

H1 FY23 INTERIM FINANCIAL REPORT

RECORD RESULTS AND A RAPIDLY EXPANDING PIPELINE FOR FUTURE GROWTH

NextEd Group Limited (**ASX: NXD**) (**NextEd** or the **Company**), a rapidly growing provider of tertiary education services to international and domestic students, provides its Interim Financial Report for the half-year ended 31 December 2022 (**H1 FY23**).

Financial highlights – another strong performance

In H1 FY23 NextEd delivered record revenues and a strengthened balance sheet driven by exceptional growth in international student numbers, business expansion activities, and operating leverage achieved from higher campus utilisation.

Financial highlights in H1 FY23 included:

- Record revenues of \$43.6 million, a 239% increase over the previous corresponding period (pcp) (H1 FY22: \$18.2 million);
- EBITDA of \$6.6 million, a 403% increase over the pcp (H1 FY22: \$1.6 million excluding M&A costs);
- Exceptional operating cash flows of \$14.4 million, a 876% increase over the pcp (H1 FY22: \$1.7 million excl M&A costs);
- Cash balance at 31 December 2022 of \$38.6 million (including term deposits), 28% higher than the previous half-year (30 June 2022: \$30.2 million); and
- Deferred revenue at 31 December 2022 of \$40.3 million, 31% higher than the previous half-year (30 June 2022: \$30.7 million).

NextEd expects revenues and EBITDA to increase in H2 FY23 against the previous half-year as international student numbers continue to grow.

Deferred revenue represents tuition fees which have been paid or are due for payment for studies not yet undertaken. Revenue is recognised evenly over the period that courses are delivered, and most of the deferred revenue balance at the end of December 2022 is expected to be recognised within the next 4 to 6 months, and no longer than within the next 12 months.

International student highlights – breaking records

NextEd continues to enrol record numbers of international students and is maximising lifetime value by packaging them into multiple courses as part of their study plans. International students undertake an average of approximately 6 months of English language studies at NextEd before being ready to progress into other vocational or higher education courses, and we expect that progressing students will contribute to growth in H2 FY23 and FY24.

NextEd is expanding its international student course range and campus locations to service existing students and the expected growth in demand from new students in H2 FY23 and FY24.

International student highlights include:

- 1,400% increase in English language students at 31 December 2022 over the pcp (December 2022: 4,173; December 2021: 299), which is expected to increase to over 5,300 English language students by the end of February 2023;
- 350% increase in new student enrolments into English language and vocational courses in H1 FY23 over the pcp (H1 FY23: 8,460; H1 FY22: 2,411);
- English language and vocational courses launched to international students at the new Brisbane campus in August 2022;
- English language and vocational courses launched to international students at the Gold Coast campus in January 2023;
- 6 new vocational hospitality courses launched in Perth and Brisbane in January 2023, which will be launched in Melbourne, Sydney and Gold Coast later in 2023;
- 4 new bachelor degrees launched in Sydney and Melbourne in February 2023, which will be delivered to both international and domestic students; and
- Approximately 40% of the students currently studying vocational courses at NextEd progressed into those courses after completing their English language studies with the Company.

NextEd expects its English language and vocational international student numbers to increase in H2 FY23 and FY24 and to deliver significant future growth in international student revenues.

NextEd is currently expanding its campus footprints in Sydney, Melbourne, Brisbane and Gold Coast to service the expected increase in international student numbers.

Domestic vocational student highlights – focus on profits as platform for future growth

NextEd ceased delivering unprofitable courses and programmes to domestic students in H1 FY23 and reorganised its back-office functions to achieve efficiencies and better support future growth. These initiatives resulted in a 19% decline in domestic vocational revenue in H1 FY23 against the pcp to \$4.7 million, but a 28% increase in EBITDA to \$1.5 million.

NextEd is confident student demand for its accredited vocational courses in hospitality and healthcare will remain strong, and there will be future opportunities to grow these revenues due to available government funding and industry demand for quality graduates.

NextEd is currently recruiting new senior functional management into its Domestic Vocational division to harness emerging funding and growth opportunities.

Company name change to NextEd Group Limited

At the AGM in November 2022, shareholders approved the renaming of the company to NextEd Group Limited to herald the organisation's transformation and reflect its forward-looking approach and high growth mindset.

Rebranding activities have mostly been completed, including changing and updating NextEd's websites, emails, social media accounts, internal systems and campus signage. We are confident this name change will assist to lift NextEd's brand profile with key stakeholders and enhance the impact of our refreshed Vision and Values statements, which we've implemented as foundations to guide and support future organisational strategy.

CEO comment

NextEd CEO Glenn Elith said:

“We have delivered extraordinary H1 FY23 results and are excited about harnessing future growth opportunities through course range expansion, increasing our campus footprint and extending student lifetime value.

“The NextEd team is energised and committed to unleashing the potential of the organisation and its students.”

