



ASX RELEASE

28 AUGUST 2023

FY23 PRELIMINARY FINAL REPORT

NextEd Group Limited (**ASX:NXD**) (**NextEd** or the **Company**) provides its Preliminary Final Report for the year ended 30 June 2023 (FY23).

Financial highlights for FY23 included:

- Record revenue of \$102.2 million, 118% higher than the previous corresponding period (pcp) (FY22: \$46.8 million);
- Record EBITDA of \$16.7 million, 366% higher than pcp (FY22: \$3.6 million excluding M&A costs);
- Net profit after tax adjusted for the impact of acquired intangibles (NPAT(A)) of \$5.5 million, \$9.4 million higher than pcp (FY22: loss of \$3.9 million excluding M&A costs);
- Operating cash flows of \$25.2 million, 48% higher than pcp (FY22: \$17.0 million excluding M&A costs);
- Cash at bank at 30 June 2023 of \$40.2 million (30 June 2022: \$30.2 million), including \$9.9 million of term deposits providing security over bank guarantees for property leases (30 June 2022: \$3.0 million), and approximately \$10.0m set aside for future course delivery obligations under the ESOS Act;
- Nil debt at 30 June 2023 (30 June 2022: \$0.4 million); and
- Contract liabilities (deferred revenue) balance at 30 June 2023 of \$43.5 million, an increase of 42% against the previous corresponding date (30 June 2022: \$30.7 million).

FY23 results presentation

An FY23 results presentation will be separately released to ASX to accompany the FY23 Preliminary Final Report. NextEd invites investors to attend a webcast today at 10:30am (AEST) to discuss the results being hosted by NextEd's Chief Executive Officer, Glenn Elith, and Chief Financial Officer, Michael Fahey.

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

<https://webcast.openbriefing.com/nxd-fyr-2023/>

The results presentation webcast will be live streamed via the above URL and will also be recorded and made available shortly after the presentation on:

- NextEd Group's website: <https://nexted.com.au/investor-centre/>; and
- Open Briefing platform: <http://www.openbriefing.com/OB/5212.aspx>

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

For further information

Glenn Elith
Chief Executive Officer
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Lisa Jones
Company Secretary
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APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2023

1 REPORTING PERIOD

Report for the period ended:

Year ended 30 June 2023

Previous corresponding period:

Year ended 30 June 2022

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000	Change %
2.1 Revenues from ordinary activities	102,220	46,819	118% increase
2.2 Profit / (loss) from ordinary activities after tax attributable to members	3,608	(8,695)	141% increase
2.3 Total comprehensive income / (loss) attributable to members of the parent entity	3,604	(8,652)	142% increase

2.4 Dividends

Interim dividend

Final dividend

	Amount per security	Franked amount per security
	¢	%
Interim dividend	Nil	n/a
Final dividend	Nil	n/a

2.5 Record date for determining entitlements to the dividend

n/a

3 Earnings / (losses) for the period attributable to owners of the parent entity

Net assets

Less: intangible assets

Add: deferred tax liabilities

Net tangible assets

	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000
Earnings / (losses) for the period attributable to owners of the parent entity	3,608	(8,695)
Net assets	65,438	61,568
Less: intangible assets	(63,330)	(65,559)
Add: deferred tax liabilities	4,294	5,045
Net tangible assets	6,402	1,054

Fully paid ordinary shares

	Number	Number
Fully paid ordinary shares	219,376,773	219,076,773
	¢	¢

Net tangible assets / (liabilities) backing per share

2.92 0.48

Net tangible assets are defined as net assets less intangible assets and liabilities. For the purposes of the net tangible assets calculation, right-of-use assets are considered tangible assets.

APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2023

	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 Preliminary Final Report (Appendix 4E) is based on the Preliminary Financial Report for the year ended 30 June 2023 (attached). The Preliminary Financial Report does not include all of the Notes which are included in an annual financial report. Accordingly, this Preliminary Final Report is to be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by the Company during the reporting period in meeting its continuous disclosure requirements as set out in the Corporations Act 2001.			
7. The financial statements for the year ended 30 June 2023 are in the process of being audited, and no material adjustments or qualifications are expected.			
8. Commentary on results.			

Operating and financial review

NextEd Group Limited (NextEd) operates a group of 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. NextEd's broad and diverse mix of domestic and international students undertake their courses either online or at one of its 9 campuses located across Australia. In addition to this, some students are offered structured work placement and internship opportunities to complement their learning experience.

Company name changed to NextEd Group Limited

At the Annual General Meeting in November 2022, shareholders approved the renaming of the company to NextEd Group Limited (formerly iCollege Ltd) to herald the organisation's transformation and reflect its forward-looking approach and high growth mindset. NextEd is confident that this name change will assist to lift the company's brand profile with key stakeholders and enhance the impact of its refreshed vision and values which were implemented as foundations to guide and support future strategy.

Financial highlights for FY23 include:

- Record revenue of \$102.2 million, 118% higher than the previous corresponding period (pcp) (FY22: \$46.8 million);
- Record EBITDA of \$16.7 million, 366% higher than pcp (FY22: \$3.6 million excluding M&A costs);
- Net profit after tax adjusted for the impact of acquired intangibles ('NPAT(A)') of \$5.5 million, \$9.4 million higher than pcp (FY22: loss of \$3.9 million);

APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2023

- Operating cash flows of \$25.2 million, 48% higher than pcp (FY22: \$17.0 million excl M&A costs);
- Cash at bank as at 30 June 2023 of \$40.2 million (30 June 2022: \$30.2 million), including \$9.9 million in term deposits providing security over bank guarantees for property leases (30 June 2022: \$3.0 million);
- Nil debt as at 30 June 2023 (30 June 2022: \$0.4 million); and
- Contract liabilities (deferred revenue) balance at 30 June 2023 of \$43.5 million, an increase of 42% against the previous corresponding date (30 June 2022: \$30.7 million).

Revenue

FY23 revenues increased by \$55.4 million vs pcp with strong growth in International Vocational (218% vs pcp), Technology & Design (49% vs pcp) and Go Study (52% vs pcp). Revenue in the Domestic Vocational segment declined by 19% due to the discontinuation of unprofitable courses and programmes. However, profitability in that segment improved following the discontinuation of unprofitable course, the reorganisation of back-office functions and the recruitment of new senior management.

EBITDA

FY23 EBITDA increased to \$16.6 million, up \$13.0 million or 366% vs pcp (FY22: \$3.6 million excluding M&A costs). This exceptional growth was driven by geographic and course range expansion activities, and operating leverage achieved from higher utilisation of campuses as a result of the rapid increase in international student numbers following the reopening of Australia's borders,.

Cash flows and balance sheet

FY23 operating cash flows were \$25.2 million, an increase of \$8.2 million vs pcp (FY22: \$17.0 million excluding M&A costs). This result was driven by earnings growth and positive working capital movements.

Investing cash outflows in FY23 were \$6.1 million, with \$5.1 million invested in fitting out of new campus facilities. This included \$3.0 million in Brisbane, \$1.4 million in Melbourne, \$0.5 million in Sydney and \$0.2 million for a new Gold Coast campus which will be launched in early 2024.

As at 30 June 2023 cash on hand (including term deposits) was \$40.2 million (30 June 2022: \$30.2 million). The Company is well capitalised to invest in revenue and profit generating opportunities including potential M&A.

