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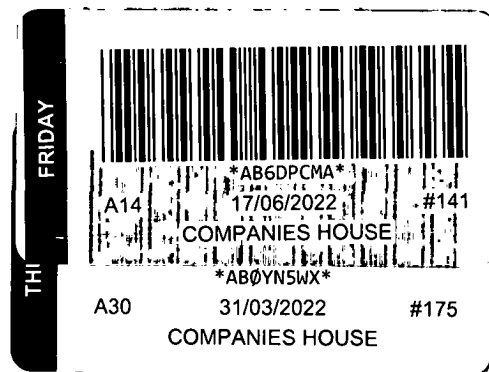
Registered number: FC033549

NAVITAS SAE (UK) HOLDINGS PTY LTD

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NAVITAS SAE (UK) HOLDINGS PTY LTD

COMPANY INFORMATION

Directors

S A Davies
S P Jones
P D Lovegrove
K K S Sandhu

Company secretary

H Hangchi
M C Rumpus
Panthercorp CST Pty Ltd

Registered number

FC033549

Registered office

Brookfield Place
Level 8, 125 St Georges Terrace
Perth
Western Australia
6000
Australia

NAVITAS SAE (UK) HOLDINGS PTY LTD

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

Introduction

The directors present their strategic report for the year ended 30 June 2021.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review

Navitas SAE (UK) Holdings Pty Ltd (the "Company") is a subsidiary of Navitas SAE Holdings Pty Ltd and operates as part of the Marron group.

The Company holds and manages key intellectual property of the SAE business, including but not limited to the SAE brand and the proprietary marks as well as know-how in relation to the education, teaching system and curricula of the educational programs offered by the SAE Group.

The Company charges both international subsidiaries of the SAE Group and external licensed education service providers for use of this intellectual property.

Principal risks and uncertainties

One of our key risks is a high attrition rate amongst students. This is mitigated by investment in staff training and development in order to provide first class student satisfaction.

Another key risk is maintaining the various designations and compliance delegations which the Company has to meet. This is mitigated by having appropriate internal controls and processes and qualified staff.

All risks are regularly reviewed and updated via the company risk register.

Financial key performance indicators

In the current period the Company generated external revenue of AU\$2,228,631 (2020: AU\$2,511,522) from licensing operations and an operating profit of AU\$154,441,634 (2020: operating profit of AU\$1,074,708). The high operating profit in the year ended 30 June 2021 is a result of a gain on the disposal of some of the Company's subsidiary investments, amounting to AU\$149,972,133 (2020: AU\$nil). In addition to this, AU\$7,483,730 (2020: AU\$nil) was raised from the SAE group royalty programme. Due to the COVID-19 pandemic, a moratorium was placed on the SAE group royalty programme and as such no operating profit for the year ended 30 June 2020 was derived from this source of income. The year ending 30 June 2021 also saw a charge for utilisation of tax losses within the group at AU\$5,644,940 (2020: AU\$nil). As shown on the income statement on page 6, the Company generated a profit before tax of AU\$148,021,932 (2020: loss of AU\$5,707,421).

This report was approved by the board on

31.03.2022

and signed on its behalf.



Kevin Kuldip Singh Sandhu
Director

NAVITAS SAE (UK) HOLDINGS PTY LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

For the financial year ended 30 June 2021, the Company was a member of the Marron Group Holdings Pty Ltd Closed Group under ASIC class order 2016/785 (previously 98/1418) and exempt from audit. A condition of the class order is that each member provide a deed of cross guarantee.

The Company, Navitas SAE (UK) Holdings Pty Ltd (former name Institutes of Business and Technology (UK) Pty Ltd), was incorporated as a private company in Australia and opened a United Kingdom branch on 1 July 2016.

Principal activity

The principal activity of the Company is the provision of educational services. The directors do not currently anticipate any change in the Company's business or activities for the foreseeable future.

Results and dividends

The profit for the year, after taxation, amounted to AU\$144,846,810 (2020 - loss AU\$7,049,640).