H1 FY23 results presentation

NextEd invites shareholders to attend a live H1 FY23 Results Presentation webinar today at 10:30am (AEDT), hosted by NextEd’s CEO, Glenn Elith and CFO, Michael Fahey.

Participants will be required to register their attendance using the following Zoom link:

https://us02web.zoom.us/webinar/register/WN_05ZtZGYZQLKuTbxmCPvONG

Forward-looking statements

This announcement may include forward-looking statements that relate to anticipated future events, financial performance, plans, strategies, objectives or anticipated 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. 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.

For further information:

Glenn Elith
Chief Executive Officer
glenn.elith@nexted.com.au

Lisa Jones
Company Secretary
lisa.jones@nexted.com.au



NextEd Group Limited
and its Controlled Entities
ABN 75 105 012 066

Interim Financial Report
for the Half-Year Ended
31 December 2022

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CORPORATE DIRECTORY

Directors

Catherine (Cass) O'Connor – Independent non-executive chair (appointed 29 July 2022)
Simon Tolhurst – Independent non-executive director (Independent chairman until 29 July 2022)
William Deane – Independent non-executive director
Sandra Hook – Independent non-executive director

Company Secretary

Lisa Jones

Registered Office

Level 2, 7 Kelly Street
Ultimo NSW 2007
Telephone: +61 (0)2 8355 3820
Email: investors@nexted.com.au
Website: www.nexted.com.au

Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008
Telephone: +61 (08) 9426 0666

Share Registry

Advanced Share Registry Ltd
110 Stirling Highway
Nedlands WA 6009
Telephone: +61 (0)8 9389 8033
Toll Free: 1300 113 258
Fax: +61 (08) 6370 4203
Email: admin@advancedshare.com.au
Website: <https://www.advancedshare.com.au>

Securities Exchange

ASX Code: NXD
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
Telephone: 131 ASX (131 279) – within Australia
Telephone: +61 (0)2 9338 0000
Website: www.asx.com.au

ASIC Registrations

ACN: 105 012 066
ABN: 75 105 012 066

APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

1 REPORTING PERIOD

Report for the period ended: Half-year ended 31 December 2022
 Previous corresponding period: Half-year ended 31 December 2021

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000	Change \$'000
2.1 Revenues from ordinary activities	43,574	18,237	25,337
2.2 Profit / (loss) from ordinary activities after tax attributable to members	466	(4,299)	4,765
2.3 Profit / (loss) from ordinary activities	484	(4,288)	4,772

	Amount per security ¢	Franked amount per security %
2.4 Dividends		
Interim dividend	Nil	n/a
Final dividend	Nil	n/a
2.5 Record date for determining entitlements to the dividend	n/a	n/a

3. Net tangible assets per security

	Current period \$'000	Previous corresponding period \$'000
Earnings / (losses) for the period attributable to owners of the parent	484	(4,288)
Net assets	62,112	65,430
Less: Intangible assets	(64,306)	(68,586)
Add: Deferred tax liabilities	4,654	530
Net tangible assets / (liabilities)	2,460	(2,626)

	Number	Number
Fully paid ordinary shares post share consolidation	219,516,773	216,550,545
	¢	¢
Net tangible assets / (liabilities) backing per share	0.011	(0.012)

APPENDIX 4D (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Date payable	Amount per security ¢	Franked amount per security %
4. Dividends			
Interim dividend	N/A	Nil	N/A
Final dividend	N/A	Nil	N/A

5. Dividends and returns to shareholders including distributions and buy backs

Nil

6. The financial information provided in this Appendix 4D is based on the accompanying Interim Financial Report, which has been prepared in accordance with Australian Accounting Standards.

7. The financial statements were subject to a review by the company's auditors whose unmodified report is attached as part of the Interim Financial Report for the half-year ended 31 December 2022.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Your directors present their financial report on the consolidated entity consisting of NextEd Group Limited (formerly iCollege Limited) (**NextEd or the Company**) and its controlled entities (**Group**) for the half-year ended 31 December 2022 (**1H23**).

Directors

The names of Directors during the half-year and up to the date of this report are:

Cass O'Connor	Independent non-executive chair (appointed 29 July 2022)
Simon Tolhurst	Independent non-executive director (Independent chairman until 29 July 2022)
William Deane	Independent non-executive director
Sandra Hook	Independent non-executive director

Company secretary

Lisa Jones

Principal activities

During 1H23, the Company's principal activities were:

- delivering high quality English language, building and construction, hospitality, healthcare, creative digital technologies, managerial, marketing, computer coding and interior design and styling courses; and
- providing education recruitment agency services to international students.

Operating and financial review

NextEd operates a group of 10 education businesses plus an international student recruitment agency with offices located in Europe, South America and Australia. We currently educate and inspire approximately 25,000 students per year across the English language, Vocational and Higher Education sectors. Our broad and diverse mix of domestic and international students undertake their courses either online or at our campuses located across Australia. In addition to this, some of our students are offered structured work placement and internship opportunities to complement their learning experience.

