



NextEd
Group

Bell Potter Emerging Leaders Conference

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FY23 – a record performance

FY23 financial results

Revenue

\$102.2m ▲ \$55.4m vs FY22

EBITDA¹

\$16.7m ▲ \$13.1m vs FY22

Operating cash flows²

\$25.2m ▲ \$8.2m vs FY22

Net profit after tax (adjusted)⁴

\$5.5m ▲ \$9.4m vs FY22

Cash at bank³

\$40.2m ▲ \$10.0m vs JUNE 22

FY23 lead indicators

International Vocational new confirmed enrolments	English language actively studying students
▲ 202% FY23 vs FY22	▲ 425% Jun23 vs Jun22
Deferred revenue balance	Go Study (Agency) new international students recruited
▲ 142% Jun23 vs Jun22	▲ 125% Jun23 quarter vs Jun22 quarter

1. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory profit under AAS adjusted for specific non-cash and significant items. Excludes M&A costs in the prior corresponding period (FY22: \$3.2m; FY23: nil)

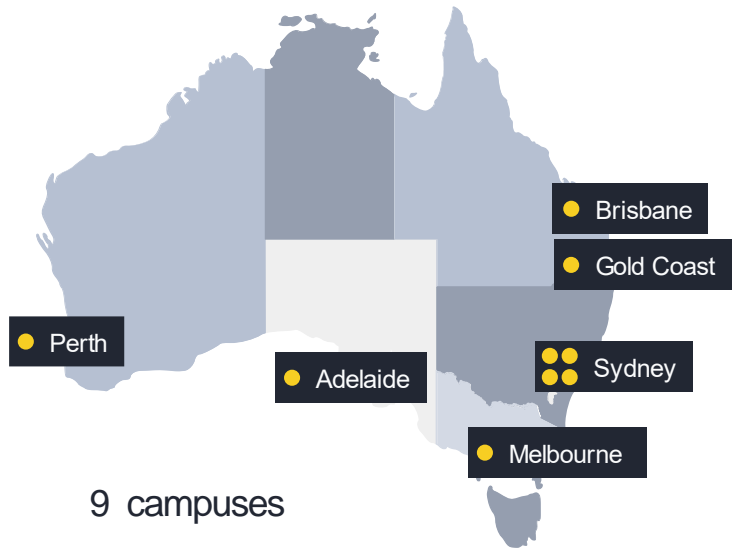
2. Excludes M&A cash flows in prior corresponding period (FY22: \$5.8m; FY23: nil)

3. Cash at bank includes term deposits securing bank guarantees of \$9.9m (FY22: \$3.1m)

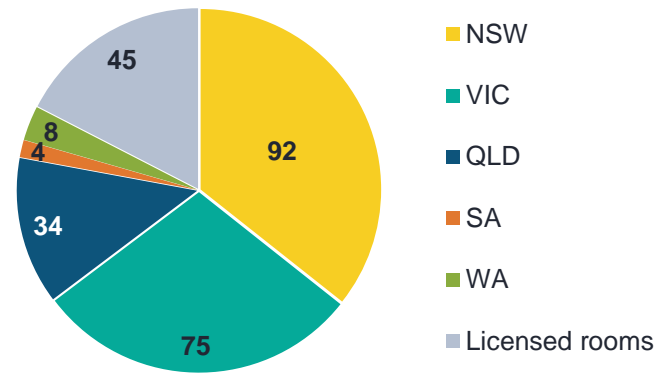
4. Net profit after tax (adjusted) is defined as the statutory net profit after tax excluding M&A expenses and before non-cash tax effected amortization of acquired intangible assets (FY23: \$1.9m; FY22: \$4.8m).

95% aggregate campus utilisation

NextEd campus locations

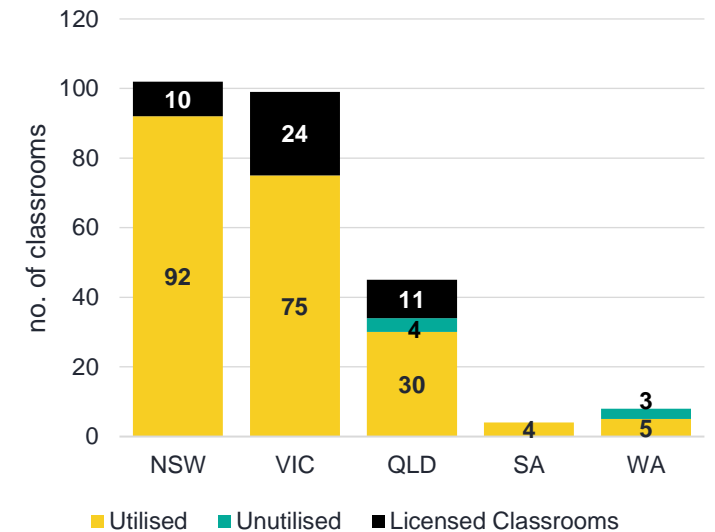


Number of classrooms by state at June 2023



Total number of classrooms **258**

Classroom daytime utilisation at end of June 2023



- Approximately 95% aggregate campus utilisation rate at the end of FY23
- Further campus expansion required for increased classroom attendance plus new students and courses
- Quality campuses located in Australia's largest metropolitan addressable markets
- 45 licensed classrooms at June 2023 provided overflow capacity - by end Dec 23 we will transition 33 of them to newly opened leased classrooms to improve yield



