

# **Inspired Education Holdings Limited**

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

**For the year ended 31 August 2021**

Registered number: 10392529



# **Inspired Education Holdings Limited**

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# **Inspired Education Holdings Limited**

## **Officers and professional advisers**

### **Directors**

G Crawford  
N Nsouli  
C Parkin  
A Sarma  
I Stoyanov  
R Rishani

### **Secretary**

Intertrust (UK) Limited  
1 Bartholomew Lane  
London  
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United Kingdom

### **Registered Office**

Sixth Floor  
3 Burlington Gardens  
London  
W1S 3EP

### **Bankers**

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

### **Solicitors**

Stephenson Harwood LLP  
1 Finsbury Circus  
London  
EC2M 7SH

### **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# Inspired Education Holdings Limited

## Strategic report (continued)

*This strategic report has been prepared for Inspired Education Holdings Limited and its subsidiary undertakings ('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 15 and 16.

The Directors are delighted with the underlying performance of the Group, particularly in light of the continued impact of the COVID-19 pandemic, with enrolments increasing 10%; revenue increasing 10%; EBITDA before highlighted items increasing 10%, and Adjusted EBITDA increasing 14% year on year.

Revenue for the year ended 31 August 2021 was €528.4 million (2020: €479.4 million; 2019: €332.6 million) and profit before tax was €39.9 million (2020: €16.0 million; 2019: €2.0 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.

Notwithstanding the growth noted above, the COVID-19 pandemic resulted in a short-term loss of enrolments, restricted the ability of the Group to increase tuition fees in certain locations, and had an impact on the Group's ability to deliver ancillary services, especially when physical school sites were forced to close or social distancing measures were enforced.

While the year ended 31 August 2021 was significantly less disrupted by the pandemic than the previous year, the period saw sporadic school closures across the globe, including longer-term closures across Latin America. The majority of the enrolment impact of the pandemic was felt in Early Learning Schools (ELS), due to the challenges to deliver effective and value for money virtual education to the youngest years.

The Group used a number of estimates and management judgements to establish the estimated impact of COVID-19 on the operating results. The Group assessed the revenue impact of these items, when comparing actual performance to forecast / pre pandemic level, to be €46.7 million. The estimated revenue impact of the pandemic is expected to be short term.

In order to mitigate the adverse impact of this reduced revenue, the Group implemented significant cost reduction measures, including staff costs as well as operating expenses. Cost savings for the period versus forecast / pre pandemic level, that the Group consider to be COVID-19 related, were estimated to be €21.1 million. The net impact of COVID-19 on EBITDA for the year ended 31 August 2021 is therefore assessed to be €25.6 million.

The Group's net assets as at 31 August 2021 were €565.2 million (31 August 2020: €513.4 million; 31 August 2019: €542.0 million). The increase in reported net assets in the current year is a result of profit for the year, as well as a movement in foreign exchange rates against the Euro, which has increased the reported value of the Group's non-Euro denominated balances.

### Financing activities

On 25 June 2021, the Group increased its Term Loan borrowing by €80 million, taking the total Term Loan outstanding to €795 million. The Group's committed revolving credit facility remains unchanged at €85 million. The proceeds from the additional borrowings were used to fund various acquisitions and provide additional liquidity to the business.

A number of small local loan facilities were also entered into during the year to fund local working capital and capital expenditure projects. Refer to note 18 for further detail.

# Inspired Education Holdings Limited

## Strategic report (continued)

### Share capital movements

#### Issue of new shares

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

| Date              | Class of shares | Number of shares issued | Consideration |
|-------------------|-----------------|-------------------------|---------------|
| 11 September 2020 | G2              | 661,341                 | €0.0 million  |
| 11 September 2020 | G3              | 688,467                 | €0.0 million  |
| 18 September 2020 | G3              | 38,860                  | €0.0 million  |
| 7 October 2020    | G3              | 42,641                  | €0.0 million  |
| 23 December 2020  | G3              | 113,060                 | €0.0 million  |
| 4 March 2021      | G3              | 272,595                 | €0.0 million  |
| 30 July 2021      | G3              | 344,375 <sup>1</sup>    | €0.0 million  |
| 30 July 2021      | G4              | 1,056,830               | €0.0 million  |

<sup>1</sup> Issued to the Employee Benefit Trust

#### Other transfers to the Employee Benefit Trust

On 23 December 2020, 53,983 G2 Class Ordinary shares were transferred by existing shareholders into the Employee Benefit Trust.

On 30 June 2021, 53,173 G2 Class Ordinary shares and 124,141 G3 Class ordinary shares were transferred by existing shareholders into the Employee Benefit Trust.

### Business combinations

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

- On 13 November 2020, the Group acquired an additional 10% of the shares in O Parque – Ensino de Crianças, SA ('PaRK') for consideration of €4.9 million, taking the ownership to 100%.
- On 20 November 2020, the Group acquired 100% of the shares in A-Star-Education Schools SG Holdco Pte. Ltd., a Singapore domiciled holding company that owns and operates a school in Vietnam. Consideration paid was VND 555,099 million (€20.2 million).
- On 23 December 2020, the Group acquired an additional 10% of the shares in King's College Latvia S.A. for consideration of €0.2 million, taking the ownership to 100%.
- On 28 December 2020, the Group acquired 99.4% of the shares of Kensington School SA, a business operating a school in Spain, for total consideration of €28.3 million.
- On 1 March 2021, the Group acquired 100% of the school and associated assets, rights and interests of Remuera Discovery Express, a business operating a pre-school in New Zealand, for total consideration of NZD 5.0 million (€3.0 million).
- On 6 May 2021, the Group acquired 100% of the shares in Ostaz Holdings SAL, a business operating an online tutoring platform, and simultaneously issued a 39.8% minority interest in the newly incorporated holding company to the vendors. Consideration paid was USD 7.0 million (€5.9 million).
- On 25 May 2021, the Group acquired 100% of the shares in Wey Education plc, a business operating an online school, for total consideration of GBP £70.4 million (€81.4 million).
- On 12 July 2021, the Group acquired an additional 6% of the shares in Socieduca – Sociedade De Educacao, SA ('St Peters') for consideration of €2.5 million, taking the ownership to 55% (total consideration for 55% €30.2 million).
- On 28 July 2021, the Group acquired an additional 10% of the shares in PT Awal Cakrawala Gemilang for consideration of IDR 14,564,000,000 (€0.8 million), taking the ownership to 100%.

# Inspired Education Holdings Limited

## Strategic report (continued)

### 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; 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:

|                                       | 2021    | 2020    | 2019    |
|---------------------------------------|---------|---------|---------|
| Revenue €'000                         | 528,356 | 479,388 | 332,576 |
| EBITDA €'000                          | 161,278 | 127,187 | 50,423  |
| EBITDA before highlighted items €'000 | 166,935 | 151,723 | 66,678  |
| Adjusted EBITDA €'000                 | 129,791 | 113,817 | 66,678  |
| Period end pupil enrolments           | 52,305  | 47,345  | 36,963  |

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 2020, part year impact of acquisitions made in 2021, and organic revenue growth achieved in developed markets benefiting from initial pandemic recovery (primarily in Europe and Asia Pacific).

### EBITDA

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

### EBITDA before highlighted items

The Directors assess the profitability of the Group on a basis (as defined in the appendix) 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 €166.9 million (2020: €151.7 million; 2019: €66.7 million), or a Margin before highlighted items of 31.6% (2020: 31.8%; 2019: 20.2%), which represents growth of 10% versus 2020.

A reconciliation from profit / (loss) for the year to EBITDA before highlighted items is included below.

|   | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| Profit / (loss) for the year                              | 25,649                                | 13,799                                | (8,241)                               |
| Tax   | 14,227                                | 2,239                                 | 10,290                                |
| Profit before tax   | 39,876                                | 16,038                                | 2,049                                 |
| Net finance costs   | 53,468                                | 48,565                                | 22,146                                |
| Amortisation  | 19,076                                | 16,534                                | 10,789                                |
| Depreciation  | 48,858                                | 46,050                                | 15,439                                |
| EBITDA  | 161,278                               | 127,187                               | 50,423                                |
| Pre-opening/start-up operating loss                       | 2,452                                 | 4,081                                 | 646                                   |
| Acquisition and transaction related costs                 | 7,632                                 | 5,851                                 | 9,932                                 |
| Adjustment to acquisition purchase consideration paid     | -                                     | -                                     | (592)                                 |
| Costs incurred on the disposal or closure of a subsidiary | 244                                   | 331                                   | -                                     |
| Restructuring and integration costs                       | 3,393                                 | 14,273                                | 6,269                                 |
| Gain on disposal of associate through step-acquisition    | (8,064)                               | -                                     | -                                     |
| EBITDA before highlighted items                           | 166,935                               | 151,723                               | 66,678                                |

# Inspired Education Holdings Limited

## Strategic report (continued)

### *Adjusted EBITDA*

Adjusted EBITDA is calculated as EBITDA before highlighted items, less cash payments for property and other leases. A reconciliation to EBITDA before highlighted items is as follows:

|                                 | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|---------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| EBITDA before highlighted items | 166,935                               | 151,723                               | 66,678                                |
| Cash payments on leases         | (37,144)                              | (37,907)                              | -                                     |
| <b>Adjusted EBITDA</b>          | <b>129,791</b>                        | <b>113,816</b>                        | <b>66,678</b>                         |

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 €129.8 million (2020: €113.8 million; 2019: €66.7m), or an Adjusted margin of 24.6% (2020: 23.7%; 2019: 20.0%), which represents growth of 14% versus 2020.

### **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 continue to deliver its primary principal activity of delivering education services.

#### *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.

#### *COVID-19 / Pandemic risk*

The safety and well-being of our students and employees is our primary priority. Whilst any closure of physical school sites will have an impact on the level of ancillary income that the Group earns, the delivery of live streamed teacher led classes ensures that the schools continue to deliver tuition to all of our students. As outlined earlier in the Strategic Report, the Group implemented significant cost reduction measures, including staff costs as well as operating expenses, in order to mitigate the adverse impact of the reduced revenue.

#### *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.

# Inspired Education Holdings Limited

## Strategic report (continued)

### Principal risks and uncertainties (continued)

#### *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.

#### *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. For the year ended 31 August 2021, no foreign exchange instruments were used to manage foreign exchange risk. 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 2021 included the approval of acquisitions and school closures; approval of additional borrowings drawn; and approval of 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 Group 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 Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Group.

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 Group 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 Group also has in place an equity ownership structure for certain senior management in the Group that aligns management's remuneration to the long-term sustainable success of the Company.

The Group operates a zero-tolerance approach to modern slavery and human trafficking. In 2021, we updated our Modern Slavery Act Statement and have stated how the Inspired Education Group of companies are working to prevent human trafficking and modern slavery in our business and our supply chains. Further information is available on our website.



# Inspired Education Holdings Limited

## Strategic report (continued)

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

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 Group.

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 Group; creating positive environmental and social impact; and valuing and respecting all staff.

The Group'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 fee revenue; cost control; and the full year impact of new acquisitions made during the current year. Whilst the outbreak of COVID-19 has resulted in extreme global economic volatility, for the reasons noted elsewhere in the Strategic Report, the Directors consider that the Group remains well placed to mitigate against the risks arising from the continuation of the pandemic, and to benefit from any future rebounds in the macro-economic environment.

### Post balance sheet events

On 6 September 2021, the Company issued 46,397 G4 Ordinary shares for consideration of €0.0 million.

On 25 October 2021, the Company issued 319,972 G4 Ordinary shares for consideration of €0.0 million.

On 14 December 2021, the Group acquired the remaining 45% of Socieduca – Sociedade De Educacao, SA ('St Peters') that was owned by non-controlling interests, for consideration of €20.0 million.

Approved by the Board and signed on its behalf by



N M Nsouli  
Director

Date: 17 December 2021

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

# **Inspired Education Holdings Limited**

## **Directors' report**

The Directors present their annual report and audited financial statements for the year ended 31 August 2021.

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 3 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 7 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 3 and in Note 32 to the financial statements.

### **Dividends**

The Directors do not propose the payment of a dividend for the year (2020: €Nil; 2019: €Nil).

### **Going concern**

Notwithstanding the uncertainty of the impact of the current COVID-19 pandemic, 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 (appointed 17 September 2020)

### **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 (2020: €Nil; 2019: €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.

### Greenhouse Gas Emissions Reporting

In accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), the Group reports the following information on its greenhouse gas emissions.

The Group recognises its responsibilities to conserve resources and is committed to continuous improvement in the environmental impact of its operations. Due to the nature of our business, the Group does not have a high environmental impact. Our principal impact comes from the energy we use across our school building facilities. Our focus is on making our facilities more efficient and obtaining electricity from lower-emission sources.

We have reported greenhouse gas emissions for our UK schools. The Group head office building, and UK Online head office building have not been included as the utilities are provided by the landlord and included in an overall office rental charge, and therefore information on the exact amounts consumed at this site are not available.

Primarily, our greenhouse gas emissions arise from using natural gas, electricity, heating oil and water which are Scope 2 emissions and waste disposal which falls within Scope 3 emissions.

The table below shows the total emissions for the UK Group:

#### For the year ended 31 August 2021

| Description   | Unit         | Total     | Emissions factor | Total GHG Emissions (Tonnes CO <sub>2</sub> e) |
|---|--------------|-----------|------------------|--|
| Annual Gas usage                                    | kWh          | 2,239,136 | 0.1844           | 413  |
| Annual Electricity usage                            | kWh          | 1,232,459 | 0.2123           | 262  |
| Annual water usage                                  | Cubic Metres | 115,041   | 0.1490           | 17   |
| Waste disposal                                      | Tonnes       | 112       | 21.2936          | 2  |
| Heating oil   | Litres       | -         | -                | -  |
| <b>Total GHG Emissions (Tonnes CO<sub>2</sub>e)</b> |              |           |                  | <b>694</b>                                     |

#### For the year ended 31 August 2020

| Description   | Unit         | Total     | Emissions factor | Total GHG Emissions (Tonnes CO <sub>2</sub> e) |
|---|--------------|-----------|------------------|--|
| Annual Gas usage                                    | kWh          | 1,894,258 | 0.1839           | 348  |
| Annual Electricity usage                            | kWh          | 1,428,642 | 0.2331           | 333  |
| Annual water usage                                  | Cubic Metres | 106,953   | 0.3440           | 37   |
| Waste disposal                                      | Tonnes       | 84        | 21.3167          | 2  |
| Heating oil   | Litres       | 23,267    | 3.1832           | 74   |
| <b>Total GHG Emissions (Tonnes CO<sub>2</sub>e)</b> |              |           |                  | <b>794</b>                                     |

Comparative information was not required for the year ended 31 August 2019

### Intensity ratio

We consider GHG Emissions (expressed in Tonnes of CO<sub>2</sub>e) per € million of revenue as the most appropriate KPI for the Group. The Group's intensity ratio is the percentage of total GHG emissions to UK school sales revenue (excluding online revenue). For the year to 31 August 2021 the ratio was 27 (31 August 2020 – 29).

## Inspired Education Holdings Limited

### Directors' report (continued)

#### 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: 17 December 2021

**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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 company'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 (continued)**

#### **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 2021, 31 August 2020 and 31 August 2019 and of the group's profit or loss for the years then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

##### **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.

We obtained an understanding of the legal and regulatory framework 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 UK Companies Act, pensions legislation and tax legislations; 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.

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

## **Inspired Education Holdings Limited**

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

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

- Acquisition accounting – valuation of identified intangible assets:
  - assessment of the competence, independence and methodology of management's valuation expert; and
  - assessment of the identification and valuation of the intangible assets through verification of third-party evidence, benchmark market data and the involvement of our internal valuation specialists.
- Impairment of goodwill:
  - challenge of management prepared forecasts through comparison with historical performance, market trends and recent performance; and
  - assessment of the key inputs and assumptions through benchmarking to independent market data.
- Revenue recognition – accuracy of revenue deferred:
  - for a sample of transactions close to the year end, verification of fee invoices, payments and evidence of the student's placement at the school to evaluate the amount of revenue deferred.

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 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.

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.



## **Inspired Education Holdings Limited**

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

#### **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*

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

17 December 2021

## Inspired Education Holdings Limited

### Consolidated statement of comprehensive income For the year ended 31 August 2021

|  |      | Year ended<br>31 August<br>2021<br>€'000 | Year ended<br>31 August<br>2020<br>€'000 | Year ended<br>31 August<br>2019<br>€'000 |
|--|------|--|--|--|
|  | Note |  |  |  |
| <b>Revenue</b>   | 5    | 528,356                                  | 479,388                                  | 332,576                                  |
| Operating expenses                                     |      | (444,029)                                | (415,356)                                | (308,124)                                |
| Share of results of associates                         |      | 953                                      | 571                                      | (257)                                    |
| <b>Operating profit</b>                                |      | 85,280                                   | 64,603                                   | 24,195                                   |
| Gain on disposal of associate through step-acquisition | 5    | 8,064                                    | -  | -  |
| Finance income   | 8    | 758                                      | 1,205                                    | 1,356                                    |
| Finance costs – other                                  | 8    | (30,426)                                 | (26,833)                                 | (23,502)                                 |
| Finance costs – lease liability                        | 8    | (23,800)                                 | (22,937)                                 | -  |
| <b>Profit before tax</b>                               |      | 39,876                                   | 16,038                                   | 2,049                                    |
| Tax  | 9    | (14,227)                                 | (2,239)                                  | (10,290)                                 |
| <b>Profit / (loss) for the year</b>                    | 6    | 25,649                                   | 13,799                                   | (8,241)                                  |
| Attributable to:                                       |      |  |  |  |
| Owners of the Company                                  |      | 25,929                                   | 13,582                                   | (8,630)                                  |
| Non-controlling interests                              |      | (280)                                    | 217                                      | 389                                      |
|  |      | 25,649                                   | 13,799                                   | (8,241)                                  |

# Inspired Education Holdings Limited

## Consolidated statement of comprehensive income (continued) For the year ended 31 August 2021

|   | Note | Year ended<br>31 August<br>2021<br>€'000 | Year ended<br>31 August<br>2020<br>€'000 | Year ended<br>31 August<br>2019<br>€'000 |
|---|------|--|--|--|
| <b>Profit / (loss) for the year</b>   |      | 25,649                                   | 13,799                                   | (8,241)                                  |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>                |      |  |  |  |
| Remeasurement of net defined benefit liability  | 30   | 1,435                                    | 883                                      | (766)                                    |
| Income tax relating to items that will not be reclassified subsequently to profit or loss |      | (203)                                    | -  | (189)                                    |
|   |      | 1,232                                    | 883                                      | (955)                                    |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                     |      |  |  |  |
| Exchange gains / (losses) on translation of foreign operations                            |      | 16,054                                   | (42,815)                                 | (125)                                    |
|   |      | 16,054                                   | (42,815)                                 | (125)                                    |
| <b>Other comprehensive income / (loss) for the year, net of tax</b>                       |      | 17,286                                   | (41,932)                                 | (1,080)                                  |
| <b>Total comprehensive income / (loss) for the year</b>                                   |      | 42,935                                   | (28,133)                                 | (9,321)                                  |
| Total comprehensive income / (loss) attributable to:                                      |      |  |  |  |
| Owners of the Company   |      | 43,215                                   | (28,350)                                 | (9,710)                                  |
| Non-controlling interests   |      | (280)                                    | 217                                      | 389                                      |
|   |      | 42,935                                   | (28,133)                                 | (9,321)                                  |

# Inspired Education Holdings Limited

## Consolidated balance sheet At 31 August 2021

|  | Note | As at 31<br>August<br>2021<br>€'000 | As at 31<br>August<br>2020<br>€'000 | As at 31<br>August<br>2019<br>€'000 |
|--|------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Non-current assets</b>  |      |                                     |                                     |                                     |
| Goodwill   | 10   | 813,520                             | 686,075                             | 562,345                             |
| Other intangible assets  | 11   | 283,067                             | 237,462                             | 156,060                             |
| Property, plant and equipment  | 13   | 543,409                             | 472,658                             | 401,149                             |
| Right of use assets  | 14   | 280,782                             | 271,984                             | -                                   |
| Deferred tax assets  | 19   | 18,514                              | 9,425                               | 4,088                               |
| Investment in associate  | 12   | -                                   | 18,675                              | 18,104                              |
| Other non-current assets   | 12   | 112                                 | 50                                  | 284                                 |
|  |      | <u>1,939,404</u>                    | <u>1,696,329</u>                    | <u>1,142,030</u>                    |
| <b>Current assets</b>  |      |                                     |                                     |                                     |
| Inventories  | 16   | 1,830                               | 1,309                               | 668                                 |
| Trade and other receivables  | 17   | 86,291                              | 80,113                              | 73,898                              |
| Cash and bank balances   |      | 111,865                             | 95,512                              | 121,898                             |
|  |      | <u>199,986</u>                      | <u>176,934</u>                      | <u>196,464</u>                      |
| <b>Total assets</b>  |      | <u>2,139,390</u>                    | <u>1,873,263</u>                    | <u>1,338,494</u>                    |
| <b>Current liabilities</b>   |      |                                     |                                     |                                     |
| Trade and other payables   | 20   | (76,818)                            | (53,584)                            | (46,212)                            |
| Current tax liabilities  |      | (5,043)                             | (5,434)                             | (5,485)                             |
| Obligations under finance leases   | 35   | -                                   | -                                   | (555)                               |
| Borrowings   | 18   | (22,170)                            | (8,870)                             | (5,391)                             |
| Lease obligations  | 14   | (17,005)                            | (24,499)                            | -                                   |
| Provisions   | 21   | (4,226)                             | (3,405)                             | (4,955)                             |
| Deferred consideration and consideration payable for non-controlling interests | 22   | (26,252)                            | (7,215)                             | (22,152)                            |
| Deferred revenue   | 31   | (208,765)                           | (191,249)                           | (181,140)                           |
|  |      | <u>(360,279)</u>                    | <u>(294,256)</u>                    | <u>(265,890)</u>                    |
| <b>Net current liabilities</b>   |      | <u>(160,293)</u>                    | <u>(117,322)</u>                    | <u>(69,426)</u>                     |
| <b>Non-current liabilities</b>   |      |                                     |                                     |                                     |
| Borrowings   | 18   | (824,075)                           | (716,473)                           | (464,168)                           |
| Lease obligations  | 14   | (288,838)                           | (266,678)                           | -                                   |
| Retirement benefit obligations   | 30   | (2,143)                             | (3,319)                             | (4,002)                             |
| Long-term provisions   | 21   | (1,386)                             | (1,335)                             | (3,819)                             |
| Deferred consideration and consideration payable for non-controlling interests | 22   | (5,075)                             | (2,190)                             | (3,666)                             |
| Deferred revenue   | 31   | (63)                                | (91)                                | (108)                               |
| Deferred tax liabilities   | 19   | (92,336)                            | (75,503)                            | (53,099)                            |
| Obligations under finance leases   | 35   | -                                   | -                                   | (1,745)                             |
|  |      | <u>(1,213,916)</u>                  | <u>(1,065,589)</u>                  | <u>(530,607)</u>                    |
| <b>Total liabilities</b>   |      | <u>(1,574,195)</u>                  | <u>(1,359,845)</u>                  | <u>(796,497)</u>                    |
| <b>Net assets</b>  |      | <u>565,195</u>                      | <u>513,418</u>                      | <u>541,997</u>                      |

## Inspired Education Holdings Limited

### Consolidated balance sheet (continued) At 31 August 2021

|   | Note | As at 31<br>August<br>2021<br>€'000 | As at 31<br>August<br>2020<br>€'000 | As at 31<br>August<br>2019<br>€'000 |
|---|------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Equity</b>                                       |      |                                     |                                     |                                     |
| Share capital                                       | 23   | 10,992                              | 10,992                              | 10,992                              |
| Share premium account                               | 24   | 575,993                             | 575,993                             | 575,999                             |
| Common control reserve                              | 25   | (25,849)                            | (25,849)                            | (25,849)                            |
| Translation reserve                                 | 25   | (35,275)                            | (51,329)                            | (8,514)                             |
| Other reserves                                      | 25   | (36,461)                            | (20,347)                            | (17,112)                            |
| Retained earnings                                   |      | 39,837                              | 12,676                              | (1,789)                             |
| <b>Equity attributable to owners of the Company</b> |      | <b>529,237</b>                      | <b>502,136</b>                      | <b>533,727</b>                      |
| <b>Non-controlling interests</b>                    | 26   | <b>35,958</b>                       | <b>11,282</b>                       | <b>8,270</b>                        |
| <b>Total equity</b>                                 |      | <b>565,195</b>                      | <b>513,418</b>                      | <b>541,997</b>                      |

*The Group applied IFRS 16 Leases effective from 1 September 2019 using the modified retrospective approach; see Note 14 for further details.*

The financial statements of Inspired Education Holdings Limited (registered number: 10392529) were approved by the Board of Directors and authorised for issue on 17 December 2021.

