NextEd Group

# H1 FY24 Results Presentation

26 February 2024

# Contents

# 1

# Differentiated market position

# *NextEd is well positioned to navigate a challenging immigration environment*

## Diversified revenue base:

- Broad course range in English language, vocational and higher education segments
- Domestic and international students – broad nationality mix

## Strong compliance record reduces risk and enables new course accreditations:

- Swift regulatory approvals for new campuses and courses underscore reputation and regulatory standing
- Tuition pricing, source market and governance strategies in place to deter non-genuine international students

## National campus footprint complemented by online delivery:

- Quality CBD campuses in all major metropolitan Australian cities
- Many courses with online delivery or work placement components

## Extensive international student agency relationships and capabilities:

- Trusted relationships with over 500 student recruitment agencies from a broad range of source countries – NextEd visa approvals outperforming the sector in key markets
- Track record of cancelling agent agreements when unscrupulous behaviours are detected

## Government funding and tuition loan flexibility for domestic students:

- Vocational funding contracts with 5 State and Territory governments
- HELP loans accreditation for some vocational and higher education courses

## Industry relevant curriculums:

- Delivering courses in high-demand skills where there is strong and/or growing demand for graduates – and immigration opportunities more to be available
- Work closely with industry partners to assist students achieve work experience and job outcomes

# 2

# *Performance highlights*



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# Significant revenue growth and EBITDA expansion

## H1 FY24 financial results

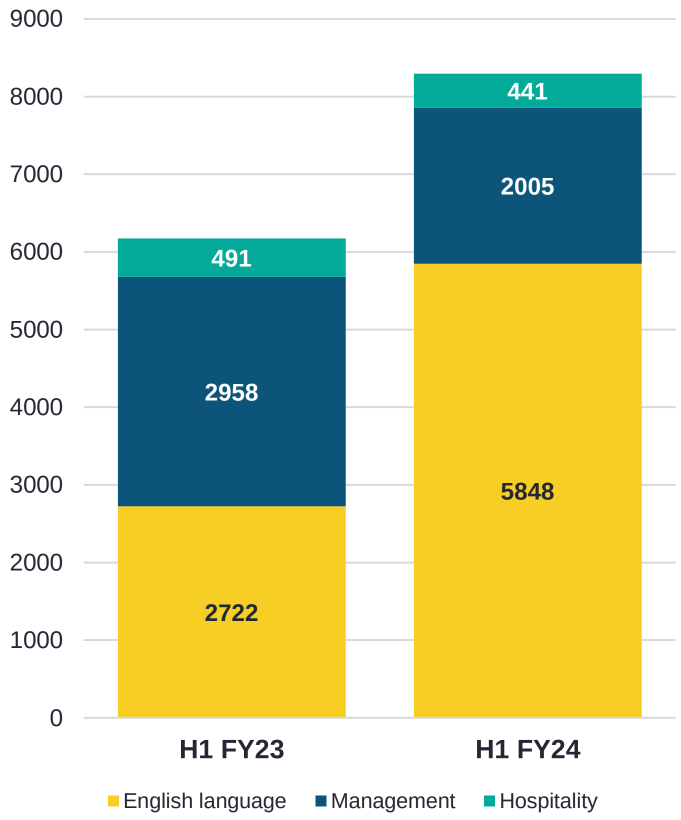
| | | | |
|---|---|---|---|
| Revenue | $59.2m | ▲ $15.6m | vs H1 FY23 |
| EBITDA[1] | $8.3m | ▲ $1.6m | vs H1 FY23 |
| Operating cash flows | -$1.9m | ▼ $16.4m | vs H1 FY23 |
| NPAT(A) adjusted[2] | $1.4m | ▼ $0.2m | vs H1 FY23 |

- Despite negative impacts of the government extension of the 408 visa, impressive H1 revenue and EBITDA growth driven by increase in English language student numbers
- Operating cashflows turned negative after extraordinary post-pandemic growth in tuition deposits – assuming no further government shocks, NextEd doesn't expect this magnitude of negative operating cashflows in H2 FY24 and expect positive cashflows in FY25

1. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory profit under AAS adjusted for specific non-cash and significant items
2. NPAT(A) adjusted is calculated as the net profit after tax adjusted for the after-tax impact of amortisation associated with acquired intangible assets (H1 FY24: $0.9m; H1 FY23: $0.9m) and interest and depreciation costs for leased premises undergoing fit out prior to any revenue generation (H1 FY24: $0.7m; H1 FY23: $0.1m)

# *Operational improvements will underpin performance during challenging regulatory environment*

### International Vocational average student numbers in period




**Ave campus utilisation[1]**

**92%**

10%
vs H1 FY23

**New courses accredited**

▲ **6**

Total courses 171

- 115% growth in average English language student numbers in H1 FY24 against pcp
- 29% decrease in average vocational management and hospitality student numbers in H1 FY24 against pcp driven by impacts of extended 408 visa – recovering from March 2024 intake
- Campus expansion projects on track - achieving high weekday utilisation and supporting new course launches
- High average campus utilisation despite lower performance in T&D and Domestic Vocational divisions
- 6 new accredited courses (3 vocational health care and 3 vocational IT) approved by regulators for launch in H2 FY24 demonstrating strong regulatory standing

1. Weekdays

# *Investments for future growth*

**Multiple strategic investments in H1 FY24 to deliver results in FY25 and FY26, including:**

- Melbourne campus expansion completed in August 2023 (12 additional classrooms and a commercial teaching kitchen)
- Brisbane campus expansion completed in December 2023 (13 additional classrooms) - opened in January 2024 enabling the exit of 10 remaining lower yield, short term licensed classrooms previously required due to a lack of weekday capacity on the main campus
- Successfully secured regulatory approvals for 3 high demand international student vocational healthcare courses (aged care, individual support and community services) - launching in March 2024
- Impressive momentum achieved by recently launched international student hospitality vocational courses – over 820 students by March 2024
- Relocated Adelaide campus on-time and under budget in December 2023 for domestic students
- Regulatory approval received to launch international student operations in Adelaide in April 2024
- Commenced a fit-out of a larger Gold Coast campus to open in March 2024 - tapping into the attractive Gold Coast market

# 3

# *Financial results*

# Income statement – record revenue & EBITDA

| ($000's) | Half year actuals H1 FY24 | H1 FY23 | Change $ | % |
|---|---|---|---|---|
| **Revenue** | **59,201** | **43,574** | **15,627** | **36** |
| Agent commissions | (11,262) | (7,451) | (3,811) | (51) |
| Education expenses | (17,570) | (10,618) | (6,952) | (65) |
| **Gross profit** | **30,369** | **25,505** | **4,864** | **19** |
| Employee costs | (14,024) | (11,628) | (2,396) | (21) |
| Receivables impairment | (771) | (902) | 131 | 15 |
| Property costs | (2,720) | (1,909) | (811) | (42) |
| Marketing | (1,749) | (1,792) | 43 | 2 |
| Other expenses/income | (2,841) | (2,626) | (215) | (8) |
| **EBITDA excl M&A** | **8,264** | **6,648** | **1,616** | **24** |
| Depreciation and amortization | (7,221) | (5,631) | (1,590) | (28) |
| - Lease related | (4,334) | (3,169) | (1,164) | (37) |
| - Other expenses | (2,887) | (2,462) | (426) | (17) |
| **EBIT** | **1,043** | **1,017** | **26** | **3** |
| Net finance expense | (1,643) | (915) | (728) | (80) |
| - Lease related | (2,176) | (1,140) | (1,036) | (91) |
| - Other expenses/income | 533 | 225 | 308 | 137 |
| **Profit before tax** | **(600)** | **102** | **(702)** | **(689)** |
| Income tax benefit | 386 | 364 | 22 | 6 |
| **NPAT** | **(214)** | **466** | **(680)** | **(146)** |
| Amortization of acquired intangibles | 911 | 946 | (35) | (4) |
| Pre-revenue generation lease costs | 664 | 139 | 526 | 378 |
| **NPAT(A) adjusted*** | **1,361** | **1,551** | **(190)** | **(12)** |