NextEd performed well in 1H23 with record revenues and strong cash flows. This was driven by strong growth in international student numbers, geographic and course range expansion, and operating leverage including higher utilisation of campuses.

Financial highlights for 1H23 include:

- Record revenue of \$43.6 million, 139% higher than the previous corresponding period (pcp) (1H22: \$18.2 million);
- EBITDA of \$6.6 million, 303% higher than the pcp (1H22 \$1.6 million excl M&A costs);
- Strong Operating Cash Flow of \$14.4 million, 776% higher than the pcp (1H22: \$1.7 million excl M&A costs);
- Cash at bank at 31 December 2022 of \$38.6 million (30 June 2022: \$30.2 million) including \$3.1 million in term deposits providing security over bank guarantees for property leases;
- Nil debt at 31 December 2022 (30 June 2022: \$0.4 million); and
- Deferred revenue (contract liabilities) balance at 31 December 2022 of \$40.3 million, 31% higher than the previous year end (30 June 2022: \$30.7 million).

DIRECTORS' REPORT (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Revenue

Revenue in 1H23 increased by \$25.3 million against pcp (139%), with strong growth in International Vocational (256% higher than the pcp), Technology & Design (144% higher than the pcp) and Go Study (160% higher than the pcp). Revenue in the Domestic Vocational segment declined by 19% due to the discontinuation of unprofitable courses.

EBITDA

EBITDA in 1H23 increased to \$6.6 million, \$5.0 million or 303% higher than pcp (1H22: \$1.6 million excluding M&A costs). This exceptional growth was driven by the rapid increase in international student numbers following the reopening of Australia's borders, operating leverage achieved from higher utilisation of campus facilities, and realised cost synergies from the acquisition of RedHill in October 2021.

Cash flows and balance sheet

Operating cash flows in 1H23 were \$14.5 million, \$17.2 million higher than the pcp (1H22: \$(2.7) million). This result was driven by earnings growth, positive working capital movements, and the non-repeat of one-time M&A transaction costs in the previous year.

Investing cash flows in 1H23 were \$1.4 million, with \$0.2 million invested in new campus facilities in Brisbane, \$0.4 million in remodelling the Mary Street, Sydney campus, and \$0.3 million in new course development.

At 31 December 2022 cash on hand was \$38.6 million including term deposits (30 June 2022: \$30.2 million). NextEd is well capitalised to invest further in revenue and profit generating opportunities.

\$23.1 million of cash on hand is currently held in interest-bearing term deposits with terms of less than 60 days, inclusive of \$3.1 million as security over bank guarantees. Cash on hand surplus to immediate requirements is invested in term deposits with major banks to order to generate interest income.

Contract liabilities, which represent student tuition fees invoiced but not yet earned, grew to \$40.3 million at 31 December 2022, \$9.6 million higher than the balance at 30 June 2022. Contract liabilities will be recognised as revenue evenly over the period that education services are delivered to students.

Operational highlights for 1H23 include:

- 8,460 new confirmed student enrolments into English language and vocational courses in 1H23, 251% higher than the pcp, (1H22: 2,411 enrolments);
- 4,163 actively studying English language students as at 31 December 2022, 1,296% higher than the pcp, (31 December 2021: 299 students), which increased to approximately 5,300 English language students at end of February 2023;
- New Brisbane campus launched in August 2022 to deliver courses to both domestic and international students;
- English language and vocational courses launched to international students at the Gold Coast campus in January 2023;

DIRECTORS' REPORT (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

- 6 new vocational hospitality courses launched in Perth and Brisbane in January 2023, with planning underway to launch them into Melbourne, Sydney and Gold Coast later in 2023; and
- 4 new bachelor degrees launched in Sydney and Melbourne in February 2023, which will be delivered to both international and domestic students.

Outlook

NextEd expects its English language and vocational international student numbers to increase further in 2H23 and FY24, and to deliver significant growth in future international student revenues.

NextEd is currently working on initiatives to expand its campus footprints in Sydney, Melbourne, Brisbane and Gold Coast to service this expected increase in international student numbers.

Growth drivers in 2H23 are expected to include:

- Growth of English language and vocational student numbers at the Gold Coast campus, which launched in January 2023;
- Expansion of the Melbourne campus from 73 to 89 classrooms from May 2023, with additional classrooms expected to achieve at least 50% daytime utilisation shortly after opening based upon secured new student enrolments;
- Expansion of the Sydney campus footprint via a new lease expected to be executed in early March 2023 for an additional 18 classrooms to support expected strong growth;
- Expansion of the Brisbane campus from 12 to 24 classrooms from April 2023, with additional classrooms expected to achieve at least 50% daytime utilisation shortly after opening based upon secured new student enrolments;
- Growth of international student management and hospitality revenues at the Perth campus (under the Greenwich brand), which were launched in January 2023;
- Continued increase in the number of students studying English languages courses due to the combination of strong supply chain relationships, quality learning outcomes, available campus capacity and Australia's attractiveness and resilience as a study destination for international students;
- Growth in the number of international students undertaking management and other vocational courses as they progress from English language studies into other courses offered by NextEd; and
- Revenues from the first intake of students into the four new bachelor degrees delivered by the Technology & Design division in late February 2023.