They were signed on its behalf by:



N M Nsouli  
Director

**Consolidated statement of changes in equity**  
**For the year ended 31 August 2021**

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# Inspired Education Holdings Limited

## Consolidated statement of changes in equity For the year ended 31 August 2021

|   | Share capital<br>€'000 | Share premium<br>account<br>€'000 | Equity attributable to equity holders of the Company |                                 |                         |    | Retained<br>earnings<br>€'000 | Total    | Non-controlling<br>interest<br>€'000 | Total equity<br>€'000 |
|---|------------------------|-----------------------------------|--|---------------------------------|-------------------------|----|-------------------------------|----------|--------------------------------------|-----------------------|
| Note  | 23                     | 24                                | Common<br>control reserve<br>€'000                   | Translation<br>reserve<br>€'000 | Other reserves<br>€'000 | 25 | €'000                         | 26       | 26                                   |                       |
| <b>At 1 September 2019</b>                            | 10,992                 | 575,999                           | (25,849)   | (8,514)                         | (17,112)                |    | (1,789)                       | 533,727  | 8,270                                | 541,997               |
| Profit/(loss) for the year                            | -                      | -                                 | -  | -                               | -                       |    | 13,582                        | 13,582   | 217                                  | 13,799                |
| Other comprehensive income/(expense)                  | -                      | -                                 | -  | (42,815)                        | -                       |    | 883                           | (41,932) | -                                    | (41,932)              |
| <b>Total comprehensive income/(loss) for the year</b> | -                      | -                                 | -  | (42,815)                        | -                       |    | 14,465                        | (28,350) | 217                                  | (28,133)              |
| Cost of share premium issue                           | -                      | (6)                               | -  | -                               | -                       |    | -                             | (6)      | -                                    | (6)                   |
| Non-controlling interest arising on acquisition       | -                      | -                                 | -  | -                               | -                       |    | -                             | -        | 3,373                                | 3,373                 |
| Purchase of non-controlling interest                  | -                      | -                                 | -  | -                               | (3,235)                 |    | -                             | (3,235)  | (614)                                | (3,849)               |
| Exchange differences                                  | -                      | -                                 | -  | -                               | -                       |    | -                             | -        | 36                                   | 36                    |
| <b>As at 31 August 2020</b>                           | 10,992                 | 575,993                           | (25,849)   | (51,329)                        | (20,347)                |    | 12,676                        | 502,136  | 11,282                               | 513,418               |
| <b>At 1 September 2020</b>                            | 10,992                 | 575,993                           | (25,849)   | (51,329)                        | (20,347)                |    | 12,676                        | 502,136  | 11,282                               | 513,418               |
| Profit for the year                                   | -                      | -                                 | -  | -                               | -                       |    | 25,929                        | 25,929   | (280)                                | 25,649                |
| Other comprehensive income                            | -                      | -                                 | -  | 16,054                          | -                       |    | 1,232                         | 17,286   | -                                    | 17,286                |
| <b>Total comprehensive income for the year</b>        | -                      | -                                 | -  | 16,054                          | -                       |    | 27,161                        | 43,215   | (280)                                | 42,935                |
| Non-controlling interest arising on acquisition       | -                      | -                                 | -  | -                               | -                       |    | -                             | -        | 28,479                               | 28,479                |
| Purchase of non-controlling interest                  | -                      | -                                 | -  | -                               | (17,224)                |    | -                             | (17,224) | (3,523)                              | (20,747)              |
| Share based payments                                  | -                      | -                                 | -  | -                               | 1,110                   |    | -                             | 1,110    | -                                    | 1,110                 |
| <b>As at 31 August 2021</b>                           | 10,992                 | 575,993                           | (25,849)   | (35,275)                        | (36,461)                |    | 39,837                        | 529,237  | 35,958                               | 565,195               |

## Inspired Education Holdings Limited

### Consolidated cash flow statement For the year ended 31 August 2021

|   | Note | Year ended<br>31 August<br>2021<br>€'000 | Year ended<br>31 August<br>Restated<br>2020<br>€'000 | Year ended<br>31 August<br>Restated<br>2019<br>€'000 |
|---|------|--|--|--|
| <b>Net cash from operating activities</b>                   | 28   | 94,115                                   | 65,272   | 48,043   |
| <b>Investing activities</b>                                 |      |  |  |  |
| Interest received   |      | 711                                      | 1,233  | 1,275  |
| Proceeds on disposal of property, plant and equipment       |      | 1,331                                    | 2,813  | 52   |
| Purchases of property, plant and equipment                  |      | (50,989)                                 | (51,150)   | (61,370)   |
| Cost of internally developed intangible assets              |      | (4,832)                                  | (856)  | -  |
| Deferred consideration payments                             |      | (2,049)                                  | (19,701)   | (927)  |
| Acquisition of business, net of cash acquired               | 27   | (111,437)                                | (252,547)  | (388,534)  |
| Acquisition of investment in associates                     |      | -  | -  | (18,061)   |
| Proceeds from sale of business, net of cash disposed        |      | -  | 318  | 8,738  |
| <b>Net cash used in investing activities</b>                |      | (167,265)                                | (319,890)  | (458,827)  |
| <b>Financing activities</b>                                 |      |  |  |  |
| Drawdown of borrowings                                      |      | 113,487                                  | 250,166  | 539,873  |
| Repayments of borrowings                                    |      | (5,992)                                  | (2,793)  | (284,173)  |
| Repayments of lease obligations                             |      | (13,344)                                 | (14,983)   | (4,309)  |
| Acquisition of non-controlling interests                    |      | (6,033)                                  | -  | (8,882)  |
| Proceeds on issue of shares, net of share issue costs       |      | -  | 124  | 236,792  |
| Dividends paid to non-controlling interests                 |      | -  | 1  | (171)  |
| <b>Net cash from financing activities</b>                   |      | 88,118                                   | 232,515  | 479,130  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | 14,968                                   | (22,103)   | 68,346   |
| <b>Cash and cash equivalents at beginning of year</b>       |      |  |  |  |
| Cash at beginning of year                                   |      | 95,512                                   | 121,898  | 53,811   |
| Effect of foreign exchange rate changes                     |      | 1,385                                    | (4,283)  | (259)  |
| <b>Cash and cash equivalents at end of year</b>             |      | 111,865                                  | 95,512   | 121,898  |

The prior year comparative for 31 August 2020 has been restated to reclassify €15.0 million of capital repayments of lease obligations from operating activities to financing activities. The interest element remains in operating cashflows and there is no net overall impact to the net increase /(decrease) in cash and cash equivalents.

The prior year comparative for 31 August 2019 has been restated to reclassify €8.9 million of acquisition of non-controlling interests from investing activities to financing activities. There is no net overall impact to the net increase /(decrease) in cash and cash equivalents



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements For the year ended 31 August 2021

### 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 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

|  |                                       |
|--|---------------------------------------|
| IAS 1 and IAS 8                                  | <i>Definition of Material</i>         |
| Amendments to IFRS 3                             | <i>Definition of a Business</i>       |
| Amendments to IFRS 9, IAS 39 and IFRS 7          | <i>Interest Rate Benchmark Reform</i> |
| The Conceptual Framework for Financial Reporting |                                       |

#### *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 not yet effective:

|  |  |
|--|--|
| Amendments to IAS 1                                      | <i>Presentation of financial statements on classification of liabilities</i>   |
| IFRS 17  | <i>Insurance Contracts</i>   |
| Amendments to IAS 16                                     | <i>Property, Plant and Equipment - Proceeds before Intended Use</i>  |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | <i>Interest Rate Benchmark Reform – Phase 2</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>   |
| 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> |
| IFRS 10 and IAS 28 (amendments)                          | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>   |

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 3. Significant accounting policies

The principal accounting policies adopted are set out below.

##### Basis of accounting

The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

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 2021

### 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 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 2021**

#### **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 trusts 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 the COVID-19 pandemic. 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 covenant and maintain adequate liquidity through the forecast period. At 31<sup>st</sup> August 2021, the Group has cash of €111.9 million. At the date of signing these financial statements the Group has access to committed undrawn loan facilities of €85 million. The principal loan facilities in the group are not repayable until 2025 and 2026. 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 above 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, the assumptions in these sensitivities, when taking into account the factors set out above, are considered to be highly unlikely to lead to a shortage of available cash.

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 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 2021

### 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 is 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.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 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.

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.

##### 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 2021

### 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
- 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.

On the statement of financial position, right of use assets have been included in Property, plant and equipment and lease liabilities have been included in Borrowings.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

##### Leased assets (continued)

*Leased assets prior to 1<sup>st</sup> September 2019*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 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 the individual companies, 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 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 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 2021

#### 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 consolidated income statement (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 2021

### 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.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

##### *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.

##### **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 | 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 2021

### 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 2021

### 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.

#### **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.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 3. Significant accounting policies (continued)

- 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 'other gains and losses' 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.

#### *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.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

##### *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 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 'other gains and losses' 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 2021

### 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. Specifically, 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.

## **Inspired Education Holdings Limited**

### **Notes to the consolidated financial statements (continued) For the year ended 31 August 2021**

#### **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.

##### **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.

##### ***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 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.

Future cash flows are based on approved budgets, five year plans and assumptions of terminal growth rates. Refer to Note 10 for further detail, including sensitivity analysis.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 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>Year ended 31 August 2021</b> |                       |
|------------------------------|----------------------------------|-----------------------|
|                              | <b>Revenue</b>                   | <b>Segment result</b> |
|                              | <b>€'000</b>                     | <b>€'000</b>          |
| South Africa                 | 61,575                           | 23,346                |
| Europe                       | 260,650                          | 74,785                |
| Middle East and North Africa | 48,100                           | 22,060                |
| Latin America                | 37,850                           | 16,604                |
| Asia Pacific                 | 116,136                          | 48,143                |
| Online                       | 4,045                            | (104)                 |
| <b>Total</b>                 | <b>528,356</b>                   | <b>184,834</b>        |

|                              | <b>Year ended 31 August 2020</b> |                       |
|------------------------------|----------------------------------|-----------------------|
|                              | <b>Revenue</b>                   | <b>Segment result</b> |
|                              | <b>€'000</b>                     | <b>€'000</b>          |
| South Africa                 | 61,921                           | 23,367                |
| Europe                       | 223,890                          | 54,773                |
| Middle East and North Africa | 55,091                           | 25,943                |
| Latin America                | 46,110                           | 16,181                |
| Asia Pacific                 | 92,376                           | 43,722                |
| <b>Total</b>                 | <b>479,388</b>                   | <b>163,986</b>        |

The Revenue balances for South Africa, and Middle East and North Africa for the year ended 31 August 2020 have been reclassified to reflect the updated regional segmentation that is provided to the Group's Chief Operating Decision Maker. The previously disclosed regions were Africa and Middle East, with disclosed revenues in 2020 of €77.0 million and €40.0 million respectively. There is no change in the total revenue reported for the year ended 31 August 2020.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 5. Segmental reporting (continued)

|                              | Year ended 31 August 2019 |                         |
|------------------------------|---------------------------|-------------------------|
|                              | Revenue<br>€'000          | Segment result<br>€'000 |
| South Africa                 | 62,731                    | 13,770                  |
| Europe                       | 168,966                   | 30,003                  |
| Middle East and North Africa | 47,001                    | 16,488                  |
| Latin America                | 29,455                    | 5,224                   |
| Asia Pacific                 | 24,423                    | 6,637                   |
| Total                        | <u>332,576</u>            | <u>72,122</u>           |

The Revenue balances for South Africa, and Middle East and North Africa for the year ended 31 August 2019 have been reclassified to reflect the updated regional segmentation that is provided to the Group's Chief Operating Decision Maker. The previously disclosed regions were Africa and Middle East, with disclosed revenues in 2019 of €80.0m and €29.7m respectively. There is no change in the total revenue reported for the year ended 31 August 2019. Segment result was not previously disclosed by reportable segment.

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/loss for the year:

|   | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| Aggregate segment result                                  | 184,834                               | 163,986                               | 72,122                                |
| Central costs   | (17,899)                              | (12,263)                              | (5,444)                               |
| Pre-opening/start-up operating loss                       | (2,452)                               | (4,081)                               | (646)                                 |
| Acquisition and transaction related costs                 | (7,632)                               | (5,851)                               | (9,932)                               |
| Adjustment to acquisition purchase consideration paid     | -                                     | -                                     | 592                                   |
| Costs incurred on the disposal or closure of a subsidiary | (244)                                 | (331)                                 | -                                     |
| Restructuring and integration costs                       | (3,393)                               | (14,273)                              | (6,269)                               |
| Gain on disposal of associate through step-acquisition    | 8,064                                 | -                                     | -                                     |
| Depreciation  | (48,858)                              | (46,050)                              | (15,439)                              |
| Amortisation  | (19,076)                              | (16,534)                              | (10,789)                              |
| Net finance costs   | (53,468)                              | (48,565)                              | (22,146)                              |
| Profit before tax   | <u>39,876</u>                         | <u>16,038</u>                         | <u>2,049</u>                          |
| Tax   | (14,227)                              | (2,239)                               | (10,290)                              |
| Profit / (loss) for the year                              | <u>25,649</u>                         | <u>13,799</u>                         | <u>(8,241)</u>                        |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 5. Segmental reporting (continued)

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

Start-up revenues, operating costs, finance costs and finance costs 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. From 2021, 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. In 2020 and 2019, the results of start-up operations for new schools ceased to be included within this category once they become consistently profitable before net finance costs; depreciation; amortisation; and taxation; or after two years of operation. From 2021 start-up operations are being built in new countries with different market and competitive dynamics. As a result this change in timeframe reflects the increase in expected time for a school to develop into sufficient scale such that its financial performance can be considered reflective of its underlying performance. The change has no impact on either the current year or prior year comparatives.

#### *Acquisition and transaction related costs*

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

#### *Adjustment to acquisition purchase consideration*

Payment/(receipt) of purchase price consideration adjustments subsequent to the end of the provisional accounting measurement period that are recognised in the consolidated income statement.

#### *Loss incurred on the disposal or closure of a subsidiary*

In 2021 this related to the accounting loss arising on the closure of Kings College International SL, Elche and Kings College Frankfurt. In 2020 this related to the accounting loss arising on disposal of EPM Espace Pedagogique Montreux Sarl, a business operating a school in Switzerland, which was disposed of on 30 July 2020.

#### *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 incurred as part of a restructuring plan; and associated legal fees. 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. In the year ended 31 August 2020, this included significant restructuring expenses incurred to reduce staff numbers in Spain and Italy, as a direct consequence of COVID-19. Restructuring costs in 2020 also included all costs associated with closure of King's College St Michael's and Reddam House Somerset.

Integration costs comprise of staff costs of individuals dedicated to initial integration activities post acquisition; recruitment costs for new school heads hired post acquisition; and initial recruitment costs of new executive Group management positions.

#### *Gain on disposal of associate through step-acquisition*

Accounting gain arising on the gaining of control of Socieduca – Sociedade De Educacao, SA, following the acquisition of an additional 6% equity ownership interest during the year. In accordance with IFRS, the transaction has been accounted for as a disposal of the previously held investment an associate, and acquisition of controlled subsidiary at fair value. The gain represents the difference between the consideration transferred to obtain control, plus the fair value of non-controlling interest, plus the fair value of the previously held equity interest; less the fair value of the identifiable net assets of Socieduca – Sociedade De Educacao, SA that were acquired.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 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.

|              | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|--------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Spain        | 112,534                               | 76,206                                | 31,799                                |
| Italy        | 70,192                                | 69,047                                | 65,687                                |
| South Africa | 61,575                                | 61,921                                | 62,731                                |

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:

|                               | Year ended<br>31 August<br>2021<br>€'000 | Year ended<br>31 August<br>2020<br>€'000 | Year ended<br>31 August<br>2019<br>€'000 |
|-------------------------------|--|--|--|
| School and other related fees | 526,826                                  | 478,321                                  | 331,941                                  |
| Sales of goods                | 1,530                                    | 1,067                                    | 635                                      |
| <b>Revenue</b>                | <b>528,356</b>                           | <b>479,388</b>                           | <b>332,576</b>                           |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 6. Profit for the year

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

|   | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| Net foreign exchange losses/(gains)               | 335                                   | (1,494)                               | 1,367                                 |
| Depreciation of property, plant and equipment     | 24,318                                | 23,063                                | 15,439                                |
| Depreciation of right of use asset                | 24,540                                | 22,987                                | -                                     |
| Loss on disposal of property, plant and equipment | 1,268                                 | 2,972                                 | 1,412                                 |
| Amortisation of acquired intangible assets        | 16,646                                | 15,676                                | 10,530                                |
| Amortisation of other intangible assets           | 2,430                                 | 858                                   | 259                                   |
| Operating lease rentals                           | -                                     | -                                     | 28,971                                |
| Short term and low value leases                   | 2,159                                 | 1,047                                 | -                                     |
| Staff costs (see Note 7)                          | 245,523                               | 229,115                               | 163,636                               |

In accordance with IFRS 16, operating lease rentals in 2021 and 2020 represent short term (i.e. < 1 year) leases, and leases with 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:*

|  | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Audit of the Company's annual accounts | 570                                   | 437                                   | 235                                   |
| Audit of the Company's subsidiaries    | 1,250                                 | 1,013                                 | 881                                   |
| <b>Total audit fees</b>                | <b>1,820</b>                          | <b>1,450</b>                          | <b>1,116</b>                          |

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

|                                |            |          |           |
|--------------------------------|------------|----------|-----------|
| - Taxation compliance services | -          | -        | 9         |
| - Other assurance services     | -          | -        | 10        |
| - Other services               | 114        | 1        | 1         |
| <b>Total non-audit fees</b>    | <b>114</b> | <b>1</b> | <b>20</b> |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 7. Staff costs

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

|                    | 2021<br>Number | 2020<br>Number | 2019<br>Number |
|--------------------|----------------|----------------|----------------|
| Teaching staff     | 4,063          | 4,446          | 3,579          |
| Non-teaching staff | 2,990          | 2,723          | 1,506          |
|                    | <u>7,053</u>   | <u>7,169</u>   | <u>5,085</u>   |

Their aggregate remuneration comprised:

|                       | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|-----------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Wages and salaries    | 208,730                               | 196,826                               | 140,450                               |
| Social security costs | 29,124                                | 26,249                                | 18,961                                |
| Other pension costs   | 6,569                                 | 6,039                                 | 4,225                                 |
| Share based payment   | 1,100                                 | -                                     | -                                     |
|                       | <u>245,523</u>                        | <u>229,114</u>                        | <u>163,636</u>                        |

### 8. Finance costs and income

|                                | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Bank interest expense          | 26,876                                | 24,074                                | 17,617                                |
| Amortisation of loan fees      | 3,236                                 | 2,759                                 | 5,607                                 |
| Lease liability interest       | 23,800                                | 22,937                                | -                                     |
| Finance lease interest expense | -                                     | -                                     | 278                                   |
| Other interest expense         | 314                                   | -                                     | -                                     |
|                                | <u>54,226</u>                         | <u>49,770</u>                         | <u>23,502</u>                         |
| Bank interest income           | (758)                                 | (1,205)                               | (1,356)                               |
|                                | <u>53,468</u>                         | <u>48,565</u>                         | <u>22,147</u>                         |



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 9. Tax

|  | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Corporation tax:</b>                  |                                       |                                       |                                       |
| Current year                             | 20,124                                | 16,354                                | 10,952                                |
| Adjustments in respect of previous years | 1,907                                 | (188)                                 | 106                                   |
|  | <u>22,031</u>                         | <u>16,166</u>                         | <u>11,058</u>                         |
| Deferred tax (see Note 20)               | (7,804)                               | (13,927)                              | (768)                                 |
|  | <u>14,227</u>                         | <u>2,239</u>                          | <u>10,290</u>                         |

UK corporation tax is calculated at 19% (2020: 19%; 2019: 19%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Effective 10 June 2021, the Finance Bill received Royal Assent and became the Finance Act 2021, resulting in an increase to the UK Corporate Income Tax rate from 19% to 25% effective 1 April 2023 instead of the original enactment of a reduction in the Corporate Income Tax rate to 17% in 2020. At 31 August 2021, UK deferred tax balances were remeasured at this future tax rate, resulting in an increase in unrecognised deferred tax assets of €2.1 million. A deferred tax asset was not recognised due to uncertainty in future recoverability.

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

|  | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Profit before tax  | <u>39,876</u>                         | <u>16,038</u>                         | <u>2,049</u>                          |
| Tax at the UK corporation tax rate of 19% (2020: 19%; 2019: 19%)                     | 7,576                                 | 3,047                                 | 389                                   |
| Adjustments in respect of previous years   | 1,907                                 | (188)                                 | 208                                   |
| Expenses that are not deductible in determining taxable profit                       | 5,253                                 | 4,350                                 | 4,552                                 |
| Income not taxable in determining taxable profit                                     | (5,087)                               | (175)                                 | (2,703)                               |
| Utilisation of tax losses not previously recognised                                  | (1,406)                               | (2,153)                               | -                                     |
| Impact of change in tax rate   | -                                     | (1,714)                               | -                                     |
| Impact of change in tax legislation  | -                                     | (7,935)                               | -                                     |
| Change in unrecognised deferred tax assets   | 2,411                                 | 4,322                                 | 2,985                                 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions       | 2,811                                 | 2,685                                 | 4,859                                 |
| Non-creditable or refundable withholding taxes on dividend/interest/royalty receipts | 762                                   | -                                     | -                                     |
| <b>Tax expense for the year</b>  | <u>14,227</u>                         | <u>2,239</u>                          | <u>10,290</u>                         |

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

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## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 9. Tax (continued)

##### Deferred tax:

|  | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Items that will not be reclassified subsequently to profit or loss:</b> |                                       |                                       |                                       |
| Remeasurement of net defined benefit liability                             | (203)                                 | -                                     | 189                                   |
| <b>Total income tax recognised in other comprehensive income</b>           | <b>(203)</b>                          | <b>-</b>                              | <b>189</b>                            |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 10. Goodwill

|  | Year ended<br>August 2021<br>€'000 | Year ended<br>August 2020<br>€'000 | Year ended<br>August 2019<br>€'000 |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Cost</b>  |                                    |                                    |                                    |
| Balance at beginning of year                             | 686,075                            | 562,345                            | 291,642                            |
| Recognised on acquisition of a business                  | 113,597                            | 142,337                            | 270,684                            |
| Adjustment to provisional accounting in the prior period | (1,085)                            | 1,858                              | -                                  |
| De-recognised on disposal of a subsidiary                | -                                  | (651)                              | -                                  |
| Exchange differences                                     | 14,933                             | (19,814)                           | 19                                 |
| <b>Total</b>   | <b>813,520</b>                     | <b>686,075</b>                     | <b>562,345</b>                     |

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<br>August 2021<br>€'000 | As at 31<br>August 2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|--------------|----------------------------------|----------------------------------|----------------------------------|
| South Africa | 26,881                           | 23,234                           | 27,775                           |
| Kenya        | 8,462                            | 8,462                            | 9,637                            |
| Italy        | 112,035                          | 112,035                          | 112,053                          |
| Switzerland  | 16,537                           | 16,597                           | 17,225                           |
| Belgium      | 4,113                            | 4,113                            | 4,113                            |
| UK           | 19,837                           | 19,055                           | 17,113                           |
| Colombia     | 9,055                            | 9,097                            | 10,641                           |
| Australia    | 10,969                           | 12,018                           | 600                              |
| Spain        | 141,868                          | 134,062                          | 34,269                           |
| Bahrain      | 78,162                           | 77,483                           | 84,193                           |
| Peru         | 779                              | 889                              | 1,080                            |
| Costa Rica   | 1,994                            | 2,064                            | 2,065                            |
| Portugal     | 37,870                           | 9,565                            | 9,565                            |
| New Zealand  | 110,320                          | 102,036                          | 86,130                           |
| Vietnam      | 141,989                          | 122,616                          | 141,737                          |
| Indonesia    | 2,216                            | 2,148                            | 3,054                            |
| Mexico       | 1,057                            | 1,267                            | 1,095                            |
| Panama       | 14,860                           | 14,725                           | -                                |
| Latvia       | 5,521                            | 5,521                            | -                                |
| Oman         | 9,169                            | 9,088                            | -                                |
| Online       | 59,826                           | -                                | -                                |
|              | <b>813,520</b>                   | <b>686,075</b>                   | <b>562,345</b>                   |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 10. Goodwill (continued)

The Group tests goodwill annually for impairment.

The recoverable amounts of the 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 0.9% 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 Board have not identified any reasonably possible changes which would give rise to an impairment.

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 any adverse change in forecast enrolment numbers may result in the carrying value of CGUs or Group's of CGUs to exceed the estimated value in use calculation.