- Strong revenue and EBITDA growth driven by growth in English language student numbers
- Gross profit reduced as percentage of revenues due to course mix change to lower margin English language courses
- Operating expenses grew at a slower rate than revenue
- Property costs include $0.8m for short term licensed classrooms (H1 FY23 $0.4m), all but 2 of which were exited in early H2 FY24

** NPAT(A) adjusted is calculated as the net profit after tax adjusted for the after-tax impact of amortisation associated with acquired intangible assets (H1 FY24: $0.9m; H1 FY23: $0.9m) and interest and depreciation costs for leased premises undergoing fit out prior to any revenue generation (H1 FY24: $0.7m; H1 FY23: $0.1m)*

# Segment results – international student strength

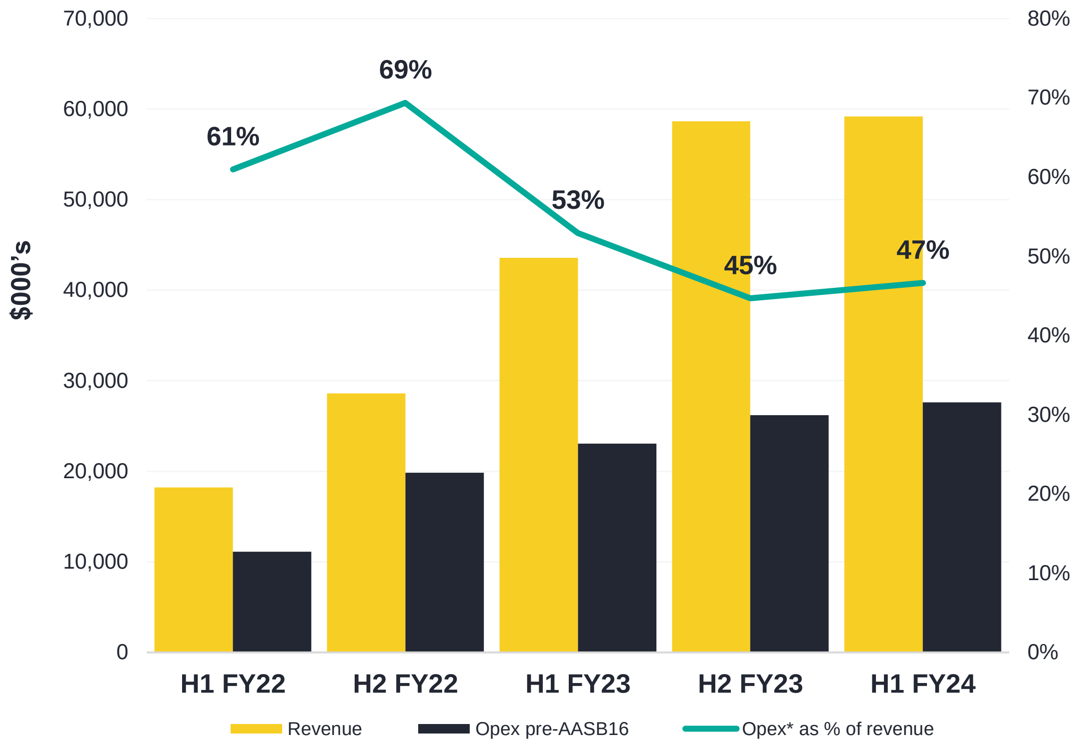
| ($000's) | International Vocational | Technology & Design | Go Study | Domestic Vocational | Elimination / Corporate | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| H1 FY24 | 46,161 | 7,016 | 2,846 | 3,838 | (660) | **59,201** |
| H1 FY23 | 27,890 | 9,060 | 2,462 | 4,731 | (569) | **43,574** |
| Change | 18,271 | (2,044) | 384 | (893) | (91) | **15,627** |
| **EBITDA*** | | | | | | |
| H1 FY24 | 11,107 | 1,409 | 384 | 663 | (5,299) | **8,264** |
| H1 FY23 | 6,531 | 2,872 | (177) | 1,523 | (4,101) | **6,648** |
| Change | 4,576 | (1,463) | 561 | (860) | (1,198) | **1,616** |

** EBITDA is earnings before interest, tax, depreciation and interest*

- International Vocational 65% revenue growth and 70% EBITDA growth driven by impressive English language performance in highly competitive market
- Technology & Design revenue and EBITDA impacted by low international student enrolments during the pandemic and some international students dropping out to move to cheap vocational courses delivered by other training organisations
- Go Study revenue and EBITDA growth driven by offshore offices reopening after the pandemic and gaining momentum – generated approximately $2m tuition revenues for International Vocational division – high yield students
- Domestic Vocational management restructure completed in H1 FY24 to support the December 2023 Adelaide campus relocation and upcoming March 2024 Gold Coast campus relocation into larger premises

# Operating leverage being delivered – ongoing focus

## Opex* as % of revenue

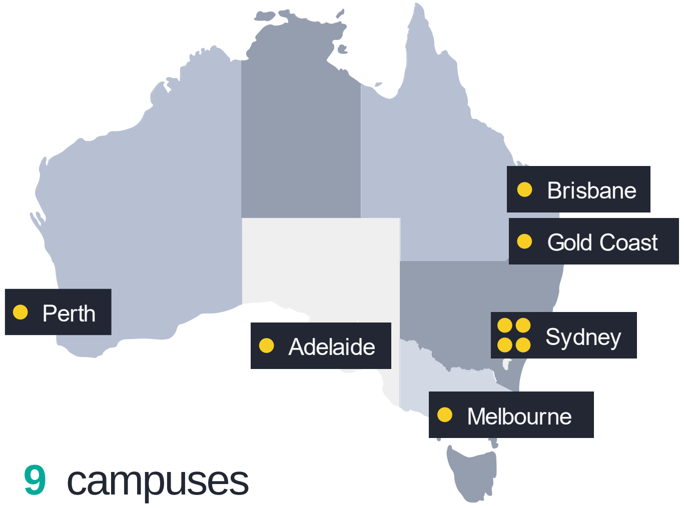



** Opex includes all operating costs including rental costs on a pre-AASB16 basis*

- Operating leverage has been achieved since the acquisition of RedHill Education in H1 FY22
- Small increase in H1 FY24 opex costs as a percentage of revenue a result of strategic footprint expansion investments which include rental costs being incurred pre-revenue generation
- Disciplined cost management will continue as a focus with further opex reductions targeted for FY25 (refer slide 21)
- Further overhead details provided in appendices (refer slide 27)

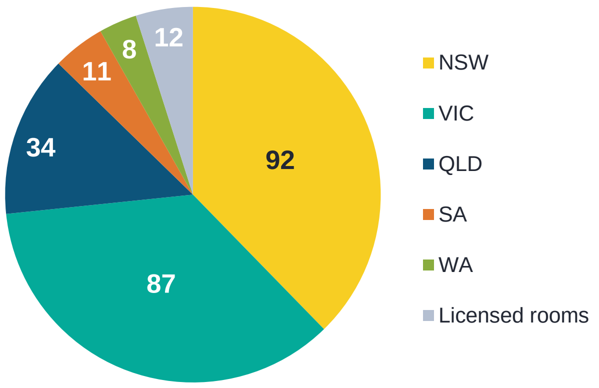
# *Effective capacity management improving utilisation*

