significant group of CGUs (Brazil), the multiple would have to fall to less than 12.6 times forecast annual Adjusted EBITDA before an impairment would be recognised.

The Board have not identified any reasonably possible changes which would give rise to an impairment in any other CGU or group of CGUs.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or Group of CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
South Africa	22,676	27,086
Kenya	6,900	9,136
Italy	112,445	112,445
Switzerland	18,653	18,264
Belgium	4,113	4,113
UK	19,861	19,760
Colombia	9,116	9,169
Australia	10,555	12,121
Spain	156,305	155,750
Bahrain	84,920	92,100
Peru	935	979
Costa Rica	2,500	2,293
Portugal	37,903	37,903
New Zealand	101,319	113,079
Vietnam	145,882	162,478
Indonesia	2,255	2,507
Mexico	1,371	1,242
Panama	30,399	17,508
Latvia	5,521	5,521
Oman	9,962	10,804
Online	63,661	53,921
Morocco	5,784	6,218
Brazil	272,897	265,652
	<b>1,125,933</b>	<b>1,140,049</b>

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 10. Goodwill (continued)

The terminal growth rates, and pre-tax discount rates used to discount the forecast cash flows for each CGU or Group of CGUs, are as follows:

	Terminal growth rate		Discount rate	
	2023 %	2022 %	2023 %	2022 %
South Africa	4.5	4.5	14.4	14.4
Kenya	5.0	5.0	19.3	20.0
Italy	2.0	2.0	11.1	11.1
Switzerland	1.0	1.0	5.9	5.4
Belgium	2.0	1.7	9.3	9.3
UK	2.0	2.0	10.0	10.3
Colombia	3.0	3.0	16.2	15.4
Australia	2.6	2.6	8.6	8.6
Spain	1.7	1.7	10.0	10.0
Bahrain	2.0	2.0	11.0	12.0
Peru	2.0	2.0	12.1	11.4
Costa Rica	3.0	3.0	15.0	17.9
Portugal	1.9	1.3	9.7	10.3
New Zealand	2.0	2.0	9.7	9.7
Vietnam	4.0	3.5	11.7	12.8
Indonesia	2.5	2.9	12.2	12.2
Mexico	3.0	3.0	13.6	14.2
Panama	2.0	2.0	10.0	10.7
Latvia	2.5	2.5	9.4	9.4
Oman	1.9	1.9	9.4	12.9
Online	2.0	2.0	10.0	10.3
Brazil	3.0	3.0	15.2	21.8
Morocco	2.0	2.0	10.6	11.6

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 11. Other intangible assets

	Brands €'000	Customer relations €'000	Software development €'000	Other €'000	Total €'000
<b>Cost</b>					
At 31 August 2021	150,299	181,753	10,549	2,509	345,110
Recognised on acquisition of a business	12,858	44,290	205	38	57,391
Additions	46	-	5,536	262	5,844
Provisional purchase price allocation adjustment	(847)	-	1,409	(562)	-
Disposals	(7)	-	(141)	(628)	(776)
Exchange differences	7,322	14,285	131	131	21,869
<b>At 31 August 2022</b>	<b>169,671</b>	<b>240,328</b>	<b>17,689</b>	<b>1,750</b>	<b>429,438</b>
Recognised on acquisition of a business	1,680	12,603	2	23	14,308
Additions	13	3,845	8,358	2	12,218
Disposals	(27)	-	(1,178)	(261)	(1,466)
Exchange differences	(12,434)	(7,620)	(11)	(130)	(20,195)
<b>At 31 August 2023</b>	<b>158,903</b>	<b>249,156</b>	<b>24,860</b>	<b>1,384</b>	<b>434,303</b>
<b>Amortisation and impairment</b>					
At 31 August 2021	(2,474)	(55,533)	(2,965)	(1,071)	(62,043)
Amortisation expense	(2,004)	(22,392)	(3,378)	(166)	(27,940)
Disposals	-	-	141	550	691
Exchange differences	(15)	(5,270)	(103)	(289)	(5,677)
<b>At 31 August 2022</b>	<b>(4,493)</b>	<b>(83,195)</b>	<b>(6,305)</b>	<b>(976)</b>	<b>(94,969)</b>
Amortisation expense	(2,515)	(26,965)	(4,453)	(149)	(34,082)
Disposals	27	-	1,098	203	1,328
Exchange differences	(40)	3,414	100	9	3,483
<b>At 31 August 2023</b>	<b>(7,021)</b>	<b>(106,746)</b>	<b>(9,560)</b>	<b>(913)</b>	<b>(124,240)</b>
<b>Carrying amount</b>					
At 31 August 2023	151,882	142,410	15,300	471	310,063
At 31 August 2022	165,178	157,133	11,384	774	334,469

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 11. Other intangible assets (continued)

#### Customer relations

Customer relations are amortised to the income statement on a straight-line basis over a 5 to 15 year period, reflecting the estimated future duration of students at the schools, as at acquisition date, for the specific acquisition.

#### Other intangibles

Other intangibles represent land use rights and learning materials.

#### Brands

Certain brands are projected to generate net cash inflows for the Group for the foreseeable future, and as such there is no limit to the assets' useful life, which is considered to be indefinite. Brands with an indefinite useful life are therefore not amortised but assessed for impairment whenever there is any indication that the asset may be impaired, or at a minimum on an annual basis. The recoverable amounts are determined from value in use calculations, consistent with those used in the goodwill recoverable amount testing disclosed in Note 10.

Brands acquired in the Online Group of CGUs are amortised over 10 years, and brands acquired that represent less well established trademarks are amortised over 5 to 10 years, which is considered to reflect the likely duration of use in each case.

Brands acquired in a business combination are allocated, at acquisition, to the cash generating units (CGUs) or group of CGUs that are expected to benefit from that business combination. The carrying amount of brands had been allocated as follows:

	As at 31 August 2023	As at 31 August 2022
	€'000	€'000
Kenya	3,465	4,550
South Africa	12,966	15,514
Indonesia	124	138
New Zealand	18,330	20,457
Vietnam	17,520	19,514
Australia	27,118	31,141
Italy	89	107
Latvia	399	399
Spain	36,756	36,756
Mexico	7,704	7,704
Portugal	1,394	1,394
Panama	4,426	3,578
Oman	355	385
Online	11,482	12,681
Brazil	9,404	10,496
Morocco	307	326
UK	43	38
	<u>151,882</u>	<u>165,178</u>

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 12. Other non-current assets

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Other non-current assets	1,819	2,407
	<u>1,819</u>	<u>2,407</u>

Other non-current assets largely consist of balances receivable as a result of claims under share purchase agreements.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 13. Property, plant and equipment

Cost	Assets under construction €'000	Land and buildings €'000	Fixtures and fittings €'000	Computer equipment €'000	Other equipment €'000	Leasehold improvements €'000	Motor vehicles €'000	Total €'000
<b>At 31 August 2021</b>	<b>20,913</b>	<b>427,090</b>	<b>36,819</b>	<b>19,191</b>	<b>19,883</b>	<b>98,742</b>	<b>2,688</b>	<b>625,326</b>
Recognised on acquisition of a business	32	20,220	3,878	1,098	1,071	12,729	2	39,030
Additions	54,431	11,425	6,986	6,979	2,576	10,218	521	93,136
Disposals	(372)	(30)	(2,766)	(3,927)	(1,868)	(7,813)	(500)	(17,276)
Transfers between asset classes	(18,545)	10,377	2,165	(235)	(697)	5,643	259	(1,033)
Exchange differences	3,937	17,407	1,645	1,811	1,082	6,092	245	32,219
<b>At 31 August 2022</b>	<b>60,396</b>	<b>486,489</b>	<b>48,727</b>	<b>24,917</b>	<b>22,047</b>	<b>125,611</b>	<b>3,215</b>	<b>771,402</b>
Recognised on acquisition of a business	14	7,919	557	232	71	734	-	9,527
Additions	82,438	33,883	8,065	5,251	3,131	22,180	432	155,380
Disposals	(953)	(5,283)	(9,879)	(3,787)	(453)	(830)	(651)	(21,836)
Transfers between asset classes	(26,700)	3,167	1,272	566	2,757	18,938	-	-
Impairments	(12,987)	-	-	-	-	(183)	-	(13,170)
Exchange differences	(3,932)	(29,689)	(3,215)	(1,672)	(1,250)	(6,850)	(360)	(46,968)
<b>At 31 August 2023</b>	<b>98,276</b>	<b>496,486</b>	<b>45,527</b>	<b>25,507</b>	<b>26,303</b>	<b>159,600</b>	<b>2,636</b>	<b>854,335</b>

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 13. Property, plant and equipment (continued)

	Assets under construction €'000	Land and buildings €'000	Fixtures and fittings €'000	Computer equipment €'000	Other equipment €'000	Leasehold improvements €'000	Motor vehicles €'000	Total €'000
<b>Depreciation</b>								
<b>At 31 August 2021</b>	-	(24,887)	(16,435)	(12,489)	(9,485)	(16,987)	(1,634)	(81,917)
Disposals	-	9	2,387	3,471	1,883	7,574	433	15,757
Charge for the year	-	(5,750)	(5,121)	(3,572)	(2,326)	(7,715)	(328)	(24,812)
Transfers between asset classes	-	1,273	(1,121)	332	933	(822)	(176)	419
Exchange differences	-	(2,425)	(969)	(1,385)	(517)	(2,948)	(167)	(8,411)
<b>At 31 August 2022</b>	-	(31,780)	(21,259)	(13,643)	(9,512)	(20,898)	(1,872)	(98,964)
Disposals	-	5,159	6,133	3,846	60	602	576	16,376
Charge for the year	-	(6,917)	(7,135)	(5,582)	(3,836)	(9,704)	(438)	(33,612)
Transfers between asset classes	-	706	149	(124)	(733)	-	2	-
Exchange differences	-	3,134	2,465	1,311	887	2,702	258	10,757
<b>At 31 August 2023</b>	-	(29,698)	(19,647)	(14,192)	(13,134)	(27,298)	(1,474)	(105,443)
<b>Net book value</b>								
At 31 August 2023	98,276	466,788	25,880	11,315	13,169	132,302	1,162	748,892
At 31 August 2022	60,396	454,709	27,468	11,274	12,535	104,713	1,343	672,438



## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 13. Property, plant and equipment (continued)

##### Assets pledged as security

The Group's obligations under certain bank loans are secured by the lenders title to fixed assets held, which have a carrying amount of €39.4 million (2022: €38.1 million) and are recognised within Land and Buildings.

##### Impairment

An impairment of €13.0 million has been recognised against assets under construction in 2023 against an original cost of €62.7 million, in response to the shortfall in assessed recoverable value, when compared to the carrying amount, of buildings and leasehold improvements for a school within the America's operating segment. The impairment has arisen due to uncertainty as to whether the full value of capital expenditure incurred during the year can be recovered either through use, or through sale. An impairment of €0.2 million has been recognised against leasehold improvements at the same school.

The asset has been valued at fair value less costs of disposal, based on an independent third-party valuation received in the year for part of the campus, along with management's assessment of fair value for the remaining assets not included in the independent third-party valuation due to the level of completion at balance sheet date. An impairment of €5.8 million has been recognised based on the external valuation, and an additional impairment of €7.2 million has been recognised based on management's assessment of the remaining assets under construction at the balance sheet date. Judgement has been applied to the level of impairment applied to the remaining assets under construction. An impairment of €7.2 million has been booked against the book value of these remaining assets under construction of €7.2 million.

The fair value is Level 3 of the fair value hierarchy, and is therefore derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs). The valuation is based on a comparable market transactions and replacement cost analysis.

Subsequent to 31 August 2023, the asset has been transferred from assets under construction to land and buildings.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 14. Leases

Leases that fall within the scope of IFRS16 are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group.

<b>Leases: Right of use asset</b>	<b>Land &amp; Buildings €'000</b>	<b>Other leases €'000</b>	<b>Total €'000</b>
<b>Cost</b>			
At 1 September 2021	323,196	3,941	327,137
Recognised on acquisition of a business	63,498	-	63,498
Additions	620	758	1,378
Transfer between classes	1,033	-	1,033
Disposals	(723)	(84)	(807)
Modifications and remeasurements	16,026	-	16,026
Exchange differences	20,518	78	20,596
At 31 August 2022	<u>424,168</u>	<u>4,693</u>	<u>428,861</u>
Recognised on acquisition of a business	17,299	313	17,612
Additions	7,740	1,620	9,360
Disposals	(15,570)	(361)	(15,931)
Modifications and remeasurements	10,075	2	10,077
Exchange differences	(22,305)	68	(22,237)
At 31 August 2023	<u>421,407</u>	<u>6,335</u>	<u>427,742</u>
<b>Depreciation</b>			
At 1 September 2021	(44,957)	(1,398)	(46,355)
Charge for the year	(25,699)	(767)	(26,466)
Transfers between classes	(419)	-	(419)
Disposals	519	55	574
Exchange differences	(3,244)	(56)	(3,300)
At 31 August 2022	<u>(73,800)</u>	<u>(2,166)</u>	<u>(75,966)</u>
Charge for the year	(31,472)	(979)	(32,451)
Disposals	4,905	361	5,266
Exchange differences	5,340	(57)	5,283
At 31 August 2023	<u>(95,027)</u>	<u>(2,841)</u>	<u>(97,868)</u>
<b>Net book value</b>			
At 31 August 2023	<u>326,380</u>	<u>3,494</u>	<u>329,874</u>
At 31 August 2022	<u>350,368</u>	<u>2,527</u>	<u>352,895</u>

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 14. Leases (continued)

<b>Leases: Liabilities</b>	<b>2023 €'000</b>	<b>2022 €'000</b>
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	55,342	55,312
One to five years	214,946	216,127
More than five years	443,632	505,187
	<u>713,920</u>	<u>776,626</u>
<b>Total undiscounted lease liabilities at 31 August</b>		
	<u>713,920</u>	<u>776,626</u>
<b>Lease liabilities included in the statement of financial position</b>		
Current	23,621	23,263
Non-current	346,516	361,978
	<u>370,137</u>	<u>385,241</u>
<b>Total at 31 August</b>		
	<u>370,137</u>	<u>385,241</u>
	<b>2023 €'000</b>	<b>2022 €'000</b>
<b>Amounts recognised in the income statement</b>		
Interest on lease liabilities	34,367	25,809
Depreciation on right of use assets	32,451	26,466
	<u>66,818</u>	<u>52,275</u>
	<b>2023 €'000</b>	<b>2022 €'000</b>
<b>Amounts recognised in the statement of cash flows</b>		
Repayment of lease obligations	55,646	45,336
	<u>55,646</u>	<u>45,336</u>

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 15. Subsidiaries

The Group consists of the parent company, Inspired Education Holdings Limited, incorporated in the UK, and a number of subsidiaries held directly and indirectly by Inspired Education Holdings Limited, which operate and are incorporated around the world. Note 40 lists details of the interests in subsidiaries and information about the composition of the Group at the end of the reporting period.