The pre-tax rate used to discount the forecast cash flows for each CGU or Group of CGUs is as follows:

|              | 2021<br>% | 2020<br>% | 2019<br>% |
|--------------|-----------|-----------|-----------|
| South Africa | 15.3      | 16.7      | 21.5      |
| Kenya        | 20.0      | 21.4      | 23.6      |
| Italy        | 9.7       | 10.5      | 14.5      |
| Switzerland  | 6.0       | 6.5       | 8.7       |
| Belgium      | 8.0       | 9.2       | 12.8      |
| UK           | 8.7       | 9.3       | 12.1      |
| Colombia     | 11.4      | 15.4      | 18.7      |
| Australia    | 8.6       | 10.0      | 14.3      |
| Spain        | 8.7       | 9.3       | 12.7      |
| Bahrain      | 11.0      | 14.5      | 15.5      |
| Peru         | 9.9       | 12.1      | 14.9      |
| Costa Rica   | 15.0      | 17.9      | 20.7      |
| Portugal     | 8.4       | 8.9       | 13.9      |
| New Zealand  | 8.3       | 9.7       | 13.9      |
| Vietnam      | 12.2      | 13.9      | 15.6      |
| Indonesia    | 10.0      | 14.0      | 16.7      |
| Mexico       | 13.6      | 15.7      | 18.6      |
| Panama       | 8.7       | 8.7       | -         |
| Latvia       | 7.5       | 8.1       | -         |
| Oman         | 12.4      | 14.1      | -         |
| Online       | 8.7       | -         | -         |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 10. Goodwill (continued)

The terminal growth rate for each CGU or Group of CGUs is as follows:

|              | 2021<br>% | 2020<br>% | 2019<br>% |
|--------------|-----------|-----------|-----------|
| South Africa | 4.5       | 4.5       | 5.5       |
| Kenya        | 5.0       | 5.0       | 5.0       |
| Italy        | 1.3       | 1.4       | 1.7       |
| Switzerland  | 1.0       | 1.0       | 1.0       |
| Belgium      | 1.8       | 1.6       | 2.0       |
| UK           | 2.0       | 2.0       | 1.9       |
| Colombia     | 3.0       | 3.0       | 3.0       |
| Australia    | 2.4       | 2.4       | 2.5       |
| Spain        | 1.7       | 1.7       | 1.9       |
| Bahrain      | 2.2       | 2.2       | 2.2       |
| Peru         | 2.0       | 2.0       | 2.0       |
| Costa Rica   | 3.1       | 3.0       | 3.0       |
| Portugal     | 1.6       | 1.6       | 2.1       |
| New Zealand  | 2.2       | 0.5       | 2.0       |
| Vietnam      | 4.0       | 4.0       | 4.0       |
| Indonesia    | 2.9       | 3.0       | 3.0       |
| Mexico       | 3.0       | 3.0       | 3.0       |
| Panama       | 2.0       | 2.0       | -         |
| Latvia       | 2.2       | 2.2       | -         |
| Oman         | 0.9       | 2.5       | -         |
| Online       | 2.0       | -         | -         |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 11. Other intangible assets

|   | Brands<br>€'000 | Customer<br>relations<br>€'000 | Software<br>development<br>€'000 | Other<br>€'000 | Total<br>€'000 |
|---|-----------------|--------------------------------|----------------------------------|----------------|----------------|
| <b>Cost</b>                             |                 |                                |                                  |                |                |
| At 31 August 2018                       | 22,735          | 79,708                         | 1,007                            | 34             | 103,484        |
| Recognised on acquisition of a business | 42,498          | 33,187                         | 35                               | 511            | 76,231         |
| Additions from internal development     | -               | -                              | 856                              | 208            | 1,064          |
| Exchange difference                     | 560             | 1,472                          | 23                               | 15             | 2,070          |
| At 31 August 2019                       | 65,793          | 114,367                        | 1,921                            | 768            | 182,849        |
| Recognised on acquisition of a business | 64,637          | 36,910                         | 648                              | -              | 102,195        |
| Adjustment to provisional accounting    | -               | (2,588)                        | -                                | -              | (2,588)        |
| Additions from internal development     | -               | -                              | 2,339                            | 939            | 3,278          |
| Disposals                               | -               | -                              | (92)                             | (20)           | (112)          |
| Exchange difference                     | (3,152)         | (2,261)                        | (68)                             | (63)           | (5,544)        |
| At 31 August 2020                       | 127,278         | 146,428                        | 4,748                            | 1,624          | 280,078        |
| Recognised on acquisition of a business | 19,715          | 41,460                         | 1,232                            | 743            | 63,150         |
| Additions from internal development     | -               | -                              | 4,659                            | 150            | 4,809          |
| Disposals                               | -               | (597)                          | (124)                            | (37)           | (758)          |
| Exchange differences                    | 3,306           | (5,538)                        | 34                               | 29             | (2,169)        |
| At 31 August 2021                       | 150,299         | 181,753                        | 10,549                           | 2,509          | 345,110        |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 11. Other intangible assets (continued)

|                                    | Brands<br>€'000 | Customer<br>relations<br>€'000 | Software<br>development<br>€'000 | Other<br>€'000 | Total<br>€'000 |
|------------------------------------|-----------------|--------------------------------|----------------------------------|----------------|----------------|
| <b>Amortisation and impairment</b> |                 |                                |                                  |                |                |
| At 31 August 2018                  | (2,370)         | (12,787)                       | (619)                            | (30)           | (15,806)       |
| Amortisation expense               | (26)            | (10,470)                       | (218)                            | (75)           | (10,789)       |
| Exchange differences               | (7)             | (165)                          | (18)                             | (4)            | (194)          |
| At 31 August 2019                  | (2,403)         | (23,422)                       | (855)                            | (109)          | (26,789)       |
| Amortisation expense               | (17)            | (15,659)                       | (519)                            | (339)          | (16,534)       |
| Disposals                          | -               | -                              | 92                               | 1              | 93             |
| Exchange differences               | (14)            | 542                            | 46                               | 40             | 614            |
| At 31 August 2020                  | (2,434)         | (38,539)                       | (1,236)                          | (407)          | (42,616)       |
| Amortisation expense               | (38)            | (16,608)                       | (1,795)                          | (635)          | (19,076)       |
| Disposals                          | -               | 24                             | 88                               | 11             | 123            |
| Exchange differences               | (2)             | (410)                          | (22)                             | (40)           | (474)          |
| At 31 August 2021                  | (2,474)         | (55,533)                       | (2,965)                          | (1,071)        | (62,043)       |
| <b>Carrying amount</b>             |                 |                                |                                  |                |                |
| At 31 August 2021                  | <b>147,825</b>  | <b>126,220</b>                 | <b>7,584</b>                     | <b>1,438</b>   | <b>283,067</b> |
| At 31 August 2020                  | 124,844         | 107,889                        | 3,512                            | 1,217          | 237,462        |
| At 31 August 2019                  | 63,390          | 90,945                         | 1,066                            | 659            | 156,060        |

#### Customer relations

Customer relations are amortised to the income statement on a straight-line basis over a 5 to 15 year period, reflecting the 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.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 11. Other intangible assets (continued)

##### Brands

With the exception of the online brands acquired, 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, which is considered to reflect the likely duration of use.

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<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|--------------|----------------------------------|----------------------------------|----------------------------------|
| Kenya        | 4,223                            | 4,070                            | 4,818                            |
| South Africa | 15,395                           | 13,435                           | 15,904                           |
| Indonesia    | 129                              | 137                              | 139                              |
| New Zealand  | 19,958                           | 16,827                           | 17,100                           |
| Vietnam      | 17,053                           | 17,269                           | 17,550                           |
| Australia    | 28,182                           | 28,127                           | -                                |
| Italy        | 126                              | 186                              | 175                              |
| Latvia       | 399                              | 399                              | -                                |
| Spain        | 34,283                           | 32,846                           | -                                |
| Mexico       | 7,704                            | 7,704                            | 7,704                            |
| Portugal     | 1,394                            | -                                | -                                |
| Panama       | 3,256                            | 3,492                            | -                                |
| Oman         | 326                              | 351                              | -                                |
| Online       | 15,397                           | -                                | -                                |
|              | <u>147,825</u>                   | <u>124,843</u>                   | <u>63,390</u>                    |



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 12. Other non-current assets

|                          | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|--------------------------|----------------------------------|----------------------------------|----------------------------------|
| Investment in associate  | -                                | 18,675                           | 18,104                           |
| Other non-current assets | 112                              | 50                               | 284                              |
|                          | <u>112</u>                       | <u>18,725</u>                    | <u>18,388</u>                    |

|  | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Investment in associate  |                                       |                                       |                                       |
| Balance at beginning of year   | 18,675                                | 18,104                                | -                                     |
| Acquired during the year   | -                                     | -                                     | 18,361                                |
| Share of profits   | 953                                   | 571                                   | (257)                                 |
| Disposal resulting from change from associate to controlled subsidiary | (19,628)                              | -                                     | -                                     |
| <b>Total</b>   | <u>-</u>                              | <u>18,675</u>                         | <u>18,104</u>                         |

Details of the Group's associate at the end of the reporting period are as follows. Associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in Note 3.

| Name of associate                  | Principal activity            | Place of incorporation and principal place of business | 2021           | Proportion of ownership interest and voting rights held by the Group<br>2020 | 2019 |
|------------------------------------|-------------------------------|--|----------------|--|------|
| Socieduca – Sociedade Educacao, SA | De Private education services | Portugal   | - <sup>1</sup> | 49%  | 49%  |

<sup>1</sup> As a result of the acquisition of an additional 6% ownership in the year, the Group is considered to control Socieduca – Sociedade De Educacao, SA with effect from 12 July 2021, and accordingly is no longer recognised as an investment in associate at 31 August 2021.

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts in associate financial statements prepared in accordance with IFRS Standards.

|                            | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|----------------------------|----------------------------------|----------------------------------|----------------------------------|
| Current assets             | -                                | 9,549                            | 8,980                            |
| Non-current assets         | -                                | 11,329                           | 11,566                           |
| Current liabilities        | -                                | (5,001)                          | (3,952)                          |
| Non-current liabilities    | -                                | (8,677)                          | (10,751)                         |
| <b>Net assets</b>          | <u>-</u>                         | <u>7,200</u>                     | <u>5,843</u>                     |
| Revenue                    | -                                | 11,590                           | 285                              |
| Profit/(loss) for the year | <u>-</u>                         | <u>1,965</u>                     | <u>(516)</u>                     |

No dividends were received from the associate during the current or prior year.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 12. Other non-current assets (continued)

A reconciliation from the net assets of the associate disclosed in the associate financial statements to the Group's investment is disclosed below:

|  | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|--|----------------------------------|----------------------------------|----------------------------------|
| Net assets of associate  | -                                | 7,200<br>49%                     | 5,843<br>49%                     |
| Proportion of the Group's ownership interest in the associate      |                                  | 3,528                            | 2,863                            |
| Goodwill   |                                  | 15,147                           | 15,241                           |
| Carrying amount of the Group's ownership interest in the associate |                                  | 18,675                           | 18,104                           |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 13. Property, plant and equipment

| Cost                                    | Assets<br>under<br>construction<br>€'000 | Land<br>and<br>buildings<br>€'000 | Fixtures<br>and<br>fittings<br>€'000 | Computer<br>equipment<br>€'000 | Other<br>equipment<br>€'000 | Leasehold<br>improvements<br>€'000 | Motor<br>vehicles<br>€'000 | Total<br>€'000 |
|---|--|-----------------------------------|--------------------------------------|--------------------------------|-----------------------------|------------------------------------|----------------------------|----------------|
| At 31 August 2018                       | 7,265                                    | 167,557                           | 20,242                               | 11,280                         | 10,030                      | 28,479                             | 2,492                      | 247,345        |
| Recognised on acquisition of a business | 1,945                                    | 136,990                           | 3,307                                | 2,124                          | 6,833                       | 4,096                              | 77                         | 155,372        |
| Additions                               | 26,067                                   | 22,137                            | 4,883                                | 3,303                          | 3,227                       | 1,594                              | 366                        | 61,577         |
| Disposals                               | -  | (9,198)                           | (544)                                | (190)                          | (764)                       | (330)                              | (192)                      | (11,218)       |
| Transfers                               | (9,889)                                  | 9,185                             | -                                    | -                              | -                           | 704                                | -                          | -              |
| Impairment                              | -  | (339)                             | -                                    | -                              | -                           | -                                  | -                          | (339)          |
| Exchange differences                    | (6)                                      | 220                               | 334                                  | 217                            | 162                         | 816                                | 21                         | 1,764          |
| <b>At 31 August 2019</b>                | <b>25,382</b>                            | <b>326,552</b>                    | <b>28,222</b>                        | <b>16,734</b>                  | <b>19,488</b>               | <b>35,359</b>                      | <b>2,764</b>               | <b>454,501</b> |
| Recognised on acquisition of a business | 2,828                                    | 39,411                            | 3,732                                | 1,731                          | 1,502                       | 25,383                             | 379                        | 74,965         |
| Additions                               | 22,597                                   | 8,573                             | 4,332                                | 3,026                          | 4,339                       | 5,027                              | 156                        | 48,050         |
| Disposals                               | (475)                                    | (8,715)                           | (1,391)                              | (2,228)                        | (1,418)                     | 179                                | (484)                      | (14,532)       |
| Transfers                               | (30,806)                                 | 20,411                            | 632                                  | 350                            | (285)                       | 9,698                              | -                          | -              |
| Reclassification to right of use asset  | -  | -                                 | -                                    | -                              | (2,275)                     | (102)                              | -                          | (2,377)        |
| Exchange differences                    | (571)                                    | (16,626)                          | (3,184)                              | (1,653)                        | (543)                       | (2,320)                            | (304)                      | (25,200)       |
| <b>At 31 August 2020</b>                | <b>18,955</b>                            | <b>369,606</b>                    | <b>32,343</b>                        | <b>17,960</b>                  | <b>20,808</b>               | <b>73,224</b>                      | <b>2,511</b>               | <b>535,407</b> |
| Recognised on acquisition of a business | 2,070                                    | 34,591                            | 1,039                                | 452                            | 98                          | 1,242                              | 22                         | 39,514         |
| Additions                               | 21,927                                   | 13,636                            | 4,149                                | 3,364                          | 463                         | 7,900                              | 273                        | 51,712         |
| Disposals                               | (289)                                    | (783)                             | (3,539)                              | (3,521)                        | (1,748)                     | (1,347)                            | (205)                      | (11,432)       |
| Transfers                               | (22,165)                                 | 5,812                             | 1,278                                | 270                            | 56                          | 14,729                             | 20                         | -              |
| Impairment                              | -  | (487)                             | (164)                                | (39)                           | (31)                        | -                                  | (11)                       | (732)          |
| Exchange differences                    | 415                                      | 4,715                             | 1,713                                | 705                            | 237                         | 2,994                              | 78                         | 10,857         |
| <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> |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

|                          | Assets<br>under<br>construction<br>€'000 | Land<br>and<br>buildings<br>€'000 | Fixtures<br>and<br>fittings<br>€'000 | Computer<br>equipment<br>€'000 | Other<br>equipment<br>€'000 | Leasehold<br>improvements<br>€'000 | Motor<br>vehicles<br>€'000 | Total<br>€'000  |
|--------------------------|--|-----------------------------------|--------------------------------------|--------------------------------|-----------------------------|------------------------------------|----------------------------|-----------------|
| <b>Depreciation</b>      |  |                                   |                                      |                                |                             |                                    |                            |                 |
| At 31 August 2018        | -  | (9,945)                           | (9,389)                              | (7,684)                        | (5,281)                     | (4,420)                            | (1,385)                    | (38,104)        |
| Disposals                | -  | 115                               | 163                                  | 152                            | 625                         | 45                                 | 72                         | 1,172           |
| Charge for the year      | -  | (4,830)                           | (2,589)                              | (2,324)                        | (2,537)                     | (2,840)                            | (319)                      | (15,439)        |
| Exchange differences     | -  | (125)                             | (208)                                | (161)                          | (143)                       | (329)                              | (15)                       | (981)           |
| <b>At 31 August 2019</b> | -  | <b>(14,785)</b>                   | <b>(12,023)</b>                      | <b>(10,017)</b>                | <b>(7,336)</b>              | <b>(7,544)</b>                     | <b>(1,647)</b>             | <b>(53,352)</b> |
| Disposals                | -  | 1,800                             | 1,203                                | 1,443                          | 1,041                       | 1,361                              | 323                        | 7,171           |
| Charge for the year      | -  | (6,691)                           | (4,227)                              | (3,907)                        | (2,960)                     | (4,965)                            | (313)                      | (23,063)        |
| Exchange differences     | -  | 1,844                             | 1,587                                | 1,116                          | 684                         | 1,040                              | 224                        | 6,495           |
| <b>At 31 August 2020</b> | -  | <b>(17,832)</b>                   | <b>(13,460)</b>                      | <b>(11,365)</b>                | <b>(8,571)</b>              | <b>(10,108)</b>                    | <b>(1,413)</b>             | <b>(62,749)</b> |
| Disposals                | -  | 32                                | 3,036                                | 3,468                          | 1,425                       | 216                                | 190                        | 8,367           |
| Charge for the year      | -  | (6,778)                           | (4,957)                              | (4,059)                        | (2,146)                     | (6,029)                            | (349)                      | (24,318)        |
| Exchange differences     | -  | (309)                             | (1,054)                              | (533)                          | (193)                       | (1,066)                            | (62)                       | (3,217)         |
| <b>At 31 August 2021</b> | -  | <b>(24,887)</b>                   | <b>(16,435)</b>                      | <b>(12,489)</b>                | <b>(9,485)</b>              | <b>(16,987)</b>                    | <b>(1,634)</b>             | <b>(81,917)</b> |
| <b>Net book value</b>    |  |                                   |                                      |                                |                             |                                    |                            |                 |
| At 31 August 2021        | <b>20,913</b>                            | <b>402,203</b>                    | <b>20,384</b>                        | <b>6,702</b>                   | <b>10,398</b>               | <b>81,755</b>                      | <b>1,054</b>               | <b>543,409</b>  |
| At 31 August 2020        | <b>18,955</b>                            | <b>351,774</b>                    | <b>18,883</b>                        | <b>6,595</b>                   | <b>12,237</b>               | <b>63,116</b>                      | <b>1,098</b>               | <b>472,658</b>  |
| At 31 August 2019        | <b>25,382</b>                            | <b>311,767</b>                    | <b>16,199</b>                        | <b>6,717</b>                   | <b>12,152</b>               | <b>27,815</b>                      | <b>1,117</b>               | <b>401,149</b>  |

## **Inspired Education Holdings Limited**

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

**For the year ended 31 August 2021**

#### **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 €37.7 million (2020: €9.4 million; 2019: €10.0 million) and are recognised within Land and buildings.

##### **Adoption of IFRS 16**

On the adoption of IFRS 16 at 1<sup>st</sup> September 2019, €2.4 million of Property, Plant and Equipment was re-allocated to Right of Use Assets.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 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<br/>€'000</b> | <b>Other leases<br/>€'000</b> | <b>Total<br/>€'000</b> |
|---|---------------------------------------|-------------------------------|------------------------|
| <b>Cost</b>                             |                                       |                               |                        |
| At 1 September 2019                     | 240,098                               | 1,079                         | 241,177                |
| Recognised on acquisition of a business | 49,701                                | -                             | 49,701                 |
| Additions                               | 4,601                                 | -                             | 4,601                  |
| Transfer from fixed assets              | 2,377                                 | -                             | 2,377                  |
| Exchange differences                    | (2,868)                               | (18)                          | (2,886)                |
| At 1 September 2020                     | <b>293,909</b>                        | <b>1,061</b>                  | <b>294,970</b>         |
| Recognised on acquisition of a business | 11,378                                | 15                            | 11,393                 |
| Additions                               | 1,918                                 | 1,419                         | 3,337                  |
| Transfer between classes                | (2,377)                               | 2,377                         | -                      |
| Disposals                               | (1,268)                               | (938)                         | (2,206)                |
| Modifications and remeasurements        | 6,818                                 | (3)                           | 6,815                  |
| Exchange differences                    | 12,818                                | 10                            | 12,828                 |
| At 31 August 2021                       | <b>323,196</b>                        | <b>3,941</b>                  | <b>327,137</b>         |
| <b>Depreciation</b>                     |                                       |                               |                        |
| At 1 September 2019                     | -                                     | -                             | -                      |
| Charge for the year                     | (22,644)                              | (343)                         | (22,987)               |
| At 1 September 2020                     | <b>(22,644)</b>                       | <b>(343)</b>                  | <b>(22,987)</b>        |
| Charge for the year                     | (23,392)                              | (1,148)                       | (24,540)               |
| Transfers between classes               | 425                                   | (425)                         | -                      |
| Disposals                               | 1,158                                 | 523                           | 1,681                  |
| Exchange differences                    | (504)                                 | (5)                           | (509)                  |
| At 31 August 2021                       | <b>(44,957)</b>                       | <b>(1,398)</b>                | <b>(46,355)</b>        |
| <b>Net book value</b>                   |                                       |                               |                        |
| At 31 August 2021                       | <b>278,239</b>                        | <b>2,543</b>                  | <b>280,782</b>         |
| At 31 August 2020                       | <b>271,265</b>                        | <b>719</b>                    | <b>271,984</b>         |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 14. Leases (continued)

| <b>Leases: Liabilities</b>   | <b>2021<br/>€'000</b> | <b>2020<br/>€'000</b> |
|--|-----------------------|-----------------------|
| <b>Maturity analysis - contractual undiscounted cash flows</b>           |                       |                       |
| Less than one year   | 40,167                | 40,557                |
| One to five years  | 158,372               | 165,600               |
| More than five years   | 362,031               | 333,312               |
| <b>Total undiscounted lease liabilities at 31 August</b>                 | <b>560,570</b>        | <b>539,469</b>        |
| <b>Lease liabilities included in the statement of financial position</b> |                       |                       |
| Current  | 17,005                | 24,499                |
| Non-current  | 288,838               | 266,678               |
| <b>Total at 31 August</b>  | <b>305,843</b>        | <b>291,177</b>        |
|  | <b>2021<br/>€'000</b> | <b>2020<br/>€'000</b> |
| <b>Amounts recognised in the income statement</b>                        |                       |                       |
| Interest on lease liabilities  | 23,800                | 22,937                |
| Depreciation on right of use assets                                      | 24,540                | 22,987                |
|  | <b>2021<br/>€'000</b> | <b>2020<br/>€'000</b> |
| <b>Amounts recognised in the statement of cash flows</b>                 |                       |                       |
| Repayment of lease obligations   | 37,144                | 37,906                |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 14. Leases (continued)

The impact of the initial implementation of IFRS 16 on the opening total assets and liabilities as at 1 September 2019 is shown in the table below.

|                            | Carrying amount at<br>31 August 2019<br>€'000 | IFRS 16 adjustment<br>€'000 | Carrying amount at<br>1 September 2019<br>€'000 |
|----------------------------|---|-----------------------------|---|
| <b>Assets</b>              |   |                             |   |
| Right of use assets        | -   | 241,177                     | 241,177   |
| Total assets               | 1,338,494                                     | 241,177                     | 1,579,671                                       |
| <b>Liabilities</b>         |   |                             |   |
| Lease obligations          | -   | (241,177)                   | (241,177)                                       |
| Total liabilities          | (796,497)                                     | (241,177)                   | (1,037,674)                                     |
| <b>Net assets (Equity)</b> | <b>541,997</b>                                | <b>-</b>                    | <b>541,997</b>                                  |

|   |                |
|---|----------------|
|   | <b>€'000</b>   |
| <b>Total operating lease commitments disclosed at 31 August 2019</b>        | <b>580,758</b> |
| Recognition exemptions:   |                |
| Leases of low value assets  | (820)          |
| Leases with remaining lease term of less than 12 months                     | (874)          |
| Change in lease extension assumptions                                       | (102,408)      |
| Operating lease liabilities before discounting                              | 476,656        |
| Discounted using incremental borrowing rate                                 | (237,582)      |
| Operating lease liabilities after discounting                               | 239,074        |
| Finance lease obligations   | 2,103          |
| <b>Total lease liabilities recognised under IFRS 16 at 1 September 2019</b> | <b>241,177</b> |



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 15. Subsidiaries

The Group consists of a parent company, Inspired Education Holdings Limited, incorporated in the UK and a number of subsidiaries and associates held directly and indirectly by Inspired Education Holdings Limited, which operate and are incorporated around the world. Note 40 to the company's separate financial statements lists details of the interests in subsidiaries and information about the composition of the Group at the end of the reporting period is as follows:

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<br>31 August 2021 | Profit / (loss) allocated to non-controlling interests<br>31 August 2021<br>€'000 | Accumulated non-controlling interests<br>31 August 2021<br>€'000 |
|---------------------------------------|--|---|---|--|
| O Parque – Ensino de Crianças SA      | Portugal   | -   | 42  | -  |
| Inspired Education (Oman) Limited     | UK   | 25.0%   | (4)   | 2,972  |
| Socieduca – Sociedade De Educacao, SA | Portugal   | 45.0%   | (453)   | 24,978   |
| Ostaz Holdings Limited                | UK   | 39.8%   | (29)  | 2,898  |
| Inspired Education (Egypt) S.A.E      | Egypt  | 49.0%   | -   | -  |
| Kensington School SA                  | Spain  | 0.6%  | (2)   | 118  |
| King's College Latvia, S.A.           | Latvia   | -   | (44)  | -  |
| SLS Properties Srl                    | Italy  | 49.0%   | 4   | 4,224  |
| PT Awal Cakrawala                     | Indonesia  | -   | 121   | -  |
| Bergamo International Studies Srl     | Italy  | 40.0%   | 85  | 768  |
| <b>Total</b>                          |  |   | <u>(280)</u>  | <u>35,958</u>  |

| Name of subsidiary                | Place of incorporation and principal place of business | Proportion of ownership interests and voting rights held by non-controlling interests<br>31 August 2020 | Profit / (loss) allocated to non-controlling interests<br>31 August 2020<br>€'000 | Accumulated non-controlling interests<br>31 August 2020<br>€'000 |
|-----------------------------------|--|---|---|--|
| O Parque – Ensino de Crianças SA  | Portugal   | 10.0%   | 134   | 646  |
| Inspired Education (Oman) Limited | UK   | 25.0%   | 75  | 2,976  |
| King's College Latvia, S.A.       | Latvia   | 10.0%   | (8)   | 464  |
| SLS Properties Srl                | Italy  | 49.0%   | (42)  | 4,220  |
| PT Awal Cakrawala                 | Indonesia  | 20.0%   | 98  | 2,293  |
| Bergamo International Studies Srl | Italy  | 40.0%   | (40)  | 683  |
| <b>Total</b>                      |  |   | <u>217</u>  | <u>11,282</u>  |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 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<br>31 August 2019 | Profit / (loss) allocated to non-controlling interests<br>31 August 2019<br>€'000 | Accumulated non-controlling interests<br>31 August 2019<br>€'000 |
|-----------------------------------|--|---|---|--|
| O Parque – Ensino de Crianças SA  | Portugal   | 21%   | 151   | 1,126  |
| Cambridge College Lima Srl        | Peru   | -   | 38  | -  |
| SLS Properties Srl                | Italy  | 49%   | (66)  | 4,262  |
| PT Awal Cakrawala                 | Indonesia  | 20%   | 26  | 2,159  |
| Bergamo International Studies Srl | Italy  | 40%   | 59  | 723  |
| <b>Total</b>                      |  |   | <u>208</u>  | <u>8,270</u>   |

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.

