

## **DELIVERING STRONG GROWTH SUPPORTED BY ROBUST EXPANSION STRATEGIES**

NextEd Group Limited (**ASX: NXD**) (**NextEd**) is delighted to provide this activities and lead indicators update and to confirm the H1 FY23 financial guidance which was provided at its annual general meeting (AGM) in November 2022.

### **Confirming H1 FY23 guidance**

NextEd has refined the guidance range of its financial results for the half year period ended 31 December 2022 (H1 FY23) to:

- Revenues between \$43.4 million and \$43.7 million, 138% to 140% higher than the prior comparative half year;
- EBITDA between \$6.4 million and \$6.7 million, 290% (\$4.8 million) to 308% (\$5.1 million) higher than the prior comparative half year; and
- Closing cash balance at 31 December 2022 of approximately \$38.5 million (including term deposits securing bank guarantees of \$3.1 million), an increase of \$8.4 million over the balance at 30 June 2022.

Revenues are expected to be in the middle of the guidance range provided at NextEd's November 2022 AGM, and EBITDA is expected to be at the upper end of the AGM guidance range.

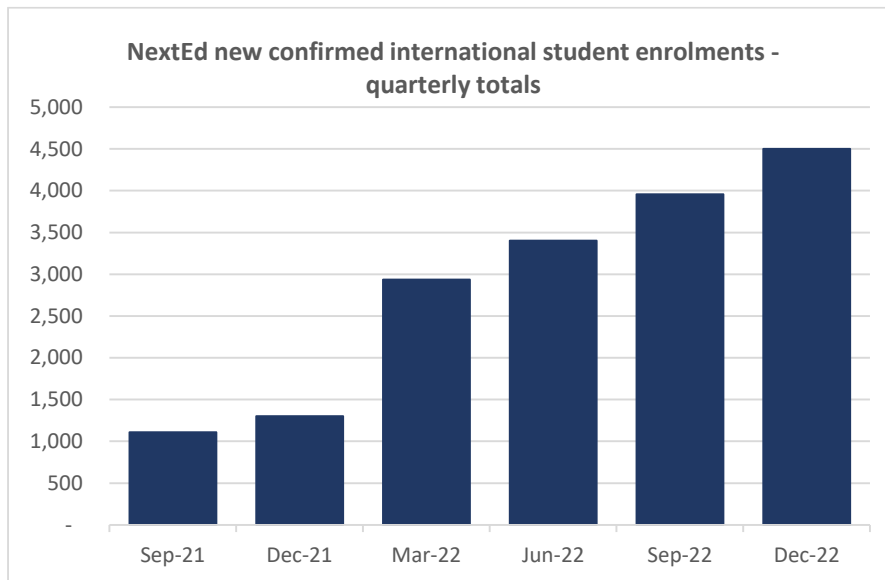
NextEd's H1 FY23 financial results are currently being reviewed by the company's auditors and are scheduled to be released to the ASX on Monday 27 February 2023. No further comment on financial performance will be made until after that release.

### **International student enrolments – continuing to break records**

NextEd continues to enrol record numbers of new international students and to maximise lifetime value by packaging students into multiple courses offered by the group. It also continues to experience outstanding lead indicator trends which are expected to deliver significant growth in future international student revenues.

#### Confirmed enrolments into English language and vocational courses

NextEd confirmed record numbers of new international student enrolments into English language and vocational courses in the quarter ended December 2022, approximately 350% above the prior year corresponding period.



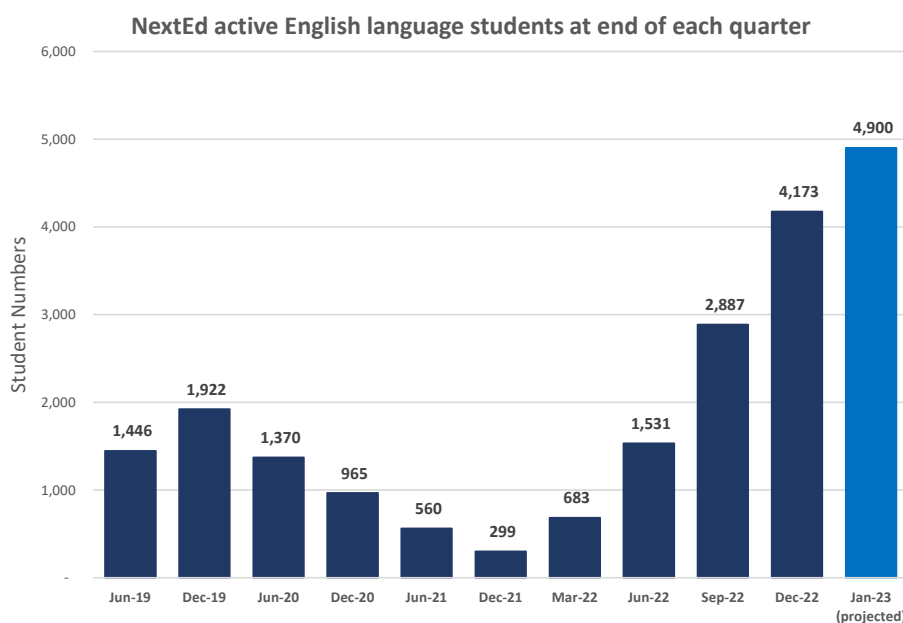
In most cases new enrolments have been secured while the international students are outside of Australia. There is a period of approximately 4 to 8 weeks between enrolment confirmation and when students arrive in Australia to commence their courses. Tuition revenues are only recognised once students commence their studies and are recognised evenly over the course duration.