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit / (loss) allocated to non-controlling interests	Accumulated non-controlling interests
		31 August 2023	31 August 2023 €'000	31 August 2023 €'000
Inspired Education (Oman) Limited	UK	-	264	-
Inspired Education (Egypt) S.A.E	Egypt	49%	(357)	(412)
SLS Properties Srl	Italy	49%	185	4,431
Bergamo International Studies Srl	Italy	40%	314	1,338
Gurilandia Holding S.A	Brazil	-	600	-
Institut Khalil Jabran S.A	Morocco	17%	187	(45)
Fundacion Cambridge	Peru	100%	(25)	584
<b>Total</b>			<b>1,168</b>	<b>5,896</b>

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 15. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit / (loss) allocated to non-controlling interests	Accumulated non-controlling interests
		31 August 2022	31 August 2022	31 August 2022
			€'000	€'000
Inspired Education (Oman) Limited	UK	25.0%	199	3,171
Socieduca – Sociedade De Educacao, SA	Portugal	-	709	-
Ostaz Holdings Limited	UK	-	(365)	-
Inspired Education (Egypt) S.A.E	Egypt	49.0%	(55)	(55)
Kensington School SA	Spain	-	4	-
SLS Properties Srl	Italy	49.0%	22	4,246
Bergamo International Studies Srl	Italy	40.0%	256	1,024
Gurilandia Holding S.A	Brazil	49.0%	156	448
Institut Khalil Jabran S.A	Morocco	23.7%	(86)	(149)
<b>Total</b>			<b>840</b>	<b>8,685</b>

The reconciliation of non-controlling interests in Note 26 includes an analysis of the profit or loss allocated to non-controlling interests of each subsidiary where the non-controlling interest is material.

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities of subsidiaries with a non-controlling interest.

#### Disposals

On 7 June 2022, the Group signed an agreement to sell its 60.2% ownership of Ostaz Holdings Limited for consideration of €0.0 million. The disposal resulted in a loss on disposal of €4.4 million.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 16. Inventories

	As at 31 August 2023	As at 31 August 2022
	€'000	€'000
Finished goods - school uniform	2,265	1,774
Allowance for impairment	(62)	(46)
	<u>2,203</u>	<u>1,728</u>

#### 17. Trade and other receivables

	As at 31 August 2023	As at 31 August 2022
	€'000	€'000
Amount receivable for the rendering of services	106,363	87,692
Allowance for expected credit losses	(13,977)	(10,306)
Trade receivables	<u>92,386</u>	<u>77,386</u>
Prepayments	16,741	18,361
Corporation tax receivable	4,794	2,519
Derivative assets	14,960	4,962
Receivable from shareholders for unpaid equity	70,077	-
Other receivables	<u>10,777</u>	<u>11,494</u>
	<u>209,735</u>	<u>114,722</u>

The receivable from shareholders for unpaid equity was received on 6 September 2023.

There are no customers who represent more than 5 per cent of the total balance of trade receivables.

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

#### Movement in the allowance for expected credit losses

	2023	2022
	€'000	€'000
Balance at the beginning of the year	(10,306)	(9,003)
Impairment losses recognised from contracts with customers	(6,632)	(1,714)
Written off as uncollectable	849	1,025
Impairment losses reversed	855	119
Foreign exchange gains / (losses)	1,257	(733)
<b>Total allowance for expected credit losses</b>	<u>(13,977)</u>	<u>(10,306)</u>

The concentration of credit risk is limited, due to the customer base being large and unrelated. The allowance for expected credit losses has increased in the current year as a result of the increase in gross receivables due, which is in line with the growth in revenue.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 18. Borrowings

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
<b>Interest-bearing loans and borrowing - Current</b>		
Variable rate bank and other loans	54,460	19,471
Variable rate loans swapped to fixed interest	8,514	1,238
<b>Current borrowings</b>	<b>62,974</b>	<b>20,709</b>
<b>Interest-bearing loans and borrowing - Non-current</b>		
Variable rate bank loans	43,543	41,092
Variable rate loans swapped to fixed interest	1,053,398	1,048,145
Loan fees	(20,232)	(23,644)
Fixed rate loans to non-controlling interests	576	890
<b>Non Interest-bearing loans - Non-current</b>		
Loans	-	1,014
<b>Non-current borrowings</b>	<b>1,077,285</b>	<b>1,067,497</b>
<b>Total borrowings</b>	<b>1,140,259</b>	<b>1,088,206</b>
	As at 31 August 2023 €'000	As at 31 August 2022 €'000
<b>Unsecured borrowing at amortised cost</b>		
Loan to holders of non-controlling interests	576	890
Other loans	-	1,014
<b>Secured borrowing at amortised cost</b>		
Bank loans	1,159,915	1,109,946
Loan fees	(20,232)	(23,644)
<b>Total borrowings</b>	<b>1,140,259</b>	<b>1,088,206</b>

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 18. Borrowings (continued)

	Euros €'000	Moroccan Dirham €'000	Brazilian Real €'000	United States Dollar €'000	Australian Dollar €'000	Omani Rial €'000	South African Rand €'000	Total €'000
<b>Analysis of borrowings by currency:</b>								
Bank and other loans	1,129,033	-	1,242	1,703	1,935	-	5,770	1,139,683
Loans to non-controlling interests	576	-	-	-	-	-	-	576
<b>At 31 August 2023</b>	<b>1,129,609</b>	<b>-</b>	<b>1,242</b>	<b>1,703</b>	<b>1,935</b>	<b>-</b>	<b>5,770</b>	<b>1,140,259</b>

	Euros €'000	Moroccan Dirham €'000	Brazilian Real €'000	United States Dollar €'000	Australian Dollar €'000	Omani Rial €'000	South African Rand €'000	Total €'000
<b>Analysis of borrowings by currency:</b>								
Bank and other loans	1,077,439	274	4,696	2,684	2,223	-	-	1,087,316
Loans to non-controlling interests	576	-	-	-	-	314	-	890
<b>At 31 August 2022</b>	<b>1,078,015</b>	<b>274</b>	<b>4,696</b>	<b>2,684</b>	<b>2,223</b>	<b>314</b>	<b>-</b>	<b>1,088,206</b>

The Group had the following principal bank loans as at 31 August 2023:

Loans of €795 million and €250 million, both repayable in full in May 2026. The loans are secured by a charge over the share capital of various subsidiary entities. The loans carry a variable interest rate of EURIBOR + margin, with the margin dependent on leverage.

On 24 July 2023, the Group signed an agreement to increase its Term Loan borrowings by €600 million, with a maturity date of December 2028. €255 million of the funds were drawn on 29 September 2023, and used to repay €250 million of existing Term Loans. The remaining €345 million was drawn on 10 October 2023 and used to fund acquisitions. As a result of the above, the total Term Loans outstanding as of the date of signing these financial statements is €1,395 million.

The weighted average interest rate paid during the year was 5.3% (2022: 3.2%).

#### Unutilised facilities

As at 31 August 2023, the Group had committed unutilised loan facilities of €110 million available until May 2025 (2022: €85 million).



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 19. Deferred tax

The following are the major classes of deferred tax assets and liabilities and recognised by the Group during the current and prior reporting period:

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Intangible assets	(56,202)	(62,959)
Accelerated tax depreciation	(28,207)	(26,233)
Provisions	5,026	5,439
Retirement benefit obligations	361	243
Deferred revenue	2,216	2,529
Tax losses	15,130	1,685
CIR disallowance credits	-	1,981
Other	(2,728)	(1,898)
<b>Net deferred tax</b>	<b>(64,404)</b>	<b>(79,213)</b>

	Intangible assets €'000	Accelerated tax depreciation €'000	Other €'000	Total €'000
<b>At 31 August 2021</b>	<b>(75,398)</b>	<b>(8,059)</b>	<b>9,635</b>	<b>(73,822)</b>
Credit / (charge) to comprehensive income	8,739	(3,426)	447	5,760
Acquisition of business	(5,089)	(2,566)	465	(7,190)
Exchange differences	(3,544)	(229)	411	(3,362)
Reallocation	12,333	(11,974)	(979)	(620)
Impact of tax rate change	-	21	-	21
<b>At 31 August 2022</b>	<b>(62,959)</b>	<b>(26,233)</b>	<b>9,979</b>	<b>(79,213)</b>
Credit/(charge) to profit or loss	6,528	(971)	13,764	19,321
Charge to comprehensive income	-	-	(2,864)	(2,864)
Acquisition of business	(2,286)	(1,665)	(3)	(3,954)
Exchange differences	2,514	722	(778)	2,458
Impact of tax rate change	1	(60)	(93)	(152)
<b>At 31 August 2023</b>	<b>(56,202)</b>	<b>(28,207)</b>	<b>20,005</b>	<b>(64,404)</b>

The movement in deferred tax during the current reporting year was as follows:

	2023 €'000	2022 €'000
Balance at beginning of year	(79,213)	(73,822)
Credit to profit or loss	19,169	6,132
Debit to other comprehensive income	(2,864)	(351)
Acquisition of business	(3,954)	(7,190)
Exchange differences	2,458	(3,362)
Other	-	(620)
<b>Total</b>	<b>(64,404)</b>	<b>(79,213)</b>

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 19. Deferred tax (continued)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	As at 31 August 2023	As at 31 August 2022
	€'000	€'000
Deferred tax liabilities	(98,237)	(99,646)
Deferred tax assets	33,833	20,433
	<u>(64,404)</u>	<u>(79,213)</u>

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, the Group has gross tax losses for a total amount of €69.8 million (2022: €79.3 million).

A deferred tax asset of €7.2 million (2022: €1.7 million) has been recognised in respect of gross tax losses of €29 million (2022: €7.1 million) as it is considered probable that there will be future taxable profits available to offset against these losses.

No deferred tax asset has been recognised in respect of gross tax losses of €40.8 million (2022: €72.2 million) as it is not considered probable that there will be future taxable profits available to offset against these losses. Included in unrecognised tax losses are losses of €nil (2022: €nil) that will expire from 2024 to 2029.

At the balance sheet date, the Group has gross unused Corporate Interest Restriction disallowance of €44.5 million (2022: €40.7 million) available for offset against future profits. A deferred tax asset of €2.0 million (2022: €2.0 million) has been recognised in respect of this balance. The remainder has not been recognised as it is not considered probable that there will be future taxable profits available.

No deferred tax liability is recognised on temporary differences of €188.5 million (2022: €121.4 million) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 20. Trade and other payables

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Trade payables	20,913	18,209
Taxes and social security costs	16,676	16,694
Accruals	34,866	32,717
Deposits	12,396	11,073
Other payables	22,813	22,380
	<u>107,664</u>	<u>101,073</u>

The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 21. Provisions

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Employee benefits provision	7,664	6,118
Other	2,688	417
	<u>10,352</u>	<u>6,535</u>
Current	7,275	5,127
Non-current	3,077	1,408
	<u>10,352</u>	<u>6,535</u>

	Employee benefits €'000	Other €'000	Total €'000
At 1 September 2022	5,115	497	5,612
Additional provision in the year	2,615	317	2,932
Release of provision	-	(492)	(492)
Utilised during the year	(1,407)	(111)	(1,518)
On acquisition of a business	600	103	703
Exchange differences	(805)	103	(702)
<b>At 31 August 2022</b>	<b>6,118</b>	<b>417</b>	<b>6,535</b>
Additional provision in the year	2,783	2,761	5,544
Release of provision	(91)	(166)	(257)
Utilised during the year	(749)	(158)	(907)
On acquisition of a business	765	-	765
Exchange difference	(1,162)	(166)	(1,328)
<b>At 31 August 2023</b>	<b>7,664</b>	<b>2,688</b>	<b>10,352</b>

Employee benefits include long service leave and end of service benefits payable to employees. The provisions represent management's best estimate of the liability based on expected employee retention and remuneration levels.

Provisions are measured at the Directors' best estimate of expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 22. Deferred consideration and consideration payable for non-controlling interests

Deferred consideration liabilities include balances representing the fair value of consideration payable to settle liabilities under put arrangements to acquire non-controlling interests, as well as earn-out arrangements whereby the consideration payable includes a deferred element. In certain cases, this deferred element is contingent on the future financial performance of the acquired entity.