#### Disposals

On 30 July 2020, the Group signed an agreement to sell its 100% ownership of EPM Espace Pédagogique Montreux Sàrl ('EPM'). The transaction completed on 30 July 2020 for a total consideration of CHF 0.8 million (€0.7 million). The disposal resulted in a loss on disposal of €0.3 million.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued)

### For the year ended 31 August 2021

#### 16. Inventories

|                                 | As at 31 August<br>2021 | As at 31 August<br>2020 | As at 31 August<br>2019 |
|---------------------------------|-------------------------|-------------------------|-------------------------|
|                                 | €'000                   | €'000                   | €'000                   |
| Finished goods - school uniform | 1,860                   | 1,380                   | 697                     |
| Allowance for impairment        | (30)                    | (71)                    | (29)                    |
|                                 | <u>1,830</u>            | <u>1,309</u>            | <u>668</u>              |

#### 17. Trade and other receivables

|   | As at August<br>2021 | As at August<br>2020 | As at August<br>2019 |
|---|----------------------|----------------------|----------------------|
|   | €'000                | €'000                | €'000                |
| Amount receivable for the rendering of services | 74,903               | 77,195               | 66,759               |
| Allowance for doubtful debts                    | (10,542)             | (9,194)              | (7,372)              |
| Trade receivables                               | <u>64,361</u>        | <u>68,001</u>        | <u>59,387</u>        |
| Prepayments                                     | 8,037                | 8,989                | 6,813                |
| Corporation tax receivable                      | 4,635                | -                    | -                    |
| Other receivables                               | 9,258                | 3,123                | 7,698                |
|   | <u>86,291</u>        | <u>80,113</u>        | <u>73,898</u>        |

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.

Amounts receivable can be analysed as follows:

|   | As at 31 August<br>2021 | As at 31 August<br>2020 | As at 31 August<br>2019 |
|---|-------------------------|-------------------------|-------------------------|
|   | €'000                   | €'000                   | €'000                   |
| Amount receivable not past due              | 47,655                  | 61,970                  | 44,576                  |
| Amount receivable past due but not impaired | 27,248                  | 15,225                  | 22,183                  |
| Amount receivable impaired (gross)          | (10,542)                | (9,194)                 | (7,372)                 |
| <b>Total</b>                                | <u>64,361</u>           | <u>68,001</u>           | <u>59,387</u>           |

No receivables from other debts are past due or impaired in the current year or prior years.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 17. Trade and other receivables (continued)

##### Ageing of past due but not impaired receivables

|                       | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|-----------------------|----------------------------------|----------------------------------|----------------------------------|
| < 30 days overdue     | 13,056                           | 3,533                            | 11,231                           |
| 31-60 days            | 7,144                            | 9,238                            | 3,503                            |
| 61-90 days            | 4,927                            | 1,254                            | 4,715                            |
| 91-120 days           | 678                              | 453                              | 1,248                            |
| Over 120 days overdue | 1,443                            | 747                              | 1,486                            |
| <b>Total</b>          | <b>27,248</b>                    | <b>15,225</b>                    | <b>22,183</b>                    |

##### Movement in the allowance for doubtful debts

|  | Year ended 31<br>August 2021<br>€'000 | Year ended 31<br>August 2020<br>€'000 | Year ended 31<br>August 2019<br>€'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Balance at the beginning of the year                       | (9,194)                               | (7,372)                               | (5,019)                               |
| On acquisition of a business                               | (1,539)                               | (1,292)                               | (595)                                 |
| Impairment losses recognised from contracts with customers | (2,205)                               | (4,630)                               | (1,927)                               |
| Written off as uncollectable                               | 2,559                                 | 3,333                                 | 236                                   |
| Impairment losses reversed                                 | 158                                   | 89                                    | 46                                    |
| Foreign exchange translation (losses) /gains               | (321)                                 | 678                                   | (113)                                 |
| <b>Total allowance for doubtful debts</b>                  | <b>(10,542)</b>                       | <b>(9,194)</b>                        | <b>(7,372)</b>                        |

The concentration of credit risk is limited due to the customer base being large and unrelated. The allowance for doubtful debts has increased in the current year as a result of the increase in gross receivables over 60 days due.

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 2021

### 18. Borrowings

|   | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|---|----------------------------------|----------------------------------|----------------------------------|
| <b>Interest-bearing loans and borrowings</b>  |                                  |                                  |                                  |
| <b>Current</b>                                |                                  |                                  |                                  |
| Variable rate bank and other loans            | 22,170                           | 8,870                            | 5,391                            |
|   | <u>22,170</u>                    | <u>8,870</u>                     | <u>5,391</u>                     |
| <b>Non-current</b>                            |                                  |                                  |                                  |
| Variable rate bank loans                      | 839,378                          | 732,649                          | 476,528                          |
| Loan fees                                     | (16,145)                         | (17,016)                         | (12,936)                         |
| Fixed rate loans to non-controlling interests | 842                              | 840                              | 576                              |
|   | <u>824,075</u>                   | <u>716,473</u>                   | <u>464,168</u>                   |
| <b>Total borrowings</b>                       | <u><u>846,245</u></u>            | <u><u>725,343</u></u>            | <u><u>469,559</u></u>            |
|   |                                  |                                  |                                  |
|   | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
| <b>Unsecured borrowing at amortised cost</b>  |                                  |                                  |                                  |
| Loan to holders of non-controlling interests  | 842                              | 840                              | 576                              |
| <b>Secured borrowing at amortised cost</b>    |                                  |                                  |                                  |
| Bank loans                                    | 861,548                          | 741,519                          | 481,919                          |
| Loan fees                                     | (16,145)                         | (17,016)                         | (12,936)                         |
| <b>Total borrowings</b>                       | <u><u>846,245</u></u>            | <u><u>725,343</u></u>            | <u><u>469,559</u></u>            |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 18. Borrowings (continued)

|  | Euros<br>€'000 | New<br>Zealand<br>Dollar<br>€'000 | Colombian<br>Peso<br>€'000 | Peruvian<br>Sol<br>€'000 | Australian<br>Dollar<br>€'000 | Omani<br>Rial<br>€'000 | Total<br>€'000 |
|--|----------------|-----------------------------------|----------------------------|--------------------------|-------------------------------|------------------------|----------------|
| <b>Analysis of borrowings by currency:</b> |                |                                   |                            |                          |                               |                        |                |
| Bank and other loans                       | 835,060        | 5,509                             | -                          | 2,822                    | 2,012                         | -                      | 845,403        |
| Loans to non-controlling interests         | 576            | -                                 | -                          | -                        | -                             | 266                    | 842            |
| <b>At 31 August 2021</b>                   | <b>835,636</b> | <b>5,509</b>                      | <b>-</b>                   | <b>2,822</b>             | <b>2,012</b>                  | <b>266</b>             | <b>846,245</b> |

|  | Euros<br>€'000 | New<br>Zealand<br>Dollar<br>€'000 | Colombian<br>Peso<br>€'000 | Peruvian<br>Sol<br>€'000 | Australian<br>Dollar<br>€'000 | Omani<br>Rial<br>€'000 | Total<br>€'000 |
|--|----------------|-----------------------------------|----------------------------|--------------------------|-------------------------------|------------------------|----------------|
| <b>Analysis of borrowings by currency:</b> |                |                                   |                            |                          |                               |                        |                |
| Bank and other loans                       | 715,231        | 5,408                             | 3,864                      | -                        | -                             | -                      | 724,503        |
| Loans to non-controlling interests         | 576            | -                                 | -                          | -                        | -                             | 264                    | 840            |
| <b>At 31 August 2020</b>                   | <b>715,807</b> | <b>5,408</b>                      | <b>3,864</b>               | <b>-</b>                 | <b>-</b>                      | <b>264</b>             | <b>725,343</b> |

|  | Euros<br>€'000 | New<br>Zealand<br>Dollar<br>€'000 | Colombian<br>Peso<br>€'000 | Peruvian<br>Sol<br>€'000 | Costa<br>Rican<br>Colon<br>€'000 | Mexican<br>Peso<br>€'000 | Total<br>€'000 |
|--|----------------|-----------------------------------|----------------------------|--------------------------|----------------------------------|--------------------------|----------------|
| <b>Analysis of borrowings by currency:</b> |                |                                   |                            |                          |                                  |                          |                |
| Finance lease liabilities                  | 1,447          | -                                 | -                          | 182                      | 144                              | 527                      | 2,300          |
| Bank and other loans                       | 461,321        | 5,768                             | -                          | 1,893                    | -                                | -                        | 468,982        |
| Loans to non-controlling interests         | 576            | -                                 | -                          | -                        | -                                | -                        | 576            |
| <b>At 31 August 2019</b>                   | <b>463,344</b> | <b>5,768</b>                      | <b>-</b>                   | <b>2,075</b>             | <b>144</b>                       | <b>527</b>               | <b>471,858</b> |

The Group has the following principal bank loans as at 31 August 2021:

A loan of €795 million, repayable in full in May 2026. The loan is secured by a charge over the share capital of various subsidiary entities. The loan carries a variable interest rate of EURIBOR + margin, with the margin dependent on leverage.

The weighted average interest rate paid during the year was 3.3% (2020: 3.3%; 2019: 3.5%).

#### Unutilised facilities

As at 31 August 2021, the Group had unutilised committed loan facilities of €85 million available until May 2025 (2020: €85 million; 2019: €75 million).

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 19. Deferred tax

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

|                                | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|--------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Intangible assets              | (75,398)                         | (64,626)                         | (37,069)                         |
| Accelerated tax depreciation   | (8,059)                          | (7,468)                          | (17,418)                         |
| Provisions                     | 4,044                            | 4,897                            | 2,285                            |
| Retirement benefit obligations | 134                              | 566                              | 832                              |
| Deferred revenue               | 2,510                            | 1,000                            | 384                              |
| Tax losses                     | 2,798                            | 834                              | 2,543                            |
| CIR disallowance credits       | 1,981                            | -                                | -                                |
| Other                          | (1,832)                          | (1,281)                          | (567)                            |
| <b>Net deferred tax</b>        | <b>(73,822)</b>                  | <b>(66,078)</b>                  | <b>(49,010)</b>                  |

|                                | Intangible<br>assets<br>€'000 | Accelerated<br>tax<br>depreciation<br>€'000 | Other<br>€'000 | Total<br>€'000  |
|--------------------------------|-------------------------------|---|----------------|-----------------|
| <b>At 31 August 2019</b>       | (37,069)                      | (17,418)                                    | 5,477          | (49,010)        |
| Credit to profit or loss       | 4,336                         | 9,156                                       | 435            | 13,927          |
| Acquisition of subsidiary      | (32,564)                      | (59)  | 700            | (31,923)        |
| Exchange differences           | 671                           | 853   | (596)          | 928             |
| <b>At 31 August 2020</b>       | <b>(64,626)</b>               | <b>(7,468)</b>                              | <b>6,016</b>   | <b>(66,078)</b> |
| Credit to comprehensive income | 3,354                         | 5,146                                       | 1,141          | 9,641           |
| Acquisition of business        | (14,595)                      | (5,264)                                     | 3,715          | (16,144)        |
| Exchange differences           | 469                           | 455   | (125)          | 799             |
| Impact of a tax rate change    | -                             | (928)                                       | (1,112)        | (2,040)         |
| <b>At 31 August 2021</b>       | <b>(75,398)</b>               | <b>(8,059)</b>                              | <b>9,635</b>   | <b>(73,822)</b> |

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

|  | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|--|----------------------------------|----------------------------------|----------------------------------|
| Balance at beginning of year                   | (66,078)                         | (49,010)                         | (19,244)                         |
| Credit to profit or loss                       | 7,804                            | 13,927                           | 768                              |
| (Credit) / debit to other comprehensive income | (203)                            | -                                | 189                              |
| Acquisition of business                        | (16,144)                         | (31,923)                         | (31,518)                         |
| Exchange differences                           | 799                              | 928                              | 795                              |
| <b>Total</b>                                   | <b>(73,822)</b>                  | <b>(66,078)</b>                  | <b>(49,010)</b>                  |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 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<br>2021 | As at 31 August<br>2020 | As at 31 August<br>2019 |
|--------------------------|-------------------------|-------------------------|-------------------------|
|                          | €'000                   | €'000                   | €'000                   |
| Deferred tax liabilities | (92,336)                | (75,503)                | (53,098)                |
| Deferred tax assets      | 18,514                  | 9,425                   | 4,088                   |
|                          | <u>(73,822)</u>         | <u>(66,078)</u>         | <u>(49,010)</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 unused tax losses of €53.1 million (2020: €24.0 million; 2019: €18.4 million) available for offset against future profits. A deferred tax asset of €2.8 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. Included in unrecognised tax losses are losses of €3.1 million (2020: €0.4 million; 2019: €12.7 million) that will expire from 2022 to 2026. Other losses may be carried forward indefinitely.

At the balance sheet date, the Group has gross unused Corporate Interest Restriction disallowance of €24.0 million (2020: €18.2 million; 2019: €9.2 million) available for offset against future profits. A deferred tax asset of €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 €122.6 million (2020: €75.5 million; 2019: €32.6 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 2021

### 20. Trade and other payables

|                                 | As at 31<br>August 2021<br>€'000 | As at 31<br>August 2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|---------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Trade payables                  | 17,032                           | 11,435                           | 14,385                           |
| Taxes and social security costs | 13,776                           | 7,789                            | 7,697                            |
| Accruals                        | 17,987                           | 14,259                           | 11,757                           |
| Deposits                        | 10,388                           | 7,353                            | 6,212                            |
| Other payables                  | 17,635                           | 12,748                           | 6,161                            |
|                                 | <u>76,818</u>                    | <u>53,584</u>                    | <u>46,212</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.

### 21. Provisions

|                             | As at 31<br>August 2021<br>€'000 | As at 31<br>August 2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|-----------------------------|----------------------------------|----------------------------------|----------------------------------|
| Property provision          | -                                | -                                | 5,060                            |
| Employee benefits provision | 5,115                            | 4,554                            | 3,562                            |
| Other                       | 497                              | 186                              | 152                              |
|                             | <u>5,612</u>                     | <u>4,740</u>                     | <u>8,774</u>                     |
| Current                     | 4,226                            | 3,405                            | 4,955                            |
| Non-current                 | 1,386                            | 1,335                            | 3,819                            |
|                             | <u>5,612</u>                     | <u>4,740</u>                     | <u>8,774</u>                     |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 21. Provisions (continued)

|   | Property<br>€'000 | Employee<br>benefits<br>€'000 | Other<br>€'000 | Total<br>€'000 |
|---|-------------------|-------------------------------|----------------|----------------|
| <b>At 31 August 2018</b>                        | 4,087             | 1,524                         | 25             | 5,636          |
| Additional provision in the year                | 941               | 1,988                         | 135            | 3,064          |
| Release of provision                            | (36)              | (346)                         | -              | (382)          |
| Utilisation of provision                        | (138)             | (214)                         | (16)           | (368)          |
| On acquisition of a business                    | 200               | 574                           | -              | 774            |
| Exchange difference                             | 6                 | 36                            | 8              | 50             |
| <b>At 31 August 2019</b>                        | 5,060             | 3,562                         | 152            | 8,774          |
| Released on adoption of IFRS 16 - <i>Leases</i> | (5,060)           | -                             | -              | (5,060)        |
| Additional provision in the year                | -                 | 1,529                         | 831            | 2,360          |
| Release of provision                            | -                 | -                             | (422)          | (422)          |
| Utilised during the year                        | -                 | (1,885)                       | (725)          | (2,610)        |
| On acquisition of a business                    | -                 | 1,459                         | 145            | 1,604          |
| Exchange difference                             | -                 | (111)                         | 205            | 94             |
| <b>At 31 August 2020</b>                        | -                 | 4,554                         | 186            | 4,740          |
| Additional provision in the year                | -                 | 1,752                         | 796            | 2,548          |
| Release of provision                            | -                 | (32)                          | (643)          | (675)          |
| Utilised during the year                        | -                 | (832)                         | (59)           | (891)          |
| On acquisition of a business                    | -                 | 24                            | 178            | 202            |
| Exchange difference                             | -                 | (351)                         | 39             | (312)          |
| <b>At 31 August 2021</b>                        | -                 | 5,115                         | 497            | 5,612          |

Property provisions in 2019 represented the amounts to account for the straight lining of rental payments, rent free periods and lease incentives under the term of the lease. These were derecognised upon the implementation of IFRS 16.

Employee benefits include long service leave and end of service benefits payable to employees. The provision represents 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 2021

### 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<br>2021 | As at 31 August<br>2020 | As at 31 August<br>2019 |
|---|-------------------------|-------------------------|-------------------------|
|   | €'000                   | €'000                   | €'000                   |
| Deferred cash consideration                                       | 5,292                   | 4,173                   | 9,159                   |
| Consideration to settle put options for non-controlling interests | 26,035                  | 5,232                   | 4,592                   |
| Contingent consideration  | -                       | -                       | 12,067                  |
|   | <u>31,327</u>           | <u>9,405</u>            | <u>25,818</u>           |
| Current   | 26,252                  | 7,215                   | 22,152                  |
| Non-current   | 5,075                   | 2,190                   | 3,666                   |
|   | <u>31,327</u>           | <u>9,405</u>            | <u>25,818</u>           |

For Bergamo, a financial liability of €2.2 million (31 August 2020: €0.3 million; 31 August 2019 €1.4 million) is recognised for potential 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 St Peters, deferred consideration of €0.4m was paid in September 2021 relating to the 6% equity interest acquired during the year. In addition, a financial liability of €20.1 million was recognised at 31 August 2021 (31 August 2020: €Nil; 31 August 2019: €Nil) for the potential exercise of a put/call option over the non-controlling interest that can be exercised following the occurrence of certain events.

For Inspired Education Oman Limited, a financial liability of €0.9 million (31 August 2020: €Nil; 31 August 2019: €Nil) is recognised for the potential exercise of a put/call option over the non-controlling interest that can be exercised at any time between September 2021 and September 2026.

For the acquisition of Mirabal, deferred consideration of €2.2 million (31 August 2020: €3.2 million; 31 August 2019: €Nil) is payable in instalments to 2024.

For the acquisition of Kensington, deferred consideration of €2.6 million (31 August 2020: €Nil; 31 August 2019: €Nil) is payable in instalments to 2024.

For Ostaz Holdings Limited, a financial liability of €2.9 million (31 August 2020: €Nil; 31 August 2019: €Nil) is recognised for the potential exercise of a put/call option over the non-controlling interest that can be exercised at any time between September 2021 and September 2026.

For the acquisition of AIM, deferred consideration of MXN 26.0 million (€1.0 million) was recognised at 31 August 2020 (31 August 2019: €1.4 million). Following payment during the year, €Nil is recognised at 31 August 2021.

For the acquisition of PaRK, a financial liability of €4.9 million was recognised at 31 August 2020 (31 August 2019: €2.3 million) based on the estimated fair value of consideration that may be payable to acquire the remaining 10% non-controlling interest. Following payment during the year, €Nil is recognised at 31 August 2021.

For the acquisition of BSB, deferred consideration of BHD 5.0 million (€12.1 million) was recognised at 31 August 2019 based on the expected payment that will be made. Following payment during the year ended 31 August 2020, €Nil is recognised at 31 August 2020 and 31 August 2021.

For the acquisition of INSDE, SL, deferred consideration of €7.0 million was payable in December 2019. A liability of €6.8 million was recognised at 31 August 2019. Following payment during the year ended 31 August 2020, €Nil is recognised at 31 August 2020 and 31 August 2021.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 23. Share capital

|   | As at 31<br>August<br>2021<br># | As at 31<br>August<br>2020<br># | As at 31<br>August<br>2019<br># | As at 31<br>August<br>2021<br>€'000 | As at 31<br>August<br>2020<br>€'000 | As at 31<br>August<br>2019<br>€'000 |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Authorised, issued and fully paid:</b> |                                 |                                 |                                 |                                     |                                     |                                     |
| A ordinary shares                         | 307,480                         | 307,480                         | 307,480                         | 307                                 | 307                                 | 307                                 |
| B ordinary shares                         | 1,663,388                       | 1,663,388                       | 1,423,530                       | 1,663                               | 1,663                               | 1,424                               |
| C1 ordinary shares                        | 913,712                         | 913,712                         | 913,712                         | 914                                 | 914                                 | 914                                 |
| C2 ordinary shares                        | 1,242,016                       | 1,242,016                       | 1,242,016                       | 1,242                               | 1,242                               | 1,242                               |
| C3 ordinary shares                        | 109,493                         | 109,493                         | 349,350                         | 110                                 | 110                                 | 349                                 |
| D ordinary shares                         | 1,531,789                       | 1,531,789                       | 1,531,789                       | 1,532                               | 1,532                               | 1,532                               |
| E ordinary shares                         | 3,412,082                       | 3,412,082                       | 3,412,082                       | 3,412                               | 3,412                               | 3,412                               |
| E2 ordinary shares                        | 1,811,834                       | 1,811,834                       | 1,811,834                       | 1,812                               | 1,812                               | 1,812                               |
| F ordinary shares                         | 1,675,181                       | 1,675,181                       | 1,685,151                       | -                                   | -                                   | -                                   |
| G ordinary shares                         | 494,646                         | 494,646                         | 494,616                         | -                                   | -                                   | -                                   |
| G2 ordinary shares                        | 1,772,431                       | 1,111,090                       | 960,626                         | -                                   | -                                   | -                                   |
| G3 ordinary shares                        | 1,499,998                       | -                               | -                               | -                                   | -                                   | -                                   |
| G4 ordinary shares                        | 1,056,830                       | -                               | -                               | -                                   | -                                   | -                                   |
|   | <u>17,490,880</u>               | <u>14,272,711</u>               | <u>14,132,186</u>               | <u>10,992</u>                       | <u>10,992</u>                       | <u>10,992</u>                       |

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

F, G, G2, G3 and G4 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 and G4 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 and G4 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 2021

#### 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 |
|-------------------|----------------|-------------------------|---------------|
| 11 September 2020 | G2 Ordinary    | 661,341                 | €0.0 million  |
| 11 September 2020 | G3 Ordinary    | 688,467                 | €0.0 million  |
| 18 September 2020 | G3 Ordinary    | 38,860                  | €0.0 million  |
| 7 October 2020    | G3 Ordinary    | 42,641                  | €0.0 million  |
| 23 December 2020  | G3 Ordinary    | 113,060                 | €0.0 million  |
| 4 March 2021      | G3 Ordinary    | 272,595                 | €0.0 million  |
| 30 July 2021      | G3 Ordinary    | 344,375                 | €0.0 million  |
| 30 July 2021      | G4 Ordinary    | 1,056,830               | €0.0 million  |

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

On 6 September 2021, the Company issued 46,397 G4 Ordinary shares for consideration of €0.0 million.