\$27.3 million of cash on hand as at 30 June 2023 was held in interest-bearing term deposits with an average term of 120 days, inclusive of \$9.3 million held 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 (deferred revenue) as at 30 June 2023, which represents student tuition fees invoiced but not yet earned, grew to \$43.5 million, an increase of \$12.9 million over June 2022. Contract liabilities are recognised as revenue evenly over the period that education services are delivered to students.

Operational highlights for FY23 included:

- 17,643 confirmed new student enrolments into English language and vocational courses in FY23, a 102% increase against pcp (FY22: 8,748 enrolments);
- 6,505 English language students actively studying at NextEd at 30 June 2023, a 325% increase against pcp (30 June 2022: 1,531 students);

APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2023

- English language and vocational courses were launched to international students at the new Brisbane campus in August 2022, with strong demand resulting in that campus size being doubled in May 2023;
- Expanded the Sydney campus footprint, with a new campus featuring an additional 18 classrooms commencing operations in March 2023;
- English language and vocational courses were launched to international students at the Gold Coast campus in January 2023;
- 6 new vocational hospitality and cookery courses were launched in Perth, Brisbane and Gold Coast in January 2023, and in Melbourne and Sydney in August 2023; and
- Launched 4 new bachelor degrees, Bachelor of 2D Animation, Bachelor of 3D Animation, Bachelor of Film and Bachelor of Game Design in Sydney and Melbourne in February 2023, which are being delivered to both international and domestic students.

Outlook

NextEd expects its English language and vocational international student numbers to increase in 1H24, and to deliver growth in international student revenues.

NextEd is further expanding its campus footprints in Melbourne, Brisbane, Adelaide and Gold Coast in FY24 to enable the launch of new courses in those locations and to service the expected increase in student numbers.

Growth drivers in FY24 are expected to include:

- Growing English language and vocational course student numbers at the Gold Coast campus, which were first launched in January 2023;
- Expanding the Melbourne campus from 75 to 91 classrooms including a commercial kitchen from August 2023, with additional classrooms expected to achieve at least 50% daytime utilisation shortly after opening based upon secured new student enrolments;
- Expanding the Brisbane campus from 24 to 37 classrooms from early 2024;
- Relocating to a new high-quality campus in Adelaide in November 2023, and launching English language and international student management courses into the Adelaide market in early 2024;
- Relocating to a new Gold Coast campus in early 2024 to cater for expected growth in both international and domestic student numbers;
- Growing international student management and hospitality course student numbers at the Perth campus, which were first launched in January 2023;
- Growing domestic student vocational course revenues in healthcare, community services, hospitality and business management using NextEd's state-of-the-art facilities in Perth, Adelaide, Brisbane, Gold Coast and Melbourne.

In addition to the 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 its strong cash position and organisational capabilities to considering potential M&A.

APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Vocational international student numbers – emerging implications of the Australian Government’s temporary 408 Visa subclass for the COVID-19 pandemic event (“408 Visa”)

The 408 Visa provides onshore non-residents, including previous student visa holders, unlimited working rights for 12 months without needing to study. The number of holders of this visa subclass recently increased to 122,000 at the end of June 2023, a four-fold increase against the number a year ago. This is impacting the progression of students from English language studies to vocational courses, with many students taking up the 408 Visa who would otherwise have extended their English language studies or progressed into vocational courses.

The 408 Visa subclass can be revoked at any time. The Department of Home Affairs noted recently that *“the Government is currently considering the ongoing suitability of the subclass 408 Pandemic Event visa.”*

In the meantime, NextEd is adapting to take advantage of this temporary market disruption by:

- a. actively recruiting and preparing for the likely influx of international students who wish to study for a short period and then work in Australia;
- b. offering future study packages to its departing students who move to the 408 Visa;
- c. targeting nationalities where students generally seek longer periods of ELICOS studies;
- d. adapting its delivery modes and courses so students can continue to study ELICOS courses while on the 408 Visa; and
- e. preparing its tactical responses for a potential future influx of students once the 408 Visa subclass is revoked.

NextEd anticipates that when the COVID-19 408 Visa ends a significant number of holders will seek to stay in Australia and take up a student visa for ELICOS or vocational studies. This will create a material future revenue opportunity for NextEd.

Non-IFRS information

The Company uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards (‘AAS’). These measures are collectively referred to as non-IFRS financial measures. Although the Company believes that these measures provide useful information about the financial performance of the Company, they should be considered as supplemental to the measures calculated in accordance with AAS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS, they do not have standard definitions, and the way the Company calculates these measures may differ from similarly titled measures used by other companies.

The non-IFRS measures used by the Company include EBITDA and adjusted net profit after tax (‘NPAT(A)').

EBITDA is earnings before interest, tax, depreciation and interest. NPAT(A) is calculated as the net profit after tax adjusted for the after-tax impact of amortisation associated with acquired intangible assets and merger and acquisition costs.

Reconciliations between EBITDA and profit after income tax, and net profit after tax and NPAT(A) for the year ended 30 June 2023 are noted below.

APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2023

FY23 Financial performance
Financial results

	FY23 \$'000	FY22 \$'000
Revenue from operations	102,220	46,819
EBITDA incl. M&A costs	16,674	334
EBITDA excl. M&A costs	16,674	3,576
Net profit / (loss) after tax	3,608	(8,695)
Net profit / (loss) after tax adjusted	5,465	(3,914)
Cash flows from operations incl. M&A	25,180	11,200
Cash flow from operations excl. M&A	25,180	17,013

EBITDA / (EBITDA loss) reconciliation

	FY23 \$'000	FY22 \$'000
Net profit / (loss) after tax	3,608	(8,695)
Add back:		
Depreciation & amortisation	11,986	7,764
Finance costs net of interest income	1,772	1,767
Less:		
Income tax benefit	(692)	(502)
EBITDA	16,674	334
Add back abnormal expenses:		
Merger and acquisition costs	-	3,242
EBITDA excluding M&A costs	16,674	3,576

NPAT(A) reconciliation

	FY23 \$'000	FY22 \$'000
Net profit / (loss) after tax	3,608	(8,695)
Add back:		
Amortisation of acquired intangible assets	2,652	2,052
Merger and acquisition costs	-	3,242
Less:		
Income tax on acquired intangibles	(795)	(513)
Net profit / (loss) after tax adjusted	5,465	(3,914)



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

Preliminary Financial Report
for the Year Ended
30 June 2023

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

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Sydney NSW 2000
Telephone: +61 (02) 9221 2099

Share Registry

Advanced Share Registry Ltd
110 Stirling Highway
Nedlands WA 6009
Telephone: +61 (08) 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 (02) 9338 0000
Website: www.asx.com.au