	As at 31 August 2023	As at 31 August 2022
	€'000	€'000
Deferred cash consideration	2,019	2,981
Consideration to settle put options for non-controlling interests	7,961	20,137
Contingent consideration	1,131	19,329
	<u>11,111</u>	<u>42,447</u>
Current	5,464	26,299
Non-current	5,647	16,148
	<u>11,111</u>	<u>42,447</u>

For the acquisition of Bergamo, a financial liability of €4.0 million (31 August 2022: €4.0 million) is recognised for estimated consideration payable under the exercise of a put/call option over the non-controlling interest that can be exercised at any time between August 2023 and August 2025.

For Inspired Education Oman Limited, a financial liability of €2.7 million was recognised at 31 August 2022 for the estimated consideration payable under the exercise of a put/call option over the non-controlling interest. Following payment during the year, €Nil is recognised at 31 August 2023.

For the acquisition of Eleva, contingent consideration of BRL 95 million (€18.4 million) was recognised at 31 August 2022, and was subsequently paid in December 2022. A financial liability of €11.0 million was also recognised for estimated consideration payable under the exercise of a put/call option over the non-controlling interest. Following exercise of the put/call option in April 2023 for consideration of €18.4 million, €Nil is recognised at 31 August 2023.

For the acquisition of Mirabal, deferred consideration of €0.6 million (31 August 2022: €1.2 million) is payable in 2024.

For the acquisition of Kensington, deferred consideration of €1.1 million (31 August 2022: €1.7 million) is payable in 2024.

For the acquisition of KGS, a financial liability of €4.0 million (31 August 2022: €2.4 million) is recognised for estimated consideration payable under the exercise of a put/call option over the non-controlling interest that can be exercised at any time between June 2026 and June 2030. In addition, contingent consideration of MAD 10.0 million (€0.9 million) was recognised at 31 August 2022, payable subject to certain criteria. Following payment in February 2023, €Nil is recognised at 31 August 2023.

For the acquisition of Mestral, deferred consideration of €0.1 million (31 August 2022: €0.1 million) is payable with an expected payment date of 2024.

For the acquisition of My Online Schooling, deferred consideration of €1.3 million (31 August 2022: €nil) is payable with an expected payment date of 2025.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued)

#### For the year ended 31 August 2023

#### 23. Share capital

	As at 31 August 2023 #	As at 31 August 2022 #	As at 31 August 2023 €'000	As at 31 August 2022 €'000
<b>Authorised, issued and fully paid:</b>				
A ordinary shares	52,272	52,272	52	52
A2 ordinary shares	433,330	433,330	-	-
B1 ordinary shares	3,103,327	3,103,327	3,103	3,103
B2 ordinary shares	1,677,878	1,635,110	1,678	1,635
C1 ordinary shares	779,512	779,512	780	780
C2 ordinary shares	1,077,875	1,077,875	1,078	1,078
D ordinary shares	972,610	972,610	973	973
E ordinary shares	2,275,863	2,217,853	2,276	2,218
E2 ordinary shares	1,208,496	1,177,692	1,208	1,178
F ordinary shares	1,231,851	1,231,851	-	-
G ordinary shares	11,847	11,847	-	-
G2 ordinary shares	502,463	502,463	-	-
G3 ordinary shares	646,184	646,184	-	-
G4 ordinary shares	856,933	856,933	-	-
H ordinary shares	1,500,000	900,000	-	-
	<u>16,330,441</u>	<u>15,598,859</u>	<u>11,148</u>	<u>11,017</u>
<b>Authorised, issued and unpaid:</b>				
B1 ordinary shares	167,894	-	168	-
	<u>16,498,335</u>	<u>15,598,859</u>	<u>11,316</u>	<u>11,017</u>

Consideration for the unpaid capital was received on 6 September 2023.

A, B1, B2, C1, C2, C3, D, E and E2 ordinary shares have a par value of €1.00 each.

A2, F, G, G2, G3, G4 and H ordinary shares have a par value of €0.0001 each.

Each share ranks equally for any dividend declared and for any distribution made on a winding up provided that:

- F ordinary shares shall only entitle their holder to receive any dividend or assets on a winding up or return of capital from such time as Positive Cash Flows (as defined in the Company's Articles of Association) previously made from time to time to the Institutional Shareholders (as defined in the Company's Articles of Association) have exceeded Negative Cash Flows (as defined in the Company's Articles of Association), at which point the F ordinary shares shall be entitled to 15% of any such excess and to all such dividends and assets pro rata to the F ordinary shares held.
- G, G2, G3, G4 and H ordinary shares shall not be entitled to receive any dividends, or assets on a winding-up or on a reduction or return of capital until such time as Positive Cash Flows (as defined in the Company's Articles of Association) previously made from time to time to the Institutional Shareholders (as defined in the Company's Articles of Association) have exceeded Negative Cash Flows (as defined in the Company's Articles of Association) plus a Preferred Return (as defined in the Company's Articles of Association). Following such time, the G, G2, G3, G4 and H ordinary shareholders, in respect of their shares, shall be entitled to a defined level of any excess, and all such dividends and assets, pro rata to the shares held by them, in accordance with the agreed allocations noted in the Company's Articles of Association.

No shares are redeemable.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 23. Share capital (continued)

##### *Issue of shares*

Inspired Education Holdings Limited ('the Company') issued the following ordinary shares during the year:

Date	Class of Share	Number of shares issued	Consideration
14 December 2022	H	6,984	€0.0 million
20 February 2023	H	2,097	€0.0 million
4 May 2023	H	2,097	€0.0 million
15 May 2023	H	46,125	€0.0 million
19 May 2023	H	12,580	€0.0 million
7 June 2023	H	2,097	€0.0 million
3 July 2023	H	312,805	€0.2 million
5 July 2023	H	20,967	€0.0 million
6 July 2023	H	3,355	€0.0 million
7 July 2023	H	8,387	€0.0 million
12 July 2023	H	6,290	€0.0 million
13 July 2023	H	176,216	€0.1 million
11 August 2023	B1	167,894	€70.1 million
11 August 2023	B2	42,768	€17.9 million
11 August 2023	E	58,010	€24.2 million
11 August 2023	E2	30,804	€12.9 million

##### *Issue of shares subsequent to year end*

On 17 October 2023, 1,076,965 H2 ordinary shares were issued for total consideration of €0.2 million.

H2 ordinary shares shall not be entitled to receive any dividends, or assets on a winding-up or on a reduction or return of capital until such time as Positive Cash Flows (as defined in the Company's Articles of Association) previously made from time to time to the Institutional Shareholders (as defined in the Company's Articles of Association) have exceeded Negative Cash Flows (as defined in the Company's Articles of Association) plus a Preferred Return (as defined in the Company's Articles of Association). Following such time, the H2 ordinary shareholders, in respect of their shares, shall be entitled to a defined level of any excess, and all such dividends and assets, pro rata to the shares held by them, in accordance with the agreed allocations noted in the Company's Articles of Association.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 23. Share capital (continued)

##### *Employee Benefit Trust*

Inspired Education Holdings Limited Employee Benefit Trust ('EBT') was established on 27 February 2020 to facilitate the transfer of employee owned shares in Inspired Education Holdings Ltd.

During the current year, the EBT entered into the following transactions in ordinary shares of the Company:

On 29 September 2022, 28,958 G2 ordinary shares, 33,146 G3 ordinary shares and 92,593 G4 ordinary shares were transferred by existing shareholders into the Employee Benefit Trust for consideration of €0.0 million.

On 7 October 2022, the Employee Benefit Trust sold 827,312 H ordinary shares for consideration of €0.3 million.

On 2 December 2022, the Employee Benefit Trust sold 39,143 H ordinary shares for consideration of €0.0 million.

On 13 March 2023, the Employee Benefit Trust sold 33,545 H ordinary shares for consideration of €0.0 million.

On 4 May 2023, 3,692 G4 ordinary shares were transferred by existing shareholders into the Employee Benefit Trust for consideration of €0.0 million.

On 17 July 2023, 41,900 G4 ordinary shares and 48,222 H ordinary shares were transferred by existing shareholders into the Employee Benefit Trust for consideration of €0.0 million.

On 24 July 2023, 67,089 H ordinary shares were transferred by existing shareholders into the Employee Benefit Trust for consideration of €0.0 million and immediately sold for consideration of €0.0 million.

On 11 August 2023, the Employee Benefit Trust sold 67,089 H ordinary shares for consideration of €0.0 million.

As of 31 August 2023, the EBT owned the following shares in the Company: 369,766 G2 ordinary shares; 521,611 G3 ordinary shares; 234,933 G4 ordinary shares; and 48,222 H ordinary shares. The consideration paid for the shares was €0.0 million.

##### *Share based payments*

The following share-based payment expense has been recognised within staff costs:

	2023	2022
	€'000	€'000
Share based payment expense	3,081	1,672

The Group has calculated the estimated fair value of each class of share issued during the year using the Black Scholes model, based on assumptions around the timing and value that may be realised by each class of share following an exit event (such as an IPO or sale of the Company).

In the event an employee leaves employment prior to an exit event, the Company may require the shares to be transferred to the Company, other employees, or the Employee Benefit Trust. The scheme is equity settled and consequently the amount to be settled is assessed using the grant date model; the terminal liability is adjusted only when shares are forfeited before vesting.

The following inputs and assumptions were used in the valuation of shares issued during the current year:

Annualised volatility	28%
Exit event assumption date	May 2026 (70% probability); May 2027 (30% probability)
Risk free rate	1.9% - 2.0%
Dividend yield	0%
Annual attrition of employees	10.4%

During the prior year, the exit event assumption date was changed to 31 August 2026 for those shares that were not transferred in May 2022.



## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 24. Share premium account

	€'000
Balance at 1 September 2022	717,007
Premium arising on issue of equity shares	125,356
Balance at 31 August 2023	<u>842,363</u>

#### 25. Other reserves

##### *Common control reserve*

For business combinations which fall under the definition of a business combination under common control, the surplus of consideration over the acquired net assets has been recognised directly in equity within the Common Control Premium account.

##### *Translation reserve*

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, being Euro, are recognised directly in the translation reserve.

##### *Other reserves*

This balance includes amounts recognised for the purchase of non-controlling interests, the initial recognition of gross obligations under put options to purchase non-controlling interests, and the recognition of amounts expensed for share based payments.

##### *Hedging reserves*

This balance relates to the gains recognised in other comprehensive income on the mark to market fair value of interest rate hedges.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 26. Non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below.

The summarised financial information below represents amounts before intragroup eliminations, as at 31 August 2023.

2023	Bergamo International Studies Srl €'000	SLS Properties Srl €'000	Institut Khalil Jabran S.A €'000	Inspired Education (Egypt) S.A.E €'000	Fundación Cambridge €'000
Current assets	4,359	1,091	461	277	10
Non-current assets	7,723	11,783	5,597	1,065	610
Current liabilities	(7,059)	(697)	(1,385)	(241)	(63)
Non-current liabilities	(2,683)	(3,145)	(1,494)	(1,771)	-
<b>Net assets / (liabilities)</b>	<b>2,340</b>	<b>9,032</b>	<b>3,179</b>	<b>(670)</b>	<b>557</b>
Revenue	5,720	817	4,051	-	18
Expenses	(4,726)	(643)	(2,407)	(942)	(43)
Tax (expense) / credit	(214)	204	(543)	212	-
Profit/(loss) for the year	780	378	1,101	(730)	(25)
Profit/(loss) attributable to owners of the Company	466	193	914	(373)	-
Profit/(loss) attributable to the non-controlling interests	314	185	187	(357)	(25)
<b>Profit/(loss) after tax for the period</b>	<b>780</b>	<b>378</b>	<b>1,101</b>	<b>(730)</b>	<b>(25)</b>
Other comprehensive income attributable to owners of the Company	4	-	-	-	-
Other comprehensive income attributable to the non-controlling interests	2	-	-	-	-
<b>Other comprehensive income for the year</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net cash inflow/(outflow) from operating activities	2,534	(188)	(916)	(643)	150
Net cash (outflow)/inflow from investing activities	(1,226)	-	(539)	(1,003)	-
Net cash (outflow)/inflow from financing activities	(884)	298	1,536	1,714	-
<b>Net cash inflow/(outflow)</b>	<b>424</b>	<b>110</b>	<b>81</b>	<b>68</b>	<b>150</b>

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 26. Non-controlling interests (continued)

The summarised financial information below represents amounts before intragroup eliminations, as at 31 August 2022.