On 25 October 2021, the Company issued 319,972 G4 Ordinary shares for consideration of €0.0 million.

##### *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.

On 23 December 2020, 53,983 G2 ordinary shares were transferred by existing shareholders into the Employee Benefit Trust. On 30 June 2021, 53,173 G2 ordinary shares and 124,141 G3 Ordinary shares were transferred by existing shareholders into the Employee Benefit Trust.

On 30 July 2021, 344,375 G3 Ordinary shares were issued by the Company to the Employee Benefit Trust.

As of 31 August 2021, the EBT owned 14,597 G ordinary shares in the Company; 252,496 G2 ordinary shares in the Company and 468,516 G3 ordinary shares in the Company. The consideration paid for the shares was €0.0 million.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 23. Share capital (continued)

##### Share based payments

As noted above, 661,341 G2 Ordinary shares, 1,499,998 G3 Ordinary shares and 1,056,830 G4 Ordinary shares in the Company were issued to key members of the Group's management team during the year.

As a result, the following share-based payment expense has been recognised within staff costs:

|                             | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|-----------------------------|----------------------------------|----------------------------------|----------------------------------|
| Share based payment expense | 1,100                            | -                                | -                                |

The Group has calculated the estimated fair value of each class of share issued 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:

|                               |             |
|-------------------------------|-------------|
| Annualised volatility         | 30%         |
| Exit event assumption date    | August 2022 |
| Risk free rate                | 0%          |
| Dividend yield                | 0%          |
| Annual attrition of employees | 10%         |

#### 24. Share premium account

|  | €'000   |
|--|---------|
| Balance at 31 August 2018                    | 341,209 |
| Premium arising on issue of equity shares    | 238,998 |
| Expenses of issue of equity shares           | (4,208) |
| Balance at 31 August 2019                    | 575,999 |
| Expenses of issue of equity shares           | (6)     |
| Balance at 31 August 2020 and 31 August 2021 | 575,993 |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued)

### For the year ended 31 August 2021

#### 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.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 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 2021.

| 2021  | Inspired Education<br>(Oman) Ltd<br>€'000 | Sociedade De<br>Educacao, SA<br>€'000 | Bergamo<br>International<br>Studies Srl<br>€'000 | SLS Properties Srl<br>€'000 | Kensington School<br>SA<br>€'000 | Inspired Education<br>(Egypt) S.A.E<br>€'000 | Ostaz Holdings<br>Limited<br>€'000 |
|---|---|---------------------------------------|--|-----------------------------|----------------------------------|--|------------------------------------|
| Current assets  | 2,292                                     | 5,140                                 | 3,229  | 89                          | 598                              | 40   | 1,479                              |
| Non-current assets  | 1,351                                     | 19,118                                | 5,328  | 12,954                      | 5,780                            | -  | 2,292                              |
| Current liabilities   | (3,132)                                   | (6,151)                               | (5,038)  | (679)                       | (1,196)                          | -  | (272)                              |
| Non-current liabilities                                     | (1,911)                                   | (8,257)                               | (2,606)  | (3,755)                     | (248)                            | -  | (2,632)                            |
| <b>Net assets</b>   | <b>(1,400)</b>                            | <b>9,850</b>                          | <b>913</b>                                       | <b>8,609</b>                | <b>4,934</b>                     | <b>40</b>                                    | <b>867</b>                         |
| Revenue   | 4,322                                     | 289                                   | 3,800  | 745                         | 6,116                            | -  | 41                                 |
| Expenses  | (4,161)                                   | (1,551)                               | (3,600)  | (689)                       | (6,505)                          | -  | (114)                              |
| Tax credit / (expense)                                      | (177)                                     | 256                                   | 11   | (48)                        | (22)                             | -  | -                                  |
| Profit/(loss) for the year                                  | (16)                                      | (1,006)                               | 211  | 8                           | (411)                            | -  | (73)                               |
| Profit/(loss) attributable to owners of the Company         | (12)                                      | (553)                                 | 126  | 4                           | (409)                            | -  | (44)                               |
| Profit/(loss) attributable to the non-controlling interests | (4)                                       | (453)                                 | 85   | 4                           | (2)                              | -  | (29)                               |
| <b>Profit/(loss) after tax for the period</b>               | <b>(16)</b>                               | <b>(1,006)</b>                        | <b>211</b>                                       | <b>8</b>                    | <b>(411)</b>                     | <b>-</b>                                     | <b>(73)</b>                        |
| Net cash inflow/(outflow) from operating activities         | 273                                       | 83                                    | 1,323  | 603                         | (1,072)                          | -  | (293)                              |
| Net cash (outflow) from investing activities                | (246)                                     | (145)                                 | (157)  | (1)                         | (129)                            | -  | (49)                               |
| Net cash inflow/(outflow) from financing activities         | 92  | (2,606)                               | (656)  | (569)                       | (2,755)                          | 40   | 1,290                              |
| <b>Net cash inflow/(outflow)</b>                            | <b>119</b>                                | <b>(2,668)</b>                        | <b>510</b>                                       | <b>33</b>                   | <b>(3,956)</b>                   | <b>40</b>                                    | <b>948</b>                         |



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

The summarised financial information below represents amounts before intragroup eliminations, as at 31 August 2020.

| 2020  | Inspired Education<br>(Oman) Ltd<br>€'000 | College Latvia S.A.<br>€'000 | King's<br>Studies Srl<br>€'000 | Bergamo International<br>Properties Srl<br>€'000 | O Parque – Ensino de<br>Crianças SA<br>€'000 | PT Awal Cakrawala<br>Gemilang<br>€'000 |
|---|---|------------------------------|--------------------------------|--|--|--|
| Current assets  | 4,737                                     | 3,730                        | 2,498                          | 55   | 1,569  | 1,239                                  |
| Non-current assets  | 284                                       | 791                          | 4,012                          | 13,458   | 34,026                                       | 4,440                                  |
| Current liabilities   | (5,264)                                   | (4,554)                      | (4,184)                        | (1,133)  | (4,415)                                      | (661)                                  |
| Non-current liabilities                                     | (1,060)                                   | (1,962)                      | (1,569)                        | (3,779)  | (96)   | (442)                                  |
| <b>Net assets</b>   | <b>(1,303)</b>                            | <b>(1,995)</b>               | <b>757</b>                     | <b>8,601</b>                                     | <b>31,084</b>                                | <b>4,576</b>                           |
| Revenue   | 5,048                                     | 2,061                        | 3,194                          | 746  | 13,939                                       | 1,375                                  |
| Expenses  | (4,695)                                   | (2,129)                      | (3,328)                        | (810)  | (12,274)                                     | (741)                                  |
| Tax credit / (expense)                                      | (53)                                      | (12)                         | 34                             | (21)   | (329)  | (145)                                  |
| Profit/(loss) for the year                                  | 300                                       | (80)                         | (100)                          | (85)   | 1,336  | 489                                    |
| Profit/(loss) attributable to owners of the Company         | 225                                       | (72)                         | (60)                           | (43)   | 1,202  | 391                                    |
| Profit/(loss) attributable to the non-controlling interests | 75  | (8)                          | (40)                           | (42)   | 134  | 98                                     |
| <b>Profit/(loss) after tax for the period</b>               | <b>300</b>                                | <b>(80)</b>                  | <b>(100)</b>                   | <b>(85)</b>                                      | <b>1,336</b>                                 | <b>489</b>                             |
| Net cash inflow/(outflow) from operating activities         | 269                                       | 1,409                        | (188)                          | 431  | 1,485  | (82)                                   |
| Net cash (outflow) from investing activities                | (170)                                     | (270)                        | (1,418)                        | -  | (9,655)                                      | (4)                                    |
| Net cash inflow/(outflow) from financing activities         | -   | 169                          | (9)                            | (552)  | 7,461  | (79)                                   |
| <b>Net cash inflow/(outflow)</b>                            | <b>99</b>                                 | <b>1,308</b>                 | <b>(1,615)</b>                 | <b>(121)</b>                                     | <b>(709)</b>                                 | <b>(165)</b>                           |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

| 26. Non-controlling interests (continued)                   |                                |                             |                               |                            |  |
|---|--------------------------------|-----------------------------|-------------------------------|----------------------------|--|
| 2019  | Bergamo International<br>€'000 | SLS Properties Srl<br>€'000 | O Parque – Ensino de<br>€'000 | PT Awal Cakrawala<br>€'000 |  |
| Current assets  | 3,961                          | 177                         | 3,922                         | 940                        |  |
| Non-current assets  | 2,572                          | 14,028                      | 25,379                        | 5,127                      |  |
| Current liabilities   | (3,911)                        | (600)                       | (4,729)                       | (870)                      |  |
| Non-current liabilities                                     | (1,766)                        | (4,919)                     | (1,835)                       | (598)                      |  |
| <b>Net assets</b>   | <b>856</b>                     | <b>8,686</b>                | <b>22,737</b>                 | <b>4,599</b>               |  |
| Revenue   | 3,150                          | 742                         | 10,473                        | 366                        |  |
| Expenses  | (2,958)                        | (784)                       | (9,838)                       | (212)                      |  |
| Tax (expense)   | (47)                           | (93)                        | (191)                         | (25)                       |  |
| Profit/(loss) for the year                                  | 145                            | (135)                       | 444                           | 129                        |  |
| Profit/(loss) attributable to owners of the Company         | 87                             | (69)                        | 293                           | 103                        |  |
| Profit/(loss) attributable to the non-controlling interests | 58                             | (66)                        | 151                           | 26                         |  |
| <b>Profit/(loss) after tax for the period</b>               | <b>145</b>                     | <b>(135)</b>                | <b>444</b>                    | <b>129</b>                 |  |
| Net cash inflow/(outflow) from operating activities         | 1,186                          | 254                         | (1,470)                       | 13                         |  |
| Net cash (outflow) from investing activities                | (1,750)                        | (31)                        | (23,720)                      | (33)                       |  |
| Net cash inflow/(outflow) from financing activities         | 1,500                          | (267)                       | 24,511                        | (62)                       |  |
| Dividends paid to non-controlling interests                 | -                              | -                           | -                             | (171)                      |  |
| <b>Net cash inflow/(outflow)</b>                            | <b>936</b>                     | <b>(44)</b>                 | <b>(679)</b>                  | <b>(253)</b>               |  |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

| 2021  | King's<br>College<br>Latvia, S.A.<br>€'000 | O Parque –<br>Ensino de<br>Crianças SA<br>€'000 | SLS<br>Properties<br>Sri<br>€'000 | PT Awal<br>Cakrawala<br>Gemilang<br>€'000 | Inspired<br>Education<br>(Oman) Ltd<br>€'000 | Bergamo<br>International<br>Studies Srl<br>€'000 | Kensington<br>School<br>SA<br>€'000 | Sociedade De<br>Educação, SA<br>€'000 | Inspired<br>Education<br>(Egypt) S.A.E<br>€'000 | Ostaz<br>Holdings<br>Limited<br>€'000 | Total<br>€'000 |
|---|--|---|-----------------------------------|---|--|--|-------------------------------------|---------------------------------------|---|---------------------------------------|----------------|
| Balance at 1 September 2020                     | 464  | 646   | 4,220                             | 2,293                                     | 2,976  | 683  | -                                   | -                                     | -   | -                                     | 11,282         |
| On acquisition                                  | -  | -   | -                                 | -   | -  | -  | 119                                 | 25,433                                | -   | 132                                   | 25,684         |
| Issue of new shares to non-controlling interest | -  | -   | -                                 | -   | -  | -  | -                                   | -                                     | -   | 2,795                                 | 2,795          |
| Acquisition of non-controlling interest         | (420)                                      | (689)   | -                                 | (2,414)                                   | -  | -  | -                                   | -                                     | -   | -                                     | (3,523)        |
| Share of profit/(loss) for the year             | (44)                                       | 43  | 4                                 | 121                                       | (4)  | 85   | (1)                                 | (455)                                 | -   | (29)                                  | (280)          |
| <b>Balance at 31 August 2021</b>                | <b>-</b>                                   | <b>-</b>  | <b>4,224</b>                      | <b>-</b>                                  | <b>2,972</b>                                 | <b>768</b>                                       | <b>118</b>                          | <b>24,978</b>                         | <b>-</b>  | <b>2,898</b>                          | <b>35,958</b>  |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

| 2020                                    | King's College<br>Latvia, S.A.<br>€'000 | O Parque –<br>Ensino de<br>Crianças SA<br>€'000 | SLS Properties<br>Srl<br>€'000 | PT Awal<br>Cakrawala<br>Gemilang<br>€'000 | Inspired<br>Education<br>(Oman) Ltd<br>€'000 | Bergamo<br>International<br>Studies Srl<br>€'000 | Total<br>€'000 |
|---|---|---|--------------------------------|---|--|--|----------------|
| Balance at 1 September 2019             | -                                       | 1,126   | 4,262                          | 2,159                                     | -  | 723  | 8,270          |
| On acquisition                          | 472                                     | -   | -                              | -   | 2,901  | -  | 3,373          |
| Acquisition of non-controlling interest | -                                       | (614)   | -                              | -   | -  | -  | (614)          |
| Share of profit/(loss) for the year     | (8)                                     | 134   | (42)                           | 98  | 75   | (40)   | 217            |
| Payment of dividends                    | -                                       | -   | -                              | -   | -  | -  | -              |
| Exchange differences                    | -                                       | -   | -                              | 36  | -  | -  | 36             |
| <b>Balance at 31 August 2020</b>        | <b>464</b>                              | <b>646</b>                                      | <b>4,220</b>                   | <b>2,293</b>                              | <b>2,976</b>                                 | <b>683</b>                                       | <b>11,282</b>  |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

| 2019                                    | Cambridge<br>College Lima<br>Srl<br>€'000 | O Parque –<br>Ensino de<br>Crianças SA<br>€'000 | SLS<br>Properties<br>Srl<br>€'000 | PT Awal<br>Cakrawala<br>Gemilang<br>€'000 | Centro<br>Educativo<br>Particular<br>Altair S.A.C<br>€'000 | Colegio Del<br>Valle, S.A<br>€'000 | Bergamo<br>International<br>Studies Srl<br>€'000 | Total<br>€'000 |
|---|---|---|-----------------------------------|---|--|------------------------------------|--|----------------|
| Balance at 1 September 2018             | 2,821                                     | -   | 4,328                             | -   | 2,993  | 991                                | 665  | 11,798         |
| On acquisition                          | -   | 1,578   | -                                 | 2,162                                     | -  | -                                  | -  | 3,740          |
| Acquisition of non-controlling interest | (2,748)                                   | -   | -                                 | -   | (3,089)  | (962)                              | -  | (6,799)        |
| Additional non-controlling investments  | -   | (603)   | -                                 | -   | -  | -                                  | -  | (603)          |
| Share of profit/(loss) for the year     | 38  | 151   | (66)                              | 27  | 181  | -                                  | 58   | 389            |
| Payment of dividends                    | -   | -   | -                                 | (171)                                     | -  | -                                  | -  | (171)          |
| Exchange differences                    | (111)                                     | -   | -                                 | 141                                       | (85)   | (29)                               | -  | (84)           |
| <b>Balance at 31 August 2019</b>        | <b>-</b>                                  | <b>1,126</b>                                    | <b>4,262</b>                      | <b>2,159</b>                              | <b>-</b>   | <b>-</b>                           | <b>723</b>                                       | <b>8,270</b>   |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 27. Business combinations

##### (a) Acquisitions for the year ended 31 August 2021

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

| Entity  | Acquisition date | Equity voting interest acquired | Purchase consideration<br>€'000 |
|---|------------------|---------------------------------|---------------------------------|
| A-Star-Education Schools SG Holdeo Pte. Ltd<br>(‘A Star’) | 20 November 2020 | 100%                            | 20,186                          |
| Kensington School SA<br>(‘Kensington’)                    | 28 December 2020 | 99.427%                         | 28,255                          |
| Remuera Discovery Express<br>(‘Remuera’)                  | 1 March 2021     | N/A <sup>1</sup>                | 2,990                           |
| Ostaz Holdings SAL<br>(‘Ostaz’)                           | 6 May 2021       | 60.2%                           | 5,872                           |
| Wey Education plc<br>(‘Wey’)                              | 25 May 2021      | 100%                            | 81,410                          |
| Socieduca – Sociedade De Educacao, SA<br>(‘St Peters’)    | 12 July 2021     | 55% <sup>2</sup>                | 30,218                          |

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

<sup>1</sup> Acquisition of net assets of business

<sup>2</sup> 49% acquired in July 2019, remaining 6% acquired in July 2021

The initial accounting for the acquisition of Kensington, Remuera, Ostaz, Wey and St Peters have only been provisionally determined at the end of the reporting period.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 27. Business combinations (continued)

#### (a) Acquisitions for the year ended 31 August 2021 (continued)

The purchase consideration was satisfied by:

|  | A Star<br>€'000 | Kensington<br>€'000 | Remuera<br>€'000 | Ostaz<br>€'000 | Wey<br>€'000 | St Peters<br>€'000 |
|--|-----------------|---------------------|------------------|----------------|--------------|--------------------|
| Cash                                   | 20,186          | 25,664              | 2,990            | 3,022          | 81,410       | 2,111              |
| Fair value of previously held interest | -               | -                   | -                | -              | -            | 27,693             |
| Issue of shares                        | -               | -                   | -                | 2,850          | -            | -                  |
| Deferred consideration                 | -               | 2,591               | -                | -              | -            | 414                |
| Total consideration                    | 20,186          | 28,255              | 2,990            | 5,872          | 81,410       | 30,218             |

The net cash outflow arising on acquisition was:

|  | A Star<br>€'000 | Kensington<br>€'000 | Remuera<br>€'000 | Ostaz<br>€'000 | Wey<br>€'000 | St Peters<br>€'000 |
|--|-----------------|---------------------|------------------|----------------|--------------|--------------------|
| Cash consideration                               | 20,186          | 25,664              | 2,990            | 3,022          | 81,410       | 2,111              |
| Less: cash and cash equivalent balances acquired | (3,245)         | (4,024)             | -                | (439)          | (9,771)      | (6,467)            |
|  | 16,941          | 21,640              | 2,990            | 2,583          | 71,639       | (4,356)            |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 27. Business combinations (continued)

#### (a) Acquisitions for the year ended 31 August 2021 (continued)

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

|                                | A Star<br>€'000 | Kensington<br>€'000 | Remuera<br>€'000 | Ostaz<br>€'000 | Wey<br>€'000 | St Peters<br>€'000 |
|--------------------------------|-----------------|---------------------|------------------|----------------|--------------|--------------------|
| Cash and cash equivalents      | 3,245           | 4,024               | -                | 439            | 9,771        | 6,467              |
| Trade and other receivables    | 3,125           | 69                  | 28               | 93             | 2,869        | 4,858              |
| Inventory                      | 49              | 2                   | -                | -              | -            | 275                |
| Property, plant and equipment  | 1,575           | 15,368              | 71               | 132            | 349          | 22,019             |
| Identifiable intangible assets | 10,500          | 7,618               | 621              | 172            | 32,534       | 11,705             |
| Right of use asset             | 9,875           | -                   | 1,365            | -              | 153          | -                  |
| Other non-current assets       | -               | 95                  | -                | -              | -            | 144                |
| Tax liability                  | -               | (670)               | -                | (3)            | -            | (1,231)            |
| Deferred income                | (5,272)         | (614)               | (184)            | (48)           | (1,307)      | (852)              |
| Trade and other payables       | (3,726)         | (290)               | -                | (292)          | (5,187)      | (1,411)            |
| Other liabilities              | (179)           | -                   | -                | -              | (4,650)      | -                  |
| Right of use liability         | (9,875)         | -                   | (1,365)          | -              | (153)        | -                  |
| Borrowings                     | (3,849)         | -                   | -                | -              | -            | (9,838)            |
| Deferred tax liability         | (1,050)         | (4,980)             | (173)            | -              | (6,603)      | (4,790)            |
| Total identifiable assets      | 4,418           | 20,622              | 363              | 493            | 27,776       | 27,346             |
| Non-controlling interests      | -               | (119)               | -                | (132)          | -            | (25,433)           |
| Equity                         | 4,418           | 20,503              | 363              | 361            | 27,776       | 1,913              |
| Purchase consideration         | 20,186          | 28,255              | 2,990            | 5,872          | 81,410       | 30,218             |
| Goodwill                       | 15,768          | 7,752               | 2,627            | 5,511          | 53,634       | 28,305             |



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 27. Business combinations (continued)

#### (a) Acquisitions for the year ended 31 August 2021 (continued)

The fair value of receivables acquired includes provisions of €0.6 million against the gross contractual amount of receivables. The best estimate of contractual cash flows that are not expected to be collected is €0.6 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. None of the goodwill is expected to be deductible for income tax purposes.

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

|       | A Star<br>€'000 | Kensington<br>€'000 | Remuera<br>€'000 | Ostaz<br>€'000 | Wey<br>€'000 | St Peters<br>€'000 |
|-------|-----------------|---------------------|------------------|----------------|--------------|--------------------|
| Costs | 738             | 710                 | 35               | 520            | 1,287        | 4                  |

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

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

|                          | A Star<br>€'000 | Kensington<br>€'000 | Remuera<br>€'000 | Ostaz<br>€'000 | Wey<br>€'000 | St Peters<br>€'000 |
|--------------------------|-----------------|---------------------|------------------|----------------|--------------|--------------------|
| Revenue                  | 6,424           | 6,116               | 640              | 40             | 3,935        | 289                |
| Profit/(loss) before tax | (126)           | (390)               | 104              | (73)           | (356)        | (1,262)            |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 27. Business combinations (continued)

##### (a) *Acquisitions for the year ended 31 August 2021 (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:

|                          | A Star | Kensington | Remuera | Ostaz | Wey    | St Peters |
|--------------------------|--------|------------|---------|-------|--------|-----------|
|                          | €'000  | €'000      | €'000   | €'000 | €'000  | €'000     |
| Revenue                  | 2,319  | 3,414      | 648     | 85    | 11,865 | 12,117    |
| Profit/(loss) before tax | 977    | 174        | 205     | (755) | 267    | 4,994     |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 27. Business combinations (continued)

#### (b) Acquisitions for the year ended 31 August 2020

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

| Entity  | Acquisition date  | Equity voting interest acquired | Purchase consideration<br>€'000 |
|---|-------------------|---------------------------------|---------------------------------|
| Comprehensive Educational Projects LLC (KGIS) | 24 September 2019 | Note 1                          | 11,608                          |
| King's  | 8 November 2019   | Note 2                          | 167,285                         |
| Reddam House Limited                          | 13 December 2019  | 100%                            | 36,959                          |
| Mirabal Gestion Educativa S.A                 | 24 January 2020   | 100%                            | 53,590                          |

Note 1: The Group acquired a 99.99% economic interest in Comprehensive Educational Projects LLC, simultaneously issuing a 25% minority interest

Note 2: The Group acquired a 100% equity interest in the King's Group, with the exception of King's College Latvia S.A., of which 90% was acquired

During the year, the Group also paid an additional €2.2 million consideration for the acquisition of ACG, following final agreement on the net debt and working capital acquired.