Registrations Numbers

ACN: 105 012 066
ABN: 75 105 012 066

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Revenue from continuing operations	2a	102,220	46,819
Cost of sales		(45,352)	(18,085)
Gross profit		56,868	28,734
Other income	2b	37	1,482
Interest revenue	2b	833	9
Salaries and employee benefits expense		(24,573)	(16,280)
Depreciation and amortisation expense	4	(11,986)	(7,764)
Impairment of assets		-	(120)
Impairment of receivables		(1,860)	(617)
Property and occupancy costs		(4,514)	(2,199)
Professional and consulting fees		(1,229)	(1,586)
Marketing expenses		(3,729)	(2,830)
Public company related costs		(1,037)	(890)
Mergers and acquisition costs		-	(3,242)
Other expenses		(3,289)	(2,118)
Finance costs	4	(2,605)	(1,776)
Profit / (loss) before tax		2,916	(9,197)
Income tax benefit	5	692	502
Net profit / (loss) for the year		3,608	(8,695)
Other comprehensive (loss) / income for the year net of tax		(4)	43
Total comprehensive income / (loss) attributable to members of the parent entity		3,604	(8,652)
<i>Earnings per share:</i>			
Basic profit / (loss) per share (cents per share)	31	1.65	(0.94)
Diluted profit / (loss) per share (cents per share)	31	1.61	(0.94)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Current assets			
Cash and cash equivalents	6	30,264	27,161
Trade receivables	7	7,563	7,355
Inventories		341	174
Prepayments and other assets	8	12,280	7,309
Total current assets		50,448	41,999
Non-current assets			
Property, plant and equipment	9	9,696	6,383
Right-of-use asset	10	38,665	17,699
Intangible assets	11	63,330	65,559
Prepayments and other assets	8	9,931	3,050
Total non-current assets		121,622	92,691
Total assets		172,070	134,690
Current liabilities			
Trade and other payables	12	9,802	10,665
Contract liabilities	13	43,546	30,652
Borrowings	14	-	138
Lease liabilities	15a	5,996	5,375
Employee benefits	17a	2,179	2,222
Provisions	16a	194	397
Total current liabilities		61,717	49,449
Non-current liabilities			
Borrowings	14	-	224
Deferred tax liabilities	18	4,294	5,045
Employee benefits	17b	207	131
Provisions	16b	2,570	2,625
Lease liabilities	15b	37,844	15,648
Total non-current liabilities		44,915	23,673
Total liabilities		106,632	73,122
Net assets		65,438	61,568
Equity			
Issued capital	19	102,657	102,427
Reserves	20	3,154	3,122
Accumulated losses	21	(40,373)	(43,981)
Total equity		65,438	61,568

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Contributed equity \$'000	Accumulated losses \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 July 2022		102,427	(43,981)	3,079	43	61,568
Profit for the year		-	3,608	-	-	3,608
Other comprehensive loss for the year		-	-	-	(4)	(4)
Total comprehensive income / (loss) for the year		-	3,608	-	(4)	3,604
Transactions with owners						
Fair value of exercised options	19	230	-	-	-	230
Options issued in FY23	19	-	-	36	-	36
Balance as at 30 June 2023		102,657	(40,373)	3,115	39	65,438

		Contributed equity \$'000	Accumulated losses \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 July 2021		34,194	(35,286)	3,079	-	1,987
Loss for the year		-	(8,695)	-	-	(8,695)
Other comprehensive income for the year		-	-	-	43	43
Total comprehensive income / (loss) for the year		-	(8,695)	-	43	(8,652)
Transactions with owners						
Shares issued net of cost		68,233	-	-	-	68,233
Balance as at 30 June 2022		102,427	(43,981)	3,079	43	61,568

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities			
Receipts from customers		110,005	63,781
Receipts from government grants	2(b)	37	1,482
Interest received		833	9
Interest paid		(6)	(89)
Payment to suppliers and employees		(85,689)	(48,170)
Payments related to mergers and acquisitions		-	(5,813)
Net cash from operating activities		25,180	11,200
Cash flows from investing activities			
Payments for property, plant and equipment		(5,313)	(2,271)
Payments for intangibles		(833)	(656)
Cash acquired upon the acquisition of RedHill		-	21,343
Net cash provided by / (used in) investing activities		(6,146)	18,416
Cash flows from financing activities			
Proceeds from issue of shares		225	-
Repayment of borrowings		(362)	(583)
Proceeds from borrowings		-	95
Payment of security deposits and bank guarantees		(6,881)	(291)
Repayment of lease liabilities – interest component		(2,600)	(1,687)
Repayment of lease liabilities – principal component		(6,313)	(4,538)
Net cash used in financing activities		(15,931)	(7,004)
Net increase in cash and cash equivalents		3,103	22,612
Cash and cash equivalents at the beginning of the year		27,161	4,549
Cash and cash equivalents at the end of the year	6	30,264	27,161

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

The 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**). The Company 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.

1.2 Basis of preparation

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

This Preliminary Financial Report does not include all the Notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by the Company during the reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

1.3 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 Australian Accounting Standards Board (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)

1.4 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. 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.

1.5 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 number of shares on issue from 1,096,883,865 to 219,376,773 (for comparative purposes FY22: 1,095,383,865 to 219,076,773).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

1.6 Going concern

The preliminary financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realization of assets and settlement of liabilities in the ordinary course of business.

The consolidated entity has traded profitably during the year and generated \$25.2 million in operating cash flow during the year. As at 30 June 2023, the consolidated entity is debt-free and held \$30.3 million of cash and cash equivalents including term deposits, an increase of \$3.1 million from June 2022. In addition to cash and cash equivalents, there are term deposits of \$9.9 million classified within non-current assets.

The directors have a reasonable expectation that the consolidated entity has sufficient funds on hand to pay its debts as and when they fall due over the next twelve months.

NOTE 2 REVENUE AND OTHER INCOME

	30 June 2023 \$'000	30 June 2022 \$'000
a. Revenue		
Tuition related revenue	98,304	44,043
Commission revenue	3,916	2,776
	102,220	46,819
Revenue from contracts with customers	102,220	46,819
<i>Geographical regions</i>		
Australia	100,821	46,044
Europe	1,092	682
South America	307	93
	102,220	46,819
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	3,916	2,776
Services transferred over time	98,304	44,043
	102,220	46,819
b. Other Income		
Export market development grant	37	-
NSW Jobsaver scheme	-	1,482
Interest income	833	9
	870	1,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

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 Chief Operating Decision Maker ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both 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 YEAR ENDED 30 JUNE 2023

Types of products and services

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

International Vocational	A provider of English Language Intensive Courses for Overseas Students ('ELICOS'), and Vocational Education and Training ('VET') courses in Business, Leadership and Management, Project Management, Marketing and Communication, Kitchen Management and Hospitality for overseas students.
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, digital filmmaking, and interior design.
Domestic Vocational	A provider of vocational courses to domestic students in Commercial Cookery, Hospitality, Business, Community Services, Healthcare, Construction and Information Technology.
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, Mexico).

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 YEAR ENDED 30 JUNE 2023

	International Vocational	Technology & Design	Domestic Vocational	Go Study	Corporate / unallocated	Total
12 months ended 30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from customers	74,720	15,446	8,218	3,836	-	102,220
Intersegment revenue	-	-	-	1,297	(1,297)	-
Total sales revenue	74,720	15,446	8,218	5,133	(1,297)	102,220
Agent commissions	(19,716)	(1,108)	-	-	1,297	(19,527)
Education expenses	(20,874)	(3,211)	(1,740)	-	-	(25,825)
Cost of sales	(40,590)	(4,319)	(1,740)	-	1,297	(45,352)
Gross margin	34,130	11,127	6,478	5,133	-	56,868
Operating costs	(14,740)	(7,371)	(4,547)	(5,321)	(8,252)	(40,231)
Government grants	-	-	-	37	-	37
EBITDA	19,390	3,756	1,931	(151)	(8,252)	16,674
D&A	(5,271)	(2,374)	(311)	(243)	(3,787)	(11,986)
EBIT	14,119	1,382	1,620	(394)	(12,039)	4,688
Net finance expenses	-	-	-	-	(1,772)	(1,772)
Profit before tax	14,119	1,382	1,620	(394)	(13,811)	2,916
Income tax benefit	-	-	-	-	692	692
Net profit / (loss) after tax	14,119	1,382	1,620	(394)	(13,119)	3,608
Gross margin %	45.7	72.0	78.8	100.0		55.6
EBITDA margin %	26.0	24.3	23.5	(2.9)		16.3
30 June 2023						
Segment assets and liabilities						
Segment assets	94,702	26,581	11,408	5,228	34,151	172,070
Segment liabilities	72,510	23,514	6,197	3,277	1,134	106,632
Net assets	22,192	3,067	5,211	1,951	33,017	65,438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 3. OPERATING SEGMENTS (continued)