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

DIRECTORS' REPORT (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Company name change to NextEd Group Limited

At the AGM in November 2022, shareholders approved the renaming of the Company to NextEd Group Limited (formerly iCollege Limited) to herald the organisation's transformation following the acquisition of RedHill and to reflect its forward-looking approach and high growth mindset.

NextEd has largely completed its rebranding activities, including changing and updating its websites, emails, social media accounts, internal systems and campus signage. NextEd is confident that this name change will assist to lift the company's brand profile with key stakeholders and will enhance the impact of refreshed Vision and Values statements which have been implemented as foundations to guide and support future organisational strategy.

Non-IFRS information

The Company reports EBITDA (post AASB 16) in addition to the Profit after Tax. 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. The Company's directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and profit after income tax for the half year ended 31 December 2022 is noted below.

Financial results

	1H23	1H22
	\$'000	\$'000
Revenue from operations	43,574	18,237
EBITDA / (EBITDA loss)	6,648	(1,665)
Net profit / (loss) after tax	466	(4,299)
Positive / (negative) cash flows from operations	14,478	(2,741)
Cash flows from operations excluding M&A costs	14,478	1,652

EBITDA / (EBITDA loss) reconciliation

	1H23	1H22
	\$'000	\$'000
Net profit / (loss) after tax	466	(4,299)
Add back:		
Depreciation & amortisation	5,631	2,063
Finance costs net of interest income	915	663
Less:		
Income tax benefit	(364)	(92)
EBITDA / (EBITDA loss)	6,648	(1,665)
Add back abnormal expenses:		
Merger and acquisition costs	-	3,306
EBITDA excluding M&A costs	6,648	1,641

DIRECTORS' REPORT (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

The auditor's independence under section 307c of the Corporations Act 2001 (Cth) for the half-year ended 31 December 2022 has been received and can be found on Page 10 of the interim financial report.

Signed in accordance with a resolution of directors, pursuant to section 306(3) of the *Corporations Act 2001 (Cth)*.

A handwritten signature in black ink, appearing to read "C. O'Connor".

Cass O'Connor
Chair
27 February 2023

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the review of the financial statements of NextEd Group Limited for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 27th day of February 2023
Perth, Western Australia

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
Revenue from continuing operations	2a	43,574	18,237
Cost of sales		(18,069)	(7,523)
Gross profit		25,505	10,714
Other income	2b	37	1,475
Interest income	2b	231	-
Salaries and employee benefits expense		(11,628)	(6,144)
Depreciation and amortisation expense	4	(5,631)	(2,063)
Impairment of receivables		(902)	(343)
Property and occupancy costs		(1,909)	(858)
Professional and consulting fees		(775)	(880)
Marketing expenses		(1,792)	(1,123)
Public company related costs		(508)	(422)
Merger and acquisition costs		-	(3,306)
Other expenses		(1,380)	(778)
Finance costs	4	(1,146)	(663)
Profit / (loss) before tax		102	(4,391)
Income tax benefit		364	92
Net profit / (loss) for the half-year		466	(4,299)
Other comprehensive income for the half-year net of tax		18	11
Total comprehensive income attributable to members of the parent entity		484	(4,288)
<i>Earnings per share:</i>			
Basic profit / (loss) per share (cents per share)	5	0.21	(2.80)
Diluted profit / (loss) per share (cents per share)	5	0.21	(2.80)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 \$'000	30 June 2022 \$'000
Current assets			
Cash and cash equivalents	6	35,511	27,161
Trade receivables	7	6,818	7,355
Inventories	8	347	174
Prepayments and other assets	9	10,056	7,309
Total current assets		52,732	41,999
Non-current assets			
Property, plant and equipment		6,609	6,383
Right-of-use asset	11(a)	24,041	17,699
Intangible assets	10	64,306	65,559
Prepayments and other assets	9	3,052	3,050
Total non-current assets		98,008	92,691
Total assets		150,740	134,690
Current liabilities			
Trade and other payables	12	10,035	10,665
Contract liabilities	13	40,290	30,652
Borrowings	14	-	138
Lease liabilities	11(b)	4,997	5,375
Employee benefits	16(a)	2,316	2,222
Provisions	17(a)	314	397
Total current liabilities		57,952	49,449
Non-current liabilities			
Borrowings	14	-	224
Deferred tax liabilities		4,654	5,045
Employee benefits	16(b)	199	131
Provisions	17(b)	2,507	2,625
Lease liabilities	11(b)	23,316	15,648
Total non-current liabilities		30,676	23,673
Total liabilities		88,628	73,122
Net assets / (liabilities)		62,112	61,568
Equity			
Issued capital	18(a)	102,492	102,427
Reserves		3,135	3,122
Accumulated losses		(43,515)	(43,981)
Total equity		62,112	61,568