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

The purchase consideration was satisfied by:

|                        | KGIS<br>€'000 | King's<br>€'000 | Reddam<br>Sydney<br>€'000 | Mirabal<br>€'000 |
|------------------------|---------------|-----------------|---------------------------|------------------|
| Cash                   | 8,708         | 165,451         | 36,191                    | 50,376           |
| Loans forgiven         | -             | 1,834           | -                         | -                |
| Issue of shares        | 2,900         | -               | -                         | -                |
| Deferred consideration | -             | -               | 768                       | 3,214            |
| Total consideration    | <u>11,608</u> | <u>167,285</u>  | <u>36,959</u>             | <u>53,590</u>    |

The net cash outflow arising on acquisition was:

|  | KGIS<br>€'000 | King's<br>€'000 | Reddam<br>Sydney<br>€'000 | Mirabal<br>€'000 |
|--|---------------|-----------------|---------------------------|------------------|
| Cash consideration                               | 8,708         | 165,451         | 36,191                    | 50,376           |
| Less: cash and cash equivalent balances acquired | (375)         | (5,598)         | -                         | (4,220)          |
|  | <u>8,333</u>  | <u>159,853</u>  | <u>36,191</u>             | <u>46,156</u>    |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 27. Business combinations (continued)

##### (b) Acquisitions for the year ended 31 August 2020 (continued)

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

|                                | KGIS    | King's   | Reddam<br>Sydney      | Mirabal  |
|--------------------------------|---------|----------|-----------------------|----------|
|                                | €'000   | €'000    | €'000<br>(Remeasured) | €'000    |
| Cash and cash equivalents      | 375     | 5,597    | -                     | 4,220    |
| Trade and other receivables    | 5,756   | 25,131   | 594                   | 635      |
| Inventory                      | 34      | 599      | -                     | 188      |
| Property, plant and equipment  | 149     | 34,034   | 4,075                 | 36,707   |
| Identifiable intangible assets | 4,032   | 51,185   | 33,365                | 13,047   |
| Right of use asset             | 962     | 38,166   | 10,573                | -        |
| Tax liability                  | (219)   | (621)    | -                     | (487)    |
| Deferred income                | (5,190) | (12,226) | (249)                 | (1,342)  |
| Trade and other payables       | (659)   | (9,064)  | -                     | (1,324)  |
| Other liabilities              | -       | (17,080) | (1,083)               | -        |
| Right of use liability         | (962)   | (38,763) | (12,112)              | -        |
| Borrowings                     | (1,155) | (4,437)  | -                     | (24)     |
| Deferred tax liability         | (603)   | (13,138) | (8,591)               | (11,442) |
| Total identifiable assets      | 2,520   | 59,383   | 26,572                | 40,178   |
| Non-controlling interests      | -       | (472)    | -                     | -        |
| Equity                         | 2,520   | 58,911   | 26,572                | 40,178   |
| Purchase consideration         | 11,608  | 167,285  | 36,959                | 53,590   |
| Goodwill                       | 9,088   | 108,374  | 10,387                | 13,412   |

The initial accounting for the acquisition of Mirabal and Reddam Sydney had only been provisionally determined at the end of the reporting period.

In the final acquisition accounting for Reddam Sydney the goodwill value decreased €1.1 million as a result of this remeasurement. Identifiable intangible assets decreased €0.5 million, Other liabilities decreased €1.2 million and Deferred tax liability decreased by €0.4 million.

The fair value of receivables acquired includes provisions of €1.3 million against the gross contractual amount of receivables. The best estimate of contractual cash flows that are not expected to be collected is €1.3 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. None of the goodwill is expected to be deductible for income tax purposes.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 27. Business combinations (continued)

#### (b) Acquisitions for the year ended 31 August 2020 (continued)

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

|       | <b>KGIS</b>  | <b>King's</b> | <b>Reddam<br/>Sydney</b> | <b>Mirabal</b> |
|-------|--------------|---------------|--------------------------|----------------|
|       | <b>€'000</b> | <b>€'000</b>  | <b>€'000</b>             | <b>€'000</b>   |
| Costs | (302)        | (1,848)       | (76)                     | (2,009)        |

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

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

|                          | <b>KGIS</b>  | <b>King's</b> | <b>Reddam<br/>Sydney</b> | <b>Mirabal</b> |
|--------------------------|--------------|---------------|--------------------------|----------------|
|                          | <b>€'000</b> | <b>€'000</b>  | <b>€'000</b>             | <b>€'000</b>   |
| Revenue                  | 5,048        | 42,769        | 15,614                   | 6,282          |
| Profit/(loss) before tax | 353          | (34)          | 3,238                    | 210            |

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 a 10 month 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:

|                   | <b>KGIS</b>  | <b>King's</b> | <b>Reddam<br/>Sydney</b> | <b>Mirabal</b> |
|-------------------|--------------|---------------|--------------------------|----------------|
|                   | <b>€'000</b> | <b>€'000</b>  | <b>€'000</b>             | <b>€'000</b>   |
| Revenue           | 481          | 13,993        | 6,048                    | 7,638          |
| Profit before tax | (145)        | 797           | 1,409                    | 1,176          |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 27. Business combinations (continued)

##### (c) Acquisitions for the year ended 31 August 2019

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

| Entity   | Acquisition date  | Equity voting interest acquired | Purchase consideration<br>€'000 |
|--|-------------------|---------------------------------|---------------------------------|
| O Parque – Ensino de Crianças, SA ('PaRK')     | 24 September 2018 | 66%                             | 12,622                          |
| Colegio San Patricio ('CSP')                   | 21 December 2018  | 100%                            | 37,870                          |
| Global Academic Group Holdco Limited ('ACG')   | 31 May 2019       | 100%                            | 366,615                         |
| AIM Servicios Educativos, S.A. de C.V. ('AIM') | 15 August 2019    | 100%                            | 12,093                          |

The acquisition of Global Academic Group Holdco Limited ('ACG') included an 80% voting interest in PT Awal Cakrawala Gemilang.

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

The purchase consideration was satisfied by:

|                        | PaRK<br>€'000 | CSP<br>€'000  | ACG<br>€'000   | AIM<br>€'000  |
|------------------------|---------------|---------------|----------------|---------------|
| Cash                   | 12,622        | 26,058        | 366,615        | 9,732         |
| Repayment of loans     | -             | 5,015         | -              | -             |
| Deferred consideration | -             | 6,797         | -              | 2,362         |
| Total consideration    | <u>12,622</u> | <u>37,870</u> | <u>366,615</u> | <u>12,094</u> |

The net cash outflow arising on acquisition was:

|  | PaRK<br>€'000  | CSP<br>€'000  | ACG<br>€'000    | AIM<br>€'000   |
|--|----------------|---------------|-----------------|----------------|
| Cash consideration                               | 12,622         | 26,058        | 366,615         | 9,732          |
| Less: cash and cash equivalent balances acquired | <u>(2,232)</u> | <u>(873)</u>  | <u>(21,582)</u> | <u>(1,806)</u> |
|  | <u>10,390</u>  | <u>25,185</u> | <u>345,033</u>  | <u>7,926</u>   |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 27. Business combinations (continued)

#### (c) Acquisitions for the year ended 31 August 2019 (continued)

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

|                                | PaRK<br>€'000 | CSP<br>€'000 | ACG<br>€'000<br>(Remeasured) | AIM<br>€'000 |
|--------------------------------|---------------|--------------|------------------------------|--------------|
| Cash and cash equivalents      | 2,232         | 873          | 21,582                       | 1,806        |
| Trade and other receivables    | 1,179         | 868          | 6,736                        | 820          |
| Inventory                      | 51            | -            | 349                          | -            |
| Financial assets               | 1,700         | 5,370        | -                            | -            |
| Property, plant and equipment  | 1,390         | 42,090       | 109,489                      | 1,667        |
| Identifiable intangible assets | 6,867         | 20           | 54,190                       | 13,799       |
| Tax liability                  | (21)          | (399)        | -                            | -            |
| Deferred income                | (4,164)       | (3,539)      | (29,351)                     | (2,077)      |
| Trade and other payables       | (1,456)       | (2,506)      | (3,279)                      | (577)        |
| Other liabilities              | (1,700)       | (176)        | -                            | (392)        |
| Borrowings                     | -             | (26,018)     | (5,947)                      | -            |
| Deferred tax liability         | (1,442)       | (3,853)      | (21,786)                     | (4,037)      |
| Total identifiable assets      | 4,636         | 12,730       | 133,883                      | 11,009       |
| Non-controlling interests      | (1,579)       | -            | (2,162)                      | -            |
| Equity                         | 3,057         | 12,730       | 131,721                      | 11,009       |
| Purchase consideration         | 12,622        | 37,870       | 366,615                      | 12,094       |
| Goodwill                       | 9,565         | 25,140       | 236,794                      | 1,085        |

The initial accounting for the acquisition of ACG and AIM had only been provisionally determined at the end of the reporting period. The fair value of property, plant and equipment and non-controlling interest is based on a valuation with assumptions that are based on directors' best estimates.

The purchase price allocation for ACG was only provisionally determined at 31 August 2019. When finalised in the subsequent year the value of intangible assets recognised in the acquisition decreased by €2.3 million, the deferred tax liabilities recognised decreased by €0.4 million, and the value of goodwill has increased by €1.9 million.

The fair value of receivables acquired includes provisions of €0.6 million against the gross contractual amount of receivables. The best estimate of contractual cash flows that are not expected to be collected is €Nil.

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. None of the goodwill is expected to be deductible for income tax purposes.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 27. Business combinations (continued)

##### (c) Acquisitions for the year ended 31 August 2019 (continued)

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

|       | <b>PaRK</b>  | <b>CSP</b>   | <b>ACG</b>   | <b>AIM</b>   |
|-------|--------------|--------------|--------------|--------------|
|       | <b>€'000</b> | <b>€'000</b> | <b>€'000</b> | <b>€'000</b> |
| Costs | 941          | 1,223        | 2,274        | 797          |

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

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

|                          | <b>PaRK</b>  | <b>CSP</b>   | <b>ACG</b>   | <b>AIM</b>   |
|--------------------------|--------------|--------------|--------------|--------------|
|                          | <b>€'000</b> | <b>€'000</b> | <b>€'000</b> | <b>€'000</b> |
| Revenue                  | 10,473       | 16,108       | 14,064       | 8            |
| Profit/(loss) before tax | 634          | (3,245)      | 2,800        | (1,042)      |

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 a 10 month 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 than as reported by the following amounts:

|                   | <b>PaRK</b>  | <b>CSP</b>   | <b>ACG</b>   | <b>AIM</b>   |
|-------------------|--------------|--------------|--------------|--------------|
|                   | <b>€'000</b> | <b>€'000</b> | <b>€'000</b> | <b>€'000</b> |
| Revenue           | 1,342        | 11,042       | 51,221       | 11,549       |
| Profit before tax | 231          | 650          | 21,255       | 1,292        |



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 28. Notes to the cash flow statement

|   |      | For the year<br>ended 31<br>August<br>2021 | For the year<br>ended 31<br>August<br>2020<br>(Restated) | For the year<br>ended 31<br>August<br>2019 |
|---|------|--|--|--|
|   | Note | €'000                                      | €'000  | €'000                                      |
| <b>Profit before tax for the year</b>                           |      | 39,876                                     | 16,038   | 2,049                                      |
| Adjustments for:  |      |  |  |  |
| Unrealised foreign exchange losses/(gains)                      |      | 477  | (2,499)  | 1,367                                      |
| Mark to market (gains) of derivatives                           |      | -  | -  | (1,017)                                    |
| Net finance costs   |      | 29,668                                     | 25,628   | 22,147                                     |
| Lease liability interest expense                                | 14   | 23,800                                     | 22,937   | -  |
| Depreciation of property, plant and equipment                   | 13   | 24,318                                     | 23,063   | 15,438                                     |
| Depreciation of right of use asset                              | 14   | 24,540                                     | 22,987   | -  |
| Amortisation of intangible assets                               | 11   | 19,076                                     | 16,534   | 10,789                                     |
| Loss on disposal of property, plant and equipment               |      | 1,268                                      | 2,972  | 1,413                                      |
| Loss on disposal of subsidiary                                  |      | -  | 331  | -  |
| Share of profit on associate                                    | 12   | (953)                                      | (571)  | -  |
| Other non-cash items  |      | (211)                                      | -  | -  |
| Fair value adjustment for deferred consideration                |      | 1,901                                      | 941  | -  |
| Share based payment   |      | 1,110                                      | -  | -  |
| Gain on disposal of associate through step-acquisition          |      | (8,064)                                    | -  | -  |
| Impairment of Right of Use Asset                                |      | -  | 921  | -  |
| <b>Operating cash flows before movements in working capital</b> |      | <b>156,806</b>                             | <b>129,282</b>   | <b>52,186</b>                              |
| (Decrease)/increase in provisions                               |      | (1,058)                                    | 4,571  | 1,474                                      |
| (Increase)/decrease in inventories                              |      | (168)                                      | 133  | (31)                                       |
| Decrease/(increase) in receivables                              |      | 3,717                                      | (7,155)  | (6,228)                                    |
| Increase/(decrease) in payables                                 |      | 1,511                                      | (4,615)  | 8,181                                      |
| Increase in deferred revenue                                    |      | 8,494                                      | 5,895  | 17,971                                     |
| Movement in other working capital                               |      | (286)                                      | 646  | -  |
| <b>Cash generated by operations</b>                             |      | <b>169,016</b>                             | <b>128,757</b>   | <b>73,553</b>                              |
| Income taxes paid   |      | (25,190)                                   | (18,397)   | (10,523)                                   |
| Interest paid   |      | (25,911)                                   | (22,151)   | (14,695)                                   |
| Lease liability interest paid                                   | 14   | (23,800)                                   | (22,937)   | -  |
| Cash flow relating to hedging activities                        |      | -  | -  | (292)                                      |
| <b>Net cash from operating activities</b>                       |      | <b>94,115</b>                              | <b>65,272</b>  | <b>48,043</b>                              |

The 2020 comparative has been restated to reclassify €15.0 million capital repayments of lease obligations to be a financing activity and to move the interest element to below cash generated by operations. The impact of the change was to increase net cash from operating activities from €50.3 million to €65.3 million. There is no change to overall increase/(decrease) in cash and cash equivalents.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

##### Cash and cash equivalents

|                        | As at 31<br>August 2021<br>€'000 | As at 31<br>August 2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|------------------------|----------------------------------|----------------------------------|----------------------------------|
| Cash and bank balances | 111,865                          | 95,512                           | 121,898                          |
|                        | <u>111,865</u>                   | <u>95,512</u>                    | <u>121,898</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 2021

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

Net cash / (debt) balances at 31 August 2021 comprise:

|                        | Current<br>assets<br>€'000 | Current<br>liabilities<br>€'000 | Non-current<br>liabilities<br>€'000 | Total<br>€'000     |
|------------------------|----------------------------|---------------------------------|-------------------------------------|--------------------|
| Cash and bank balances | 111,865                    | -                               | -                                   | 111,865            |
| Lease Liability        | -                          | (17,005)                        | (310,879)                           | (327,884)          |
| Borrowings             | -                          | (24,183)                        | (822,063)                           | (846,246)          |
| Net cash / (debt)      | <u>111,865</u>             | <u>(41,188)</u>                 | <u>(1,132,942)</u>                  | <u>(1,062,265)</u> |

Net cash / (debt) balances at 31 August 2020 comprise:

|                        | Current<br>assets<br>€'000 | Current<br>liabilities<br>€'000 | Non-current<br>liabilities<br>€'000 | Total<br>€'000   |
|------------------------|----------------------------|---------------------------------|-------------------------------------|------------------|
| Cash and bank balances | 95,512                     | -                               | -                                   | 95,512           |
| Lease Liability        | -                          | (24,499)                        | (266,678)                           | (291,177)        |
| Borrowings             | -                          | (8,870)                         | (716,473)                           | (725,343)        |
| Net cash / (debt)      | <u>95,512</u>              | <u>(33,369)</u>                 | <u>(983,151)</u>                    | <u>(921,008)</u> |

Net cash / (debt) balances at 31 August 2019 comprise:

|                        | Current<br>assets<br>€'000 | Current<br>liabilities<br>€'000 | Non-current<br>liabilities<br>€'000 | Total<br>€'000   |
|------------------------|----------------------------|---------------------------------|-------------------------------------|------------------|
| Cash and bank balances | 121,898                    | -                               | -                                   | 121,898          |
| Finance leases         | -                          | (555)                           | (1,745)                             | (2,300)          |
| Borrowings             | -                          | (5,391)                         | (464,168)                           | (469,559)        |
| Net cash / (debt)      | <u>121,898</u>             | <u>(5,946)</u>                  | <u>(465,913)</u>                    | <u>(349,961)</u> |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

##### Analysis of changes in debt

|                                 | Borrowings       | Lease liability obligation | Finance leases | Derivative financial instruments | Total              |
|---------------------------------|------------------|----------------------------|----------------|----------------------------------|--------------------|
|                                 | €'000            | €'000                      | €'000          | €'000                            | €'000              |
| <b>As at 1 September 2018</b>   | <b>(173,708)</b> | -                          | <b>(6,268)</b> | <b>(118)</b>                     | <b>(180,094)</b>   |
| Drawdown of borrowings          | (539,873)        | -                          | -              | (899)                            | (540,772)          |
| Repayments of borrowings        | 284,173          | -                          | -              | -                                | 284,173            |
| Interest paid                   | 14,695           | -                          | -              | -                                | 14,695             |
| Repayments of lease obligations | -                | -                          | 4,309          | -                                | 4,309              |
| Acquisitions                    | (31,965)         | -                          | -              | -                                | (31,965)           |
| Fair value gains and losses     | -                | -                          | -              | 1,017                            | 1,017              |
| Exchange movements              | 740              | -                          | (341)          | -                                | 399                |
| Accrued Interest                | (18,263)         | -                          | -              | -                                | (18,263)           |
| Loan capitalisation write-off   | (5,358)          | -                          | -              | -                                | (5,358)            |
| <b>As at 31 August 2019</b>     | <b>(469,559)</b> | -                          | <b>(2,300)</b> | -                                | <b>(471,859)</b>   |
| Adoption of IFRS 16             | -                | (246,485)                  | -              | -                                | (246,485)          |
| Reclassifications               | -                | (2,300)                    | 2,300          | -                                | -                  |
| Drawdown of borrowings          | (250,166)        | -                          | -              | -                                | (250,166)          |
| Repayments of borrowings        | 2,793            | -                          | -              | -                                | 2,793              |
| Interest paid                   | 22,151           | -                          | -              | -                                | 22,151             |
| Repayments of lease obligations | -                | 14,983                     | -              | -                                | 14,983             |
| Lease liability interest paid   | -                | 22,937                     | -              | -                                | 22,937             |
| Acquisitions                    | (5,615)          | (57,570)                   | -              | -                                | (63,185)           |
| Exchange movements              | 611              | 195                        | -              | -                                | 806                |
| Accrued Interest                | (23,013)         | (22,937)                   | -              | -                                | (45,950)           |
| Loan fee amortisation           | (2,545)          | -                          | -              | -                                | (2,545)            |
| <b>As at 31 August 2020</b>     | <b>(725,343)</b> | <b>(291,177)</b>           | -              | -                                | <b>(1,016,520)</b> |
| Drawdown of borrowings          | (113,487)        | -                          | -              | -                                | (113,487)          |
| Repayments of borrowings        | 5,992            | -                          | -              | -                                | 5,992              |
| Interest paid                   | 25,911           | -                          | -              | -                                | 25,911             |
| Repayments of lease obligations | -                | 13,344                     | -              | -                                | 13,344             |
| Lease liability interest paid   | -                | 23,800                     | -              | -                                | 23,800             |
| Repayment to associate          | 3,989            | -                          | -              | -                                | 3,989              |
| Acquisitions                    | (13,687)         | (11,393)                   | -              | -                                | (25,080)           |
| Lease movements                 | -                | (1,969)                    | -              | -                                | (1,969)            |
| Exchange movements              | 62               | (14,648)                   | -              | -                                | (14,586)           |
| Accrued Interest                | (26,536)         | (23,800)                   | -              | -                                | (50,336)           |
| Loan fee amortisation           | (3,147)          | -                          | -              | -                                | (3,147)            |
| <b>As at 31 August 2021</b>     | <b>(846,246)</b> | <b>(305,843)</b>           | -              | -                                | <b>(1,152,089)</b> |

## **Inspired Education Holdings Limited**

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

#### **For the year ended 31 August 2021**

##### **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 2021

#### 30. Retirement benefit schemes

|   | As at 31<br>August<br>2021<br>€'000 | As at 31<br>August<br>2020<br>€'000 | As at 31<br>August<br>2019<br>€'000 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Defined benefit plan obligations</b> | <b>2,143</b>                        | <b>3,319</b>                        | <b>4,002</b>                        |

#### 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 €4.8 million (2020 year: €3.9 million; 2019 year: €3.0 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 2021

### 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).

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.

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

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 Company must ensure that retiring employees received a specified minimum level of benefits. The Company does not use an external fund to manage its future pension liabilities. Instead, the Company 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 2021

#### 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 2021 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 2021

### 30. Retirement benefit schemes (continued)

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

|                                     | 2021       |              |                  |                | 2020       |              |                  |            | 2019         |                  |            |              |
|-------------------------------------|------------|--------------|------------------|----------------|------------|--------------|------------------|------------|--------------|------------------|------------|--------------|
|                                     | Italy<br>% | Belgium<br>% | Switzerland<br>% | Indonesia<br>% | Italy<br>% | Belgium<br>% | Switzerland<br>% | Italy<br>% | Belgium<br>% | Switzerland<br>% | Italy<br>% | Belgium<br>% |
| <b>Key assumptions used:</b>        |            |              |                  |                |            |              |                  |            |              |                  |            |              |
| Discount rate(s)                    | 0.6%       | 0.8%         | 0.1%             | 7.9%           | 0.7%       | 1.0%         | 0.3%             | 0.9%       | 1.1%         | (0.3%)           | 0.9%       | 1.1%         |
| Expected rate(s) of salary increase | 3.0%       | 0.0%         | 0.5%             | 5.0%           | 3.0%       | 0.0%         | 0.5%             | 3.0%       | 0.0%         | 0.5%             | 3.0%       | 0.0%         |

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

|  | 2021          |                 |                     |                   | 2020          |                 |                     |               | 2019            |                     |               |                 |
|--|---------------|-----------------|---------------------|-------------------|---------------|-----------------|---------------------|---------------|-----------------|---------------------|---------------|-----------------|
|  | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Indonesia<br>€000 | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Italy<br>€000 | Belgium<br>€000 |
| Current service cost   | 176           | 731             | 425                 | 12                | 167           | 739             | 455                 | 156           | 933             | 350                 | 156           | 933             |
| Administration costs   | -             | -               | 29                  | -                 | 16            | -               | 31                  | -             | -               | 32                  | -             | -               |
| Net interest (income)/expense                                    | 8             | 2               | 3                   | 14                | 3             | 4               | (5)                 | 12            | 6               | 5                   | 12            | 6               |
| Components of defined benefit costs recognised in profit or loss | 184           | 733             | 457                 | 26                | 186           | 743             | 481                 | 168           | 939             | 387                 | 168           | 939             |

Of the expense (service cost) for the year, €1.3 million (2020: €0.9 million; 2019: €0.8 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 2021

### 30. Retirement benefit schemes (continued)

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

|   | 2021          |                 |                     |                   | 2020          |                 |                     |               | 2019            |                     |               |                 |
|---|---------------|-----------------|---------------------|-------------------|---------------|-----------------|---------------------|---------------|-----------------|---------------------|---------------|-----------------|
|   | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Indonesia<br>€000 | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Italy<br>€000 | Belgium<br>€000 |
| The return on plan assets (excluding amounts included in net interest                               | -             | (459)           | (1,280)             | -                 | -             | (595)           | (240)               | -             | (1,093)         | (358)               | -             | (1,093)         |
| Actuarial (gains) / losses arising from experience adjustments and changes in financial assumptions | 63            | 397             | (172)               | 13                | (19)          | 228             | (257)               | 151           | 1,170           | 896                 | 151           | 1,170           |
| Remeasurement of the net defined benefit liability  | 63            | (62)            | (1,452)             | 13                | (19)          | (367)           | (497)               | 151           | 77              | 538                 | 151           | 77              |

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:

|   | 2021          |                 |                     |                   | 2020          |                 |                     |               | 2019            |                     |               |                 |
|---|---------------|-----------------|---------------------|-------------------|---------------|-----------------|---------------------|---------------|-----------------|---------------------|---------------|-----------------|
|   | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Indonesia<br>€000 | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Italy<br>€000 | Belgium<br>€000 |
| Present value of defined benefit obligations          | (1,412)       | (15,256)        | (10,710)            | (91)              | (1,324)       | (15,107)        | (10,553)            | (1,300)       | (15,185)        | (10,354)            | (1,300)       | (15,185)        |
| Fair value of plan assets                             | -             | 14,616          | 10,725              | -                 | -             | 14,469          | 9,196               | -             | 14,234          | 8,603               | -             | 14,234          |
| Application of asset ceiling                          | -             | -               | (15)                | -                 | -             | -               | -                   | -             | -               | -                   | -             | -               |
| Net liability arising from defined benefit obligation | (1,412)       | (640)           | -                   | (91)              | (1,324)       | (638)           | (1,357)             | (1,300)       | (951)           | (1,751)             | (1,300)       | (951)           |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