	International Vocational	Technology & Design	Domestic Vocational	Go Study	Corporate / unallocated	Total
12 months ended 30 June 2022 (restated)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from customers	23,470	10,345	10,150	2,775	79	46,819
Intersegment revenue	-	-	-	611	(611)	-
Total sales revenue	23,470	10,345	10,150	3,386	(532)	46,819
Agent commissions	(6,127)	(670)	(736)	-	532	(7,001)
Education expenses	(5,848)	(2,520)	(2,716)	-	-	(11,084)
Cost of sales	(11,975)	(3,190)	(3,452)	-	532	(18,085)
Gross margin	11,495	7,155	6,698	3,386	-	28,734
Operating costs	(7,976)	(5,266)	(5,541)	(3,472)	(4,385)	(26,640)
Government grants	-	-	-	-	1,482	1,482
EBITDA before M&A costs	3,519	1,889	1,157	(86)	(2,903)	3,576
M&A costs	-	-	-	-	(3,242)	(3,242)
EBITDA	3,519	1,889	1,157	(86)	(6,145)	334
D&A	(2,735)	(1,722)	(489)	(103)	(2,715)	(7,764)
EBIT	784	167	668	(189)	(8,860)	(7,430)
Net Finance expenses	-	-	-	-	(1,767)	(1,767)
Profit / (loss) before tax	784	167	668	(189)	(10,627)	(9,197)
Income tax benefit	-	-	-	-	502	502
Net profit / (loss) after tax	784	167	668	(189)	(10,125)	(8,695)
Gross margin %	49.0	69.2	66.0	100.0		61.4
EBITDA margin %	15.0	18.3	11.4	(2.5)		7.6
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	10,520	1,965	2,018	3,371	43,694	61,568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 4. EXPENSES

	30 June 2023 \$'000	30 June 2022 \$'000
Profit / (loss) before tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	1,268	718
Plant and equipment	732	603
Land and buildings right-of-use assets	6,912	4,374
Office equipment right-of-use assets	12	8
<i>Amortisation</i>		
Licensed operations ¹	667	564
Course materials	410	9
Training materials ¹	1,142	856
Agent relationship ¹	843	632
Total depreciation and amortisation	11,986	7,764
<i>Finance costs</i>		
Movement in the present value of provisions	(76)	161
Interest and finance charges paid/payable on lease liabilities	2,676	1,526
Other interest charges	5	89
Finance costs expended	2,605	1,776
<i>Leases</i>		
Short-term lease payments	1,405	582
Low-value assets lease payments	131	56
Total short term and low value lease payments	1,536	638
<i>Superannuation expense</i>		
Defined contribution superannuation expense	4,014	1,981
¹ Amortisation of acquired intangibles	2,652	2,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 5. INCOME TAX

a. Income tax benefit

	2023 \$	2022 \$
Deferred tax expense	(1,233)	(502)
Current tax expense	541	-
	(692)	(502)

b. Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

Accounting profit / (loss) before tax	2,916	(9,197)
Prima facie tax on operating profit / (loss) at 30% (2022: 25%)	875	(2,299)
Add / (less) tax effect of:		
▪ Other non-deductible expenses	39	882
▪ Non assessable income	-	-
▪ Impact from change in tax rate on unrecognised deferred tax assets ('DTAs')	-	18
▪ Impact from change in tax rate on opening balance of deferred tax liabilities ('DTLs')	1,006	-
▪ Recognition of previously unrecognised DTAs for prior year tax losses	(1,006)	-
▪ Utilisation of prior year losses for which DTAs were not recognised	(541)	2,085
▪ Other temporary differences not recognised	(1,065)	(1,188)
▪ Benefit from movement in temporary difference	-	-
Income tax (benefit) / expense attributable to operating loss	(692)	(502)

c. Weighted average effective tax rate

The applicable weighted average effective tax rates attributable to operating profit are as follows:

	%	%
	30.00%	25.00%

a. The tax rates used in the above reconciliations is the corporate tax rate of 30% payable by the Australian corporate entity on taxable profits under Australian tax law. The tax rate used in the previous reporting period was 25%.

Current tax assets

Income tax receivable	-	-
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d. Franking credits available for use in subsequent reporting periods

	1,506	1,506
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e. Current tax liabilities

Income tax payable	-	-
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 6. CASH AND CASH EQUIVALENTS

	30 June 2023 \$'000	30 June 2022 \$'000
Cash at bank	12,206	27,161
Term deposits with less than 90-day maturities	18,058	-
	<u>30,264</u>	<u>27,161</u>

NOTE 7. TRADE AND OTHER RECEIVABLES

	30 June 2023 \$'000	30 June 2022 \$'000
Trade receivables	8,970	8,595
Less: allowance for expected credit losses	(1,407)	(1,240)
	<u>7,563</u>	<u>7,355</u>

Allowance for expected credit losses

	30 June 2023 \$'000	30 June 2022 \$'000
Opening balance	(1,240)	(288)
RedHill acquisition	-	(1,002)
Additional provisions recognised	(1,860)	(617)
Receivable written off during the year as uncollectable	1,693	667
Closing balance	<u>(1,407)</u>	<u>(1,240)</u>

NOTE 8. PREPAYMENTS AND OTHER ASSETS

	30 June 2023 \$'000	30 June 2022 \$'000
a. Current		
Security deposits	500	522
Prepayments	947	543
Deferred agent costs	9,494	4,795
Other current assets	1,339	1,449
	<u>12,280</u>	<u>7,309</u>
b. Non-current		
Bank guarantees and term deposits	9,931	3,050
	<u>9,931</u>	<u>3,050</u>
Total prepayment and other assets	<u>22,211</u>	<u>10,359</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9. PROPERTY, PLANT, AND EQUIPMENT

	30 June 2023	30 June 2022
	\$'000	\$'000
Leasehold improvements	6,392	3,837
Accumulated depreciation	(2,038)	(770)
	4,354	3,067
Plant and equipment	2,136	1,858
Accumulated depreciation	(1,177)	(849)
	959	1,009
Computer equipment	1,731	909
Accumulated depreciation	(695)	(315)
	1,036	594
Motor vehicles	138	247
Accumulated depreciation	(94)	(70)
	44	177
Assets under construction – at cost	3,303	1,536
Total property, plant, and equipment	9,696	6,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Movements in carrying amounts

	Leasehold improvements	Plant and equipment	Computer equipment	Motor vehicles	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2022	3,067	1,009	594	177	1,536	6,383
Additions / (disposals)	1,605	278	822	(109)	2,717	5,313
Transfers in & (out)	950	-	-	-	(950)	-
Depreciation expense	(1,268)	(328)	(380)	(24)	-	(2,000)
Carrying amount at 30 June 2023	4,354	959	1,036	44	3,303	9,696
Carrying amount at 1 July 2021	41	328	62	84	-	515
RedHill acquisition	3,444	982	492	-	-	4,918
Additions	189	43	280	111	1,648	2,271
Transfers in & (out)	111	1	-	-	(112)	-
Depreciation expense	(718)	(345)	(240)	(18)	-	(1,321)
Carrying amount at 30 June 2022	3,067	1,009	594	177	1,536	6,383

NOTE 10. RIGHT-OF-USE ASSETS

	30 June 2023 \$'000	30 June 2022 \$'000
Non-current assets		
Land and buildings – right-of-use	51,395	23,505
Less: accumulated depreciation	(12,736)	(5,824)
	38,659	17,681
Office equipment – right-of-use	26	26
Less: accumulated depreciation	(20)	(8)
	6	18
	38,665	17,699

Additions to the right-of-use assets during the year are comprised of new leases as well as lease extensions and modifications.