## NextEd campus locations at December 2023



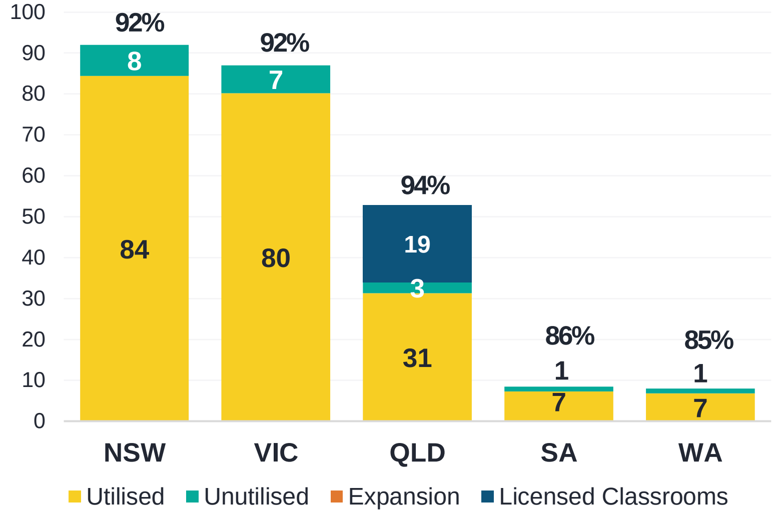

9 campuses

## Number of classrooms by state in December 2023




Total number of classrooms 244

## Average weekday classroom utilisation in H1 FY24 was 92%



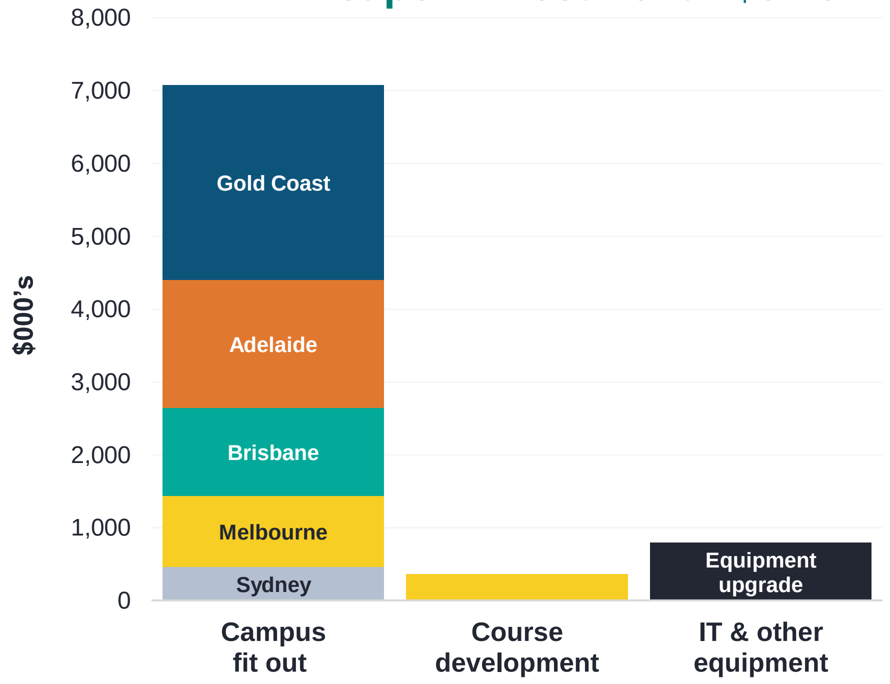

- Effective campus utilisation management during a period of extraordinary growth in student numbers – meeting student demand
- Quality campuses located in Australia’s largest addressable markets – supporting organic growth strategy
- Campuses operate weekdays, weekday evenings, and weekends to maximise utilisation
- Exited 33 of the 45 lower yield licensed classrooms in place at June 2023 during H1 FY24 - and exited a further 10 Brisbane licensed premises in January 2024 when the main campus expanded its footprint by 12 classrooms

# *Cash flows – strategic expansion investments*

- Flattening of operating cashflows after extraordinary post-pandemic growth in tuition deposits – assuming no further government shocks, don't expect this magnitude of negative operating cashflows in H2 FY24 and expect positive cashflows in FY25
- H2 FY24 capex expected to be approximately $4.0m, $2.8m of which is to complete footprint expansion projects and building aged care labs in Sydney, Melbourne and Perth to support launch of recently accredited courses
- NextEd intends to pause further geographic expansion investments until FY26
- NextEd is focused on its operating leverage, growing student numbers and revenues across its campus network to drive utilisation levels

| ($000's) | H1 FY24 | H1 FY23 |
|---|---|---|
| Operating activities (excl. M&A costs) | (1,892) | 14,478 |
| Investing activities | (8,258) | (1,436) |
| Financing activities | (3,280) | (4,692) |
| **Net increase in cash and cash equivalents** | **(13,430)** | **8,350** |
| Cash and cash equivalents at the beginning of the half-year | 30,264 | 27,161 |
| **Cash and cash equivalents at the end of period** | **16,834** | **35,511** |
| Term deposits securing bank guarantees | 8,077 | 3,052 |
| **Total cash balance** | **24,911** | **38,563** |