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Contributed equity	Accumulated losses	Share-based payments reserve	Foreign currency translation reserve	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022		102,427	(43,981)	3,079	43	61,568
Profit for the half-year		-	466	-	-	466
Other comprehensive income for the half-year		-	-	-	18	18
Total comprehensive income for the half-year		-	466	-	-	484
Transactions with owners						
Shares issued at net cost		-	-	-	-	-
Fair value of exercised options	18(b)	65	-	(5)	-	60
Balance as at 31 December 2022		102,492	(43,515)	3,074	61	62,112

	Note	Contributed equity	Accumulated losses	Share-based payments reserve	Foreign currency translation reserve	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		34,194	(35,286)	3,079	-	1,987
Profit for the half-year		-	(4,299)	-	-	(4,299)
Other comprehensive income for the half-year		-	-	-	11	11
Total comprehensive income for the half-year		-	(4,299)	-	11	(4,288)
Transactions with owners						
Shares issued at net cost		67,601	-	-	-	67,601
Balance as at 31 December 2021		101,795	(39,585)	3,079	11	65,300

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities			
Receipts from customers		53,140	17,388
Receipts from government grants	2(b)	37	1,482
Interest received / (paid)		226	(81)
Payment to suppliers and employees		(38,925)	(16,988)
Payments related to mergers and acquisitions		-	(4,393)
Income taxes (paid) / refunded		-	(149)
Net cash used in operating activities		14,478	(2,741)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,150)	(182)
Payments for intangibles		(286)	(735)
Cash acquired upon the acquisition of RedHill		-	21,343
Net cash used in investing activities		(1,436)	20,426
Cash flows from financing activities			
Proceeds from issue of shares		60	-
Repayment of borrowings		(362)	(403)
Proceeds from borrowings		-	91
(Payments) from release of security deposits		(1)	(405)
Repayment of finance lease over IT equipment		(5)	(5)
Repayment of lease liabilities – interest component		(1,140)	(589)
Repayment of lease liabilities – principal component		(3,244)	(1,508)
Net cash provided by financing activities		(4,692)	(2,819)
Net increase / (decrease) in cash and cash equivalents		8,350	14,866
Cash and cash equivalents at the beginning of the half-year		27,161	4,549
Cash and cash equivalents at the end of the half-year	6	35,511	19,415

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

The Interim Financial Report covers NextEd Group Limited (**NextEd** or **the Company**) and its controlled entities (**the consolidated entity**).

NextEd is a for profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange (**ASX**). NextEd is primarily involved in businesses which deliver accredited and non-accredited English language, vocational education and higher education course as well as education recruitment agency services to international students.

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

1.2 Basis of preparation

The Interim Financial Report has been prepared on the historical cost and accrual basis except where otherwise stated.

The Interim Financial Report is intended to provide users with an update on the latest half-year for the consolidated entity. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that this financial report be read in combination with the annual financial statements of the consolidated entity for the year ended 30 June 2022, together with any public announcements made during the half-year.

1.3 Compliance with IFRS

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard Board (**AASB**) *AASB 134 'Interim Financial Reporting'* and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 'Interim Financial Reporting'*.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by NextEd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

1.4 Adoption of new and revised Accounting Standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2022. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated. When the presentation or classification of items in the interim financial report is amended, comparative amounts are also reclassified.

1.5 Reclassification of segment information

Operating segments for domestic and international vocational students were restructured at the beginning of FY2023 to better service student markets and leverage organisational capabilities.

The restructure has enabled the centralisation of student support functions to deliver operational efficiencies and will support future growth. Segment results have been reported under the new organisational structure.

Prior period segment results have been restated to ensure comparability between periods. There is no change to the consolidated results.

1.6 Share consolidation and restatement of comparative figures

Shareholders approved a 5 to 1 share consolidation at the Company's AGM held on 18 November 2022. This reduced the 1H23 number of shares on issue from 1,095,383,865 to 219,076,773 (1H22: 1,082,752,723 to 216,550,545).

Comparative figures have been amended where appropriate to ensure comparability between periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 2. REVENUE AND OTHER INCOME

	31 December 2022 \$'000	31 December 2021 \$'000
a. Revenue		
Tuition related revenue	41,679	17,441
Commission revenue	1,895	796
Revenue from contracts with customers	43,574	18,237
<i>Geographical regions</i>		
Australia	42,904	18,072
Europe	114	143
South America	556	22
	43,574	18,237
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	1,895	796
Services transferred over time	41,679	17,441
	43,574	18,237
b. Other Income		
NSW JobSaver scheme	-	1,475
Export Market Development Grants scheme	37	-
Interest income	231	-
	268	1,475

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into four operating segments: Technology & Design, International Vocational, Go Study and Domestic Vocational. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer who is identified as the CODM in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation, and amortisation ('EBITDA') and profit before income tax. The information reported to the CODM is on at least a monthly basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Types of products and services

The principal products and services of each of these operating segments are as follows:

Technology & Design	A provider of face-to-face and online courses in information technology, digital design, interactive multimedia, computer coding, digital marketing, games and apps programming, and interior design.
International Vocational	A provider of English Language Intensive Courses for Overseas Students ('ELICOS'), and Vocational Education and Training ('VET') courses for overseas students.
Go Study	An international student advisory recruitment agency with offices in Australia (Sydney, Melbourne, Brisbane, Gold Coast, Perth), Europe (Spain, France, Italy) and South America (Colombia, Chile).
Domestic Vocational	A provider of VET courses to domestic students in Commercial Cookery, Hospitality, Business, Community Services, Healthcare, Construction and Information Technology.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Reclassification of segment information

Operating segments for domestic and international vocational students were restructured at the beginning of FY23 to better service student markets and leverage organisational capabilities.

The restructure has enabled the centralisation of student support functions to deliver operational efficiencies and will support future growth. Under the revision, international student revenues previously reported under the Sero/Celtic/CTI segment will be reported in the International Vocational segment. In addition, certain corporate costs have been reallocated to operating segments to enhance information provided to investors.

Prior period segment results have been restated to ensure comparability between periods. There is no change to the consolidated results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 3. OPERATING SEGMENTS (continued)

6 months ended 31 December 2022	International Vocational	Technology & Design	Domestic Vocational	Go Study Group	Corporate / unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from customers	27,890	9,060	4,731	1,893	-	43,574
Intersegment revenue	-	-	-	569	(569)	-
Total sales revenue	27,890	9,060	4,731	2,462	(569)	43,574
Agent commissions	(7,428)	(592)	-	-	569	(7,451)
Education expenses	(7,873)	(1,835)	(910)	-	-	(10,618)
Cost of sales	(15,301)	(2,427)	(910)	-	569	(18,069)
Gross margin	12,589	6,633	3,821	2,462	-	25,505
Operating costs	(6,058)	(3,761)	(2,298)	(2,639)	(4,101)	(18,857)
EBITDA per AASB16	6,531	2,872	1,523	(177)	(4,101)	6,648
D&A	(2,360)	(1,189)	(154)	(124)	(1,804)	(5,631)
EBIT	4,171	1,683	1,369	(301)	(5,905)	1,017
Net finance expenses	-	-	-	-	(915)	(915)
Profit before tax	4,171	1,683	1,369	(301)	(6,820)	102
Income tax benefit / (expense)	-	-	-	-	364	364
Net profit / (loss) after tax	4,171	1,683	1,369	(301)	(6,456)	466
Gross margin %	45.1	73.2	80.8	100.0		58.5
EBITDA margin %	23.4	31.7	32.2	(7.2)		15.3
31 December 2022						
Segment assets and liabilities						
Segment assets	72,213	23,812	6,873	4,426	43,416	150,740
Segment liabilities	57,504	20,287	3,783	2,338	4,716	88,628
Net assets / (deficiency)	14,709	3,525	3,090	2,088	38,700	62,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 3. OPERATING SEGMENTS (continued)

6 months ended 31 December 2021 (restated)	International Vocational	Technology & Design	Domestic Vocational	Go Study Group	Corporate / unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from customers	7,842	3,706	5,809	796	84	18,237
Intersegment revenue	-	-	-	151	(151)	-
Total sales revenue	7,842	3,706	5,809	947	(67)	18,237
Agent commissions	(2,182)	(154)	(522)	-	67	(2,791)
Education expenses	(2,080)	(836)	(1,816)	-	-	(4,732)
Cost of sales	(4,262)	(990)	(2,338)	-	67	(7,523)
Gross margin	3,580	2,716	3,471	947	-	10,714
Operating costs	(3,071)	(1,785)	(2,286)	(962)	(2,451)	(10,555)
Government grants	-	-	-	-	1,482	1,482
EBITDA before M&A costs	509	931	1,185	(15)	(969)	1,641
D&A	(481)	(347)	(130)	(18)	(1,087)	(2,063)
EBIT before M&A costs	28	584	1,055	(33)	(2,056)	(422)
M&A costs	-	-	-	-	(3,306)	(3,306)
EBIT after M&A costs	28	584	1,055	(33)	(5,362)	(3,728)
Net finance expenses	-	-	-	-	(663)	(663)
Profit before tax	28	584	1,055	(33)	(6,025)	(4,391)
Income tax benefit / (expense)	-	-	-	-	92	92
Net profit / (loss) after tax	28	584	1,055	(33)	(5,933)	(4,299)
Gross margin %	45.7	73.3	59.8	100.0		58.7
EBITDA margin %	6.5	25.1	20.4	(1.6)		9.0
30 June 2022						
Segment assets and liabilities						
Segment assets	52,670	15,163	6,612	4,923	55,322	134,690
Segment liabilities	42,150	13,198	4,594	1,552	11,628	73,122
Net assets / (deficiency)	10,520	1,965	2,018	3,371	43,694	61,568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 4. EXPENSES