The consolidated entity leases premises for its offices and campuses under commercial lease agreements of between one and seven years, and in most cases with an option clause to extend. The leases have various escalation clauses. Whilst option clauses provide lease term certainty, the terms of the lease are usually renegotiated at time of renewal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 11. INTANGIBLE ASSETS

	30 June 2023 \$'000	30 June 2022 \$'000
Non-current		
Goodwill		
Goodwill	38,747	38,747
	38,747	38,747
Licensed operations		
Licensed operations – at cost	4,670	4,670
Accumulated amortisation	(3,671)	(3,004)
	999	1,666
Course materials		
Copyrights – at cost	1,050	303
Accumulated amortisation	(419)	(9)
Work in progress	439	353
	1,070	647
Brand name		
Brand names – at cost	9,562	9,562
	9,562	9,562
Training materials		
Training materials – at cost	7,993	7,993
Accumulated amortisation	(1,998)	(856)
	5,995	7,137
Agent relationship		
Agent relationship – at cost	8,432	8,432
Accumulated amortisation	(1,475)	(632)
	6,957	7,800
Total intangible assets	63,330	65,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Movements in carrying amounts

	Goodwill \$'000	Licensed operation \$'000	Course material \$'000	Brand name \$'000	Training material \$'000	Agent relationship \$'000	Total \$'000
<i>Carrying amount at 1 July 2022</i>	38,747	1,666	647	9,562	7,137	7,800	65,559
Additions	-	-	833	-	-	-	833
Amortisation expense	-	(667)	(410)	-	(1,142)	(843)	(3,062)
<i>Carrying amount at 30 June 2023</i>	38,747	999	1,070	9,562	5,995	6,957	63,330
<i>Carrying amount at 1 July 2021</i>	-	2,230	-	-	-	-	2,230
RedHill acquisition	38,747	-	-	9,562	7,993	8,432	64,734
Additions	-	-	656	-	-	-	656
Amortisation expense	-	(564)	(9)	-	(856)	(632)	(2,061)
<i>Carrying amount at 30 June 2022</i>	38,747	1,666	647	9,562	7,137	7,800	65,559

Impairment testing of intangible assets

The recoverable amount of the consolidated entity's intangible assets has been determined by a value in use calculation using a discounted cash flow (DCF) model, based on a 3-year projection reviewed by the Board, along with a terminal value in year 3. Modeling has been performed for each of the consolidated entities cash generating units ('CGU's').

The following key assumptions were used in the discounted cash flow model:

- Business as usual market conditions;
- Continued growth generated from geographic and course range expansion;
- The discount rate used is the pre-tax equivalent of a post-tax WACC of 11% (FY22: 11%); and
- A terminal growth rate of 2% (FY22: 2%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

The allocation of the carrying value of goodwill and intangible assets and used for impairment testing is as follows:

	International Vocational	Technology & Design	Go Study	Domestic Vocational	Corporate/ Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Goodwill	12,063	12,604	2,939	-	11,141	38,747
Licensed operations	-	-	-	999	-	999
Course materials	176	652	-	242	-	1,070
Brand names	5,886	3,192	484	-	-	9,562
Training materials	3,332	2,663	-	-	-	5,995
Agent relationships	6,737	220	-	-	-	6,957
Carrying amount at 30 June 2023	28,194	19,331	3,423	1,241	11,141	63,330

	International Vocational	Technology & Design	Go Study	Domestic Vocational	Corporate/ Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Goodwill	12,063	12,604	2,939	-	11,141	38,747
Licensed operations	-	-	-	1,666	-	1,666
Course materials	173	163	-	311	-	647
Brand names	5,886	3,192	484	-	-	9,562
Training materials	3,967	3,170	-	-	-	7,137
Agent relationships	7,553	247	-	-	-	7,800
Carrying amount at 30 June 2022	29,642	19,376	3,423	1,977	11,141	65,559

Goodwill recorded in Corporate has been allocated to the CGU's for the purposes of impairment testing.

Results of impairment testing

International Vocational

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2%), the terminal value growth rate (decrease by 2%) and a reduction in earnings (10% per annum). Under all modelled scenario's the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Technology & Design

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2%), the terminal value growth rate (decrease by 2%) and a reduction in earnings (10% per annum). Under all modelled scenario's the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

Go Study Australia

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2%), the terminal value growth rate (decrease by 2%) and a reduction in earnings (10% per annum). Under all modelled scenario's the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

Domestic Vocational

Sensitivity analysis has been conducted on the recoverable amount based on a change in the discount rate (increase by 2%), the terminal value growth rate (decrease by 2%) and a reduction in earnings (10% per annum). Under all modelled scenario's the DCF valuation was greater than the carrying value of the CGU assets and no impairment is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 12. TRADE AND OTHER PAYABLES

	30 June 2023 \$'000	30 June 2022 \$'000
Current		
Trade payables	3,255	3,102
Payroll accruals	2,257	2,078
Accrued expenses	3,433	1,698
Customer advances	544	3,254
Other payables	313	533
	9,802	10,665

NOTE 13. CONTRACT LIABILITIES

	30 June 2023 \$'000	30 June 2022 \$'000
Current		
Contract liabilities	43,546	30,652
	43,546	30,652

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 \$43,546,000 as at 30 June 2023 (30 June 2022: \$30,652,000) and is expected to be recognised as revenue in future periods.

The duration of study is used to measure the progress of the performance obligation to determine how much revenue should be recognised, and that revenue is recognised as the performance obligation is satisfied.

The ageing of the expected performance obligation of contract liabilities are as follows:

	30 June 2023 \$'000	30 June 2022 \$'000
To be realised within 12 months	43,546	30,652

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.

In addition, for students currently enrolled in a course and with a contract in place, \$28,771,000 (30 June 2022: \$21,132,000) will be invoiced and become payable by the students in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 14. BORROWINGS

	30 June 2023 \$'000	30 June 2022 \$'000
a. Current		
Loans	-	138
	-	138
b. Non-current		
Loans	-	224
	-	224

NOTE 15. LEASE LIABILITIES

	30 June 2023 \$'000	30 June 2022 \$'000
a. Current	5,996	5,375
b. Non-current	37,844	15,648
Total lease liabilities	43,840	21,023

The remaining contractual maturities of lease liabilities is outlined below.