2022	Inspired Education (Oman) Ltd €'000	Gurilandia Holding S.A. €'000	Bergamo International Studies Srl €'000	SLS Properties Srl €'000	Institut Khalil Jabran S.A. €'000	Inspired Education (Egypt) S.A.E €'000
Current assets	3,526	1,620	3,644	191	133	123
Non-current assets	1,757	16,461	6,709	12,457	5,009	32
Current liabilities	(3,954)	(3,183)	(6,707)	(522)	(3,880)	(10)
Non-current liabilities	(2,122)	(14,036)	(2,099)	(3,472)	(4,831)	(215)
<b>Net (liabilities) / assets</b>	<b>(793)</b>	<b>862</b>	<b>1,547</b>	<b>8,654</b>	<b>(3,569)</b>	<b>(70)</b>
Revenue	6,300	1,966	4,757	732	288	-
Expenses	(5,366)	(1,567)	(3,991)	(694)	(762)	(146)
Tax (expense)/credit	(140)	(80)	(124)	6	113	34
Profit / (loss) for the year	794	319	642	44	(361)	(112)
Profit / (loss) attributable to owners of the Company	595	163	385	22	(275)	(57)
Profit / (loss) attributable to the non-controlling interests	199	156	257	22	(86)	(55)
<b>Profit / (loss) after tax for the period</b>	<b>794</b>	<b>319</b>	<b>642</b>	<b>44</b>	<b>(361)</b>	<b>(112)</b>
Net cash inflow/(outflow) from operating activities	1,105	430	1,755	687	(692)	(217)
Net cash outflow from investing activities	(414)	(10)	(693)	-	(4,748)	-
Net cash (outflow) / inflow from financing activities	(218)	(590)	(659)	(585)	5,442	257
<b>Net cash inflow/(outflow)</b>	<b>473</b>	<b>(170)</b>	<b>403</b>	<b>102</b>	<b>2</b>	<b>40</b>

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 26. Non-controlling interests (continued)

2023	Gurilandia Holding S.A. €'000	SLS Properties Srl €'000	Institut Khalil Jabran S.A. €'000	Inspired Education (Oman) Ltd €'000	Bergamo International Studies Srl €'000	Inspired Education (Egypt) S.A.E €'000	Fundación Cambridge €'000	Total €'000
Balance at 1 September 2022	448	4,246	(149)	3,171	1,024	(55)	-	8,685
Transfer from retained earnings	-	-	-	-	-	-	609	609
Share of profit/(loss) for the year	600	185	187	264	314	(357)	(25)	1,168
Dividends paid to non-controlling interest	(585)	-	-	-	-	-	-	(585)
Acquisition of non-controlling interest	(463)	-	(83)	(3,435)	-	-	-	(3,981)
<b>Balance at 31 August 2023</b>	<b>-</b>	<b>4,431</b>	<b>(45)</b>	<b>-</b>	<b>1,338</b>	<b>(412)</b>	<b>584</b>	<b>5,896</b>

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 26. Non-controlling interests (continued)

2022	Gurilandia Holding S.A €'000	SLS Properties Srl €'000	Institut Khalil Jabran S.A €'000	Inspired Education (Oman) Ltd €'000	Bergamo International Studies Srl €'000	Kensington School SA €'000	Sociedade De Educacao, SA €'000	Inspired Education (Egypt) S.A.E €'000	Ostaz Holdings Limited €'000	Total €'000
Balance at 1 September 2021	-	4,224	-	2,972	768	118	24,978	-	2,898	35,958
On initial acquisition	483	-	(63)	-	-	-	-	-	-	420
Acquisition of non-controlling interest	-	-	-	-	-	(122)	(25,687)	-	-	(25,809)
Disposal of controlling interest	-	-	-	-	-	-	-	-	(2,533)	(2,533)
Dividends paid to non-controlling interest	(191)	-	-	-	-	-	-	-	-	(191)
Share of profit/(loss) for the year	156	22	(86)	199	256	4	709	(55)	(365)	840
<b>Balance at 31 August 2022</b>	<b>448</b>	<b>4,246</b>	<b>(149)</b>	<b>3,171</b>	<b>1,024</b>	<b>-</b>	<b>-</b>	<b>(55)</b>	<b>-</b>	<b>8,685</b>

**Notes to the consolidated financial statements (continued)**  
**For the year ended 31 August 2023**

(a) *Acquisitions for the year ended 31 August 2023*

Entity	Acquisition date	Equity voting interest acquired	Purchase consideration €'000
My Online Schooling Ltd ('MOS')	15 November 2022	100%	7,853
Balboa Academy S.A. ('Balboa')	1 December 2022	100%	34,904
Escola Vitruviano Ltda. ('CELV')	6 December 2022	100%	21,610

The purchase consideration was satisfied by:

	MOS	Balboa	CELV
	€'000	€'000	€'000
Cash	6,627	34,904	21,594
Contingent consideration	1,226	-	-
Other non-cash consideration	-	-	16
Total consideration	7,853	34,904	21,610

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 27. Business combinations and disposals (continued)

##### a) *Acquisitions for the year ended 31 August 2023 (continued)*

The net cash outflow arising on acquisition was:

	MOS €'000	Balboa €'000	CELV €'000
Cash consideration	6,627	34,904	21,594
Less: cash and cash equivalent balances acquired	(405)	(7,923)	(2,141)
Net cash outflow	6,222	26,981	19,453

In addition to the above net cash outflow of €52.7 million, additional purchase consideration of €3.2 million was paid in the year for acquisitions completed in 2022 (refer Note 27b). Total cash outflows for acquisition of businesses, net of cash acquired for the year ended 31 August 2023, is therefore €55.9 million.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 27. Business combinations and disposals (continued)

#### a) Acquisitions for the year ended 31 August 2023 (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	MOS €'000	Balboa €'000	CELV €'000
Cash and cash equivalents	405	7,923	2,141
Trade and other receivables	1,011	1,775	473
Property, plant and equipment	16	9,239	14
Identifiable intangible assets	720	9,425	4,163
Right of use asset	69	10,189	7,352
Other non-current assets	181	-	-
Deferred tax asset	-	-	170
Tax liability	-	(254)	(1,092)
Deferred income	(1,566)	(3,479)	(806)
Trade and other payables	(283)	(1,202)	(43)
Other liabilities	(1,725)	(172)	-
Lease liability	(69)	(10,189)	(7,352)
Deferred tax liability	(174)	(3,162)	-
Total identifiable (liabilities) / assets	(1,415)	20,093	5,020
Equity	(1,415)	20,093	5,020
Purchase consideration	7,853	34,904	21,610
Goodwill	9,268	14,811	16,590



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 27. Business combinations and disposals (continued)

#### a) *Acquisitions for the year ended 31 August 2023 (continued)*

The fair value of receivables acquired includes provisions of €0.1 million against the gross contractual amount of receivables. The best estimate of contractual cash flows that are not expected to be collected is €0.1 million.

The goodwill arising from each of the acquisitions consists of the value of expected synergies, revenue growth and know-how of the acquired business arising from an acquisition that do not qualify for separate recognition. €16.6 million of goodwill is expected to be deductible for income tax purposes.

#### *Acquisition-related costs (included within operating expenses)*

	MOS €'000	Balboa €'000	CELV €'000
Costs	334	239	350

#### *Contribution to revenue and profit for the year*

The acquisitions contributed the following amounts to the overall Group results:

	MOS €'000	Balboa €'000	CELV €'000
Revenue	2,497	8,982	7,443
(Loss) / profit before tax	(190)	866	920

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 27. Business combinations and disposals (continued)

##### (a) *Acquisitions for the year ended 31 August 2023 (continued)*

The above contribution to revenue and profit, representing the revenue and profit recognised subsequent to acquisition, is distorted by the timing of revenue recognised in accordance with IFRS 15, which results in certain months of the year not recognising any revenue as tuition and ancillary fees are recognised over the academic year. If the acquisitions had been completed on the first day of the financial year, Group revenues and Group profit before tax for the year would have been higher/(lower) than as reported by the following amounts:

	MOS	Balboa	CELV
	€'000	€'000	€'000
Revenue	882	3,706	2,226
(Loss) / profit before tax	(1,051)	1,520	447

##### (b) *Updates to provisional purchase price accounting for the year ended 31 August 2023*

The initial accounting and provisional values for the acquisitions of Escolas Globais do Brasil S.A. ('Eleva'), & Miran S.A. ('Miranda') have been finalised during the financial year under consideration. The adjustment in the provisional measurement period resulted in an increase in purchase consideration of €2.7 million for Eleva and €0.5 million for Miranda with a corresponding increase in goodwill.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 27. Business combinations and disposals (continued)

#### (c) Acquisitions for the year ended 31 August 2022

During the year, the Group acquired the following businesses to continue the Group's expansion:

Entity	Acquisition date	Equity voting interest acquired	Purchase consideration €'000
Escolas Globais do Brasil S.A. ('Eleva')	23 Jun 2022	100% <sup>1</sup>	296,115
Miran S.A. ('Miranda')	19 May 2022	100%	25,000
Institut Khalil Jabran S.A ('KGS')	13 June 2022	76%	6,028
Nido di SLS ('Nido')	12 May 2022	100%	2,018
Centro de Formacion Mestral SL ('Mestral')	17 May 2022	100%	11,686

<sup>1</sup> 51% of the subsidiary Gurilândia Holding S.A. was acquired.

The principal activity of all businesses was the provision of private education services.

The initial accounting for the acquisition of all entities noted above have only been provisionally determined at the end of the reporting period. At the date of signing the financial statements, the valuation of customer relationships for one of the schools acquired in Brazil remains subject to further assessment. A provisional value has been assigned based on data available from other schools acquired in Brazil. Any changes based on a revised assessment will be adjusted in the provisional measurement period.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 27. Business combinations and disposals (continued)

#### (c) Acquisitions for the year ended 31 August 2022 (continued)

The purchase consideration was satisfied by:

	Eleva €'000	Miranda €'000	Mestral €'000	KGS €'000	Nido €'000
Cash	278,786	25,000	11,595	5,064	2,018
Deferred consideration	-	-	91	-	-
Contingent consideration	17,329	-	-	964	-
Total consideration	296,115	25,000	11,686	6,028	2,018

The net cash outflow arising on acquisition was:

	Eleva €'000	Miranda €'000	Mestral €'000	KGS €'000	Nido €'000
Cash consideration	278,786	25,000	11,595	5,064	2,018
Less: cash and cash equivalent balances acquired	(3,889)	(3,154)	(282)	(20)	(125)
	274,897	21,846	11,313	5,044	1,893

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 27. Business combinations and disposals (continued)

#### (c) Acquisitions for the year ended 31 August 2022 (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Eleva €'000	Miranda €'000	Mestral €'000	KGS €'000	Nido €'000
Cash and cash equivalents	3,889	3,154	282	20	125
Trade and other receivables	4,254	966	132	131	1
Inventory	-	-	61	10	-
Property, plant and equipment	15,826	2,346	19,002	288	1,568
Identifiable intangible assets	40,508	10,351	812	5,679	41
Right of use asset	54,801	8,697	-	-	-
Other non-current assets	1,113	39	15	-	-
Deferred tax asset	423	-	-	-	-
Tax liability	(848)	(597)	(216)	(3,177)	(5)
Deferred income	(4,736)	(1,056)	(66)	(488)	(13)
Trade and other payables	(5,751)	(1,221)	(529)	(676)	(10)
Other liabilities	(2,643)	-	(176)	-	(89)
Lease liability	(54,801)	(8,697)	-	-	-
Borrowings	(5,754)	(147)	(4,199)	(280)	-
Deferred tax liability	(99)	(2,713)	(3,031)	(1,760)	(10)
Total identifiable assets / (liabilities)	46,182	11,122	12,087	(253)	1,608
Non-controlling interests	(483)	-	-	63	-
Equity	45,699	11,122	12,087	(190)	1,608
Purchase consideration	296,115	25,000	11,686	6,028	2,018
Goodwill	250,416	13,878	(401)	6,218	410

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 27. Business combinations and disposals (continued)

#### (c) Acquisitions for the year ended 31 August 2022 (continued)

The fair value of receivables acquired includes provisions of €1.7 million against the gross contractual amount of receivables. The best estimate of contractual cash flows that are not expected to be collected is €1.7 million.

The goodwill arising from each of the acquisitions consists of the value of expected synergies, revenue growth and know-how of the acquired business arising from an acquisition that do not qualify for separate recognition. €250 million of goodwill is expected to be deductible for income tax purposes.

#### Acquisition-related costs (included within operating expenses)

	Eleva €'000	Miranda €'000	Mestral €'000	KGS €'000	Nido €'000
Costs	1,069	430	489	277	73

#### Contribution to revenue and profit for the year

The acquisitions contributed the following amounts to the overall Group results:

	Eleva €'000	Miranda €'000	Mestral €'000	KGS €'000	Nido €'000
Revenue	10,320	1,918	760	289	96
Loss before tax	(29)	(1,683)	(513)	(474)	(20)

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 27. Business combinations and disposals (continued)

#### (c) *Acquisitions for the year ended 31 August 2022 (continued)*

The above contribution to revenue and profit, representing the revenue and profit recognised subsequent to acquisition, is distorted by the timing of revenue recognised in accordance with IFRS 15, which results in certain months of the year not recognising any revenue as tuition and ancillary fees are recognised over the academic year. If the acquisitions had been completed on the first day of the financial year, Group revenues and Group profit before tax for the year would have been higher/(lower) than as reported by the following amounts:

	Eleva	Miranda	Mestral	KGS	Nido
	€'000	€'000	€'000	€'000	€'000
Revenue	41,378	10,751	4,041	3,932	280
Profit/(loss) before tax	7,324	2,506	843	(1,385)	72

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 27. Business combinations and disposals (continued)

##### (d) Disposals for the year ended 31 August 2023

There were no disposals of subsidiaries made in 2023.

##### (e) Disposals for the year ended 31 August 2022

As referred to in Note 6, on 7 June 2022 the Group disposed of its interest in Ostaz Holdings Limited. The net assets of Ostaz Holdings Limited at the date of disposal were as follows:

	€'000
Property, plant and equipment	391
Intangibles	191
Trade receivables	384
Other receivables	224
Bank balances and cash	381
Deferred revenue	(117)
Other payables	(787)
Attributable goodwill	6,270
Net assets disposed of	<u>6,937</u>
Non-controlling interest disposed of	(2,533)
Total consideration	-
Loss on disposal	<u><u>4,404</u></u>

The loss on disposal is included in the profit for the year in note 6.