	31 December 2022 \$'000	31 December 2021 \$'000
Profit / (loss) before tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	563	146
Plant and equipment	360	258
Land and buildings right-of-use assets	3,162	1,236
Office equipment right-of-use assets	7	3
<i>Amortisation</i>		
Licensed operations	359	308
Course materials	187	112
Training materials	571	-
Agent relationships	422	-
Total depreciation and amortisation	5,631	2,063
<i>Finance costs</i>		
Unwind of the discount of provisions	61	22
Interest and finance charges paid/payable on lease liabilities	1,085	641
Other interest charges	-	-
Finance costs expensed	1,146	663
<i>Leases</i>		
Short-term lease payments	387	607
Low-value assets lease payments	64	11
Total short term and low value lease payments	451	618
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,733	788

NOTE 5. EARNINGS PER SHARE (EPS)

	31 December 2022 \$'000	31 December 2021 \$'000
a. Reconciliation of earnings to profit or loss		
Profit / (loss) for the half-year	466	(4,299)
Profit / (loss) used in the calculation of basic and diluted EPS	466	(4,299)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31 December 2022 No.	31 December 2021 No.
b. Weighted average number of ordinary shares		
outstanding during the year used in calculation of basic EPS (post share consolidation)	219,083,767	152,566,942

	31 December 2022	31 December 2021
c. Earnings per share		
Basic EPS (cents per share) post share consolidation	0.21	(2.80)
Diluted EPS (cents per share) post share consolidation	0.21	(2.80)

d. As at 31 December 2022, the consolidated entity has 5,630,713 unissued shares under options (31 December 2021: 5,400,000).

NOTE 6. CASH AND CASH EQUIVALENTS

	31 December 2022 \$'000	30 June 2022 \$'000
a. Current		
Cash at bank	15,511	27,161
Term deposits with less than 90-day maturities	20,000	-
	<u>35,511</u>	<u>27,161</u>

NOTE 7. TRADE AND OTHER RECEIVABLES

	31 December 2022 \$'000	30 June 2022 \$'000
a. Current		
Trade receivables	8,201	8,595
Less: allowance for expected credit losses	(1,383)	(1,240)
	<u>6,818</u>	<u>7,355</u>

NOTE 8. INVENTORIES

	31 December 2022 \$'000	30 June 2022 \$'000
a. Current		
Cambridge Linguaskills bundles	347	174
	<u>347</u>	<u>174</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 9. PREPAYMENTS AND OTHER ASSETS

	31 December 2022 \$'000	30 June 2022 \$'000
a. Current		
Bank guarantees and other deposit	267	522
Prepayments	532	543
Deferred agent costs	8,468	4,795
Other current assets	789	1,449
	10,056	7,309
b. Non-current		
Term deposits related to bank guarantees over leases	3,052	3,050
	3,052	3,050
Total prepayment and other assets	13,108	10,359

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 10. INTANGIBLE ASSETS

	Note	31 December 2022 \$'000	30 June 2022 \$'000
a. Non-current			
Goodwill			
Goodwill		38,747	38,747
		38,747	38,747
Licensed operations			
Licensed operations		4,670	4,670
Accumulated amortisation		(3,363)	(3,004)
		1,307	1,666
Course materials			
Copyrights – at cost		371	303
Accumulated amortisation		(196)	(9)
Work in progress		571	353
		746	647
Brand names			
Brand names – at cost		9,562	9,562
		9,562	9,562
Training materials			
Training materials – at cost		7,993	7,993
Accumulated amortisation		(1,427)	(856)
		6,566	7,137
Agent relationships			
Agent relationships – at cost		8,432	8,432
Accumulated amortisation		(1,054)	(632)
		7,378	7,800
Total intangible assets		64,306	65,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 11. LEASES

	31 December 2022 \$'000	30 June 2022 \$'000
a. Right of use assets		
Properties	24,028	17,681
Office equipment	13	18
	24,041	17,699
b. Lease liabilities		
Current	4,997	5,375
Non-current	23,316	15,648
	28,313	21,023

NOTE 12. TRADE AND OTHER PAYABLES

	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Trade payables	3,873	3,102
Payroll accruals	1,320	2,078
Accrued expense	2,316	1,698
Customer advances	2,260	3,254
Other payables	266	533
	10,035	10,665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 13. CONTRACT LIABILITIES

	31 December 2022 \$'000	30 June 2022 \$'000
a. Current		
Contract liabilities	40,290	30,652
	<u>40,290</u>	<u>30,652</u>

Tuition related performance obligations

The aggregate amount of the transaction price allocated to tuition related services, which are paid in advance or due for payment and are yet to be delivered at balance date was \$40,290,000 as at 31 December 2022 (30 June 2022: \$30,652,000) and is expected to be recognised as revenue in future periods.

	31 December 2022 \$'000	30 June 2022 \$'000
Contract liabilities consists of:		
Contract liabilities paid, and due for payment	40,290	30,652
Contract liabilities not yet due for payment	<u>23,865</u>	<u>21,132</u>
Total contract liabilities	<u>64,155</u>	<u>51,784</u>

Contract liabilities relate to tuition fees in relation to domestic and international students where an agreement has been signed and a payment plan is in place with students for studies which are expected to be undertaken after the balance date.