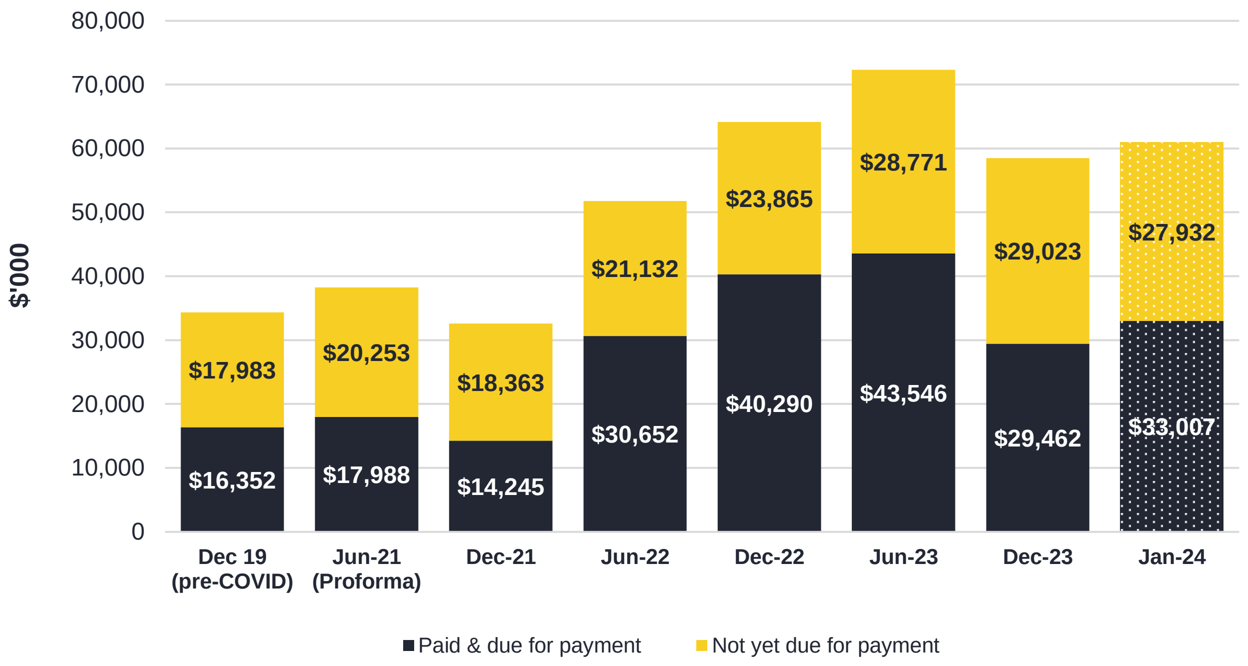
**H1 FY24 capex investment - $8.26m**



# Balance sheet – strong position

| ($000's) | Jun-23 | Dec-23 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalent | 30,264 | 16,834 |
| Trade receivables | 7,563 | 8,309 |
| Inventories | 341 | 238 |
| Prepayments and other assets | 12,280 | 8,585 |
| **Total** | **50,448** | **33,966** |
| **Non-current assets** | | |
| Property, plant and equipment | 9,696 | 16,334 |
| Right-of-use asset | 38,665 | 45,577 |
| Intangible assets | 63,330 | 62,068 |
| Other assets (term deposits for bank guarantees) | 9,931 | 8,077 |
| **Total** | **121,622** | **132,056** |
| **Total assets** | **172,070** | **166,022** |
| **Current liabilities** | | |
| Trade and other payables | 9802 | 9776 |
| Contract liabilities | 43,546 | 29,462 |
| Lease liabilities | 5,996 | 7,470 |
| Employee benefits | 2,179 | 2,476 |
| Provisions | 194 | 190 |
| **Total** | **61,717** | **49,374** |
| **Non-current liabilities** | | |
| Deferred tax liabilities | 4294 | 3903 |
| Employee benefits | 207 | 258 |
| Provisions | 2,570 | 2,595 |
| Lease liabilities | 37,844 | 44,083 |
| **Total** | **44,915** | **50,839** |
| **Total liabilities** | **106,632** | **100,213** |
| **Equity** | **65,438** | **65,809** |

## Contract liabilities (deferred revenue)




- Contract liabilities balance in January 2024 increased by 12% against the December 2023 balance date due to timing of enrolments invoiced
- Term sheet agreed with major Australian bank to provide a bank guarantee and asset finance facility – freeing up cash backing for guarantees in H2 FY24 of approximately $8m and providing additional working capital facility, subject to finalising facility documentation and satisfaction of conditions precedent



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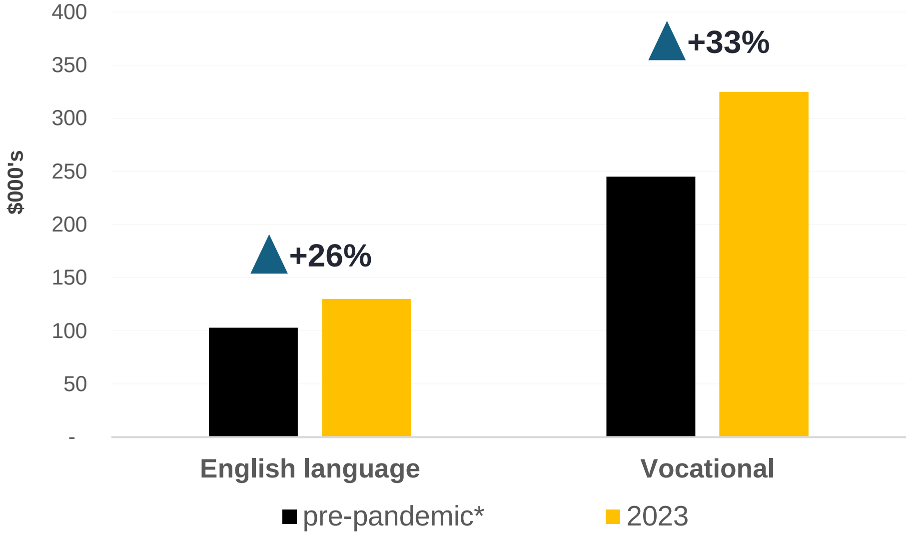
# 4

# *Future focus*

# Adapting to evolving and challenging market conditions

- While we welcome changes detailed in the December 2023 Migration Strategy, we are seeking greater transparency from government
- Recent government policy has indicated a desire to reduce the number of international students back to pre-pandemic levels to help cut net migration in half by 2025 (from approximately 510,000** migrants in 2023) and ease pressure on infrastructure and the housing market
- Recent international student visa data and management engagement with international student recruitment network suggests:
  - increases in visa rejection rates, particularly for South Asia
  - delays in visa processing resulting in student deferrals and cancellations while they await visa outcomes
  - increasing scrutiny of onshore student visa applications when person is already in Australia on another visa type (e.g. tourist, temporary graduate, covid event)
- NextEd has a record of demonstrated adaptation to regulatory and legislative changes
- NextEd has proven longstanding agility with source country selection and prioritisation strategies
- While we continue to adapt, the overall direction for current policy is for lower international student migration

**Total international student enrolments in Australia by visa type**




*Period represents CY2019 for English language (excluding China) & average CY2017-2019 for vocational*

***Source:** Department of Education*

*** Source: Australian Bureau of Statistics*



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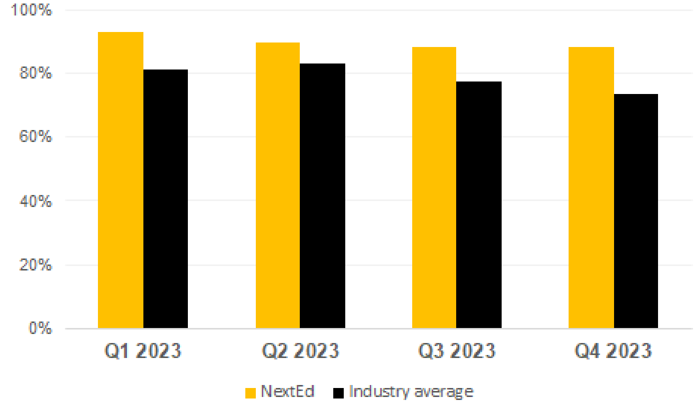
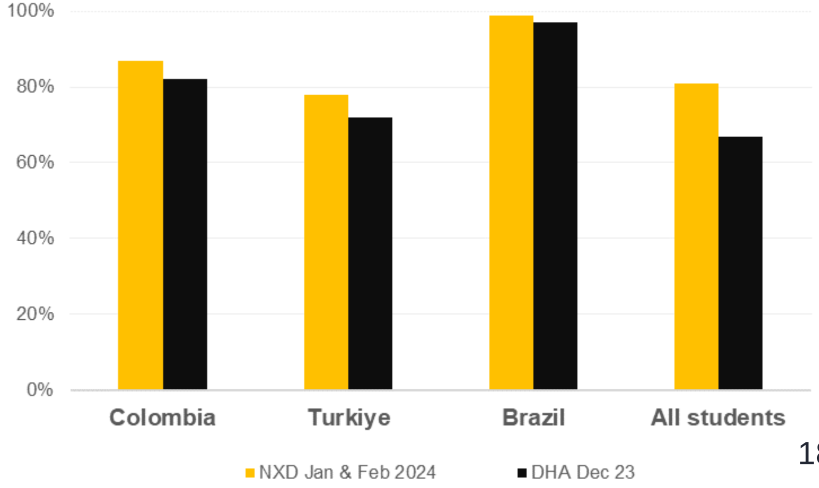
# NextEd visa data outperforms the market

- NextEd achieved consistent average student visa approval rates in CY2023 of approximately 90% - outperforming total market
- In December 2023 – when the Migration Strategy was announced – NextEd student visa approvals were 92% - 25ppts higher than total market rate for that month
- Visible reductions in select visa approval rates from mid-January 2024, however no information provided by government about changes to visa assessment approach
- NextEd student visa approvals in January to mid-February 2024 were 81% - outperforming most recent government data
- NextEd achieved strong visa approval rates for key markets of Colombia, Turkiye and Brazil in January to mid-February 2024 – higher rate than total market
- NextEd's outperforming visa approvals are due to its:
  - trusted reputation with international student agent partners
  - unique course offering – including in high demand skill areas
  - adaptive source market strategies
  - robust student assessment processes

**NextEd's English language and Vocational student visa approval rates – CY2023 against total market***




**NextEd Jan/Feb 2024 English language and Vocational student visa approval rates against total market***




** Source: Department of Home Affairs combined average English language and vocational student data excluding China*

# Drivers of growth in FY25 and FY26

**Footprint and course expansion initiatives being implemented by NextEd to drive future growth and performance include:**