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 28. Notes to the cash flow statement

	Note	31 August 2023	31 August 2022
		€'000	€'000
<b>Profit before tax for the year</b>		50,866	78,051
Adjustments for:			
Unrealised foreign exchange losses		1,954	8,931
Mark to market gains of derivatives		(313)	(27,699)
Foreign exchange gain on disposal of subsidiary		-	(1,084)
Net finance costs		60,110	33,075
Lease liability interest expense	14	34,367	25,809
Depreciation of property, plant and equipment	13	33,612	24,812
Depreciation of right of use assets	14	32,451	26,466
Amortisation of intangible assets	11	34,082	27,940
Loss on disposal of property, plant and equipment		151	546
Impairment of property, plant and equipment		13,170	-
Loss on disposal of subsidiary		-	4,404
Gain on bargain purchase		-	(401)
Other non-cash items		117	(115)
Fair value adjustment for deferred consideration		2,499	3,342
Share based payment		3,081	1,672
Gain on disposal of right of use assets		(1,331)	-
<b>Operating cash flows before movements in working capital</b>		264,816	205,749
(Decrease) / increase in provisions		(2,965)	48
(Increase) / decrease in inventories		(539)	648
Increase in receivables		(34,985)	(17,496)
Increase / (decrease) in payables		20,005	(279)
Increase in deferred revenue		35,003	27,991
Movement in other working capital		1,443	93
<b>Cash generated by operations</b>		282,778	216,754
Income taxes paid		(39,970)	(27,156)
Interest paid on borrowings		(62,960)	(27,677)
Interest paid on cash balances held		-	(540)
Lease liability interest paid	14	(34,367)	(25,809)
<b>Net cash from operating activities</b>		145,481	135,572

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 28. Notes to the cash flow statement (continued)

##### Cash and cash equivalents

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Cash and bank balances	171,265	192,484
	<u>171,265</u>	<u>192,484</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 28. Notes to the cash flow statement (continued)

Net cash / (debt) balances at 31 August 2023 comprise:

	Current assets €'000	Current liabilities €'000	Non-current liabilities €'000	Total €'000
Cash and bank balances	171,265	-	-	171,265
Lease liability	-	(23,621)	(346,516)	(370,137)
Borrowings	-	(62,974)	(1,077,285)	(1,140,259)
Net cash / (debt)	<u>171,265</u>	<u>(86,595)</u>	<u>(1,423,801)</u>	<u>(1,339,131)</u>

Net cash / (debt) balances at 31 August 2022 comprise:

	Current assets €'000	Current liabilities €'000	Non-current liabilities €'000	Total €'000
Cash and bank balances	192,494	-	-	192,494
Lease liability	-	(23,263)	(361,978)	(385,241)
Borrowings	-	(20,709)	(1,067,497)	(1,088,206)
Net cash / (debt)	<u>192,494</u>	<u>(43,972)</u>	<u>(1,429,475)</u>	<u>(1,280,953)</u>

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 28. Notes to the cash flow statement (continued)

##### Analysis of changes in debt

	<b>Borrowings</b>	<b>Lease liability obligation</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>As at 1 September 2021</b>	(846,245)	(305,843)	(1,152,088)
Drawdown of borrowings	(252,524)	-	(252,524)
Repayments of borrowings	28,506	-	28,506
Interest paid on borrowings	27,677	-	27,677
Repayments of lease obligations	-	19,527	19,527
Lease liability interest paid	-	25,809	25,809
Acquisitions	(10,380)	(63,498)	(73,878)
Lease movements	-	(16,514)	(16,514)
Exchange movements	(1,463)	(18,913)	(20,376)
Accrued interest	(29,511)	(25,809)	(55,320)
Loan fee amortisation	(4,266)	-	(4,266)
<b>As at 31 August 2022</b>	<u>(1,088,206)</u>	<u>(385,241)</u>	<u>(1,473,447)</u>
Drawdown of borrowings	(67,246)	-	(67,246)
Repayments of borrowings	18,998	-	18,998
Interest paid on borrowings	62,960	-	62,960
Repayments of lease obligations	-	21,279	21,279
Lease liability interest paid	-	34,367	34,367
Acquisitions	-	(18,045)	(18,045)
Lease movements	-	(11,266)	(11,266)
Exchange movements	(4,795)	23,136	18,341
Accrued interest	(55,019)	(34,367)	(89,386)
Loan fee amortisation	(6,951)	-	(6,951)
<b>As at 31 August 2023</b>	<u>(1,140,259)</u>	<u>(370,137)</u>	<u>(1,510,396)</u>

## **Inspired Education Holdings Limited**

### **Notes to the consolidated financial statements (continued) For the year ended 31 August 2023**

#### **29. Contingent liabilities**

In the normal course of business, the Group is, from time to time, subjected to legal actions, contractual disputes, employment claims and tax assessments. In the opinion of the Directors, the ultimate resolution of these matters will not have a material adverse effect on the Consolidated Financial Statements.

The Company and its subsidiaries have entered into a number of indemnifications, performance and financial guarantees, in the normal course of business, which gives rise to obligations to pay amounts or fulfil obligations to external parties should certain conditions not be met or specified events occur. As at the date of this report, no matter has come to the attention of the Group which indicates that any material outflow will occur as a result of these indemnities and guarantees, and accordingly no provision has been recognised.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 30. Retirement benefit schemes

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Defined benefit plan obligations	3,236	2,962

#### Background

The Group has both defined benefit and defined contribution retirement benefit plans.

#### Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The income statement charge in respect of defined contribution plans represents the contribution payable by the Group based upon a fixed percentage of employees' pay. The company has no exposure to investment and other experience risks.

The total cost charged to operating expenses of €5.8 million (2022: €5.5 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

#### Defined benefit plans

A defined benefit plan is a pension arrangement where participating members receive a pension benefit at retirement determined by the plan rules dependent on factors such as age, years of service and pensionable pay and is not dependent upon actual contributions made by the company or members. The income statement service cost in respect of defined benefit plans represents the increase in the defined benefit liability arising from pension benefits earned by active members in the current period. The Group is potentially exposed to investment and other experience risks and may need to make additional contributions where it is estimated that the benefits will not be met from regular contributions, expected investment income and assets held.

The Group has pension arrangements that are considered to meet the definition of a defined benefit plan in Switzerland, Italy, Belgium and Indonesia. In Switzerland and Belgium, the plans are administered by separate funds that are legally separated from the Group. The Trustees of the Pension Funds are composed of representatives from both employers and employees. The Trustees of the Pension Funds are required by law and by their articles of association to act in the interests of the Funds and of all relevant stakeholders in the plans, i.e. active employees, inactive employees, retirees, employers. The Trustees of the Pension Funds are responsible for the investment policies with regard to the assets of the funds.

No other post-retirement benefits are provided to these employees.

#### Switzerland

Employees in Switzerland are entitled to post retirement benefits based on retirement savings accrued until retirement age (Men: 65 years; Women 64 years). The retirement benefits are provided by the accumulation of defined retirement savings contributions with interest until retirement. At retirement, the employee may receive the benefit in lump sum form, or may elect to receive a part of the benefit in the form of a pension payable for life with continuation to a spouse or partner. As with all employee retirement plans in Switzerland the benefits are subject to certain interest, capital and annuity guarantees. The insured salary is limited to 1200% of the state retirement benefit. The insured salary is the difference between the current salary of the employee and 87.5% of the state retirement benefit.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 30. Retirement benefit schemes (continued)

##### *Belgium*

Employees in Belgium are entitled to a statutory minimum rate of return on the value of contributions made, which is provided following retirement age (65 years).

The defined benefit schemes require contributions from employees in addition to the contributions made by the employer entity.

Defined benefit schemes typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to benefits to be paid to the dependents of scheme members is re-insured by an external insurance company.

##### *Italy*

Pursuant to Article 2120 of the Italian Civil Code, post-employment benefits in Italy (TFR) are due to employees on termination of employment. Following pension law reform, for companies with greater than 50 employees, post-employment benefits accruing since 1 January 2007 are mandatorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. For companies with less than 50 employees, post-employment benefits accruing since 1 January 2007 are retained by the employer entity.

Post-employment benefits accruing since 1 January 2007 in companies with greater than 50 employees are considered to be defined contribution plans, including when the employee has opted to transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial valuation and are recognised as staff costs.

The Group's liability for defined benefits owing to employees therefore relates to those vested up to 31 December 2006 (relevant for International School of Europe S.P.A only), and those benefits accrued in Italian schools with less than 50 employees (International School of Italy S.r.l and Bergamo International Studies Srl).

##### *Indonesia*

Employees in Inspired's Indonesia entities are entitled to certain employee benefits according to Indonesian law. When an employee reaches pension age, the relevant employee will be entitled to payment discussed in Article 167 of Law No. 13 of 2003 (the "Manpower Law"). Article 167 of the Manpower Law provides that when an employee reaches pension age (and the employment is ended due to pension age), the relevant employee shall be entitled to a pension package that is not less than 2 x severance pay; 1 x service pay, and 1 x right compensation pay, (together, "Statutory Pension Package").

The employer entity must ensure that retiring employees received a specified minimum level of benefits. The employer entity does not use an external fund to manage its future pension liabilities. Instead, the employer entity would fund the pension benefit directly upon the employee's retirement.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 30. Retirement benefit schemes (continued)

##### *Actuarial valuations*

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Actuarial valuations of the plan's assets and the present value of the defined benefit liabilities were carried out at 31 August 2023 for all retirement benefit schemes.

The present value of the defined benefit liabilities, and the related current service cost and past service cost, were measured using the projected unit credit method.



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 30. Retirement benefit schemes (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Key assumptions used:	2023				2022			
	Italy %	Belgium %	Switzerland %	Indonesia %	Italy %	Belgium %	Switzerland %	Indonesia %
Discount rate(s)	3.8%	4.0%	1.8%	6.8%	2.2%	2.5%	2.0%	7.8%
Expected rate(s) of salary increase	3.7%	-	1.0%	5.0%	3.5%	-	1.0%	5.0%

Amounts recognised in the income statement in respect of these defined benefit schemes are as follows:

	2023				2022			
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Indonesia €000
Current service cost	191	774	406	9	167	728	424	6
Administration costs	4	-	25	-	-	-	25	-
Net interest expense/(income)	29	22	2	7	8	3	(1)	8
Recognition of Past Service Cost - Vested	-	-	-	(27)	-	-	-	31
Components of defined benefit costs recognised in profit or loss	224	796	433	(11)	175	731	448	45

Of the expense (service cost) for the year, €1.4 million (2022: €1.3 million) has been included in the income statement as operating expenses, with the net interest expense included within finance costs (see Note 8). The remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 30. Retirement benefit schemes (continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2023				2022			
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Indonesia €000
The loss/(return) on plan assets (excluding amounts included in net interest expense)	-	1,348	(51)	-	-	2,594	1,284	-
Actuarial (gains) / losses arising from experience adjustments and changes in financial assumptions	(12)	(1,390)	178	28	22	(2,257)	(911)	(31)
Remeasurement of the net defined benefit liability	(12)	(42)	127	28	22	337	373	(31)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2023				2022			
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Indonesia €000
Present value of defined benefit obligations	(1,416)	(11,517)	(11,203)	(102)	(1,433)	(12,892)	(10,178)	(114)
Fair value of plan assets	-	10,408	10,595	-	-	11,905	9,750	-
Net liability arising from defined benefit obligation	(1,416)	(1,109)	(608)	(102)	(1,433)	(987)	(428)	(114)

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 30. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations in the year were as follows:

	2023				2022			
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Indonesia €000
Opening defined benefit obligation	(1,434)	(12,892)	(10,178)	(114)	(1,412)	(15,256)	(10,710)	(91)
Acquired during the year	-	-	-	-	(55)	-	-	-
Transfer from employment provisions	-	-	-	-	-	-	-	(96)
Current service cost	(191)	(774)	(436)	(10)	(167)	(728)	(424)	(37)
Interest cost	(29)	(320)	(137)	(7)	(8)	(114)	(10)	(8)
Actuarial (losses)/gains arising from experience adjustments	(139)	493	(178)	(18)	(175)	115	911	26
Benefits paid from plan assets	229	945	385	37	230	786	1,491	4
Past service cost – vested	-	-	-	27	-	-	-	-
Contributions from plan participants	-	-	(333)	-	-	-	(400)	-
Exchange differences on foreign schemes	-	-	(211)	(6)	-	-	(1,011)	83
Insurance premiums for risk benefits	-	32	-	-	-	47	-	-
Taxes included in the defined benefit obligation	-	74	-	-	-	84	-	-
Actuarial gains and losses arising from financial adjustment	151	897	-	(11)	154	2,142	-	5
Administrative costs	(3)	28	(25)	-	-	32	(25)	-
Closing defined benefit obligation	(1,416)	(11,517)	(11,203)	(102)	(1,433)	(12,892)	(10,178)	(114)

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 30. Retirement benefit schemes (continued)

Movements in the fair value of plan assets in the year were as follows:

	2023				2022			
	Italy €000	Belgium €000	Switzerland €000	Indonesia €000	Italy €000	Belgium €000	Switzerland €000	Indonesia €000
Opening fair value of plan assets	-	11,905	9,750	-	-	14,616	10,725	-
Interest income	-	298	194	-	-	111	11	-
The (loss)/return on plan assets (excluding amounts included in net interest expense)	-	(1,348)	52	-	-	(2,594)	(1,284)	-
Exchange differences on foreign schemes	-	-	1,324	-	-	-	989	-
Contributions from the employer	-	632	420	-	-	720	400	-
Contributions from plan participants	-	-	420	-	-	-	400	-
Benefits paid	-	(945)	(1,565)	-	-	(786)	(1,491)	-
Administrative expenses paid from plan assets	-	(28)	-	-	-	(32)	-	-
Taxes paid from plan assets	-	(74)	-	-	-	(84)	-	-
Insurance premiums for risk benefits	-	(32)	-	-	-	(46)	-	-
Closing fair value of plan assets	-	10,408	10,595	-	-	11,905	9,750	-

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 30. Retirement benefit schemes (continued)

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

	2023				2022			
	Italy	Belgium	Switzerland	Indonesia	Italy	Belgium	Switzerland	Indonesia
Money market (unquoted)	-	-	5%	-	-	-	-	-
Fixed income (quoted)	-	-	34%	-	-	-	33%	-
Equity (quoted)	-	-	35%	-	-	-	39%	-
Real Estate (unquoted)	-	-	26%	-	-	-	28%	-
Assets held by insurance company (unquoted)	-	100%	-	-	-	100%	-	-
Total	-	100%	100%	-	-	100%	100%	-

The significant actuarial assumption for the determination of the defined benefit obligation is the discount rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 50 basis points higher, the defined benefit obligation would decrease by €0.6 million for Switzerland (2022: €0.5 million), decrease by €0.2 million for Belgium (2022: €0.3 million), decrease by € 0.1 million for Italy (2022: €0.05 million) and decrease by €0.01 million for Indonesia (2022: €0.1 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The Group's subsidiaries should fund the cost of the entitlements expected to be earned on a yearly basis. Employees pay a fixed per cent of pensionable salary. Apart from paying the costs of the entitlements, the Group's subsidiaries are not liable to pay additional contributions in case the scheme does not hold sufficient assets. In that case the scheme should take other measures to restore its solvency such as a reduction of the entitlements of the scheme members.