The directors have declared a dividend of AU\$151,662,424 for the year (2020: AU\$nil)

Directors

The directors who served during the year were:

S A Davies
S P Jones
P D Lovegrove
K K S Sandhu

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Future developments

The directors expect the general level of activity to remain consistent with 2021 in the forthcoming year with the exception of the gain on disposal of subsidiaries (note 5).

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the financial year and remain in force at the date of this report.

Post balance sheet events

Details of significant events since the balance sheet date are contained in Note 22 in the notes to the financial statements.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021****Going concern**

The accounts have been prepared on a going concern basis; see note 2 for further details.

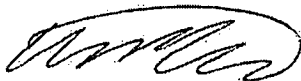
The directors have acknowledged the latest guidance regarding going concern and have assessed the existing and ongoing effects of COVID-19 on the Company's activities and the appropriateness of the use of the going concern basis. A wide range of factors have been taken into account in financial projections utilised for this purpose including travel bans, restrictions, government assistance and whether there will be sufficient liquidity to continue to meet obligations when they are due.

The Directors have considered the ability to fund operations for at least twelve months from the date of issuing these financial statements, taking into consideration current cash on hand, current and projected net cash flows from operations and availability of intercompany funding. At a Marron group level additional considerations include the maturities of debt and other commitments, compliance with financial and/or non-financial debt covenants and available sources of funding. The directors are satisfied that the Company has the financial and operational flexibility to respond to potential earnings decline beyond our expectations over the next 12 months. The directors are comfortable that the Company has adequate resources to continue in operational existence and accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

This report was approved by the board on

31.03.2022

and signed on its behalf.



K K S Sandhu
Director

NAVITAS SAE (UK) HOLDINGS PTY LTD

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

The directors are responsible for preparing the Strategic Report, the Directors' 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to 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.

NAVITAS SAE (UK) HOLDINGS PTY LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 AU\$	2020 AU\$
Turnover	4	2,228,631	2,511,522
Cost of sales		(9,137,435)	(126,954)
Gross (loss)/profit		(6,908,804)	2,384,568
Administrative expenses		(1,750,365)	(1,309,860)
Other operating income	5	163,100,803	-
Operating profit	6	154,441,634	1,074,708
Interest receivable and similar income	8	973,939	220,350
Interest payable and similar expenses	9	(7,393,641)	(7,002,479)
Profit/(loss) before tax		148,021,932	(5,707,421)
Tax on profit/(loss)	10	(3,175,122)	(1,342,219)
Profit/(loss) for the financial year		144,846,810	(7,049,640)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Total comprehensive income for the year		144,846,810	(7,049,640)

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020: AU\$nil)

The notes on pages 11 to 26 form part of these financial statements.

NAVITAS SAE (UK) HOLDINGS PTY LTD
REGISTERED NUMBER: FC033549

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 AU\$	2020 AU\$
Fixed assets			
Intangible assets	12	148,500,000	148,500,000
Investments	13	74,230,280	75,920,571
		<u>222,730,280</u>	<u>224,420,571</u>
Current assets			
Debtors: amounts falling due within one year	14	54,381,321	44,268,789
Cash at bank and in hand	15	1,513,450	708,007
		<u>55,894,771</u>	<u>44,976,796</u>
Creditors: amounts falling due within one year	16	(7,623,321)	(2,232,517)
Net current assets		<u>48,271,450</u>	<u>42,744,279</u>
Total assets less current liabilities		<u>271,001,730</u>	<u>267,164,850</u>
Creditors: amounts falling due after more than one year	17	(138,492,874)	(131,107,380)
		<u>132,508,856</u>	<u>136,057,470</u>
Provisions for liabilities			
Deferred taxation	18	(8,910,000)	(5,643,000)
		<u>(8,910,000)</u>	<u>(5,643,000)</u>
Net assets excluding pension asset		<u>123,598,856</u>	<u>130,414,470</u>
Net assets		<u>123,598,856</u>	<u>130,414,470</u>
Capital and reserves			
Called up share capital	19	122,730,281	122,730,281
Share premium account	20	999	999
Other reserves	20	128,683	128,683
Profit and loss account	20	738,893	7,554,507
		<u>123,598,856</u>	<u>130,414,470</u>