- increased number of international vocational students expected from March 2024 intake, including impressive momentum of recently launched hospitality vocational courses
- new vocational healthcare courses to be launched to international students in March 2024
- international student courses to be launched in Adelaide market in April 2024
- new vocational IT courses to be launched to international students in April 2024
- other new vocational courses submitted to regulators and awaiting approval

**Future legislative and regulatory changes expected to positively impact NextEd's performance (helping to offset some of the uncertain future government policy around net migration) include:**

- increased English language competency levels (IELTS scores) to obtain student visas are anticipated to be implemented from April 2024, increasing average duration of English language studies for international students by up to 10 weeks
- supporting students seeking to undertake courses in priority skill areas including IT, hospitality and healthcare
- removal of shonky vocational colleges who were targeting NextEd students with cheaper low-quality courses



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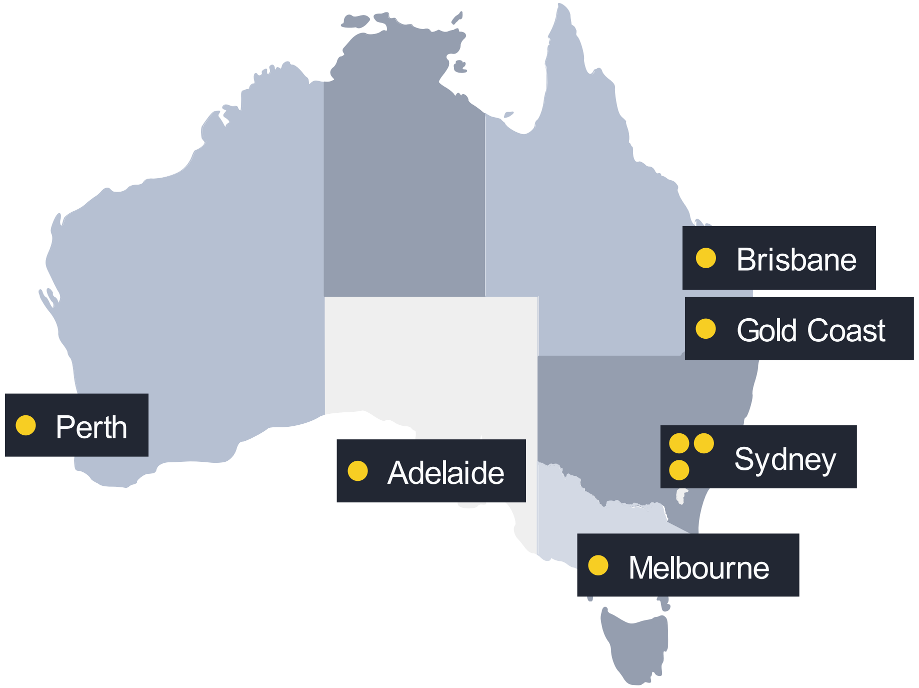
# Revenue generation opportunity from NextEd's footprint

**NextEd campus locations at end July 2024**




Total of 235 classrooms across 8 campuses after launching new Gold Coast campus and exiting Thomas Street, Sydney campus

***NextEd can operate a three-shift model (weekday daytime, weekday evening and weekends) up to 50 weeks a year for face-to-face teaching – average annual revenue potential of approximately $765k per classroom***

***Total annual revenue potential for NextEd's campus footprint of approximately $180m – further enhanced by increasing use of hybrid and online delivery models***

- Following the opening of the new Gold Coast campus (9 incremental classrooms) in early Q4 FY24, further campus expansion will be paused until FY26
- NextEd will exit the Thomas Street, Sydney campus (18 classrooms) in July 2024 – delivering annual rental and administrative savings of circa $1.3m
- Campus footprint enables further course range expansion in high demand skill area

# *NextEd managing what is in our control - resetting FY25 cost base*

In response to the new regulatory environment, NextEd has taken pro-active steps to reset the cost base to be effective from FY25 including:

- Deprioritising the search for large M&A targets
- Targeting a reduction in variable overheads across the business
- Exiting the Thomas Street, Sydney campus in July 2024, and the Mt Gravatt, Brisbane premises in November 2024 when leases expire

*The above actions are expected to deliver annualised overheads savings of approximately $2.5m*

# *FY24 outlook*

- Recent government statements regarding reduction to net migration combined with recent student visa data has created significant macro uncertainties across our entire industry
- Despite NextEd being well placed to navigate this environment and our better than industry average visa approval rates, the uncertain landscape has impacted our ability to accurately forecast
- Directors believe it is appropriate given the uncertainty and evolving circumstances to withdraw H2 FY24 guidance

# *FY25 and FY26 targets*

*Irrespective of near-term challenges posed by recent government statements regarding reduction to net migration, NextEd is focused on improving yield and profitability*

- Absent any further government shocks, NextEd expects FY25 and FY26 profitability metrics to improve vs FY23 including:
  - targeting FY25 improvement in pre- and post- AASB16 EBITDA margins vs FY23
  - targeting FY26 improvement against FY23 pre-AASB16 EBITDA margin of 7.4% of revenue by at least 200 basis points
  - targeting FY26 improvement against FY23 post-AASB16 EBITDA margin of 16.3% of revenue by at least 200 basis points
  - targeting FY26 improvement against FY23 NPAT(A) margin of 5.3% of revenue by at least 200 basis points

# *Well positioned for growth in FY25 and FY26*

1. Differentiated and unique market position
2. Expanded course range and campus footprint with significant future revenue growth potential without further property investment
3. Focus on overhead cost management and operating leverage – control what we can control
4. Track record of successfully adapting to changes to market conditions and regulatory environment in an industry with compelling long-term growth drivers

*We're monitoring the current situation and effects of the changes to migration policy - meanwhile we are focused on optimising campus utilisation following our strategic expansion investments and carefully managing costs*

*Over the longer term, we expect government policy to protect international education export earnings (which also materially impacts the tourism industry) and to support Australia's future workforce requirements*

*The latest shock will pass and NextEd will be ready to take advantage – management team has proven track record of growing revenues and market share during turbulent times*