The average duration of the benefit obligation at the end of the reporting period for is 10 years (2022: 9 years). This number can be subdivided into the duration related to:

- active members: 9 years (2022: 8 years)
- retired members: 11 years (2022: 10 years)

The Group expects to make contributions of €1.2 million (2022: €1.3 million) to the defined benefit schemes during the next financial year.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 31. Deferred revenue

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Arising from receipt of school fees in advance of services rendered	277,642	254,436
	<u>277,642</u>	<u>254,436</u>
Current	275,772	252,972
Non-current	1,870	1,464
	<u>277,642</u>	<u>254,436</u>

Of the deferred revenue at the start of the period, €253.0 million was recognised during the year (2022: €208.8 million). Deferred revenue has increased as a result of increased revenues in the year from both existing operations and new acquisitions in the period.

### 32. Financial instruments

The Board of Directors has overall responsibility for the establishment and oversight of the Group's and the Company's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

This note represents information about the Group's exposure to each of the following risks; the objectives, policies and processes for measuring and managing risk; and the Group's management of capital.

#### Capital risk management

The capital structure of the Group consists of net debt (bank loans and borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in Notes 23 to 26).

The Group's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure); repay borrowings as they fall due; and continue as a going concern.

#### Categories of financial instruments

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
<b>Financial assets</b>		
Cash	171,265	192,494
Loans and receivables at amortised cost	96,643	81,297
Derivative financial instruments	15,071	4,962
<b>Financial liabilities</b>		
Payables and loans at amortised cost	1,278,508	1,219,458
Deferred consideration for a business combination	11,111	42,447
Lease liability	370,137	385,241

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 32. Financial instruments (continued)

#### Financial risk management objectives

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). Whilst much of the Group's foreign exchange exposure is mitigated through local currency denominated expenses providing a natural hedge to local currency denominated revenues, the Group considers the use of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including interest rate swaps to mitigate the risk of rising interest rates.

During the year ended 31 August 2023, the Group entered into foreign exchange instruments to manage the foreign exchange risk of the Euro translated value of consideration payable in GBP. The Group also continued to hold its foreign exchange instruments that were purchased in 2022 to manage the foreign exchange risk of the Euro translated value of consideration payable in Brazilian Reals.

The Group continued to hold interest rate swaps that were purchased in 2022 to manage the interest rate risk on €1,045 million of its debt.

#### Foreign currency risk management

The Group operates internationally and is therefore affected by movements in foreign exchange rates. This is largely through the retranslation of the Group's foreign operations' results and balances into Euros.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows. Note that monetary liabilities include lease liabilities, but right of use assets are not included as they do not constitute monetary assets.

	Liabilities 2023	Assets 2023	Liabilities 2022	Assets 2022
	€'000	€'000	€'000	€'000
South African Rand	63,762	11,454	75,511	5,540
Kenyan Schilling	1,932	6,578	2,386	6,922
Pound Sterling	32,025	16,557	30,887	14,871
Swiss Franc	39,845	11,552	40,066	9,987
Colombian Peso	600	677	399	526
Peruvian Sol	2,901	3,845	4,000	4,811
Australian Dollar	20,398	5,595	23,493	3,862
Costa Rican Colon	4,386	1,848	4,018	2,898
Bahraini Dinar	36,928	4,968	42,762	8,295
Mexican Peso	6,398	1,961	6,602	4,396
New Zealand Dollar	17,292	7,195	19,247	10,960
Vietnamese Dong	11,248	39,037	13,257	27,497
Indonesian Rupiah	210	2,627	220	2,999
Panamanian Balboa	11,307	10,783	865	760
Omani Rial	1,092	5,013	4,485	3,180
United States Dollar	413	2,005	2,530	1,069
Brazilian Real	75,468	6,191	99,857	4,607
Moroccan Dirham	8,655	324	3,181	21
Egyptian Pound	240	82	10	39

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 32. Financial instruments (continued)

##### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10 per cent increase and decrease in Euro against the relevant foreign currencies. 10 per cent 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.

	2023 €'000		2023 €'000	
	Impact on profit before tax		Impact on equity	
	+10%	-10%	+10%	-10%
Pound Sterling	1,085	(987)	19	(18)
Swiss Franc	494	(449)	2,284	(2,076)
South African Rand	983	(894)	5,544	(5,040)
Kenyan Shilling	763	(693)	3,159	(2,872)
Colombian Peso	21	(19)	1,726	(1,569)
Peruvian Sol	390	(354)	2,692	(2,447)
Australian Dollar	1,221	(1,110)	3,134	(2,849)
Costa Rican Colon	358	(326)	632	(575)
Bahraini Dinar	831	(755)	8,751	(7,955)
New Zealand Dollar	2,867	(2,606)	32,110	(29,191)
Vietnamese Dong	1,449	(1,317)	20,387	(18,534)
Indonesian Rupiah	114	(104)	1,085	(987)
Mexican Peso	430	(391)	1,012	(920)
Panamanian Balboa	104	(94)	3,627	(3,297)
Omani Rial	83	(75)	1,219	(1,109)
United States Dollar	(1,010)	918	1,565	(1,422)
Brazilian Real	(215)	195	34,716	(31,560)
Moroccan Dirham	(168)	153	833	(757)
Egyptian Pound	(94)	86	(67)	61
Lebanese Pound	-	-	-	-
<b>Total</b>	<b>9,706</b>	<b>(8,822)</b>	<b>124,428</b>	<b>(113,117)</b>



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 32. Financial instruments (continued)

#### Foreign currency sensitivity analysis (continued)

	2022 €'000		2022 €'000	
	Impact on profit before tax		Impact on equity	
	+10%	-10%	+10%	-10%
Pound Sterling	(117)	107	25,705	(23,368)
Swiss Franc	232	(211)	2,023	(1,840)
South African Rand	1,120	(1,019)	3,961	(3,601)
Kenyan Schilling	577	(525)	6,300	(5,727)
Colombian Peso	95	(86)	1,725	(1,568)
Peruvian Sol	359	(326)	2,541	(2,310)
Australian Dollar	861	(783)	3,044	(2,768)
Costa Rican Colon	261	(238)	605	(550)
Bahraini Dinar	864	(785)	10,208	(9,280)
New Zealand Dollar	2,722	(2,475)	34,432	(31,302)
Vietnamese Dong	1,072	(975)	22,362	(20,329)
Indonesian Rupiah	(14)	13	1,100	(1,000)
Mexican Peso	326	(296)	795	(723)
Panamanian Balboa	47	(43)	2,273	(2,066)
Omani Rial	(136)	123	974	(886)
United Arab Emirates Dirham	37	(34)	-	-
United States Dollar	(223)	202	(389)	354
Brazilian Real	(3)	3	29,012	(26,374)
Moroccan Dirham	(62)	57	410	(373)
Egyptian Pound	(14)	13	(7)	6
Lebanese Pound	(18)	16	-	-
<b>Total</b>	<b>7,986</b>	<b>(7,262)</b>	<b>147,074</b>	<b>(133,705)</b>

## **Inspired Education Holdings Limited**

### **Notes to the consolidated financial statements (continued) For the year ended 31 August 2023**

#### **32. Financial instruments (continued)**

##### **Interest rate risk management**

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

##### **Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit before tax for the year ended 31 August 2023 would decrease by €0.6 million (2022: decrease by €5.9 million). The decrease in profit before tax is limited due to the existence of fixed interest rate swaps on EURO denominated debt. If interest rates had been 100 basis points lower and all other variables were held constant, the Group's profit before tax for the year ended 31 August 2023 would increase by €0.6 million (2022: increase by €0.1 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

##### **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.

Trade receivables consist of a widespread customer base. Ongoing credit evaluation is performed on the financial condition of accounts receivable and assessment of the credit quality of each customer.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

##### **Liquidity risk management**

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, The Group maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and utilised borrowing facilities are monitored.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 32. Financial instruments (continued)

#### Liquidity and interest risk table

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

31 August 2023	Weighted average effective interest rate %	Less than 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
Non-interest bearing	-	120,403	11,961	-	132,364
Variable interest rate liabilities	6.1	11,721	1,075,711	6,820	1,094,252
Fixed interest rate liabilities	5.0	51,282	8,632	-	59,914
Lease liability	9.4	55,342	214,946	443,632	713,920
Total		<u>238,748</u>	<u>1,311,250</u>	<u>450,452</u>	<u>2,000,450</u>

31 August 2022	Weighted average effective interest rate %	Less than 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
Non-interest bearing	-	132,499	20,517	-	153,016
Variable interest rate liabilities	3.1	65,243	1,198,082	8,282	1,271,607
Fixed interest rate liabilities	1.0	1,275	3,188	-	4,463
Lease liability	9.4	55,312	216,127	505,186	776,625
Total		<u>254,329</u>	<u>1,437,914</u>	<u>513,468</u>	<u>2,205,711</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 32. Financial instruments (continued)

##### Cash flow hedges

##### Hedging instruments

	Average contracted fixed interest rate		Notional principal value		Carrying amount of the hedging instrument assets		Change in fair value used for calculating hedge ineffectiveness	
	31 <sup>st</sup> August 2023	31 <sup>st</sup> August 2022	31 <sup>st</sup> August 2023	31 <sup>st</sup> August 2022	31 <sup>st</sup> August 2023	31 <sup>st</sup> August 2022	31 <sup>st</sup> August 2023	31 <sup>st</sup> August 2022
	%	%	€'000	€'000	€'000	€'000	€'000	€'000
	2.05	2.05	1,045,000	1,045,000	13,314	1,625	11,689	1,625
Less than 1 year					13,203	-		
1 to 2 years					111	1,625		
<b>Total</b>					<b>13,314</b>	<b>1,625</b>		

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 32. Financial instruments (continued)

The Group has access to financing facilities as described in Note 18. The Group expects to meet its other obligations from operating cash flows and proceeds from financial assets.

#### Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 32. Financial instruments (continued)

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Type of instrument	Contingent consideration	Consideration to settle options for non-controlling interests	Interest rate swaps	Foreign exchange rate swaps
<b>Classification</b>	Financial liability	Financial liability	Financial asset	Financial asset
<b>Fair value as at 31 August 2023</b>	€1.1 million	€8.0 million	€13.3 million	€1.8 million
<b>Fair value as at 31 August 2022</b>	€19.3 million	€20.1 million	€1.6 million	€3.3 million
<b>Fair value hierarchy</b>	Level 3	Level 3	Level 2	Level 2
<b>Valuation technique(s) and key input(s)</b>	Discounted cash flow	Multiple of earnings	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates.	The fair value is calculated as the present value of the estimated future cash flows. This is done using externally sourced foreign exchange rates from highly liquid markets.
<b>Significant unobservable input(s)</b>	Completion of business combination. Forecast profitability.	Future profitability of business.	N/A	N/A

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 32. Financial instruments (continued)

Relationship of unobservable inputs to fair value	Fair value will increase / decrease to with higher/lower profitability.	Fair value will increase / decrease as future profitability increases / decreases.	N/A	N/A
	Fair value will increase / decrease with probability of completion of business combination increasing / decreasing.			

The Group has entered into master netting agreements with Morgan Stanley & Co International plc. Derivatives subject to offsetting and master netting agreements are presented below. The derivative assets and liabilities meet the offsetting criteria in IAS 32. Consequently, the gross derivative liabilities are offset against the gross derivative assets, resulting in the presentation of a net derivative asset of €15.1 million in the Group's Balance Sheet.

	2023 €'000	2022 €'000
Derivative assets	15,071	9,943
Derivative liabilities	-	(5,025)
Net amount of financial assets presented in the Balance Sheet	15,071	4,918

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 32. Financial instruments (continued)

*Fair value measurements recognised in the statement of financial position*

	2023			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
<b><i>Financial assets at FVTOCI</i></b>				
Interest rate swaps	-	13,314	-	13,314
<b><i>Financial assets at FVTPL</i></b>				
Foreign exchange rate swaps	-	1,757	-	1,757
<b><i>Financial liabilities at FVTPL</i></b>				
Consideration to settle put options for non-controlling interests	-	-	7,961	7,961
Contingent consideration	-	-	1,131	1,131
Total financial liabilities at FVTPL	-	-	9,092	9,092
<hr/>				
	2022			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
<b><i>Financial assets at FVTOCI</i></b>				
Interest rate swaps	-	1,625	-	1,625
<b><i>Financial assets at FVTPL</i></b>				
Foreign exchange rate swaps	-	3,293	-	3,293
<b><i>Financial liabilities at FVTPL</i></b>				
Consideration to settle put options for non-controlling interests	-	-	20,137	20,137
Contingent consideration	-	-	19,328	19,328
Total financial liabilities at FVTPL	-	-	39,465	39,465

There were no transfers between Level 1 and Level 2 during any of the periods.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

The movement in Level 3 Financial liabilities at FVTPL is as follows:

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Balance at the beginning of the year	39,465	26,036
Paid in the year	(39,678)	(20,099)
Arising on acquisition of subsidiary	1,226	32,747
Disposal of subsidiaries	-	(2,862)
Revaluation in the period	9,262	3,379
Foreign exchange translation gains and losses	(1,183)	264
<b>Total</b>	<b>9,092</b>	<b>39,465</b>



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 33. Events after the balance sheet date

On 29 September 2023, the Group drew down €255 million from its new December 2028 Term Loan B Facility, and used the proceeds to repay €250 million of existing debt.