#### English language student numbers – explosive growth

International students seeking to undertake vocational or higher education studies in Australia must first demonstrate a sufficient level of English language proficiency, therefore many require a period of English language study. NextEd operates one of Australia’s largest private English language colleges under its Greenwich English College brand.

There were 4,173 English language students actively studying at Greenwich English College at the end of December 2022, up 4% on guidance provided at the November 2022 AGM and more than double the pre-covid pandemic peak student numbers.

The number of English language students actively studying at Greenwich English College is expected to increase further in H2 FY23. The number of students at the end of January 2023 is expected to be approximately 4,900, which is an increase of 17% over the prior month.



NextEd's extraordinary English language student growth is due to:

- Strong supply chain relationships with a global network of international student recruitment agents;
- Its unwavering focus on providing quality learning experiences and outcomes for students;
- Actively managing available campus capacities and utilization levels to support growing student numbers;
- Increasing market share in an environment where competitor numbers have reduced by at least 20% because of college closures during covid; and
- Harnessing Australia's attractiveness and resilience as a study destination for international students.

## **Launching new courses to accelerate growth**

### Launched Gold Coast English language and international student vocational courses in January 2023

NextEd successfully launched its Greenwich English College and Greenwich Management College brands in the Gold Coast in early January 2023. The current Gold Coast campus has 11 classrooms, which should be sufficient to support anticipated growth over the remainder of 2023. However, NextEd is already searching for larger premises due to the positive response from source markets and the anticipated longer-term growth in demand.

### Launched 6 new hospitality courses for international students in January 2023

NextEd successfully launched 6 new vocational hospitality courses to international students under its Greenwich brand for first intakes in Brisbane and Perth in January 2023. Planning is underway to launch these courses in Melbourne, Sydney and the Gold Coast later in the year.

Greenwich will tap into its broad, well established international recruitment agent networks to recruit students into its new hospitality courses. NextEd is confident there will be strong demand from international students seeking skills and qualifications to obtain jobs and careers in the Australian hospitality industry.

### Strong anticipated first intake for 4 new bachelor degrees in February 2023

In early FY23 NextEd obtained regulatory approval to launch 4 new internally developed bachelor degrees which are currently being marketed for their first student intakes in late February 2023. Enrolments into these new bachelor degrees are expected to contribute to revenue growth in H2 FY23 and FY24.

## **Expanding the campus footprint to enable growth**

### Brisbane campus expansion

NextEd's Brisbane campus is expected to deliver strong financial operating leverage in H2 FY23 and FY24.

NextEd launched its new Brisbane campus in July 2022, which features 12 classrooms including specialist industrial kitchen, hospitality and aged care teaching facilities. Brisbane student numbers have grown strongly since the campus launch and it is operating at high daytime utilisation levels.

A lease over a second contiguous floor in the same building commenced in January 2023 and is expected to be operational in April 2023 after completion of a quality fit-out. The campus expansion will include 12 additional classrooms and other student support facilities and should achieve at least 50% daytime utilisation shortly after opening based upon expected student numbers.

## Melbourne campus expansion

NextEd's Melbourne campus has high daytime and evening utilisation and is expected to deliver strong financial operating leverage in H2 FY23 and FY24. Additional classrooms will shortly be available to support further forecast growth.

NextEd's Melbourne campus is currently the largest in the group, featuring 73 classrooms plus high-quality support facilities for students and employees. A new lease over additional space within the Melbourne campus building will shortly commence, which NextEd intends to fit-out with at least 16 additional classrooms. The additional classrooms are expected to be operational from May 2023 and should achieve at least 50% daytime utilisation shortly after opening based upon expected student numbers.

## Sydney campuses – planning expansion

NextEd operates from 3 main campuses in Sydney which are all operating at high utilisation levels. Based on projected future increases in student numbers a search for additional campus space in Sydney is currently underway and NextEd plans to enter a new lease for additional classrooms by the end of March 2023.

NextEd's CEO, Glenn Elith, made the following comments on the company's progress:

*"We will continue to capitalise on the 'once in a lifetime' market conditions and organisational circumstances by harnessing our competitive advantages to capture the rapid increase in international students coming into Australia and unlocking organic growth opportunities made available through NextEd's acquisition of RedHill in late 2021.*

*Beyond these current growth drivers, there are other exciting opportunities for NextEd to invest in growth through further course range, geographic and addressable market expansion, and though applying our strong cash position and organisational capabilities to considering strategic M&A."*

## **Forward-looking statements**

This announcement may include forward-looking statements that relate to anticipated future events, financial performance, plans, strategies or business developments. Forward-looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "outlook", "forecast" and "guidance", or other similar words. They may include, without limitation, statements regarding plans, strategies and objectives and anticipated business developments. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements are based on NextEd's good-faith assumptions as to the financial, market, regulatory and other considerations that exist and affect NextEd's business and operations in the future and there can be no assurance that any of the assumptions will prove to be correct. There may be other factors that could cause actual results or events not to be as anticipated, and many events are beyond the reasonable control of NextEd. NextEd's actual results, performance or achievements may be materially different from those which may be expressed or implied by such statements, and the differences may be adverse. Accordingly, you should not place undue reliance on these forward-looking statements. Any forward-looking statements in this announcement are only made as at the date of this announcement and, to the maximum extent permitted by law, NextEd disclaims any obligation or undertaking to update or revise any forward-looking statements or to advise of any change in assumptions on which any such statement is based.

*This announcement has been approved for release by the Board of NextEd Group Limited.*

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