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# *Thank You*

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# 5

# *Appendices*

# Income Statement (pre and post AASB16)

| | Half year actuals | | | | | | Change | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | H1 FY24 | | | H1 FY23 | | | $ | % | $ | % |
| ($000's) | Post AASB16 | Pre AASB16 | *Difference* | Post AASB16 | Pre AASB16 | *Difference* | Post AASB16 | | Pre AASB16 | |
| **Revenue** | **59,201** | **59,201** | | **43,574** | **43,574** | | **15,627** | **36** | **15,627** | **36** |
| Agent commissions | (11,262) | (11,262) | | (7,451) | (7,451) | | (3,811) | (51) | (3,811) | (51) |
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| **Gross profit** | **30,369** | **30,369** | | **25,505** | **25,505** | | **4,864** | **19** | **4,864** | **19** |
| Employee costs | (14,024) | (14,024) | | (11,628) | (11,628) | | (2,396) | (21) | (2,396) | (21) |
| Receivables impairment | (771) | (771) | | (902) | (902) | | 131 | 15 | 131 | 15 |
| Property costs | (2,720) | (8,225) | 5,505 | (1,909) | (6,118) | 4,209 | (811) | (42) | (2,107) | (34) |
| Marketing | (1,749) | (1,749) | | (1,792) | (1,792) | | 43 | 2 | 43 | 2 |
| Other expenses/income | (2,841) | (2,841) | | (2,626) | (2,626) | | (215) | (8) | (215) | (8) |
| **EBITDA** | **8,264** | **2,759** | **5,505** | **6,648** | **2,439** | **4,209** | **1,616** | **24** | **320** | **13** |
| Depreciation and amortization | (7,221) | (2,887) | | (5,631) | (2,462) | | (1,590) | (28) | (426) | (17) |
| - Lease related | (4,334) | - | (4,334) | (3,169) | - | (3,169) | (1,164) | (37) | - | - |
| - Other expenses | (2,887) | (2,887) | | (2,462) | (2,462) | | (426) | (17) | (426) | (17) |
| **EBIT** | **1,043** | **(128)** | **1,171** | **1,017** | **(23)** | **1,040** | **26** | **3** | **(106)** | **(464)** |
| Net finance expense | (1,643) | 533 | | (915) | 225 | | (728) | (80) | 308 | 137 |
| - Lease related | (2,176) | - | (2,176) | (1,140) | - | (1,140) | (1,036) | (91) | - | - |
| - Other expenses/income | 533 | 533 | | 225 | 225 | | 308 | 137 | 308 | 137 |
| **Profit before tax** | **(600)** | **404** | **(1,004)** | **102** | **202** | **(100)** | **(702)** | **(689)** | **202** | **100** |
| Income tax benefit | 386 | 386 | | 364 | 364 | | 22 | 6 | 22 | 6 |
| **NPAT** | **(214)** | **790** | **(1,004)** | **466** | **566** | **(100)** | **(680)** | **(146)** | **224** | **40** |
| Amortization of acquired intangibles | 911 | 911 | | 946 | 946 | | (35) | (4) | (35) | (4) |
| Pre-revenue generation lease costs | 664 | 410 | 254 | 139 | 116 | 23 | 526 | 378 | 295 | 255 |
| **NPAT(A) adjusted*** | **1,361** | **2,111** | **(750)** | **1,551** | **1,628** | **(77)** | **(190)** | **(12)** | **483** | **30** |

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# 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) adjusted is calculated as the net profit after tax adjusted for the after-tax impact of amortisation associated with acquired intangible assets and interest and depreciation costs for leased premises undergoing fit out prior to any revenue generation.

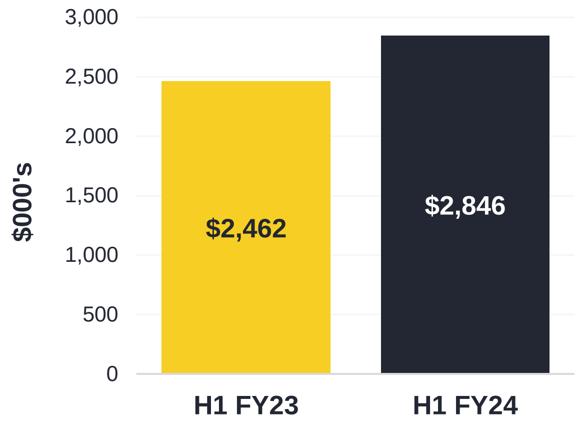
| ($000's) | H1 FY24 | H1 FY23 |
|---|---|---|
| **NPAT(A) adjusted** | **1,361** | **1,551** |
| Less: | | |
| Amortization of acquired intangible assets (tax effected) | (911) | (946) |
| Pre-revenue generation lease costs | (664) | (139) |
| **Net profit / (loss) after tax** | (214) | 466 |
| Less income tax benefit | (386) | (364) |
| **Net profit / (loss) before tax** | (600) | 102 |
| Add back: | | |
| Depreciation and amortization | 7,221 | 5,631 |
| Net finance expenses | 1,643 | 915 |
| **EBITDA** | **8,264** | **6,648** |

*Segment Results*

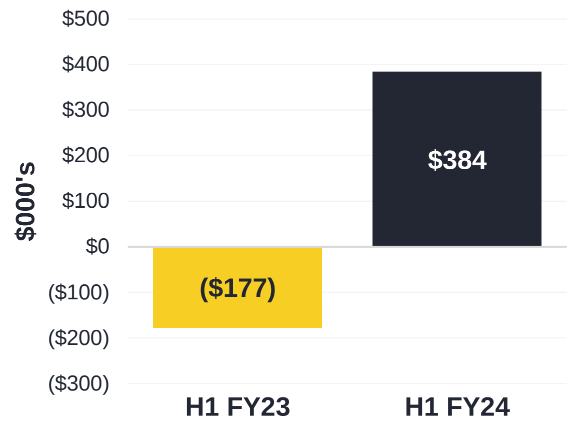
# *Go Study – returns to profitability*

- Revenue increased 16% vs pcp, with growth in onshore Australia, France and Mexico
- H1 FY24 EBITDA increased by $0.6m vs pcp as student numbers grew and the prior year investment in reopening overseas offices post-pandemic gains momentum
- Go Study is a valuable source of students for the International Vocational segment – representing approximately $2.0m of H1 FY24 tuition revenues for the International Vocational segment with no external agent commission costs – high profit students

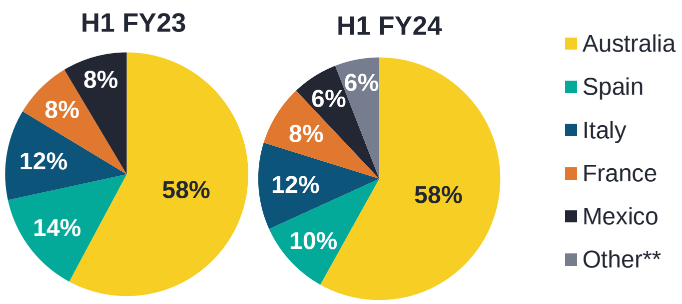
## Revenue



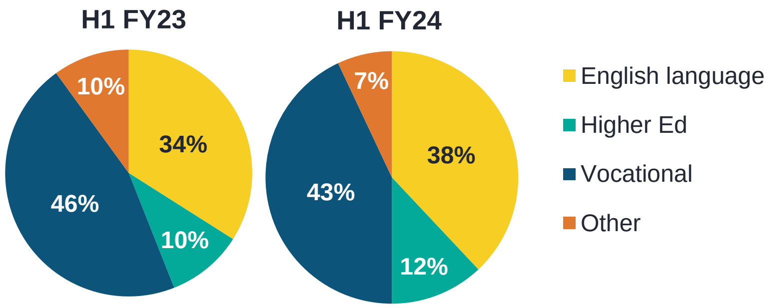

## EBITDA




## Revenue by source country



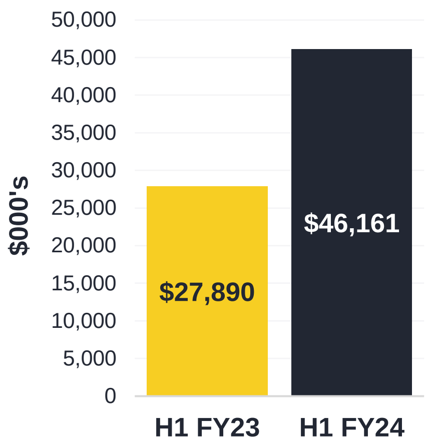

## Revenue by type



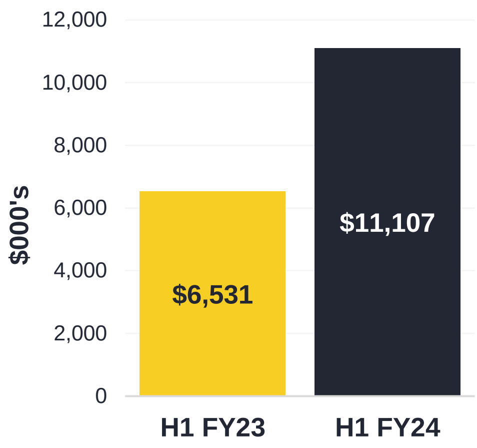
# *International Vocational – impressive growth*