On 4 October 2023, the Group entered into a new interest rate swap to fix the interest payable on €1,045 million of debt from 31 May 2024 to 29 May 2026.

On 10 October 2023, the Group drew down the remaining balance of €345 million of its December 2028 Term Loan B Facility.

On 11 October 2023, the Group acquired 100% of Alpha Plus Holdings Limited for total consideration of £166.3 million (€192.7 million).

On 12 October 2023, the Group entered into a new interest rate swap to fix the interest payable on €350 million of debt from 31 October 2023 to 31 October 2026.

On 17 October 2023, the Company issued 1,076,965 H2 ordinary shares for total consideration of €0.2 million.

On 23 November 2023, the Group acquired 51% of Education in Excellence S.L., a company operating a school in Spain, for provisional consideration of €5.0 million.

### 34. Related party transactions

Balances and transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in this note.

#### Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2023 €'000	2022 €'000
Short-term employee benefits	1,526	3,468
Post-employment benefits	12	22
	<u>1,538</u>	<u>3,490</u>

#### Aggregate Directors' remuneration

The total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	2023 €'000	2022 €'000
Salaries, fees, bonuses and benefits in kind	1,526	3,468
Money purchase pension contributions	12	22
	<u>1,538</u>	<u>3,490</u>

In 2023, one (2022: two) Directors were members of a money purchase scheme.

The highest paid director received short term employee benefits (salary, fee, bonus) of €0.7 million (2022 - €2.9 million) and money purchase pension contributions of €Nil (2022 - €Nil) for the year. In addition, a share based payment expense of €Nil (2022 - €0.4 million) was recognised in the year in relation to shares that were issued to the highest paid director.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

#### 34. Related party transactions (continued)

##### Advances to Directors

As at 31 August 2023, advances of €0.3 million (2022: Nil) had been granted to certain Directors of the Company. The balance represents amounts owing to the Company for shares issued to the Directors during the year. The advances are non-interest bearing, and will be repaid following the subsequent disposal of shares by the individual.

##### Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group.

	2023 €'000	2022 €'000
Property rental paid to entities subject to significant influence by G Crawford	7,088	7,120
Property rental paid to entities of which G Crawford and N Nsouli are beneficiaries	516	511
Rent paid to non-controlling interests	1,194	252
Salary paid to non-controlling interests	230	405
Property rental paid to an entity which is controlled by an individual who has significant influence over a subsidiary entity	4,536	4,082
Property rental income from an entity which is controlled by an individual who has significant influence over a subsidiary entity	(117)	-
Consulting services provided to an entity controlled by N Nsouli	3,000	3,000
	<u>16,447</u>	<u>15,370</u>

##### Balances due from / (to) related parties

The Group held the following receivables/(payables) due from/(to) non-controlling interests

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Receivables	-	1,011
Payables	(586)	(935)

In addition to the above, as at 31 August 2023, the Group had a receivable due from an entity which is controlled by an individual who has significant influence over a subsidiary entity of €0.3million (2022 – €0.2 million).

No interest expense was incurred on these balances.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2023

### 35. Operating lease arrangements

On 1 September 2019, the Group implemented IFRS 16 Leases, and consequently most leases previously categorised as an operating lease have now been accounted for under IFRS 16 with the leases being recognised as a right of use asset and a lease liability. These leases are disclosed in Note 14. The Group has elected to treat leases with a liability of less than 12 months or leases where the underlying asset has a value of less than €5,000 as operating leases.

#### The Group as lessee

	2023 €'000	2022 €'000
Short term and low value leases	1,009	1,263

### 36. Capital commitments

	2023 €'000	2022 €'000
Acquisition of property, plant and equipment	35,784	686
Acquisition of business	192,704	23,012

On 14 June 2023, the Group signed an agreement to acquire 100% of the shares in Alpha Plus Holdings Plc, a business operating a group of schools in the United Kingdom, subject to various conditions precedent including receipt of government approvals. Completion occurred on 11 October 2023 for provisional total consideration of £166.3 million (€192.7 million).

On 15 July 2023, the Group signed an agreement to acquire 70% of the shares in and business of CGS Group, a business operating a school in Greece. Completion of the acquisition is subject to completion of various conditions precedent. The value of consideration is subject to determination at the completion date and is not included in the balance above.

### 37. Ultimate controlling party or parent company

In the opinion of the Directors, there is not considered to be any one party that is the ultimate controlling party or ultimate parent company of the Group.

# Inspired Education Holdings Limited

## Company balance sheet At 31 August 2023

		As at 31 August 2023	As at 31 August 2022
	Notes	€'000	€'000
<b>Non-current assets</b>			
Investment in subsidiaries	40	722,740	722,740
Property, plant and equipment	41	106	3
Intangible assets	42	1,223	918
Deferred tax asset		224	-
		<u>724,293</u>	<u>723,661</u>
<b>Current assets</b>			
Amounts owed by Group undertakings	43	27,739	3,840
Cash and bank balances		1,514	1,287
Trade and other receivables		72,624	1,964
		<u>101,877</u>	<u>7,091</u>
<b>Current liabilities</b>			
Trade and other payables	44	(1,956)	(1,430)
Current tax liabilities		-	(12)
Amounts due to Group undertakings	45	(16,440)	(36,928)
		<u>(18,396)</u>	<u>(38,370)</u>
<b>Net current assets</b>		83,481	(31,279)
<b>Total assets less current liabilities</b>		<u>807,774</u>	<u>692,382</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		(224)	-
<b>Net assets</b>		<u>807,550</u>	<u>692,382</u>
<b>Equity</b>			
Share capital	46	11,316	11,017
Share premium account	46	842,363	717,007
Retained losses	47	(51,175)	(37,607)
Other reserves		5,046	1,965
<b>Equity attributable to owners of the Company</b>		<u>807,550</u>	<u>692,382</u>

The Company reported a loss for the year ended 31 August 2023 of €13.6 million (2022: loss of €14.2 million).

The financial statements of Inspired Education Holdings Limited (registered number 10392529) were approved by the Board of Directors and authorised for issue on 15 December 2023.

They were signed on its behalf by:



N M Nsouli  
Director

## Inspired Education Holdings Limited

### Company statement of changes in equity For the year ended 31 August 2023

	Equity attributable to equity holders of the Company				
	Share capital €'000	Share premium account €'000	Retained earnings €'000	Other reserves €'000	Total €'000
<b>Balance at 1 September 2021</b>	<b>10,992</b>	<b>575,993</b>	<b>(23,373)</b>	<b>(140)</b>	<b>563,472</b>
Loss for the year	-	-	(14,234)	-	(14,234)
<b>Total comprehensive loss for the year</b>	-	-	(14,234)	-	(14,234)
Share premium on issue of share capital	-	153,939	-	-	153,939
Costs of share premium issue	-	(12,925)	-	-	(12,925)
Share buy-back	(433)	-	-	433	-
Share based payments	-	-	-	1,672	1,672
Issue of share capital	458	-	-	-	458
<b>Balance at 31 August 2022</b>	<b>11,017</b>	<b>717,007</b>	<b>(37,607)</b>	<b>1,965</b>	<b>692,382</b>
Loss for the year	-	-	(13,568)	-	(13,568)
<b>Total comprehensive loss for the year</b>	-	-	(13,568)	-	(13,568)
Issue of share capital	299	-	-	-	299
Share premium on issue of share capital	-	125,356	-	-	125,356
Share based payments	-	-	-	3,081	3,081
<b>Balance at 31 August 2023</b>	<b>11,316</b>	<b>842,363</b>	<b>(51,175)</b>	<b>5,046</b>	<b>807,550</b>

## Inspired Education Holdings Limited

### Notes to the Company financial statements For the year ended 31 August 2023

#### 38. Significant accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) *Reduced Disclosure Framework* as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in Note 3 to the consolidated financial statements, except as noted below.

- Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

#### *Adoption of new and revised standards*

In the year ended 31 August 2023, the Company has applied a number of new standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Refer to Note 3 for further detail.

#### *Significant accounting judgements and key sources of estimation uncertainty*

In the course of preparing the financial statements, no significant judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations (listed below), that have had a significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Carrying value of investments and other intangible assets

The Company tests annually whether investments have suffered any impairment. The recoverable amounts of cash-generating units (CGUs) or groups of CGUs have been determined based on value in use calculations. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from each investment and a suitable discount rate in order to calculate present value. Central costs are not allocated to individual investments. Refer Note 40 for further detail.

#### 39. Profit for the year

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of other comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in Note 6(b) to the consolidated financial statements.

The Company has no employees.

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries

	€'000
<b>Cost</b>	
At 31 August 2022	722,740
	<hr/>
At 31 August 2023	<u>722,740</u>
<b>Net book value</b>	
At 31 August 2022	<u>722,740</u>
At 31 August 2023	<u>722,740</u>

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries (continued)

Details of the Company's subsidiaries at 31 August 2023 are as follows:

Name of Company	% of shares held directly by the Group	% of shares held directly by the Company	Place of business	Registered office
Inspired Finco Holdings Ltd	-	100	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Academy 21 Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Fulham Prep School Holdings, Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK
Inspired APAC Holdings Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Inspired Brazil Finco Limited	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Inspired Education (Oman) Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Inspired Education Online Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Inspired Europe Holdings Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Inspired ME Holdings Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Inspired NZ Finco Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Inspired Online Schools Limited	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Inspired UK Holdings Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
KCO Commercial Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
KCO Holdco Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
KCO Tech (UK) Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
King's Education International Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
King's Education Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
My Online Schooling Limited	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
Reddam House (Berkshire) Ltd	100	-	UK	84 Commercial Street, Edinburgh, Scotland, EH6 6LX
Septimo Ltd	100	-	UK	Reddam House, Bearwood, Wokingham, RG41 5GB, UK
The Fulham Prep School (2002) Ltd	100	-	UK	6th Floor, 3 Burlington Gardens, London, W1S 3EP, UK
The Fulham Prep School Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK
Wey Education Services Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK 6th Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK



## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
Inspired Australia Bondi Holdings Pty Ltd	100	-	Australia	62 Edgecliff Road, Woollahra, NSW 2025, Australia
Inspired Australia Holdings Pty Ltd	100	-	Australia	62 Edgecliff Road, Woollahra, NSW 2025, Australia
Inspired Australia Pty Ltd	100	-	Australia	62 Edgecliff Road, Woollahra, NSW 2025, Australia
Krypton Early Learning Pty Ltd	100	-	Australia	62 Edgecliff Road, Woollahra, NSW 2025, Australia
Inspired Bahamas Property Ltd	100	-	Bahamas	Lyford Manor, Western Road, Lyford Cay, P. O. Box CB-13007, Nassau, Bahamas
Kings College School Bahamas Ltd	100	-	Bahamas	Lyford Manor, Western Road, Lyford Cay, P. O. Box CB-13007, Nassau, Bahamas
BSB Hawafiz W.L.L	100	-	Bahrain	Building 1080, Road 1425, Block 1014, Hamala and Kingdom of Bahrain
Interhigh International W.L.L	100	-	Bahrain	Unit 1652, Building 1565, Road 1722, Block 317, Manama, Kingdom of Bahrain
The British School of Bahrain	100	-	Bahrain	Building 1080, Road 1425, Block 1014, Hamala and Kingdom of Bahrain
SJIS Management Services SRL	100	-	Belgium	146 Dreve Richelle Waterloo, Belgium
St Johns International School ASBL	100	-	Belgium	146 Dreve Richelle Waterloo, Belgium
SJIS Property SRL	100	-	Belgium	146 Dreve Richelle Waterloo, Belgium

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
Inspired Brazil Participacoes Ltda	100	-	Brazil	Alameda Santos, 74, Andar 7, Conj 72, sala 94 - Cerqueira Cesar - São Paulo - SP - CEP: 01.418-000, Brazil
Escolas Globais do Brasil S.A.	100	-	Brazil	Rua da Passagem, 123 Sala 501 - Botafogo - Rio de Janeiro - RJ - cep: 22.290-031, Brazil
Colégio Eleva Educação Ltda.	100	-	Brazil	Rua General Severiano, 159 – Botafogo – Rio de Janeiro – RJ - CEP: 22.290-040
Os Batutinhas Espaço de Educação Infantil Ltda.	100	-	Brazil	Rua Redentor, 265, Ipanema, Rio de Janeiro - RJ - CEP: 22.421-030
Casa Amarela Espaço de Educação Infantil Ltda.	100	-	Brazil	Rua Vilhena De Moraes, 251, Barra Da Tijuca, Rio De Janeiro - RJ - CEP: 22.793-140
Gurilândia Holding S.A.	100	-	Brazil	Avenida Cardeal da Silva, 1451 - Edif Escola Gurilândia Sala 3 1 Subsolo , Salvador - BA - CEP: 40.231-305, Brazil
Educandário Nossa Senhora D'AjudaLtda.	100	-	Brazil	Avenida Cardeal da Silva, 1451/1 - Edificio Escola Gurilândia, Salvador - BA - CEP: 40.231-250
Escola Vitruviano Ltda	100	-	Brazil	Rua Elias Tommasi Sobrinho, No. 154, Santa Lucia, City of Vitória, State of Espírito Santo, Brazil
Green Educacao S/A	100	-	Brazil	Avenida Cardeal da Silva 1451 - Edif Escola Gurilândia Room 04 1433 Pavmto Primeiro Federacao Salvador BA - CEP: 40.231-305, Brazil
Australian International Schools Ltd	100	-	British Virgin Islands	2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands
Grimms Kindergarten S.A.S	100	-	Colombia	Calle 215, 50-24, Colombia
San Mateo Apostol S.A.S.	100	-	Colombia	Calle 215, 50-24, Colombia
Colegio Del Valle, S.A	100	-	Costa Rica	Guachipelin, Escazú, San José, Costa Rica