NAVITAS SAE (UK) HOLDINGS PTY LTD
REGISTERED NUMBER: FC033549

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31.03.2022



K K S Sandhu
Director

The notes on pages 11 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Called up share capital AU\$	Share premium account AU\$	Other reserves AU\$	Profit and loss account AU\$	Total equity AU\$
At 1 July 2020	122,730,281	999	128,683	7,554,507	130,414,470
Comprehensive income for the year					
Profit for the year	-	-	-	144,846,810	144,846,810
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	144,846,810	144,846,810
Dividends: Equity capital	-	-	-	(151,662,424)	(151,662,424)
Total transactions with owners	-	-	-	(151,662,424)	(151,662,424)
At 30 June 2021	122,730,281	999	128,683	738,893	123,598,856

The notes on pages 11 to 26 form part of these financial statements.

NAVITAS SAE (UK) HOLDINGS PTY LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital AU\$	Share premium account AU\$	Other reserves AU\$	Profit and loss account AU\$	Total equity AU\$
At 1 July 2019	122,730,281	999	128,683	14,604,147	137,464,110
Comprehensive income for the year					
Loss for the year	-	-	-	(7,049,640)	(7,049,640)
Other comprehensive income for the year					
	-	-	-	-	-
Total comprehensive income for the year					
	-	-	-	(7,049,640)	(7,049,640)
Total transactions with owners					
	-	-	-	-	-
At 30 June 2020	122,730,281	999	128,683	7,554,507	130,414,470

The notes on pages 11 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. General information

The Company is a private company limited by share capital incorporated and domiciled in Western Australia.

The address of its registered office is:

Brookfield Place
Level 8, 125 St Georges Terrace
Perth
Western Australia
6000
Australia

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 74A(b) of IAS 16
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Marron Group Holdings Pty Ltd as at 30 June 2021 and these financial statements may be obtained from the Australian Securities and Investments Commission.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)**2.3 Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The directors have prepared projections for at least twelve months from the date of approval of these financial statements. These projections have been proposed using assumptions which the directors consider to be appropriate to the current financial position of the Company as regards to the current financial position of the Company as regards to current expected revenues and its cost base.

The directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

2.4 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is Australian dollar, because that is the currency of the primary economic environment in which the Company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Royalty revenue

Royalty revenue is recognised on the accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Royalties determined on a title basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are measured are recognised with reference to the underlying arrangements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****2. Accounting policies (continued)****2.6 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

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

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)**2.13 Financial instruments (continued)**

with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities**Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)**2.14 Financial liabilities**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value. The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are issued principally for the purpose of repurchasing in the near term, or form part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking, or are derivatives, including separately embedded derivatives unless they are financial guarantee contracts or are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities at amortised cost

Financial liabilities which are not held for trading or are not financial liabilities designated upon initial recognition as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognised and to make sure 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 further periods.

Critical judgments in applying the Company's accounting policies

The directors do not consider there to be any critical judgments which have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The directors do not consider there to be any assumptions concerning the future, nor other key sources of estimation uncertainty which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 AU\$	2020 AU\$
External licence fees	2,228,631	2,511,522
	<u>2,228,631</u>	<u>2,511,522</u>
	2021 AU\$	2020 AU\$
United Kingdom	2,228,631	2,511,522
	<u>2,228,631</u>	<u>2,511,522</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

5. Other operating income

	2021	2020
	AU\$	AU\$
Charges for tax loss utilisation	5,644,940	-
Royalties from Marron Group undertakings	7,483,730	-
Gain on sale of subsidiary investments	13 149,972,133	-
	<u>163,100,803</u>	<u>-</u>

For the year ended 30 June 2021, the Company charged UK group relief members for the utilisation of the Company's tax losses which are in excess of the amount of tax that would otherwise have been paid by the paying companies. (2020: AU\$nil).