- Revenue and EBITDA growth driven by impressive English language performance in highly competitive market
- EBITDA growth driven by revenue growth and operating leverage from increased campus utilisation
- Targeting broad nationality mix of source countries – but notably zero Subcontinent students into English language courses
- Strong intakes into Hospitality and Management courses are expected in H2 FY24
- New Healthcare courses to be launched in April 2024
- English language and vocational courses to be launched in Adelaide in April 2024

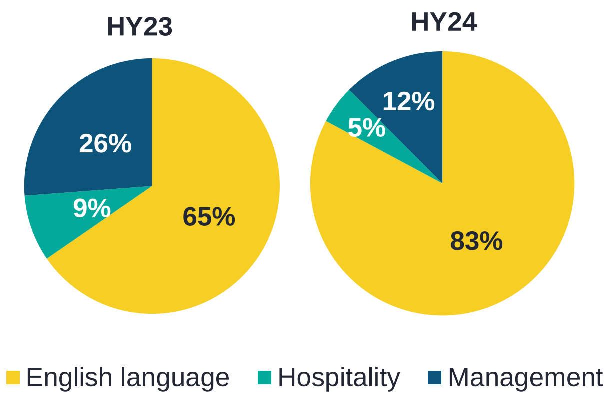
**Revenue**



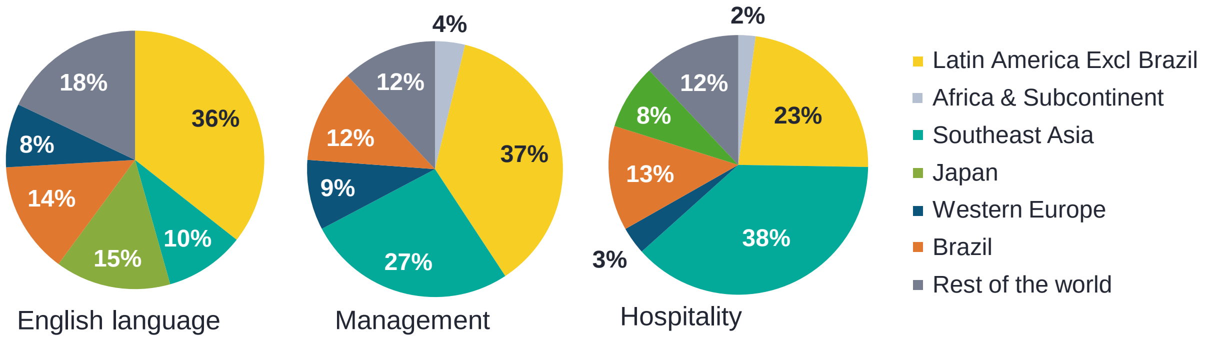

**EBITDA**




**Revenue mix**




**H1 FY24 international student nationality mix**

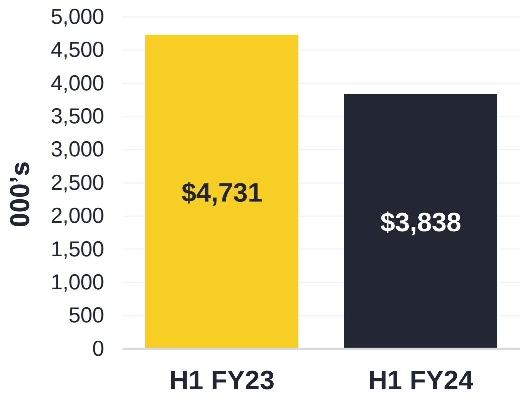


## Segment Results

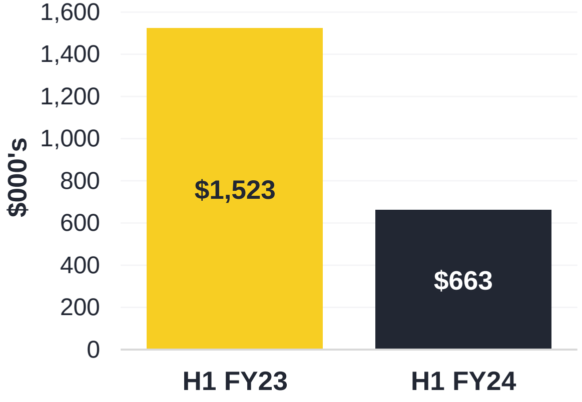
# Domestic Vocational – foundations for future growth

- Management restructure completed in H1 FY24 to support recently relocated Adelaide campus and upcoming launch of substantial Gold Coast campus
- Ceased delivery of unprofitable construction courses in H1 FY24
- Healthcare student enrolment numbers grew vs pcp. However, slower course progressions resulted in lower revenues - new initiatives to focus on progressions in H2 FY24
- EBITDA impacted by lower revenues, partly offset by cost control measures

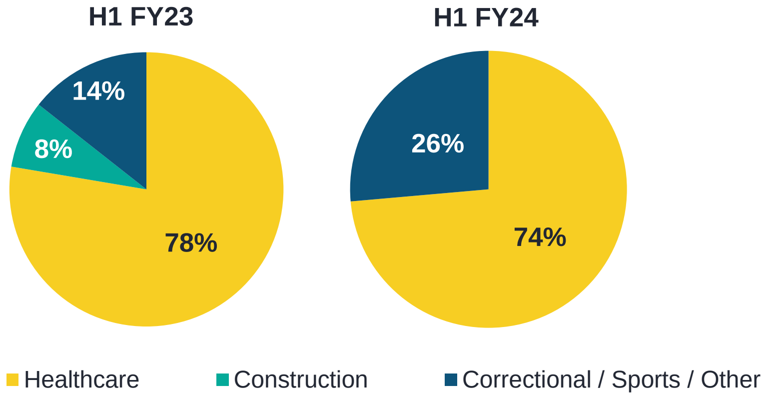
### Revenue




### EBITDA



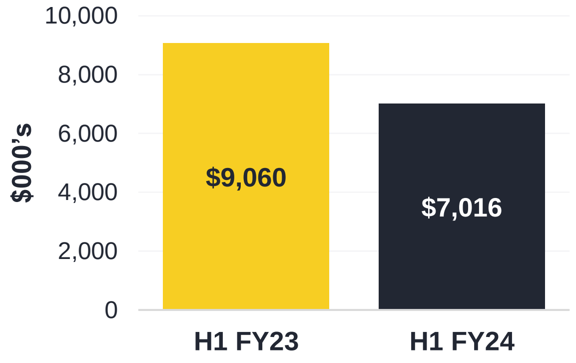

### Revenue by course type



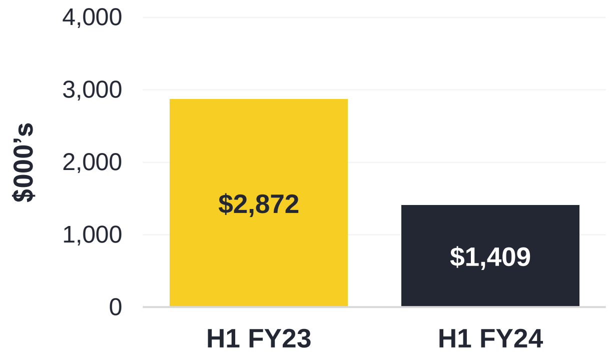
# *Technology & Design – international student decline*

- H1 FY24 revenue and EBITDA impacted by low international student enrolments during the covid pandemic who would now be in later stages of their course and some international students dropping out of their course to move to lower priced vocational courses delivered by other training organisations
- Focus on recruiting students into newly launched vocational courses – Diploma of IT and Diploma of Graphic Design