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

|  | 2021          |                 |                     |                   | 2020          |                 |                     |  | 2019          |                 |                     |  |
|--|---------------|-----------------|---------------------|-------------------|---------------|-----------------|---------------------|--|---------------|-----------------|---------------------|--|
|  | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Indonesia<br>€000 | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 |  | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 |  |
| Opening defined benefit obligation                             | (1,324)       | (15,107)        | (10,553)            | -                 | (1,300)       | (15,185)        | (10,354)            |  | (875)         | (13,588)        | (8,836)             |  |
| Transfer from employment provisions                            | -             | -               | -                   | (141)             | -             | -               | -                   |  | -             | -               | -                   |  |
| Current service cost   | (176)         | (731)           | (425)               | (12)              | (167)         | (739)           | (455)               |  | (156)         | (933)           | (350)               |  |
| Interest cost  | (8)           | (142)           | (31)                | (13)              | (3)           | (162)           | 31                  |  | (12)          | (226)           | (51)                |  |
| Actuarial gains / (losses) arising from experience adjustments | (57)          | (76)            | 186                 | (20)              | (13)          | 22              | 257                 |  | (406)         | (257)           | (6)                 |  |
| Benefits paid from plan assets                                 | 158           | 951             | 425                 | 55                | 142           | 1,032           | 496                 |  | 149           | 487             | 561                 |  |
| Contributions from plan participants                           | -             | -               | (350)               | -                 | -             | -               | (395)               |  | -             | -               | (388)               |  |
| Exchange differences on foreign schemes                        | -             | -               | 67                  | (1)               | -             | -               | (102)               |  | -             | -               | (362)               |  |
| Insurance premiums for risk benefits                           | -             | 62              | -                   | -                 | -             | 63              | -                   |  | -             | 81              | -                   |  |
| Taxes included in the defined benefit obligation               | -             | 78              | -                   | -                 | -             | 82              | -                   |  | -             | 117             | -                   |  |
| Actuarial gains and losses arising from financial adjustment   | (5)           | (321)           | -                   | 6                 | 33            | (250)           | -                   |  | -             | (913)           | (890)               |  |
| Administrative costs   | -             | 30              | (29)                | -                 | (16)          | 30              | (31)                |  | -             | 47              | (32)                |  |
| Change in benefit plans  | -             | -               | -                   | 35                | -             | -               | -                   |  | -             | -               | -                   |  |
| Closing defined benefit obligation                             | (1,412)       | (15,256)        | (10,710)            | (91)              | (1,324)       | (15,107)        | (10,553)            |  | (1,300)       | (15,185)        | (10,354)            |  |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

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

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

|  | 2021          |                 |                     |                   |               | 2020            |                     |               | 2019            |                     |               |
|--|---------------|-----------------|---------------------|-------------------|---------------|-----------------|---------------------|---------------|-----------------|---------------------|---------------|
|  | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Indonesia<br>€000 | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Italy<br>€000 | Belgium<br>€000 | Switzerland<br>€000 | Italy<br>€000 |
| Opening fair value of plan assets  | -             | 14,469          | 9,196               | -                 | -             | 14,234          | 8,603               | -             | 12,808          | 7,683               | -             |
| Interest income  | -             | 140             | 27                  | -                 | -             | 158             | (26)                | -             | 220             | 47                  | -             |
| The return on plan assets (excluding amounts included in net interest expense) | -             | 459             | 1,280               | -                 | -             | 594             | 241                 | -             | 1,093           | 358                 | -             |
| Exchange differences on foreign schemes  | -             | -               | (54)                | -                 | -             | -               | 84                  | -             | -               | 300                 | -             |
| Contributions from the employer  | -             | 669             | 350                 | -                 | -             | 689             | 395                 | -             | 844             | 388                 | -             |
| Contributions from plan participants   | -             | -               | 350                 | -                 | -             | -               | 395                 | -             | -               | 388                 | -             |
| Benefits paid  | -             | (951)           | (424)               | -                 | -             | (1,032)         | (496)               | -             | (487)           | (561)               | -             |
| Administrative expenses paid from plan assets                                  | -             | (30)            | -                   | -                 | -             | (30)            | -                   | -             | (44)            | -                   | -             |
| Taxes paid from plan assets  | -             | (78)            | -                   | -                 | -             | (81)            | -                   | -             | (117)           | -                   | -             |
| Insurance premiums for risk benefits   | -             | (62)            | -                   | -                 | -             | (63)            | -                   | -             | (83)            | -                   | -             |
| Closing fair value of plan assets  | -             | 14,616          | 10,725              | -                 | -             | 14,469          | 9,196               | -             | 14,234          | 8,603               | -             |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 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:

|   | 2021  |         |             |           | 2020  |         |             |       |
|---|-------|---------|-------------|-----------|-------|---------|-------------|-------|
|   | Italy | Belgium | Switzerland | Indonesia | Italy | Belgium | Switzerland | Italy |
| Money market (unquoted)                     | -     | -       | 1%          | -         | -     | -       | -           | -     |
| Fixed income (quoted)                       | -     | -       | 34%         | -         | -     | -       | 37%         | -     |
| Equity (quoted)                             | -     | -       | 39%         | -         | -     | -       | 37%         | -     |
| Real Estate (unquoted)                      | -     | -       | 26%         | -         | -     | -       | 26%         | -     |
| Assets held by insurance company (unquoted) | -     | 100%    | -           | -         | -     | 100%    | -           | -     |
| Total                                       | -     | 100%    | 100%        | -         | -     | 100%    | 100%        | -     |
|   |       |         |             |           |       |         |             | 100%  |
|   |       |         |             |           |       |         |             | 100%  |

The significant actuarial assumption for the determination of the defined benefit obligation is the discount rate. The sensitivity analyses below has 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 €0.5 million for Switzerland (2020: €0.5 million; 2019: €0.5 million), decrease by €0.8 million for Belgium (2020: €0.8 million; 2019: €0.8 million), decrease by €0.02 million for Italy (2020: €0.05 million; 2019: €0.05 million) and decrease by €0.01 million for Indonesia.

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 9 years (2020: 10 years; 2019: 10 years). This number can be subdivided into the duration related to:

- active members: 9 years (2020: 10 years; 2019: 10 years)
- retired members: 12 years (2020: 12 years; 2019: 12 years)

The Group expects to make contributions of €1.2 million (2020: €1.5 million; 2019: €1.6 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 2021

#### 31. Deferred revenue

|   | As at 31 August<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|---|----------------------------------|----------------------------------|----------------------------------|
| Arising from receipt of school fees in advance of services rendered | 208,828                          | 191,340                          | 181,248                          |
|   | <u>208,828</u>                   | <u>191,340</u>                   | <u>181,248</u>                   |
| Current   | 208,765                          | 191,249                          | 181,140                          |
| Non-current   | 63                               | 91                               | 108                              |
|   | <u>208,828</u>                   | <u>191,340</u>                   | <u>181,248</u>                   |

Of the deferred revenue at the start of the period €191,249 was recognised during the year (2020: €181,140).

#### 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 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<br>2021<br>€'000 | As at 31 August<br>2020<br>€'000 | As at 31 August<br>2019<br>€'000 |
|---|----------------------------------|----------------------------------|----------------------------------|
| <b>Financial assets</b>                           |                                  |                                  |                                  |
| Cash  | 111,865                          | 95,512                           | 121,898                          |
| Loans and receivables at amortised cost           | 68,997                           | 68,001                           | 59,486                           |
| <b>Financial liabilities</b>                      |                                  |                                  |                                  |
| Payables and loans at amortised cost              | 944,900                          | 736,778                          | 483,367                          |
| Finance leases                                    | -                                | -                                | 2,300                            |
| Deferred consideration for a business combination | 31,327                           | 9,405                            | 25,818                           |
| Lease Liability                                   | 305,843                          | 291,177                          | -                                |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 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.

#### 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:

|                             | Liabilities<br>2021 | Assets<br>2021 | Liabilities<br>2020<br>(Restated) | Assets<br>2020 | Liabilities<br>2019 | Assets<br>2019 |
|-----------------------------|---------------------|----------------|-----------------------------------|----------------|---------------------|----------------|
|                             | €'000               | €'000          | €'000                             | €'000          | €'000               | €'000          |
| South African Rand          | 71,392              | 4,483          | 63,808                            | 7,525          | 4,749               | 11,823         |
| Kenyan Shilling             | 2,332               | 7,514          | 6,493                             | 4,223          | 7,918               | 10,043         |
| Pound Sterling              | 25,286              | 15,740         | 20,862                            | 8,910          | 6,943               | 12,434         |
| Swiss Franc                 | 34,076              | 8,402          | 37,178                            | 11,175         | 5,257               | 11,727         |
| Colombian Peso              | 440                 | 903            | 1,522                             | 1,125          | 1,499               | 1,358          |
| Peruvian Sol                | 3,489               | 3,727          | 6,173                             | 5,320          | 5,131               | 5,133          |
| Australian Dollar           | 23,279              | 3,758          | 35,560                            | 6,074          | 1,457               | 3,626          |
| Costa Rican Colon           | 3,594               | 1,789          | 4,392                             | 1,752          | 1,028               | 2,242          |
| Bahraini Dinar              | 32,434              | 8,369          | 35,101                            | 7,844          | 5,645               | 2,266          |
| Mexican Peso                | 6,153               | 2,771          | 6,893                             | 2,394          | 1,373               | 1,590          |
| New Zealand Dollar          | 24,953              | 9,779          | 17,238                            | 7,060          | 15,142              | 17,156         |
| Vietnamese Dong             | 12,473              | 21,807         | 3,043                             | 12,600         | 708                 | 13,953         |
| Indonesian Rupiah           | 196                 | 1,479          | 516                               | 1,905          | 694                 | 2,800          |
| Panamanian Balboa           | 1,170               | 1,019          | 1,589                             | 645            | -                   | -              |
| Omani Rial                  | 1,670               | 2,117          | 1,794                             | 4,588          | -                   | -              |
| Lebanese Pound              | 185                 | 153            | -                                 | -              | -                   | -              |
| United Arab Emirates Dirham | 16                  | 1,249          | -                                 | -              | -                   | -              |
| United States Dollar        | 9                   | 5              | -                                 | -              | -                   | -              |

The 2020 comparatives have been restated to include the lease liability.

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 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.

|                             | 2021<br>€'000               |                | 2021<br>€'000    |                 |
|-----------------------------|-----------------------------|----------------|------------------|-----------------|
|                             | Impact on profit before tax |                | Impact on equity |                 |
|                             | +10%                        | -10%           | +10%             | -10%            |
| Pound Sterling              | 190                         | (173)          | 22,663           | (20,603)        |
| Swiss Franc                 | 57                          | (52)           | 42               | (38)            |
| South African Rand          | 533                         | (485)          | 5,424            | (4,931)         |
| Kenyan Schilling            | 516                         | (469)          | 3,793            | (3,448)         |
| Colombian Peso              | 26                          | (23)           | (819)            | 745             |
| Peruvian Sol                | 436                         | (396)          | 1,082            | (984)           |
| Australian Dollar           | 634                         | (577)          | 846              | (769)           |
| Costa Rican Colon           | 187                         | (170)          | (288)            | 262             |
| Bahraini Dinar              | 650                         | (591)          | 4,266            | (3,878)         |
| New Zealand Dollar          | 2,210                       | (2,009)        | 40,189           | (36,535)        |
| Vietnamese Dong             | 626                         | (570)          | 1,907            | (1,733)         |
| Indonesian Rupiah           | -                           | -              | 811              | (737)           |
| Mexican Peso                | 116                         | (105)          | 202              | (183)           |
| Panamanian Balboa           | 9                           | (9)            | 50               | (46)            |
| Omani Rial                  | 42                          | (38)           | (809)            | 736             |
| Lebanese Pound              | 10                          | (9)            | 132              | (120)           |
| United Arab Emirates Dirham | (17)                        | 15             | 440              | (400)           |
| United States Dollar        | (48)                        | 44             | (33)             | 30              |
| Chinese Yuan                | 3                           | (3)            | -                | -               |
| <b>Total</b>                | <b>6,180</b>                | <b>(5,620)</b> | <b>79,898</b>    | <b>(72,632)</b> |



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 32. Financial instruments (continued)

#### Foreign currency sensitivity analysis (continued)

|                    | 2020<br>€'000               |                | 2020<br>€'000    |                 |
|--------------------|-----------------------------|----------------|------------------|-----------------|
|                    | Impact on profit before tax |                | Impact on equity |                 |
|                    | +10%                        | -10%           | +10%             | -10%            |
| Pound Sterling     | 35                          | (32)           | 19,786           | (17,988)        |
| Swiss Franc        | 79                          | (72)           | 188              | (171)           |
| South African Rand | 1,113                       | (1,012)        | 5,323            | (4,839)         |
| Kenyan Schilling   | (2)                         | 2              | 4,089            | (3,717)         |
| Colombian Peso     | 90                          | (82)           | (783)            | 712             |
| Peruvian Sol       | 290                         | (264)          | 1,607            | (1,461)         |
| Australian Dollar  | 428                         | (389)          | 549              | (499)           |
| Costa Rican Colon  | 214                         | (194)          | (132)            | 120             |
| Bahraini Dinar     | 1,134                       | (1,031)        | 4,152            | (3,774)         |
| New Zealand dollar | 1,103                       | (1,003)        | 37,793           | (34,357)        |
| Vietnam Dong       | 965                         | (878)          | 164              | (149)           |
| Indonesia Rupiah   | 52                          | (47)           | 283              | (258)           |
| Mexican Peso       | 122                         | (111)          | 147              | (133)           |
| Panamanian Balboa  | 39                          | (36)           | 66               | (60)            |
| Omani Rial         | (8)                         | 7              | (616)            | 560             |
| <b>Total</b>       | <b>5,654</b>                | <b>(5,142)</b> | <b>72,616</b>    | <b>(66,014)</b> |

|                    | 2019<br>€'000               |              | 2019<br>€'000    |                 |
|--------------------|-----------------------------|--------------|------------------|-----------------|
|                    | Impact on profit before tax |              | Impact on equity |                 |
|                    | +10%                        | -10%         | +10%             | -10%            |
| Pound Sterling     | (165)                       | 150          | 15,747           | (14,315)        |
| Swiss Franc        | (214)                       | 194          | 62               | (57)            |
| South African Rand | 1,365                       | (1,241)      | 7,516            | (6,833)         |
| Kenyan Schilling   | (2)                         | 2            | 5,373            | (4,885)         |
| Colombian Peso     | 147                         | (133)        | (609)            | 554             |
| Peruvian Sol       | 215                         | (196)        | 1,597            | (1,452)         |
| Australian Dollar  | 286                         | (260)        | 288              | (262)           |
| Costa Rican Colon  | 67                          | (61)         | (153)            | 139             |
| Bahraini Dinar     | (869)                       | 790          | 4,239            | (3,853)         |
| New Zealand dollar | 178                         | (162)        | (989)            | 899             |
| Vietnam Dong       | (58)                        | 53           | 714              | (649)           |
| Indonesia Rupiah   | (80)                        | 73           | 401              | (365)           |
| Mexican Peso       | (108)                       | 99           | 88               | (80)            |
| <b>Total</b>       | <b>762</b>                  | <b>(692)</b> | <b>34,274</b>    | <b>(31,159)</b> |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 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 2021 would decrease by €4.3 million (2020: decrease by €3.9 million; 2019: decrease by €2.9 million). 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 2021 would increase by €0.1 million (2020: increase by €0.1 million; 2019: 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, Company treasury 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 Company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 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.

| <b>31 August 2021</b>              | <b>Weighted<br/>average<br/>effective<br/>interest rate<br/>%</b> | <b>Less than<br/>1 year<br/>€'000</b> | <b>1-5 years<br/>€'000</b> | <b>5+ years<br/>€'000</b> | <b>Total<br/>€'000</b> |
|------------------------------------|---|---------------------------------------|----------------------------|---------------------------|------------------------|
| Non-interest bearing               |   | 111,269                               | 9,992                      | -                         | 121,261                |
| Variable interest rate liabilities | 3.1   | 41,281                                | 127,928                    | 801,822                   | 971,031                |
| Fixed interest rate liabilities    | 0.8   | 655                                   | 4,470                      | -                         | 5,124                  |
| Lease Liability                    | 7.8   | 40,167                                | 158,372                    | 362,031                   | 560,570                |
| <b>Total</b>                       |   | <b>193,372</b>                        | <b>300,762</b>             | <b>1,163,853</b>          | <b>1,657,986</b>       |

| <b>31 August 2020 (Restated)</b>   | <b>Weighted<br/>average<br/>effective<br/>interest rate<br/>%</b> | <b>Less than<br/>1 year<br/>€'000</b> | <b>1-5 years<br/>€'000</b> | <b>5+ years<br/>€'000</b> | <b>Total<br/>€'000</b> |
|------------------------------------|---|---------------------------------------|----------------------------|---------------------------|------------------------|
| Non-interest bearing               | -   | 75,738                                | 4,365                      | -                         | 80,103                 |
| Variable interest rate liabilities | 3.2   | 26,149                                | 107,825                    | 734,465                   | 868,439                |
| Lease Liability                    | 8.1   | 37,971                                | 167,169                    | 333,391                   | 538,531                |
| <b>Total</b>                       |   | <b>139,858</b>                        | <b>279,359</b>             | <b>1,067,856</b>          | <b>1,487,073</b>       |

| <b>31 August 2019 (Restated)</b>   | <b>Weighted<br/>average<br/>effective<br/>interest rate<br/>%</b> | <b>Less than<br/>1 year<br/>€'000</b> | <b>1-5 years<br/>€'000</b> | <b>5+ years<br/>€'000</b> | <b>Total<br/>€'000</b> |
|------------------------------------|---|---------------------------------------|----------------------------|---------------------------|------------------------|
| Non-interest bearing               | -   | 83,157                                | 8,061                      | -                         | 91,218                 |
| Finance lease liability            | 4.5   | 658                                   | 1,459                      | 562                       | 2,679                  |
| Variable interest rate liabilities | 3.5   | 17,520                                | 74,413                     | 495,060                   | 586,993                |
| <b>Total</b>                       |   | <b>101,335</b>                        | <b>83,933</b>              | <b>495,622</b>            | <b>680,890</b>         |

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.

The 2019 and 2020 balances have been restated to reflect the correct undiscounted cashflows. This had the effect of decreasing total future cashflows for 2019 by €49.1m and for 2020 by €67.1m.

## Inspired Education Holdings Limited

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

#### For the year ended 31 August 2021

##### 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 of maturing 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).

##### *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 financial instrument                             | Contingent consideration   | Consideration to settle put options for non-controlling interests              |
|--|--|--|
| <b>Classification</b>                                    | Financial Liability  | Financial Liability  |
| <b>Fair value as at 31 August 2021</b>                   | €Nil   | €23.8 million  |
| <b>Fair value as at 31 August 2020</b>                   | €Nil   | €5.2 million   |
| <b>Fair value as at 31 August 2019</b>                   | €12.1 million  | €4.6 million   |
| <b>Fair value hierarchy</b>                              | Level 3  | Level 3  |
| <b>Valuation technique(s) and key input(s)</b>           | Discounted cash flow.  | Multiple of earnings   |
| <b>Significant unobservable input(s)</b>                 | Forecast fee increases and forecast pupil enrolments.                                  | Future profitability of business.  |
| <b>Relationship of unobservable inputs to fair value</b> | Fair value will increase/decrease with higher/lower forecast fee increases/ enrolments | Fair value will increase/decrease as future profitability increases/decreases. |

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 32. Financial instruments (continued)

*Fair value measurements recognised in the statement of financial position*

| 2021  |                  |                  |                  |                |
|---|------------------|------------------|------------------|----------------|
|   | Level 1<br>€'000 | Level 2<br>€'000 | Level 3<br>€'000 | Total<br>€'000 |
| <b><i>Financial liabilities at FVTPL</i></b>                      |                  |                  |                  |                |
| Consideration to settle put options for non-controlling interests | -                | -                | 23,834           | 23,834         |
| Total   | -                | -                | 23,834           | 23,834         |
| 2020  |                  |                  |                  |                |
|   | Level 1<br>€'000 | Level 2<br>€'000 | Level 3<br>€'000 | Total<br>€'000 |
| <b><i>Financial liabilities at FVTPL</i></b>                      |                  |                  |                  |                |
| Consideration to settle put options for non-controlling interests | -                | -                | 5,232            | 5,232          |
| Total   | -                | -                | 5,232            | 5,232          |
| 2019  |                  |                  |                  |                |
|   | Level 1<br>€'000 | Level 2<br>€'000 | Level 3<br>€'000 | Total<br>€'000 |
| <b><i>Financial liabilities at FVTPL</i></b>                      |                  |                  |                  |                |
| Consideration to settle put options for non-controlling interests | -                | -                | 4,592            | 4,592          |
| Contingent consideration  | -                | -                | 12,067           | 12,067         |
| Total   | -                | -                | 16,659           | 16,659         |

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<br>August 2021<br>€'000 | As at 31<br>August 2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|---|----------------------------------|----------------------------------|----------------------------------|
| Balance at the beginning of the year          | -                                | 12,067                           | 10,948                           |
| Paid in the year                              | -                                | (11,015)                         | -                                |
| Revaluation in the period                     | -                                | -                                | 117                              |
| Foreign exchange translation gains and losses | -                                | (1,052)                          | 1,002                            |
| <b>Total</b>                                  | <b>-</b>                         | <b>-</b>                         | <b>12,067</b>                    |

## Inspired Education Holdings Limited

### Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

#### 33. Events after the balance sheet date

On 6 September 2021, the Company issued 46,397 G4 Ordinary shares for consideration of €0.0 million. On 25 October 2021, the Company issued 319,972 G4 Ordinary shares for consideration of €0.0 million.

On 14 December 2021, the Group acquired the remaining 45% of Socieduca – Sociedade De Educacao, SA ('St Peters') that was owned by non-controlling interests, for consideration of €20.0 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*.

|                              | Year ended<br>31 August<br>2021<br>€'000 | Year ended<br>31 August<br>2020<br>€'000 | Year ended<br>31 August<br>2019<br>€'000 |
|------------------------------|--|--|--|
| Short-term employee benefits | 918                                      | 880                                      | 398                                      |
| Post-employment benefits     | 17                                       | 14                                       | 19                                       |
|                              | <u>935</u>                               | <u>894</u>                               | <u>417</u>                               |

##### Aggregate Directors' remuneration

The total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

|  | Year ended<br>31 August<br>2021<br>€'000 | Year ended<br>31 August<br>2020<br>€'000 | Year ended<br>31 August<br>2019<br>€'000 |
|--|--|--|--|
| Salaries, fees, bonuses and benefits in kind | 918                                      | 880                                      | 398                                      |
| Money purchase pension contributions         | 17                                       | 14                                       | 19                                       |
|  | <u>935</u>                               | <u>894</u>                               | <u>417</u>                               |

In 2021, one (2020: one; 2019: two) Director was a member of money purchase scheme.

The highest paid director received short term employee benefits (salary, bonus) of €0.5 million (2020 - €0.5 million; 2019 - €0.3 million) and money purchase pension contributions of €Nil (2020 - €Nil, 2019 - €0.0 million) for the year. In addition, share based payment expense of €0.1 million (2020 - nil, 2019 - nil) was recognised in the year in relation to shares that were issued to this director during the year.

In addition to the above salaried remuneration, the Company paid €3.0 million (2020 - €3.0 million, 2019 - nil) to entities controlled by a Director for various consulting services provided to the Group and paid €Nil (2020 - €0.03 million; 2019 - nil) to another Director of the Company.

# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 34. Related party transactions (continued)

#### Trading transactions

During the current year, Group entities entered into the following trading transactions with related parties that are not members of the Group.

|   | Year ended<br>31 August<br>2021<br>€'000 | Year ended<br>31 August<br>2020<br>€'000 | Year ended<br>31 August<br>2019<br>€'000 |
|---|--|--|--|
| Property rental paid to entities subject to significant influence by G Crawford   | 6,317                                    | 5,314                                    | 4,231                                    |
| Property rental paid to entities of which G Crawford and N Nsouli are beneficiaries   | 470                                      | 451                                      | 428                                      |
| Ancillary school services provided by non-controlling interests   | 278                                      | 529                                      | -  |
| Rent paid to non-controlling interests  | -  | 30                                       | -  |
| Salary paid to non-controlling interests  | 201                                      | 282                                      | 20                                       |
| Property rental paid to an entity which is controlled by an individual who has significant influence over a subsidiary entity | 3,732                                    | 4,005                                    | -  |
| Rental income from an entity which is controlled by an individual who has significant influence over a subsidiary entity      | -  | (159)                                    | -  |
|   | <u>10,998</u>                            | <u>10,452</u>                            | <u>4,679</u>                             |

#### Loans from related parties

The Group held the following receivables/(payables) due from/(to) non-controlling interests

|             | As at 31<br>August 2021<br>€'000 | As at 31<br>August 2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|-------------|----------------------------------|----------------------------------|----------------------------------|
| Receivables | -                                | -                                | 1,700                            |
| Payables    | <u>(842)</u>                     | <u>(840)</u>                     | <u>(576)</u>                     |

In addition to the above, as at 31 August 2021, the Group had a receivable due from an entity which is controlled by an individual who has significant influence over a subsidiary entity of €0.1 million (2020 – €0.1 million; 2019 – €Nil).