Campus expansions – enabling growth with compelling returns

RECENT CAMPUS INVESTMENTS

- Brisbane campus launched in June 2022 and delivered \$6.0m revenue and \$1.7m EBITDA (pre-AASB 16) in FY23 (with over 1,100 students at end of June 2023) – capital investment was approximately \$3.0m which is expected to be fully paid back in under 2 years
- Recent Sydney and Melbourne campus expansions are expected to achieve incremental EBITDA which pays back the capital investment in under 2 years
- From 1 July 2023, all international students were required to return to face-to-face classroom delivery for at least 2/3 of their courses – NextEd planned for this in its campus investments

UPCOMING CAMPUS INVESTMENTS

- NextEd will relocate into a larger Adelaide campus in November 2023 to support expected growth in student numbers and to enable the launch of English language and vocational courses to international students
- NextEd will relocate into a larger Gold Coast campus in early 2024 to support expected growth in student numbers and to enable the launch of new courses

New course launches – targeting new markets

- 6 vocational certificate and diploma hospitality and cookery courses delivered to international students were launched in Perth, Brisbane and Gold Coast in FY23 - NextEd have launched these courses in Sydney and Melbourne commencing in August 2023
- Domestic vocational healthcare courses to be launched in Melbourne in October 2023 – new industry partnerships signed
- NextEd expects to announce further course range expansions for launch in early 2024 – course applications have been submitted and are pending regulatory approval





External market factors - evolving

NextEd welcomes recently announced government actions to encourage genuine international students and constrain non-genuine students and operators

- **Temporary COVID-19 408 Visa:** Cancelled effective 2 September 2023; transition arrangements now in place
- **Fit and proper person standards⁽¹⁾:** Strengthening rules to eliminate non-genuine operators who fail to deliver proper education services (including operating ‘ghost classrooms’)
- **Joint Ministers’ Media release⁽²⁾:** NextEd welcomes the recent Australian Government announcement which included the following measures:
 - **Removing ability of international students to hold concurrent COEs⁽³⁾** – students have been dropping out of higher education courses and moving to cheap shorter vocational courses to facilitate access to work via the 408 Visa
 - **Increasing savings international students need by 17% to get a student visa** – a welfare measure to ensure students can support themselves and avoid being exploited
 - **Increasing scrutiny of high-risk student cohorts and education providers** – targeting ghost colleges and other unscrupulous practices

1. Media release 25/08/23 – Strengthening integrity for training organisations, The Hon Brendan O’Connor MP, Minister for Skills and Training

2. Joint Ministers’ Media release 26/08/23 - International Education Integrity Measures

3. Confirmation of Enrolment

NextEd's differentiated market position – sustainable competitive advantages



Diversified earnings base:

- Broad course range in English language, vocational and higher education segments
- Broad domestic and international student mix



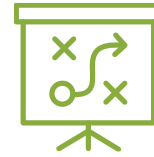
Expanding national campus footprint complemented by online delivery:

- Quality classrooms and specialist learning facilities in key metropolitan markets
- Capabilities to deliver online and to support learning at workplaces



Accreditations and funding via Commonwealth and State Governments:

- Accredited for funding training contracts with the Commonwealth and five State and Territory governments
- Mix of funding accreditations provides tuition payment flexibility for prospective students



Strong regulatory compliance (proper fees + real classrooms = genuine students):

- International students must attend classes and comply with visa requirements or NextEd will report them to DOHA
- Tuition pricing and agency relationship strategies in place to deter non-genuine students



Extensive international student agency relationships and capabilities:

- Relationships with over 500 student agencies from a broad mix of source nationalities
- Track record of cancelling agency agreements when unscrupulous behaviours are detected



Industry relevant curriculums:

- Delivering courses in specialist in-demand industries where there is growing demand for graduates
- Actively engaging with industry partners to assist students achieve work experience and job outcomes

FY24 financial guidance

Recent NextEd guidance took a conservative stance that the temporary COVID-19 408 Visa remained in place for all FY24 –the benefit to NextEd of the unexpected closure of the 408 Visa is not possible to quantify at this time.

NextEd's recent FY24 guidance:

- Revenues for the half year period ending 31 December 2023 (H1 FY24) will be in the range of \$59.0 million to \$63.0 million, 35% to 44% higher than the prior comparative half year (H1 FY23: \$43.6 million)
- Absent major external shocks NextEd currently expects that its H2 FY24 revenues will be higher than both H1 FY24 and the H2 FY23 pcp
- International Vocational division FY24 revenue and EBITDA expected to exceed those of FY23
- Domestic Vocational division FY24 revenue and EBITDA to exceed those of FY23



Investor overview

- **Strong FY23 performance:** FY23 provided shareholders with \$25m of operating cash flow generation from a doubling of revenues, 4.6x EBITDA, and reversing negative NPAT into materially positive NPAT yoy
- **Strengthened foundations:** classroom capacity; expansion into high demand courses (English language, hospitality, aged care); and positive operating leverage (from scale and classroom utilisation)
- **Resources & capabilities:** NextEd has a strong balance sheet including approximately \$40 million of cash at the end of June 2023 and zero bank debt. It has a highly experienced management team with a track record of quickly adapting to changes in market conditions
- **Growth initiatives:** NextEd is continuing to position its business for significant growth. It considers the COVID-19 408 Visa impacts a temporary issue to be managed, and it will continue its strategic geographic and course range expansion to target growth supported by other operational improvements
- **Differentiated market position:** mix of businesses with sustainable competitive advantages



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*Thank
You*

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