	Average interest rate %	Less than 1 year \$'000	Between 1 year and 2 years \$'000	Between 2 years and 7 years \$'000	Total contractual maturity \$'000
2023					
Undiscounted lease payments	8.19%	9,682	9,113	36,238	55,033
2022					
Undiscounted lease payments	10.25%	7,074	5,493	13,419	25,986

Remaining contractual maturities of lease liabilities belong to land and building leases with an average implicit interest rate of 8.19% (FY22: 10.25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 16. PROVISIONS

	30 June 2023 \$'000	30 June 2022 \$'000
a. Current		
Provision for make good	194	397
b. Non-current		
Provision for make good	2,570	2,336
Onerous contract provisions	-	289
	<u>2,570</u>	<u>2,625</u>
Total provisions	<u>2,764</u>	<u>3,022</u>

Movements in provisions:

	Lease make good \$'000	Onerous contracts \$'000
Carrying amount at 1 July 2022	2,733	289
Additional provisions recognised	57	-
Payments and amounts written back	(26)	(289)
Carrying amount at 30 June 2023	<u>2,764</u>	<u>-</u>

NOTE 17. EMPLOYEE BENEFITS

	30 June 2023 \$'000	30 June 2022 \$'000
a. Current		
Provision for annual leave	1,729	1,709
Provision for long service leave	450	513
	<u>2,179</u>	<u>2,222</u>
b. Non-current		
Provision for long service leave	207	131
	<u>2,386</u>	<u>2,353</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 18. DEFERRED TAXATION

Balances

At 30 June 2023, the consolidated entity has unused tax losses of \$26,281,000 (FY22: \$28,371,000) available for offset against future profits.

During the period, the consolidated entity recognised deferred tax assets of \$1,005,620 as the directors deem it probable that future taxable profits will allow this portion of deferred tax asset to be recovered. Net deferred tax assets of \$10,024,072 remain unrecognised as it is not considered probable that there will be sufficient future taxable profits available to recover this amount.

	2023 \$	2022 \$
a. Deferred tax assets		
Tax losses	8,890	7,093
Provisions and accruals	4,043	4,134
Section 40-880 costs	998	1,082
	13,931	12,309
Set-off deferred tax liabilities	(2,901)	(1,297)
Deferred tax assets	11,030	11,012
Less deferred tax assets not recognised	(10,024)	(11,012)
Deferred tax assets	1,006	-
b. Deferred tax liabilities		
Intangible assets	5,300	5,048
Prepayments	2,848	1,199
Other	53	95
	8,201	6,342
Set-off deferred tax liabilities	(2,901)	(1,297)
Deferred tax liabilities	5,300	5,045
Net deferred tax liability	4,294	5,045
c. Tax losses and deductible temporary differences		
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
Opening balances	28,371	20,031
Other adjustments	3,065	-
Tax losses recognised/(utilised) during the year	(5,155)	8,340
Closing balances	26,281	28,371

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 19. ISSUED CAPITAL

	12 months to 30 June 2023 No.	12 months to 30 June 2022 No.	12 months to 30 June 2023 \$'000	12 months to 30 June 2022 \$'000
Fully paid ordinary shares at no par value	219,376,773	219,076,773	102,657	102,427
a. Ordinary shares				
At the beginning of the year	219,076,773	581,564,649	102,427	34,194
Shares issued during the period/year:				
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 note shares issued at \$0.05 per share		12,631,140		632
Effect of share consolidation 5 December 2022		(876,307,090)		-
Options exercised at \$0.75 15 December 2022	80,000		65	
Options exercised at \$0.75 09 March 2023	120,000		90	
Options exercised at \$0.75 13 March 2023	100,000		75	
At reporting date	219,376,773	219,076,773	102,657	102,427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

	12 months to 30 June 2023 No.	12 months to 30 June 2022 No.	12 months to 30 June 2023 \$'000	12 months to 30 June 2022 \$'000
a. Options				
Options				
At the beginning of the year	5,400,000	5,400,000	3,079	3,079
Options issued / (exercised) during the year:				
Exercised				
Exercised price: \$0.75				
Expiry date: 09/11/2023	(80,000)		(1)	
Expiry date: 09/11/2023	(120,000)		(2)	
Expiry date: 09/11/2023	(100,000)		(2)	
Issued to directors				
Exercise price: \$1.40				
Expiry dates: 15/12/2028	103,575		9	
Expiry dates: 15/12/2029	103,571		15	
Expiry dates: 15/12/2030	103,571		17	
At reporting date	5,410,717	5,400,000	3,115	3,079

Details of capital management are disclosed in Note 22.

NOTE 20. RESERVES

	30 June 2023 \$'000	30 June 2022 \$'000
Foreign currency reserve	39	43
Share-based payments reserve	3,115	3,079
	3,154	3,122

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statement of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise equity-settled share-based payment transactions. The Company provides benefits to employees (including directors) and consultants of the consolidated entity in the form of share-based payment transactions, whereby services are rendered in exchange for shares, options or rights over shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Movement in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency translation \$'000	Share based payments \$'000
Carrying amount at 1 July 2022	43	3,079
Foreign currency translation	(4)	-
Credit associated with issued options	-	(5)
Options issued to directors	-	41
Carrying amount at 30 June 2023	39	3,115

NOTE 21. ACCUMULATED LOSSES

	30 June 2023 \$'000	30 June 2022 \$'000
Accumulated losses at the beginning of the financial year	(43,981)	(35,286)
Profit / (loss) after income tax expense for the year	3,608	(8,695)
Accumulated losses at the end of the financial year	(40,373)	(43,981)

NOTE 22. FINANCIAL INSTRUMENTS

As at the reporting date, the consolidated entity had the following cash and cash equivalents and term deposits:

	Weighted average interest rate	2023	Weighted average interest rate	2022
	%	\$'000	%	\$'000
Consolidated – 2023				
<i>Interest bearing – fixed rate</i>				
Cash and cash equivalents (note 6)	3.17%	30,264	0.88%	27,161
Term deposit – restricted cash	3.77%	9,931	0.29%	3,050
Net exposure to cash flow interest rate risk		40,195		30,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Impairment losses

Impairment losses are recorded against receivables unless the consolidated entity is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly. The ageing of the consolidated entity's trade receivables at reporting date was as follows:

2023	Gross	Impaired	Net	Past due but not impaired
	\$	\$	\$	\$
Trade receivables				
Not past due	4,838	(1)	4,837	-
Past due up to 30 days	1,119	(19)	1,100	1,100
Past due 31 days to 60 days	776	(279)	497	497
Past due 61 days to 90 days	567	(245)	322	322
Past due over 90 days	1,670	(863)	807	807
	8,970	(1,407)	7,563	2,726
2022	Gross	Impaired	Net	Past due but not impaired
	\$	\$	\$	\$
Trade receivables				
Not past due	3,868	(1)	3,867	-
Past due up to 30 days	1,482	(17)	1,465	1,465
Past due 31 days to 60 days	790	(246)	544	544
Past due 61 days to 90 days	627	(216)	411	411
Past due over 90 days	1,828	(760)	1,068	1,068
	8,595	(1,240)	7,355	3,488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Less than 1 Year \$'000	Between 1 year and 2 years \$'000	Between 2 years and 7 years \$'000	Remaining contractual maturities \$'000
Consolidated - 2023				
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables	3,255	-	-	3,255
Other payables	4,290	-	-	4,290
Payroll accruals	2,257	-	-	2,257
Total non-derivatives	9,802	-	-	9,802

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 7 years \$'000	Remaining contractual maturities \$'000
Consolidated - 2022				
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables	3,102	-	-	3,102
Other payables	5,485	-	-	5,485
Payroll accruals	2,078	-	-	2,078
Total non-derivatives	10,665	-	-	10,665

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed. Contractual maturities related to lease liabilities are disclosed in Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Capital management

Capital

The Company manages its capital to ensure the consolidated entity will be able to continue as a going concern.