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 2021

#### 35. Obligations under finance leases

On 1 September 2019 the Group implemented IFRS 16 Leases consequently all leases previously categorised as finance lease have now been accounted for under IFRS 16 with all leases being recognised as a right of use asset and a lease liability. These leases are now shown in Note 14: Leases.

The Group leased certain of its assets under finance leases in 2019. The average lease term remaining was 5.6 years.

Interest rates underlying all obligations under finance leases were fixed at respective contract dates ranging from 0.4% to 13% per annum.

|   | Minimum<br>lease<br>payments<br>€'000 | Present<br>value of<br>minimum<br>lease<br>payments<br>€'000 |
|---|---------------------------------------|--|
| <b>2019</b>   |                                       |  |
| <b>Amounts payable under finance leases:</b>                                  |                                       |  |
| Within one year   | 658                                   | 555  |
| In the first to fifth years inclusive   | 1,459                                 | 1,246  |
| After five years  | 562                                   | 499  |
|   | <hr/>                                 | <hr/>  |
|   | 2,679                                 | 2,300  |
| Less: future finance charges  | (379)                                 | -  |
|   | <hr/>                                 | <hr/>  |
| <b>Present value of lease obligations</b>                                     | <b>2,300</b>                          | <b>2,300</b>   |
|   | <hr/>                                 | <hr/>  |
| <b>Analysed as:</b>   |                                       |  |
| Amounts due for settlement within 12 months (shown under current liabilities) |                                       | 555  |
| Amounts due for settlement after 12 months                                    |                                       | 1,745  |
|   |                                       | <hr/>  |
|   |                                       | 2,300  |
|   |                                       | <hr/>  |

For the year ended 31 August 2019, the average effective borrowing rate was 4.5%.

Lease obligations largely relate to Land and buildings and are principally denominated in Euros and Mexican Pesos. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in Note 13.



# Inspired Education Holdings Limited

## Notes to the consolidated financial statements (continued) For the year ended 31 August 2021

### 36. 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 split into 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

|  | 2021<br>€'000 | 2020<br>€'000 | 2019<br>€'000 |
|--|---------------|---------------|---------------|
| Lease payments under operating leases recognised as an expense in the year | 2,159         | 1,047         | 28,971        |

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|  | 2021<br>€'000 | 2020<br>€'000 | 2019<br>€'000 |
|--|---------------|---------------|---------------|
| <b>Land and buildings</b>              |               |               |               |
| <b>Leases expiring:</b>                |               |               |               |
| Within one year                        | -             | -             | 32,338        |
| In the second to fifth years inclusive | -             | -             | 136,194       |
| After five years                       | -             | -             | 412,226       |
|  | -             | -             | 580,758       |

Operating lease payments represent rentals payable by the Group for certain of its schools and Head Office.

The company has lease arrangements with a lease term ranging up to 84 years. Leases have an average term remaining of 10 years (2020: 10 years; 2019: 27 years).

Certain lease arrangements contain escalation rates that are contingent as they are linked to CPI. The future minimum lease payments for these leases were calculated by applying a 0% escalation rate, as the escalation rate is contingent.

|  | 2021<br>€'000 | 2020<br>€'000 | 2019<br>€'000 |
|--|---------------|---------------|---------------|
| <b>Other</b>                           |               |               |               |
| <b>Leases expiring:</b>                |               |               |               |
| Within one year                        | -             | -             | 502           |
| In the second to fifth years inclusive | -             | -             | 406           |
|  | -             | -             | 908           |

### 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

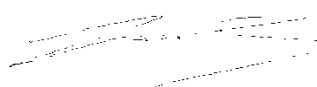
### Company balance sheet At 31 August 2021

|   |       | As at 31<br>August<br>2021 | As at 31<br>August<br>2020 | As at 31<br>August<br>2019 |
|---|-------|----------------------------|----------------------------|----------------------------|
|   | Notes | €'000                      | €'000                      | €'000                      |
| <b>Non-current assets</b>                           |       |                            |                            |                            |
| Investment in subsidiaries                          | 40    | 572,740                    | 572,740                    | 572,740                    |
| Property, plant and equipment                       | 41    | 10                         | 23                         | 37                         |
| Intangible assets                                   | 42    | 479                        | 1,062                      | 315                        |
|   |       | <u>573,229</u>             | <u>573,825</u>             | <u>573,092</u>             |
| <b>Current assets</b>                               |       |                            |                            |                            |
| Amounts owed by Group undertakings                  | 43    | 4,054                      | 13,905                     | 28,375                     |
| Cash and bank balances                              |       | 1,561                      | 1,841                      | 1,854                      |
| Trade and other receivables                         |       | 1,441                      | 104                        | -                          |
| Current tax assets                                  |       | -                          | 372                        | 372                        |
|   |       | <u>7,056</u>               | <u>16,222</u>              | <u>30,601</u>              |
| <b>Current liabilities</b>                          |       |                            |                            |                            |
| Trade and other payables                            | 44    | (2,429)                    | (1,145)                    | (537)                      |
| Current tax liabilities                             |       | (12)                       | -                          | -                          |
| Amounts due to Group undertakings                   | 45    | (14,372)                   | (13,548)                   | (12,531)                   |
|   |       | <u>(16,813)</u>            | <u>(14,693)</u>            | <u>(13,068)</u>            |
| <b>Net current assets</b>                           |       | <u>(9,757)</u>             | <u>1,529</u>               | <u>17,533</u>              |
| <b>Total assets less current liabilities</b>        |       | <u>563,472</u>             | <u>575,354</u>             | <u>590,625</u>             |
| <b>Net assets</b>                                   |       | <u>563,472</u>             | <u>575,354</u>             | <u>590,625</u>             |
| <b>Equity</b>                                       |       |                            |                            |                            |
| Share capital                                       | 46    | 10,992                     | 10,992                     | 10,992                     |
| Share premium account                               | 46    | 575,993                    | 575,993                    | 575,999                    |
| Retained losses                                     | 47    | (23,373)                   | (10,381)                   | 4,884                      |
| Other reserves                                      |       | (140)                      | (1,250)                    | (1,250)                    |
| <b>Equity attributable to owners of the Company</b> |       | <u>563,472</u>             | <u>575,354</u>             | <u>590,625</u>             |

The Company reported a loss for the year ended 31 August 2021 of €13.0 million (2020: loss of €15.3 million; 2019: profit of €8.6 million).

The financial statements of Inspired Education Holdings Limited (registered number 10392529) were approved by the Board of Directors and authorised for issue on 17 December 2021.

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 2021

|  | Equity attributable to equity holders of the Company |                                   |                               |                            |                |
|--|--|-----------------------------------|-------------------------------|----------------------------|----------------|
|  | Share capital<br>€'000                               | Share premium<br>account<br>€'000 | Retained<br>earnings<br>€'000 | Other<br>reserves<br>€'000 | Total<br>€'000 |
| <b>Balance at 1 September 2018</b>             | 8,988  | 341,209                           | (3,734)                       | -                          | 346,463        |
| Profit for the year                            | -  | -                                 | 8,618                         | -                          | 8,618          |
| <b>Total comprehensive profit for the year</b> | -  | -                                 | 8,618                         | -                          | 8,618          |
| Issue of share capital                         | 2,004  | -                                 | -                             | -                          | 2,004          |
| Issue of share premium                         | -  | 238,998                           | -                             | -                          | 238,998        |
| Share issue costs                              | -  | (4,208)                           | -                             | -                          | (4,208)        |
| Premium on share buy-back                      | -  | -                                 | -                             | (1,250)                    | (1,250)        |
| <b>Balance at 1 September 2019</b>             | <b>10,992</b>  | <b>575,999</b>                    | <b>4,884</b>                  | <b>(1,250)</b>             | <b>590,625</b> |
| Loss for the year                              | -  | -                                 | (15,265)                      | -                          | (15,265)       |
| <b>Total comprehensive loss for the year</b>   | -  | -                                 | (15,265)                      | -                          | (15,265)       |
| Share issue costs                              | -  | (6)                               | -                             | -                          | (6)            |
| <b>Balance at 31 August 2020</b>               | <b>10,992</b>  | <b>575,993</b>                    | <b>(10,381)</b>               | <b>(1,250)</b>             | <b>575,354</b> |
| Loss for the year                              | -  | -                                 | (12,992)                      | -                          | (12,992)       |
| <b>Total comprehensive loss for the year</b>   | -  | -                                 | (12,992)                      | -                          | (12,992)       |
| Share based payments                           | -  | -                                 | -                             | 1,110                      | 1,110          |
| <b>Balance at 31 August 2021</b>               | <b>10,992</b>  | <b>575,993</b>                    | <b>(23,373)</b>               | <b>(140)</b>               | <b>563,472</b> |

## Inspired Education Holdings Limited

### Notes to the Company financial statements For the year ended 31 August 2021

#### 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.

#### *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.

In the year ended 31 August 2021, 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 2020. 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.

#### 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.

#### 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 2021

#### 40. Investment in subsidiaries

|                                     | €'000                 |
|-------------------------------------|-----------------------|
| <b>Cost</b>                         |                       |
| At 1 September 2018                 | 428,541               |
| Additional investment in subsidiary | 144,199               |
| At 31 August 2019                   | <u>572,740</u>        |
| At 31 August 2020                   | <u>572,740</u>        |
| At 31 August 2021                   | <u><u>572,740</u></u> |
| <b>Net book value</b>               |                       |
| At 31 August 2019                   | <u>572,740</u>        |
| At 31 August 2020                   | <u>572,740</u>        |
| At 31 August 2021                   | <u><u>572,740</u></u> |

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2021

#### 40. Investment in subsidiaries (continued)

Details of the Company's subsidiaries at 31 August 2021 are as follows:

| Name of Company                    | % of shares held directly by |  | Place of business | Registered office   |
|------------------------------------|------------------------------|--|-------------------|---|
|                                    | Group                        | % of shares held directly by the Company |                   |   |
| 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 Education (Oman) Ltd      | 75                           | -  | 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 UK Holdings Ltd           | 100                          | -  | UK                | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK |
| Interhigh Education (No 1) Ltd     | 100                          | -  | UK                | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK |
| Interhigh Education 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 |
| 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 |
| Ostaz Holdings Ltd                 | 60.2                         | -  | UK                | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK |
| Reddam House (Berkshire) Ltd       | 100                          | -  | UK                | Reddam House, Bearwood, Wokingham, RG41 5GB, UK                           |
| Reddam House Events 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 |
| St Michael's College (Tenbury) 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               |

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2021

#### 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  |
|---|------------------------------------|--|------------------------|--|
| Wey Ecademy Ltd                           | 100                                | -  | UK                     | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK        |
| Wey Education Ltd                         | 100                                | -  | UK                     | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK        |
| Wey Education Services Ltd                | 100                                | -  | UK                     | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK        |
| 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   |
| 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 2021

#### 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                       |
| Synkers FZ - LLC                     | 60.2                               | -  | Dubai             | Premises No HD 08C, Building In5teach, Dubai                                       |
| Inspired Education (Egypt) S.A.E     | 51                                 | -  | Egypt             | Smart Village, 6th of October City, Giza, Egypt                                    |
| King's College Frankfurt GmbH        | 100                                | -  | Germany           | Hugentottenstrasse, 119, 61381 Friedrichsdorf, Germany                             |
| PT Awal Cakrawala Gemiland           | 100                                | -  | Indonesia         | Jl. Warung Jati Barat No. 19, Ragunan, South Jakarta, Indonesia                    |
| International School of Europe S.P.A | 100                                | -  | Italy             | Via Manfredo Camperio N.14, 20123, Milano, Italy                                   |
| International School of Italy S.r.l  | 100                                | -  | Italy             | Via Adda 25, 22075 Fino Mornasco, 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, Milan, Italy                              |
| Bergamo International Studies S.r.l  | 60                                 | -  | Italy             | Via Teodoro Frizzini 19/A CAP 24121, Italy   |
| Brookhouse Schools Limited           | 100                                | -  | Kenya             | L.R 209/4393/24, Deloitte Place, Waiyaki Way, P.O. Box 30029 00100, Nairobi, Kenya |
| Wey Education (Kenya) Limited        | 100                                | -  | Kenya             | Dykio Plaza, Plot Number 209/409/6, Ngong Lane, Off Ngong Road, Nairobi, Kenya     |
| King's College Latvia S.A            | 100                                | -  | Latvia            | Turaides street 1, Pinki, Babites distr., LV-2107, Latvia                          |
| Synkers Holding SAL                  | 60.2                               | -  | Lebanon           | Beruit, Sami El Soleh Street, Al Mazraa, Building UCA, Lebanon                     |
| Synkers SAL                          | 60.2                               | -  | Lebanon           | Beruit, Sami El Soleh Street, Al Mazraa, Building UCA, Lebanon                     |
| Berkshire Property                   | 100                                | -  | Mauritius         | 10 <sup>th</sup> Floor, Standard Chartered, 19 Cybercity, Ebène, Mauritius         |
| Kenya Education Ltd                  | 100                                | -  | Mauritius         | 10 <sup>th</sup> Floor, Standard Chartered, 19 Cybercity, Ebène, Mauritius         |
| Inspired Africa                      | 100                                | -  | Mauritius         | 10 <sup>th</sup> Floor, Standard Chartered, 19 Cybercity, Ebène, Mauritius         |
| Reddam Property UK                   | 100                                | -  | Mauritius         | 10 <sup>th</sup> Floor, Standard Chartered, 19 Cybercity, Ebène, Mauritius         |
| Kenya K-12 Holdings                  | 100                                | -  | Mauritius         | 10 <sup>th</sup> Floor, Standard Chartered, 19 Cybercity, Ebène, Mauritius         |
| Reddam House ELS Australia           | 100                                | -  | Mauritius         | 10 <sup>th</sup> Floor, Standard Chartered, 19 Cybercity, Ebène, Mauritius         |



## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2021

#### 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   |
|---|------------------------------------|--|-------------------|---|
| AIM Servicios Educativos S.A. de C.V                  | 100                                | -  | Mexico            | Perseverancia 100, Balcones del Valle, 66280 San Pedro Garza García, N.L., México |
| 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                         |
| Comprehensive Educational Projects LLC                | 70 <sup>1</sup>                    | -  | Oman              | PO Box. 1656, PC. 114, CPO. Seeb, Way no. 2947, Sultanate of Oman                 |

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2021

#### 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 |                   |  |
| 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, n°21, 1400-091 Lisboa, Portugal                                 |
| Sociedade – Sociedade De Educacao, SA           | 55                           | -  | Portugal          | Quinta dos Barreiros, CCI 3952 - Volta da Pedra. 2950-201 Palmela, Setubal, Portugal |
| Inspired Portugal Holding, Unipessoal Lda       | 100                          | -  | Portugal          | Av. das Descobertas, n°21, 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  |
| 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  |
| British School of Alicante SL                   | 100                          | -  | Spain             | Avda. Pio XII, 92, 28036 Madrid, Spain   |
| Ceroal ITG, S.L                                 | 100                          | -  | Spain             | Calle Serrano, 41-4º Madrid, Spain   |
| Ciudad Infantil Mirabal S.A                     | 100                          | -  | Spain             | Monte Almenara Street, Boadilla del Monte (Madrid), 28660, Spain                     |
| INSDE, S.L.                                     | 100                          | -  | Spain             | C/ SIL, 58 28002 Madrid, Spain   |
| Integral International School at Sotogrande S.L | 100                          | -  | Spain             | Avd de la Reserva s/n San Roque, Sotogrande, 11310 Cádiz Spain                       |
| International School of Sotogrande S.L.         | 100                          | -  | Spain             | Avd de la Reserva s/n San Roque, Sotogrande, 11310 Cádiz Spain                       |
| Kensington School SA                            | 99.4                         | -  | Spain             | Avda. de Bularas 2, Pozuelo de Alarcón, Madrid, Spain                                |
| King's College International Studies SL         | 100                          | -  | Spain             | Avda. Pio XII, 92, 28036 Madrid, Spain   |
| King's College Murcia SL                        | 100                          | -  | Spain             | Avda. Pio XII, 92, 28036 Madrid, Spain   |
| King's College School SL                        | 100                          | -  | Spain             | Avda. Pio XII, 92, 28036 Madrid, Spain   |

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2021

#### 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   |
|---|------------------------------------|--|-------------------|---|
| King's College SL   | 100                                | -  | Spain             | Avda. Pio XII, 92, 28036 Madrid, Spain                              |
| King's Infant School SL                                     | 100                                | -  | Spain             | Avda. Pio XII, 92, 28036 Madrid, Spain                              |
| Latam Education Holdings S.L.                               | 100                                | -  | Spain             | Calle Serrano, 41-4º Madrid, Spain                                  |
| Mirabal School S.L.   | 100                                | -  | Spain             | Monte Almenara Street, Boadilla del Monte (Madrid), 28660, Spain    |
| Nexalta Services S.L.                                       | 100                                | -  | Spain             | Avda. Pio XII, 92, 28036 Madrid, Spain                              |
| Ecole Internationale St Georges SA                          | 100                                | -  | Switzerland       | Chemin de St Georges 19, 1815 Clarens, Switzerland                  |
| International School of Ticino S.r.l                        | 100                                | -  | Switzerland       | Via alla Campagna, Lugano, CH 6900, Switzerland                     |
| ACG Australian International Education Services Company Ltd | 100                                | -  | Vietnam           | 264 Mai Chi Tho, An Phu Ward, District 2, Ho Chi Minh City, Vietnam |
| European International Education Services Company Ltd       | 100                                | -  | Vietnam           | 730 Le Van Mien, Thao Dien, District 2, Ho Chi Minh City, Vietnam   |
| Thuy Chau Joint Stock Company                               | 100                                | -  | Vietnam           | 264 Mai Chi Tho, An Phu Ward, District 2, Ho Chi Minh City, Vietnam |

<sup>1</sup> 99.99% economic interest

All companies' principal activity is the provision or facilitation of private education services.

All shares held directly by the Group are ordinary shares.

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2021

#### 40. Investment in subsidiaries (continued)

The investments in subsidiaries are all 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 2021. 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   |
|-----------------------------------|------------------------------------|--|-------------------|---|
| 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 Education (Oman) Ltd     | 75                                 | -  | 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 UK Holdings Ltd          | 100                                | -  | UK                | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK |
| Interhigh Education (No 1) Ltd    | 100                                | -  | UK                | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK |
| Interhigh Education 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 |
| 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 |
| Kings Education International 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 2021

#### 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  |
|--------------------------------------|------------------------------------|--|------------------------|--|
| Kings Education Ltd                  | 100                                | -  | UK                     | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK        |
| Ostaz Holdings Ltd                   | 60.2                               | -  | UK                     | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK        |
| Reddam House Events 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        |
| St Michael's College (Tenbury) Ltd   | 100                                | -  | UK                     | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK        |
| Wey Ecademy Ltd                      | 100                                | -  | UK                     | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK        |
| Wey Education Ltd                    | 100                                | -  | UK                     | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK        |
| Wey Education Services Ltd           | 100                                | -  | UK                     | 6 <sup>th</sup> Floor, 3 Burlington Gardens, Mayfair, London, W1S 3EP, UK        |
| Australian International Schools Ltd | 100                                | -  | British Virgin Islands | 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands |

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2021

#### 41. Property, plant and equipment

|                       | Fixtures and<br>fittings<br>€'000 | Leasehold<br>improvements<br>€'000 | Computer<br>equipment<br>€'000 | Total<br>€'000 |
|-----------------------|-----------------------------------|------------------------------------|--------------------------------|----------------|
| <b>Cost</b>           |                                   |                                    |                                |                |
| At 1 September 2018   | 131                               | 169                                | -                              | 300            |
| Additions             | 5                                 | -                                  | 23                             | 28             |
| Disposals             | (108)                             | (169)                              | -                              | (277)          |
| At 31 August 2019     | 28                                | -                                  | 23                             | 51             |
| At 31 August 2020     | 28                                | -                                  | 23                             | 51             |
| At 31 August 2021     | 28                                | -                                  | 23                             | 51             |
| <b>Depreciation</b>   |                                   |                                    |                                |                |
| At 1 September 2018   | (11)                              | (13)                               | -                              | (24)           |
| Charge for the year   | (25)                              | (31)                               | (4)                            | (60)           |
| Disposals             | 26                                | 44                                 | -                              | 70             |
| At 31 August 2019     | (10)                              | -                                  | (4)                            | (14)           |
| Charge for the year   | (6)                               | -                                  | (8)                            | (14)           |
| At 31 August 2020     | (16)                              | -                                  | (12)                           | (28)           |
| Charge for the year   | (6)                               | -                                  | (7)                            | (13)           |
| At 31 August 2021     | (22)                              | -                                  | (19)                           | (41)           |
| <b>Net book value</b> |                                   |                                    |                                |                |
| At 31 August 2021     | 6                                 | -                                  | 4                              | 10             |
| At 31 August 2020     | 12                                | -                                  | 11                             | 23             |
| At 31 August 2019     | 18                                | -                                  | 19                             | 37             |

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2021

#### 42. Intangible assets

|                       | Software<br>development<br>€'000 | Other<br>€'000 | Total<br>€'000 |
|-----------------------|----------------------------------|----------------|----------------|
| <b>Cost</b>           |                                  |                |                |
| At 1 September 2018   | 90                               | -              | 90             |
| Additions             | 273                              | -              | 273            |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 31 August 2019     | 363                              | -              | 363            |
| Additions             | 289                              | 787            | 1076           |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 31 August 2020     | 652                              | 787            | 1439           |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 1 September 2020   | 652                              | 787            | 1,439          |
| Additions             | 177                              | -              | 177            |
| Disposals             | (53)                             | -              | (53)           |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 31 August 2021     | 776                              | 787            | 1,563          |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| <b>Depreciation</b>   |                                  |                |                |
| At 1 September 2018   | (13)                             | -              | (13)           |
| Charge for the year   | (35)                             | -              | (35)           |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 1 September 2019   | (48)                             | -              | (48)           |
| Charge for the year   | (110)                            | (219)          | (329)          |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 31 August 2020     | (158)                            | (219)          | (377)          |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 1 September 2020   | (158)                            | (219)          | (377)          |
| Charge for the year   | (155)                            | (568)          | (723)          |
| Disposals             | 16                               | -              | 16             |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 31 August 2021     | (297)                            | (787)          | (1,084)        |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| <b>Net book value</b> |                                  |                |                |
| At 31 August 2021     | 479                              | -              | 479            |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 31 August 2020     | 494                              | 568            | 1,062          |
|                       | <hr/>                            | <hr/>          | <hr/>          |
| At 31 August 2019     | 315                              | -              | 315            |
|                       | <hr/>                            | <hr/>          | <hr/>          |

## Inspired Education Holdings Limited

### Notes to the Company financial statements (continued) For the year ended 31 August 2021

#### 43. Amounts owed by Group undertakings

|                                    | As at 31<br>August 2021<br>€'000 | As at 31<br>August 2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Amounts owed by Group undertakings | <u>4,054</u>                     | <u>13,905</u>                    | <u>28,375</u>                    |

Amounts repayable from subsidiaries are short term and carry interest of between 0 per cent and 6 per cent per annum charged on the outstanding loan balances.

#### 44. Trade and other payables

|                             | As at 31<br>August 2021<br>€'000 | As at 31<br>August 2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|-----------------------------|----------------------------------|----------------------------------|----------------------------------|
| Trade payables and accruals | <u>2,429</u>                     | <u>1,145</u>                     | <u>537</u>                       |

#### 45. Amounts due to Group undertakings

|                                   | As at 31<br>August 2021<br>€'000 | As at 31<br>August 2020<br>€'000 | As at 31<br>August 2019<br>€'000 |
|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Amounts due to Group undertakings | <u>14,372</u>                    | <u>13,548</u>                    | <u>12,531</u>                    |

Intercompany loans are held with various Group undertakings and are repayable on demand. Interest rates vary from 0.0% to 7.5%.

#### 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           |
|----------------------------------|-----------------|
| <b>Balance at 31 August 2018</b> | (3,734)         |
| Net profit for the year          | <u>8,618</u>    |
| <b>Balance at 31 August 2019</b> | 4,884           |
| Net loss for the year            | <u>(15,265)</u> |
| <b>Balance at 31 August 2020</b> | (10,381)        |
| Net loss for the year            | <u>(12,992)</u> |
| <b>Balance at 31 August 2021</b> | <u>(23,373)</u> |



# Inspired Education Holdings Limited

## Notes to the Company financial statements (continued) For the year ended 31 August 2021

### 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 year, highlighted items comprise:

- Pre-opening/start-up operating loss
- Acquisition and transaction related costs
- Acquisition and transaction related costs
- Adjustment to acquisition purchase consideration
- Costs incurred on the disposal or closure of a subsidiary
- Restructuring and integration costs
- Gain on disposal of associate through step-acquisition

#### ***Margin before highlighted items***

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