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
Inspired ME Management FZ LLC	100	-	Dubai	Executive Office No 7, Floor 7, Building Aurora Tower, Dubai
Inspired Education (Egypt) S.A.E	51	-	Egypt	Smart Village, 6th of October City, Giza, Egypt
King's College Frankfurt GmbH	100 <sup>1</sup>	-	Germany	Hugentottenstrasse, 119, 61381 Friedrichsdorf, Germany
PT Awal Cakrawala Gemiland	100	-	Indonesia	Jl. Warung Jati Barat No. 19, Ragunan, South Jakarta, Indonesia
Yayasan Awal Cakrawala Gemilang Internasional	-	-	Indonesia	Jl. Warung Jati Barat No. 19, Ragunan, South Jakarta, Indonesia
International School of Europe S.P.A	100	-	Italy	Via Manfredo Camperto N.14, 20123, Milano, Italy
International School of Italy S.r.l	100	-	Italy	Via Adda 25, 22075 Fino Mornasco, Italy
Inspired Real Estate Italy Srl	100	-	Italy	Via Olmetto 3 20123, Milano, Italy
SLS S.P.A	100	-	Italy	Via Caviglia N.1, 20139, Milano, Italy
SLS Properties S.r.l	51	-	Italy	Vicolo San Giovanni Sul Muro N.9, 20121, Milano, Italy
Bergamo International Studies S.r.l	60	-	Italy	Via Teodoro Frizzini 19/A CAP 24121, Italy
Nido di SLS Srl	100	-	Italy	Viale Teodorico 8P01 20149, Milano, Italy
SLS Teodorico Srl	100	-	Italy	Via Olmetto 3 20123, Milano, Italy
Brookhouse Schools Limited	100	-	Kenya	L.R 209/4393/24, Deloitte Place, Waiyaki Way, P.O. Box 30029 00100, Nairobi, Kenya
King's College Latvia S.A	100	-	Latvia	Turaides street 1, Pinki, Babites distr., LV-2107, Latvia
Berkshire Property	100	-	Mauritius	10 <sup>th</sup> Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius
Kenya Education Ltd	100	-	Mauritius	10 <sup>th</sup> Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius
Inspired Africa	100	-	Mauritius	10 <sup>th</sup> Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius
Reddam Property UK	100	-	Mauritius	10 <sup>th</sup> Floor, Standard Chartered, 19 Cyberville, Ebène, Mauritius
AIM Servicios Educativos S.A. de C.V	100	-	Mexico	Perseverancia 100, Balcones del Valle, 66280 San Pedro Garza García, N.L., México

<sup>1</sup>In liquidation

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
Institut Khalil Jabran S.A	83	-	Morocco	4 Avenue Bir Kacem, Souissi Rabat, Morocco
Inspired Morocco Holdings LLC	100	-	Morocco	4 Avenue Bir Kacem, Souissi Rabat, Morocco
ACG Early Childhood Education Group Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Education Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG New Zealand International College Jakarta Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Parnell College Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Parnell College Property Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Property Holdings (NZ) Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Schools Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Strathallan College Property Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Strathallan Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Sunderland Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Sunderland Property Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Tauranga Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
ACG Tauranga Property Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
Asia Investment Holdings Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
Global Academic Group Holdco Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
Inspired NZ Holdings Ltd	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
Inspired Vietnam Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
International Schools Investments Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand
New Zealand International College Limited	100	-	New Zealand	Unit 117, 23 Edwin Street, Mt Eden, Auckland, New Zealand

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
Comprehensive Educational Projects LLC	70 <sup>1</sup>	-	Oman	PO Box. 1656, PC. 114, CPO. Seeb, Way no. 2947, Sultanate of Oman
BA Costa Holding Srl	100	-	Panama	Panamá, Ciudad del Saber, Calle Jorge Gil, Building 104, Panamá Rep. de Panamá
Balboa Academy S.A	100	-	Panama	Panamá, Ciudad del Saber, Calle Jorge Gil, Building 104, Panamá Rep. de Panamá
King's Training Panama S.A	100	-	Panama	Clayton, Avenida al hospital, Edificio 518, Panamá República de Panamá
King's College Panama S.A	100	-	Panama	Clayton, Avenida al hospital, Edificio 518, Panamá República de Panamá
Centro Educativo Particular Altair S.A.C	100	-	Peru	La Arboleda 385 Avenue, La Molina, Peru
Cambridge College Lima S.r.l	100	-	Peru	Alameda de los Molinos 728-730, Chorrillos, Lima, Peru
O Parque – Ensino de Crianças SA	100	-	Portugal	Av. das Descobertas, nº21, 1400-091 Lisboa, Portugal
Socieduca – Sociedade De Educacao, SA	100	-	Portugal	Quinta dos Barreiros, CCI 3952 - Volta da Pedra, 2950-201 Palmela, Setubal, Portugal
Inspired Portugal Holding, Unipessoal Lda	100	-	Portugal	Av. das Descobertas, nº21, 1400-091 Lisboa, Portugal
A-Star-Education Schools SG Holdco Pte Ltd	100	-	Singapore	77 Robinson Road, #13-00, Robinson 77, 068896, Singapore
Chesterhouse Properties (Pty) Limited	100	-	South Africa	55 Belper Road, Wynberg, 7800, South Africa
CPD Ballito School (Pty) Ltd	100	-	South Africa	NO 5 LYNX ROAD, TREESBANK, MIDRAND, GAUTENG, 1682
Inspired Schools Pty Ltd	100	-	South Africa	Reddam Avenue, Constantia, 7800, South Africa
K2015231345 (South Africa) Pty Ltd	100	-	South Africa	Reddam Avenue, Constantia, 7800, South Africa

<sup>1</sup> 99.999% economic interest

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by the Group	% of shares held directly by the Company	Place of business	Registered office
British School of Alicante SL	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Centro de Formacion Mestral SL	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Ceroal ITG, S.L	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Ciudad Infantil Mirabal S.A	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
INSDE, S.L.	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Integral International School at Sotogrande S.L	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
International School of Sotogrande S.L.	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Inspired Spain Finco S.L	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Kensington School SA	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
King's College International Studies SL	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
King's College Murcia SL	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
King's College School SL	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
King's College SL	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
King's Infant School SL	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Latam Education Holdings S.L.	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Mirabal School S.L.	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Miran SA.	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Nexalia Services S.L.	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
Ecole Internationale St Georges SA	100	-	Spain	Avda. De Burgos, 12B – 16a Planta, 28036 Madrid, Spain
International School of Ticino S.r.l	100	-	Switzerland	Chemin de St Georges 19, 1815 Clarens, Switzerland
ACG Australian International Education Services Company Ltd	100	-	Switzerland	Via alla Campagna, Lugano, CH 6900, Switzerland
European International Education Services Company Ltd	100	-	Vietnam	264 Mai Chi Tho, An Phu Ward, District 2, Ho Chi Minh City, Vietnam
Thuy Chau Joint Stock Company	100	-	Vietnam	730 Le Van Mien, Thao Dien, District 2, Ho Chi Minh City, Vietnam

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries (continued)

All companies' principal activity is the provision or facilitation of private education services.

All shares held directly by the Group are ordinary shares.

The investment in subsidiaries is stated at cost less provision for impairment. The Directors have assessed the carrying amounts of the investment in subsidiaries and are of the opinion that the investment has not suffered any impairment.

Further information about subsidiaries, including disclosures about non-controlling interests, is provided in Note 15 to the consolidated financial statements.

#### UK registered subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 August 2023. Unless otherwise stated, the undertakings listed below are all 100% owned, either directly or indirectly by Inspired Education Holdings Limited. The Company will guarantee the debts and liabilities of the UK subsidiaries listed below at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Name of Company	% of shares held directly by Group	% of shares held directly by the Company	Place of business	Registered office
Inspired Finco Holdings Ltd	-	100	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Academy 21 Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Fulham Prep School Holdings. Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK
Inspired APAC Holdings Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Brazil Finco Limited	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Education (Oman) Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Education Online Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Europe Holdings Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired ME Holdings Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired NZ Finco Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired Online Schools Limited	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
Inspired UK Holdings Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
KCO Commercial Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 40. Investment in subsidiaries (continued)

Name of Company	% of shares held directly by		Place of business	Registered office
	Group	% of shares held directly by the Company		
KCO Holdco Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
KCO Tech (UK) Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
King's Education International Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
King's Education Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
My Online Schooling Limited	100	-	UK	84 Commercial Street, Edinburgh, Scotland, EH6 6LX
Reddam House (Berkshire) Ltd	100	-	UK	Reddam House, Bearwood, Wokingham, RG41 5GB, UK
Septimo Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
King's Education International Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
King's Education Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK
The Fulham Prep School (2002) Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK
The Fulham Prep School Ltd	100	-	UK	200 Greyhound Road, Fulham Prep School, London, W14 9SD, UK
Wey Education Services Ltd	100	-	UK	6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK



## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 41. Property, plant and equipment

	Fixtures and fittings €'000	Computer equipment €'000	Total €'000
<b>Cost</b>			
At 31 August 2022	28	25	53
Additions	-	118	118
	<hr/>	<hr/>	<hr/>
At 31 August 2023	28	143	171
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 September 2021	(22)	(19)	(41)
Charge for the year	(5)	(4)	(9)
	<hr/>	<hr/>	<hr/>
At 31 August 2022	(27)	(23)	(50)
Charge for the year	(1)	(14)	(15)
	<hr/>	<hr/>	<hr/>
At 31 August 2023	(28)	(37)	(65)
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 August 2023	-	106	106
	<hr/>	<hr/>	<hr/>
At 31 August 2022	1	2	3
	<hr/>	<hr/>	<hr/>

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2023

#### 42. Intangible assets

	Software development €'000	Other €'000	Total €'000
<b>Cost</b>			
At 1 September 2021	776	787	1,563
Additions	668	-	668
Disposals	-	(787)	(787)
At 31 August 2022	1,444	-	1,444
Additions	630	-	630
Disposals	(7)	-	(7)
At 31 August 2023	2,067	-	2,067
<b>Depreciation</b>			
At 1 September 2021	(297)	(787)	(1,084)
Charge for the year	(229)	-	(229)
Disposals	-	787	787
At 31 August 2022	(526)	-	(526)
Charge for the year	(321)	-	(321)
Disposals	3	-	3
At 31 August 2023	(844)	-	(844)
<b>Net book value</b>			
At 31 August 2023	1,223	-	1,223
At 31 August 2022	918	-	918

# Inspired Education Holdings Limited

## Notes to the Company financial statements (continued) For the year ended 31 August 2023

### 43. Amounts owed by Group undertakings

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Amounts owed by Group undertakings	<u>27,739</u>	<u>3,840</u>

Amounts repayable from subsidiaries are short term and carry interest of between 0 per cent and 2.5 per cent per annum charged on the outstanding loan balances.

### 44. Trade and other payables

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Trade payables and accruals	<u>1,956</u>	<u>1,430</u>

### 45. Amounts due to Group undertakings

	As at 31 August 2023 €'000	As at 31 August 2022 €'000
Amounts due to Group undertakings	<u>16,440</u>	<u>36,928</u>

Intercompany loans are held with various Group undertakings and are repayable on demand. Interest rates vary from 6.0 per cent to 7.5 per cent.

### 46. Share capital and share premium account

The movements on these items are disclosed in Notes 23 and 24 to the consolidated financial statements.

### 47. Retained earnings

	€'000
Balance at 1 September 2021	(23,373)
Net loss for the year	<u>(14,234)</u>
Balance at 31 August 2022	(37,607)
Net loss for the year	<u>(13,568)</u>
Balance at 31 August 2023	<u>(51,175)</u>

## **Inspired Education Holdings Limited**

### **Notes to the Company financial statements (continued) For the year ended 31 August 2023**

#### **Appendix 1: Non IFRS measures**

This section, which does not form part of the consolidated financial statements of the Company, makes reference to various non-IFRS measures, which are defined below. All performance-based measures are presented to provide insight into ongoing profit generation, both individually and relative to other companies.

#### ***EBITDA***

EBITDA represents profit before tax, interest, depreciation, and amortisation.

#### ***Margin***

Calculated as EBITDA as a percentage of Revenue.

#### ***EBITDA before highlighted items***

Calculated as EBITDA excluding highlighted items. In the current or previous year, highlighted items comprise:

- Pre-opening/start-up operating loss
- Acquisition and transaction related costs
- Gain on bargain purchase
- Litigation expenses
- FX gains / (losses) arising on financing and derivatives re: acquisitions and disposals
- Restructuring and integration costs
- Gain / (loss) on the disposal or closure of a subsidiary
- Impairment of property, plant & equipment

#### ***Highlighted EBITDA margin***

Calculated as EBITDA before highlighted items as a percentage of Revenue.

#### ***Adjusted EBITDA***

Calculated as EBITDA before highlighted items, less cash payments for leases.

#### ***Adjusted margin***

Calculated as Adjusted EBITDA as a percentage of Revenue.