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses. None of the entities in the group are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings. Gearing levels are reviewed by the Board on a regular basis in line with target gearing ratio, the cost of capital and the risks associated with each class of capital.

Working capital

	Note	30 June 2023 \$'000	30 June 2022 \$'000
The working capital position of the consolidated entity was as follows:			
Cash and cash equivalents	6	30,264	27,161
Trade receivables	7	7,563	7,355
Inventories		341	174
Other current assets	8	12,280	7,309
Trade and other payables	12	(9,802)	(10,665)
Borrowings	14	-	(138)
Leases	15	(5,996)	(5,375)
Employee benefits	17	(2,179)	(2,222)
Current provisions	16	(194)	(397)
Working capital position		32,277	23,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 23. PARENT ENTITY INFORMATION

	30 June 2023 \$'000	30 June 2022 \$'000
Loss after income tax	(5,894)	(9,858)
Total comprehensive income	(5,894)	(9,858)

Statement of financial positions

	30 June 2023 \$'000	30 June 2022 \$'000
Total current assets	824	673
Total assets	83,260	72,420
Total current liabilities	28,848	12,118
Total liabilities	28,707	12,235
Equity		
Issued capital	102,657	102,427
Share-based payments reserve	3,154	3,122
Accumulated losses	(51,258)	(45,364)
Total equity	54,553	60,185

Contingent liabilities

The parent entity has given bank guarantees as at 30 June 2023 of \$7,135,923 (30 June 2022: \$5,107,604) to various lessors in respect of the consolidated entity's operations. Refer to Note 33 for further information in relation to the bank guarantees.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment; and
- Dividends received from subsidiaries are recognised as income in the parent entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 24. INTEREST IN SUBSIDIARIES

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the consolidated entity and the proportion of ownership interest held equals the voting rights held by the consolidated entity. Investments in subsidiaries are accounted for at cost. Each subsidiary's country of incorporation is also its principal place of business:

Name	Principal Activity	Place of incorporation and operation	Ownership interest	
			2023	2022
RedHill Education Ltd	Educational Services	Australia	100%	100%
Go Study Australia Pty Ltd ¹	Student Recruitment	Australia	100%	100%
Academy of Interactive Technology Pty Ltd ¹	Educational Services	Australia	100%	100%
International School of Colour and Design Pty Ltd ¹	Educational Services	Australia	100%	100%
Greenwich College Pty Ltd ¹	Educational Services	Australia	100%	100%
Go Study Australia Intercambio Cultural Ltda ²	Student Recruitment	Brazil	100%	100%
Go Study Australia S.A.C. ²	Student Recruitment	Peru	100%	100%
Go Study Australia Sociedad Limitada ³	Student Recruitment	Spain	100%	100%
Go Study Colombia SAS ⁵	Student Recruitment	Colombia	100%	-
iCollege International Pty Ltd	Educational Services	Australia	100%	100%
Management Institute of Australia Pty Ltd ⁴	Educational Services	Australia	100%	100%
Management Institute of Australia No.1 Pty Ltd ⁴	Educational Services	Australia	100%	100%
Management Institute of Australia No.2 Pty Ltd ⁴	Educational Services	Australia	100%	100%
Celtic Training & Consultancy Pty Ltd	Educational Services	Australia	100%	100%
Brisbane Career College Pty Ltd	Educational Services	Australia	100%	100%
Capital Training Institute Pty Ltd	Educational Services	Australia	100%	100%

1. 100% owned by Redhill Education Ltd

2. 75% owned by Go Study Australia Pty Ltd and 25% owned by RedHill Education Ltd

3. 100% owned by Go Study Australia Pty Ltd

4. Companies were all acquired at the same time and are now in liquidation waiting deregistration

5. Go Study Colombia SAS was incorporated on December 6, 2022

NOTE 25. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 2016/785, the wholly-owned subsidiaries as mentioned below are relieved from the Corporation Act 2001 requirements for preparation, audit, and lodgement of financial reports and directors' report.

As a condition of the Class Order, NextEd Group Limited and its subsidiaries (closed group) entered into a Deed of Cross Guarantee. The effect of the Deed is that NextEd Group has guaranteed to pay any deficiency in the event of the winding up of any of those subsidiaries.

Those subsidiaries have also given a similar guarantee in the event that NextEd Group is wound up.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

The deed was executed on 15 June 2022.

The subsidiaries subject to the Deed at the end of the reporting period are:

- NextEd Group Limited
- Brisbane Career College Pty Ltd
- Capital Training Institute Pty Ltd
- Celtic Training & Consultancy Pty Ltd
- RedHill Education Limited
- Academy of Interactive Technology Pty Limited
- Greenwich College Pty Limited
- International School of Colour and Design Pty Limited
- Go Study Australia Pty Limited

The above companies represents a 'closed group' for the purposes of the Class Order.

Set out below is a consolidated statement of profit and loss and other comprehensive income and statement of financial position of the 'closed group'.

Statement of profit or loss and other comprehensive income

	30 June 2023 \$'000	30 June 2022 \$'000
Revenue from continuing operations	100,001	45,725
Cost of sales	(45,352)	(18,085)
Gross profit	54,649	27,640
Other income	37	1,482
Interest revenue	833	9
Salaries and employee benefits expense	(22,826)	(15,376)
Depreciation and amortisation expense	(11,982)	(7,756)
Impairment of assets	-	(120)
Impairment of receivables	(1,860)	(617)
Property and occupancy costs	(4,434)	(2,180)
Professional and consulting fees	(1,184)	(1,552)
Marketing expenses	(3,462)	(2,754)
Public company related costs	(1,037)	(890)
Merger and acquisition costs	-	(3,242)
Other expenses	(3,197)	(2,017)
Finance costs	(2,606)	(1,771)
Profit / (loss) before tax	2,931	(9,144)
Income tax benefit	752	505
Net profit / (loss) for the year	3,683	(8,639)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Total comprehensive income attributable to members of the parent entity	3,683	(8,639)
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	30 June 2023 \$'000	30 June 2022 \$'000
Equity – accumulated losses		
Accumulated losses at the beginning of the financial year	(43,925)	(35,286)
Profit / (loss) after income tax expense for the year	3,683	(8,639)
Accumulated losses at the end of the financial year	(40,242)	(43,925)

Statement of financial position

	30 June 2023 \$'000	30 June 2022 \$'000
Current assets		
Cash and cash equivalents	30,283	27,052
Trade receivables	7,525	8,158
Inventories	341	174
Prepayments and other assets	12,235	7,272
Total current assets	50,384	42,656
Non-current assets		
Property, plant and equipment	9,706	6,366
Right-of-use asset	38,665	17,699
Intangible assets	63,330	64,607
Prepayments and other assets	9,931	3,041
Total non-current assets	121,632	91,713
Total assets	172,016	134,369
Current liabilities		
Trade and other payables	9,631	10,453
Contract liabilities	43,546	30,652
Borrowings	-	138
Lease liabilities	5,996	5,375
Provisions	194	399
Employee benefits	2,202	2,070
Total current liabilities	61,569	49,087
Non-current liabilities		
Borrowings	-	224
Deferred tax liabilities	4,294	5,045
Employee benefits	207	131
Provisions	2,570	2,625
Lease liabilities	37,844	15,649
Total non-current liabilities	44,915	23,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Total liabilities	106,484	72,761
Net assets	65,532	61,608
Equity		
Issued capital	102,657	102,427
Reserves	3,117	3,106
Accumulated losses	(40,242)	(43,925)
Total equity	65,532	61,608