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021	2020
	AU\$	AU\$
Exchange differences	88,458	(6,296)
Finance costs	7,393,641	7,002,479
Management fees	1,778,186	1,010,001
Loss allowance on trade debtors	<u>1,080,401</u>	<u>286,027</u>

7. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020: AU\$nil).

8. Interest receivable

	2021	2020
	AU\$	AU\$
Interest receivable from Marron Group undertakings	973,939	220,350
	<u>973,939</u>	<u>220,350</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

9. Interest payable and similar expenses

	2021 AU\$	2020 AU\$
Loans from Marron Group undertakings	7,393,641	7,002,479
	<u>7,393,641</u>	<u>7,002,479</u>

10. Taxation

	2021 AU\$	2020 AU\$
Corporation tax		
Current tax on profits for the year	(1,324,122)	-
Adjustments in respect of previous periods	1,232,244	(261,581)
	<u>(91,878)</u>	<u>(261,581)</u>
Total current tax	<u>(91,878)</u>	<u>(261,581)</u>
Deferred tax		
Origination and reversal of timing differences	1,128,600	1,128,600
Changes to tax rates	2,138,400	475,200
Total deferred tax	<u>3,267,000</u>	<u>1,603,800</u>
Taxation on profit on ordinary activities	<u>3,175,122</u>	<u>1,342,219</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 AU\$	2020 AU\$
Profit/(loss) on ordinary activities before tax	<u>148,021,932</u>	<u>(5,707,421)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	28,124,167	(1,084,410)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(28,466,813)	1,330,471
Adjustments to tax charge in respect of prior periods	1,232,244	(261,581)
Changes in tax rates on previously recognised deferred tax	2,138,400	475,200
Group relief	1,471,246	1,359,607
Amounts not recognised	-	(477,068)
Payment for group relief in excess of the amount of tax that would have otherwise been paid	<u>(1,324,122)</u>	-
Total tax charge for the year	<u><u>3,175,122</u></u>	<u><u>1,342,219</u></u>

Changes to corporation tax rate

Finance Act 2020 reinstated the corporation tax rate to 19% for the financial year commencing 1 April 2020 and this rate was used in the June 2020 deferred tax calculations. Finance Bill 2020 increases the corporation tax rate to 25% with effect from 1 April 2023. As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred tax balances have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

There are no unrecognised tax losses or other temporary differences.

11. Dividends

	2021 AU\$	2020 AU\$
Final dividend for the year ended 30 June 2021 (equivalent to \$6.78 per share)	<u>151,662,424</u>	-
	<u><u>151,662,424</u></u>	<u><u>-</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

12. Intangible assets

	Intellectual property AU\$
Cost	
At 1 July 2020	148,500,000
At 30 June 2021	148,500,000
Net book value	
At 30 June 2021	148,500,000
At 30 June 2020	148,500,000

Indefinite useful life

The net book value of assets assessed as having an indefinite useful life are as follows:

	2021 AU\$	2020 AU\$
Intellectual property	148,500,000	148,500,000
At 30 June 2021	148,500,000	148,500,000

The intellectual property with a carrying amount of \$148,500,000 has an indefinite useful economic life.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

13. Fixed asset investments

	Investments in subsidiary companies AU\$
Cost or valuation	
At 1 July 2020	75,920,571
Disposals	(1,690,291)
At 30 June 2021	<u>74,230,280</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Study Overseas (Mauritius) Holdings Ltd	Edith Cavell Street, C/o SGG Corporate Services (Mauritius) Ltd, Les Cascades, Port-Louis, Mauritius	Holding company	Ordinary	100%
SAE Technology Group Holding B.V.	Prins Hendriklaan, 26.21075 BD, Amsterdam, Netherlands	Holding company	Ordinary	100%

The investments in subsidiaries are stated at cost less provision for impairment.

On 1 December 2020, the Company transferred investment in Navitas UK Holdings Limited to Marron Group UK Holdings Limited (formerly BGH BidCo UK Limited) (another Marron Group company). On 1 December 2020, the Company transferred investment in HIBT Limited and London Brunel International College Limited to Navitas UK Holdings Limited. The disposal gave rise to a gain of \$149,972,133 (note 5).