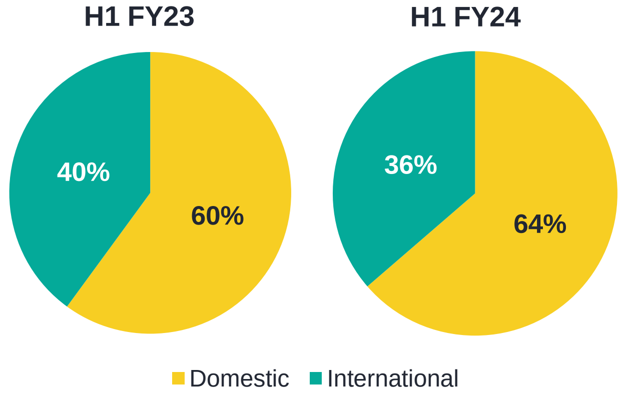
## Revenue



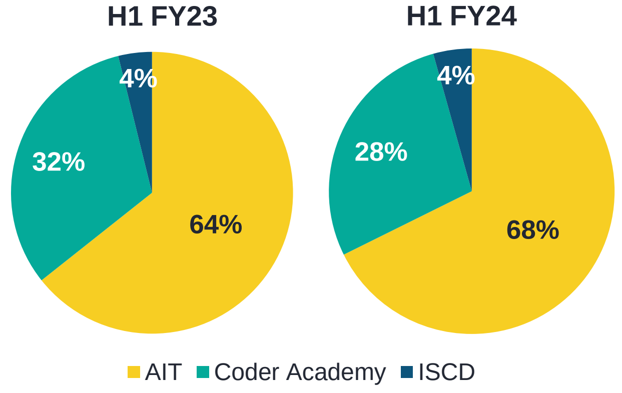

## EBITDA




## Revenue by student market




## Revenue by brand



# NextEd campus footprint by location

| Campus | June 2023 | | | December 2023 | | | Change + / (-) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Leased premises | Licensed classrooms | Total | Leased premises | Licensed classrooms | Total | Leased premises | Licensed classrooms | Total |
| Sydney | 92 | 10 | 102 | 92 | - | 92 | - | (10) | (10) |
| Melbourne | 75 | 24 | 99 | 87 | - | 87 | 12 | (24) | (12) |
| Brisbane | 24 | 10 | 34 | 24 | 10 | 34 | - | - | - |
| Gold Coast[1] | 10 | 1 | 11 | 10 | 2 | 12 | - | 1 | 1 |
| Perth | 8 | - | 8 | 8 | - | 8 | - | - | - |
| Adelaide | 4 | - | 4 | 11 | - | 11 | 7 | - | 7 |
| **Total** | **213** | **45** | **258** | **232** | **12** | **244** | **19** | **(33)** | **(14)** |

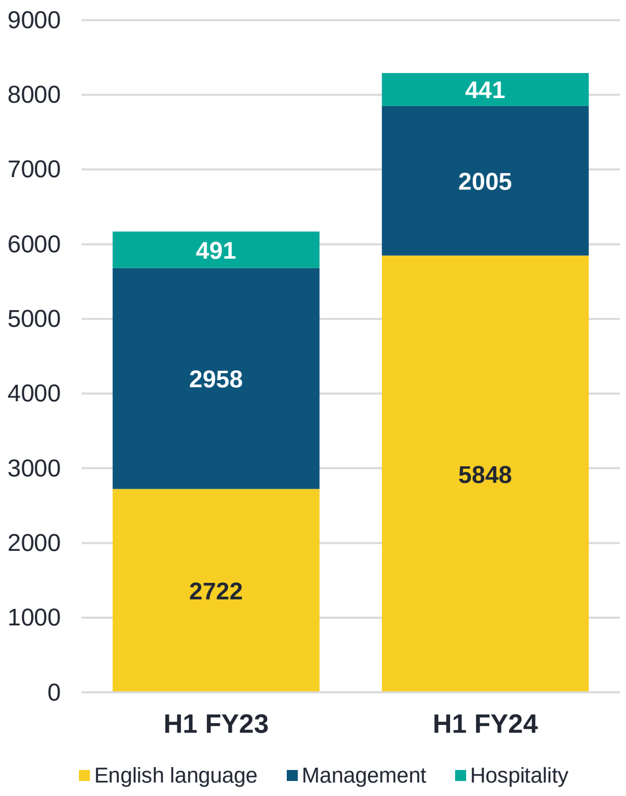
(1) New Gold Coast campus to be launched in early Q4 FY24



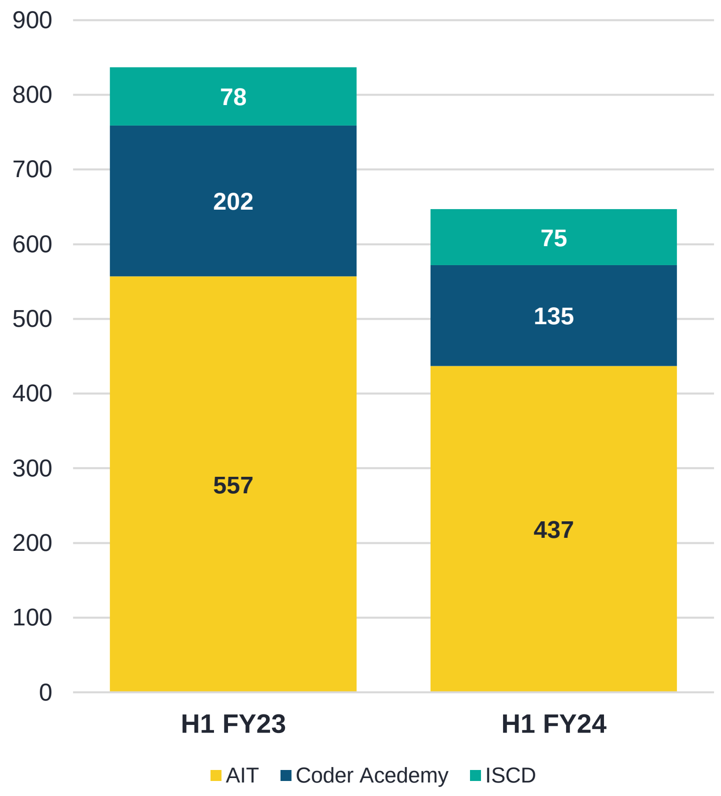
NextEd Group

# *Average student numbers by segment*

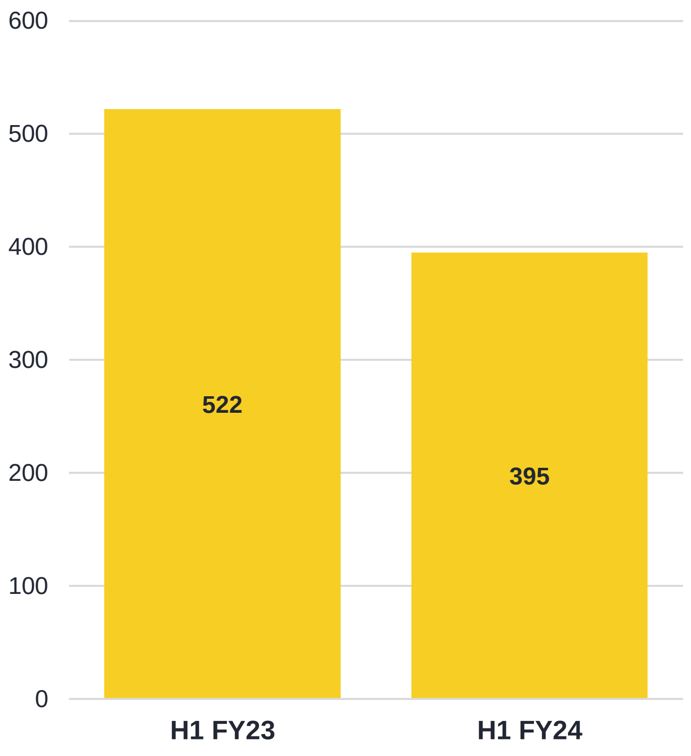
### International Vocational




### Technology & Design




### Domestic Vocational





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# *Important notice & disclaimer*

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