NOTE 26. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	30 June 2023 \$'000	30 June 2022 \$'000
Profit / (loss) after income tax expense for the year	3,608	(8,695)
Adjustment for:		
Depreciation and amortisation	11,986	7,764
Convertible note conversion	5	-
Share-based payments	36	469
Non-cash finance costs	2,600	1,687
Other non-cash items	(35)	169
Changes in operating assets and liabilities:		
Increase in trade receivables	(263)	(528)
Increase in prepayments	(404)	(164)
Increase in other operating assets	(4,673)	(4,979)
Decrease / (increase) in trade and other payables	(332)	1,116
Increase in contract liabilities	12,893	15,008
Increase / (decrease) in provision for income tax	19	(628)
Increase in employee benefits	40	41
Decrease in other provisions	(300)	(60)
Net cash from operating activities	25,180	11,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Lease liabilities	30 June 2023	30 June 2022
	\$'000	\$'000
Opening balance	21,023	3,594
Net cash from financing activities	(8,913)	(6,209)
RedHill acquisition	-	18,714
New leases and lease extensions	29,130	3,237
Finance costs	2,600	1,687
Closing balance	43,840	21,023

Convertible notes	30 June 2023	30 June 2022
	\$'000	\$'000
Opening balance	-	650
Fully redeemed on 29/06/2022	-	(150)
Converted to shares on 22/06/2022 @ \$0.05c per share	-	(500)
Closing balance	-	-

Other borrowings	30 June 2023	30 June 2022
	\$'000	\$'000
Opening balance	362	700
Repayment of borrowings	(227)	(407)
Acquisition / (disposal) of motor vehicles	(135)	69
Closing balance	-	362

NOTE 28. KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

The names and positions of KMP who held office during the year were as follows:

- 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 Non-executive director (appointed 8 November 2021)
- Sandra Hook Non-executive director (appointed 8 November 2021)
- Ashish Katta Non-executive director (resigned 29 July 2022)
- Badri Gosavi Executive director (resigned 29 July 2022)
- Glenn Elith Chief Executive Officer
- Michael Fahey Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023 \$'000	30 June 2022 \$'000
Short-term employee benefits	1,497	1,767
Long-term incentives	177	-
Post-employment benefits	71	65
Long-term benefits	11	24
Termination payments	205	204
Share-based payments	41	-
Total	2,002	2,060

NOTE 29. 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 (year ended 30 June 2022: \$16,355) were paid to HWL Ebsworth, a firm where Simon Tolhurst was formerly a partner. Fees were paid on normal commercial terms and conditions.

In addition to the remuneration paid to KMP, amounts to related parties of the CEO totalling \$5,814 were paid during the period for administrative support services (year ended 30 June 2022: \$20,917).

NOTE 30. AUDITOR'S REMUNERATION

Pitcher Partners Sydney Partnership (Pitcher Partners) has been appointed as auditor of the Company, with effect from 1 June 2023. This appointment follows the resignation of Hall Chadwick WA Audit Pty Ltd (Hall Chadwick). The following fees were paid or payable for services provided by the auditors.

Remuneration of the auditor for auditing or reviewing the financial reports:

	30 June 2023 \$	30 June 2022 \$
Audit services - Hall Chadwick	31	123
Audit services - Pitcher Partners	152	-
	183	123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 31. EARNINGS PER SHARE (EPS)

	30 June 2023 \$'000	30 June 2022 \$'000
Reconciliation of earnings to profit or loss		
Profit / (loss) for the year	3,608	(8,695)
Profit / (loss) used in the calculation of basic and diluted EPS	3,608	(8,695)
	30 June 2023 No.	30 June 2022 No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	218,586,754	184,203,392
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	223,919,278	184,203,392
	30 June 2023	30 June 2022
Earnings per share		
Basic EPS (cents per share)	1.65	(0.94)
Diluted EPS (cents per share)	1.61	(0.94)

As at 30 June 2023, the consolidated entity has 5,410,717 unissued shares under options (30 June 2022: 5,400,000 post share consolidation). During the year ended 30 June 2023, the consolidated entity's unissued shares under option were dilutive.

NOTE 32. SHARE-BASED PAYMENTS

	30 June 2023 \$'000	30 June 2022 \$'000
Share-based payments:		
Recognised in merger and acquisition costs	-	469
Recognised in director costs	41	-
	41	469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

Share-based payment arrangements in effect during the year

a. *Unlisted options*

The Company had issued options in prior financial year with terms and summaries below:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
2,000,000	10 Jul 2023	\$0.25	Immediately upon issue
3,400,000	9 Nov 2023	\$0.75	Immediately upon issue

b. *Director options*

In consideration for services during the year, the Company issued options in current financial year with terms and summaries below:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Number of options issued	Dividend yield	Risk-free interest rate	Fair value at grant date
15/12/2022	31/12/2028	\$1.150	\$1.400	75.20%	103,571	Nil	3.00%	\$0.2719
15/12/2022	31/12/2029	\$1.150	\$1.400	75.20%	103,571	Nil	3.00%	\$0.4195
15/12/2022	31/12/2030	\$1.150	\$1.400	75.20%	103,575	Nil	3.00%	\$0.5263

Movement in share-based payment arrangements during the period

A summary of the movements of all Company options issued as share-based payments is as follows:

	2023		2022	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	5,400,000		5,400,000	
Granted				
Expiry: 15/12/2028	103,571	1.40		
Expiry: 15/12/2029	103,571	1.40		
Expiry: 15/12/2030	103,575	1.40		
Exercised				
Expiry Date: 09/11/2023 Exercise Price: \$0.75	(300,000)	0.75		
Outstanding at year-end	5,410,717	1.08	5,400,000	0.55
Exercisable at year-end	5,100,000	1.08	5,400,000	0.55

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.6 years (FY22: 1 year).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 33. CONTINGENT LIABILITIES

The consolidated entity has given bank guarantees as at 30 June 2023 of \$7,135,923 (30 June 2022: \$5,107,604) to various lessors.

The consolidated entity has bank guarantee facilities with several leading Australian totalling \$11,307,777 of which \$7,135,923 has been utilised as at 30 June 2023.

The consolidated entity has term deposits of \$9,286,781 as at 30 June 2023 classified within non-current assets to support those facilities.

NOTE 34. COMMITMENTS

The consolidated entity is committed to incur capital expenditure of approximately \$1.5 million in relation to campus expansions across Level 6 and 16, 120 Spencer St, Melbourne, Level 3 and 4, 119 Charlotte Street, Brisbane, and Level 1, Kelly St, Ultimo. The expenditure is expected to be settled in the FY2024 financial year.

NOTE 35. EVENTS SUBSEQUENT TO REPORTING DATE

On 10 July 2023, 2,000,000 options were exercised and converted to fully paid shares at \$0.25. Consideration of \$500,000 was received in relation to these options and the number of shares on issue increased to 221,376,773.

Apart from the matters noted above, 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.