NOTE 14. BORROWINGS

	31 December 2022 \$'000	30 June 2022 \$'000
a. Current		
Loans (i)	-	138
	<u>-</u>	<u>138</u>
b. Non-current		
Long-term loan (ii)	-	224
	<u>-</u>	<u>224</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

(i) Loans (secured)

These loans related to motor vehicle financing and were interest bearing. These loans were repaid in full in HY23.

(ii) Long term loan (secured)

The long-term loan was fully repaid on 22 August 2022 and all securities associated with the loan have been released following repayment.

NOTE 15. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the consolidated entity and other related parties are disclosed below.

Legal fees of \$1,737 (half year ended 31 December 2021: \$nil) were paid to HWL Ebsworth, a firm that Simon Tolhurst is a partner of. Fees were paid on normal commercial terms and conditions.

NOTE 16. EMPLOYEE BENEFITS

	31 December 2022 \$'000	30 June 2022 \$'000
a. Current		
Provision for annual leave	1,748	1,709
Provision for long service leave	568	513
	2,316	2,222
b. Non-current		
Provision for long service leave	199	131
Total provisions for employee benefits	2,515	2,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 17. PROVISIONS

	31 December 2022 \$'000	30 June 2022 \$'000
a. Current		
Provision for make good	314	397
b. Non-current		
Provision for make good	2,264	2,336
Onerous contract provisions	243	289
	<u>2,507</u>	<u>2,625</u>
Total provisions	<u>2,821</u>	<u>3,022</u>

NOTE 18. ISSUED CAPITAL

	6 months to 31 December 2022 No.	12 months to 30 June 2022 No.	6 months to 31 December 2022 \$'000	12 months to 30 June 2022 \$'000
Fully paid ordinary shares at no par value	219,156,773	219,076,773	102,492	102,427
a. Ordinary shares				
At the beginning of the half-year	219,076,773	581,564,649	102,427	34,194
Shares issued during the period/year:				
Placement shares issued at \$0.1000 per share				
Placement shares issued at \$0.1350 per share		467,245,747		63,078
Placement shares issued at \$0.1350 per share		30,030,841		4,054
Placement shares issued at \$0.1199 per share		3,911,486		469
Convertible Notes shares issued at \$0.05 per share		12,631,140		632
Effect of share consolidation 5 December 2022		(876,307,090)		-
Options exercised 15 December 2022	80,000		65	-
At reporting date	<u>219,156,773</u>	<u>219,076,773</u>	<u>102,492</u>	<u>102,427</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	6 months to 31 December 2022 No.	12 months to 30 June 2022 No.	6 months to 31 December 2022 \$'000	12 months to 30 June 2022 \$'000
b. Options				
Options				
At the beginning of the period post share consolidation	5,400,000	5,400,000	3,079	3,079
Options issued/(exercised) during the year:				
Exercised				
Expiry Date: 09/11/2023	(80,000)		(5)	
Exercise Price: \$0.75				
Issued to directors (a)				
Expiry Dates: 15/12/28	103,571			
15/12/29	103,571			
15/12/30	103,571			
Exercise price \$1.40				
At reporting date	5,630,713	5,400,000	3,074	3,079

(a) Options were issued to directors on 15 December 2022. The strike price of the options is \$1.40 per share and the options are exercisable over a 3 year period. The fair value of the options is approximately \$126,000 and will be recognised as an expense over the next 3 years.

NOTE 19. CONTINGENT LIABILITIES

The consolidated entity has given bank guarantees as at 31 December 2022 of \$5,082,744 (30 June 2022: \$5,107,604) to various lessors.

The consolidated entity has a bank guarantee facility with a limit of \$5,082,744 with National Australia Bank (NAB) of which \$4,916,780 has been utilised as at 31 December 2022. The consolidated entity has term deposits of \$3,051,702 as at 31 December 2022 classified within non-current assets to support this facility. The consolidated entity is required to maintain a minimum cash balance of 100% of the bank guarantee facility with NAB, inclusive of amounts held as term deposits.

NOTE 20. COMMITMENTS

There are no material capital commitments as at 31 December 2022 (1H22: \$0.5 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 21. EVENTS SUBSEQUENT TO REPORTING DATE

There has been no additional matter or circumstance that has arisen after balance sheet date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future reporting periods.

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The Directors of the Company declare that:

1. The consolidated financial statements and notes, are in accordance with the *Corporations Act 2001 (Cth)* and:

(a) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and

(b) give a true and fair view of the financial position as at 31 December 2022 and of the performance for the half-year ended on that date of the Company.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001 (Cth)* and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read "C. O'Connor".

Cass O'Connor

Chair

27 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NEXTED GROUP LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of NextEd Group Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Consolidated Entity does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of NextEd Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 27th day of February 2023
Perth, Western Australia