NAVITAS SAE (UK) HOLDINGS PTY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

14. Debtors

	2021	<i>As restated</i>
	AU\$	2020
		AU\$
Trade debtors	901,672	1,012,289
Amounts owed by Marron Group undertakings	51,450,078	41,167,030
Other debtors	3,234	869
Prepayments and accrued income	398	397
Accrued income	737,230	847,939
Withholding tax recoverable	1,288,709	1,240,265
	<u>54,381,321</u>	<u>44,268,789</u>

15. Cash and cash equivalents

	2021	2020
	AU\$	AU\$
Cash at bank and in hand	1,513,450	708,007
	<u>1,513,450</u>	<u>708,007</u>

16. Creditors: Amounts falling due within one year

	2021	2020
	AU\$	AU\$
Trade creditors	-	(99,266)
Amounts owed to Marron Group undertakings	7,559,885	1,775,045
Accruals	63,436	556,738
	<u>7,623,321</u>	<u>2,232,517</u>

17. Creditors: Amounts falling due after more than one year

	2021	2020
	AU\$	AU\$
Amounts owed to Marron Group undertakings	138,492,874	131,107,380
	<u>138,492,874</u>	<u>131,107,380</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

18. Deferred taxation

	2021 AU\$
At beginning of year	(5,643,000)
Fixed asset temporary differences recognised in the income statement	(3,267,000)
At end of year	<u>(8,910,000)</u>

The provision for deferred taxation is made up as follows:

	2021 AU\$	2020 AU\$
Accelerated capital allowances	(8,910,000)	(5,643,000)
	<u>(8,910,000)</u>	<u>(5,643,000)</u>

Based on a schedule of when we expect temporary differences to reverse a deferred tax liability of AU\$8,910,000 (2020: AU\$5,643,000) has been recognised in respect of accelerated capital allowances.

19. Share capital

	2021 AU\$	2020 AU\$
Allotted, called up and fully paid		
12,273,028 (2020 - 12,273,028) Ordinary shares of AU\$10.000000 each	122,730,280	122,730,280
10,103,738 (2020 - 10,103,738) Ordinary shares of \$0.00000009897 each	1	1
	<u>122,730,281</u>	<u>122,730,281</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

20. Reserves

The Company's other reserves comprise the following:

Share premium account

The share premium reserve contains the premium arising on issues of equity shares, net of issue expenses.

Other reserves

The other reserves represents a capital contribution reserve.

Profit and loss account

The profit and loss account represents cumulative profits or loss and other adjustments.

21. Prior year adjustment

Following the signing date of the prior year financial statements, new information came to light that amounts owed by Marron Group undertakings previously understood to be due after one year, and included within debtors due after more than one year, are actually repayable on demand.

For the year ended 30 June 2020, this restatement has led to an increase in debtors due within one year of AU\$41,167,030, and a corresponding decrease in debtors due after more than one year.

22. Post balance sheet events

On 10th February 2022, the Marron Group announced the potential sale of part of its creative media institute, SAE, to AD Education (part of Europe's leading private investment house, Ardian). The Company holds the intellectual property relating to worldwide SAE brand (note 12).

Under the share purchase agreement, Ardian will purchase the SAE operations in the United Kingdom and mainland Europe. The Group will retain SAE operations in Australia, New Zealand, Canada and the US alongside its network of licensed education partners operating under the SAE brand in other parts of the world.

The allocation of the expected sales proceeds to the various assets and liabilities of the divestment group (which includes a proportion of the intellectual property held by the Company) has not yet been determined and therefore it is not yet possible to estimate the gain or loss that will arise upon this divestment.

23. Controlling party

The ultimate parent company at 30 June 2021 is Marron Group Holdings Pty Ltd, registered in Australia. This is the smallest and largest group to consolidate the results of the Company.

The immediate parent entity at 30 June 2021 is Navitas Pty Ltd, a company registered in Australia.