

## TRADING UPDATE ON STRATEGIC INVESTMENTS FOR GROWTH, LEAD INDICATORS & H1 FY24 REVENUE

NextEd Group Limited (ASX: NXD) (NextEd), one of Australia's leading providers of tertiary education services to international and domestic students, is pleased to provide this trading update.

### Highlights:

#### 1. Strategic investments for growth:

- Successfully secured regulatory approval for three high demand international student vocational healthcare courses, set to launch in March 2024.
- Impressive momentum achieved by recently launched international student hospitality vocational courses.
- Successfully launched a substantial Adelaide campus on-time and under budget in December 2023 for domestic students.
- Secured regulatory approvals to launch international student operations in Adelaide in April 2024.
- Larger Gold Coast campus to open in March 2024 to tap into the attractive Gold Coast market.

#### 2. Lead indicators:

- New international student enrolments grew by 7% in the December 2023 quarter compared to the previous quarter.
- English language student numbers normalising and expected to continue to drive lifetime student value and underpin future revenue performance.
- International vocational student numbers have grown in the last two intakes (November 2023 and January 2024) and are expected to grow further in the upcoming March intake.

#### 3. H1 FY24 revenue:

- Expect to report a 36% yoy increase in revenue of approximately \$59.2 million in H1 FY24 (H1 FY23: \$43.6 million), in line with guidance.

#### 4. Continued navigation of regulatory and legislative developments:

- Demonstrating resilience to the Federal Government's December 2023 Migration Strategy visa clampdowns due to NextEd's longstanding source country selection and prioritisation strategies.
- Swift regulatory approvals for new campuses and courses underscore NextEd's industry reputation and regulatory standing.

# 1. Strategic investments for growth underpinning future performance

NextEd’s investments in organic expansion initiatives are expected to underpin future sustainable growth and performance.

## Launching high demand healthcare courses to international students

NextEd is delighted to announce that in December 2023 it received regulatory accreditation to deliver three new vocational courses in aged care, individual support and community services to international students.

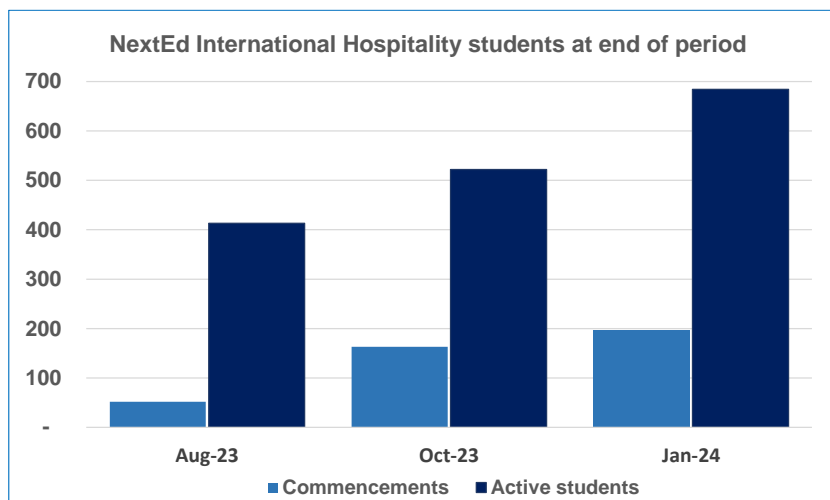
NextEd has commenced marketing these new vocational healthcare courses to current English language students and through its substantial recruitment agency network. Inaugural student intakes into these new courses are scheduled for early March 2024.

NextEd anticipates strong demand for these new courses from international students seeking skilled work and career pathways. These courses are aligned with the recently released Federal Government’s Migration Strategy and are addressing critical workforce needs in the health sector in Australia.

## Strong momentum in new hospitality courses

NextEd launched new vocational hospitality courses for international students in Perth, Brisbane and Gold Coast during FY23, and in Sydney and Melbourne in August 2023. These courses are experiencing strong demand from international students seeking skilled work and career pathways.

NextEd had 684 actively studying hospitality vocational students at the end of January 2024, and expects that number to grow by at least another 20% to over 820 students by the end of March 2024.



## New Adelaide campus – launched, operational and approved for international students

NextEd successfully launched its recently relocated Adelaide campus in early December 2023 on-time and approximately \$200k under budget. The new high-quality campus is double the size of the previous campus and features 12 classrooms, an aged care teaching lab, and a large student kitchen/breakout area.

NextEd currently delivers courses to domestic students in Adelaide and is delighted to announce that in late January 2024 it received regulatory approval to commence delivering courses to international students in the attractive Adelaide market. NextEd obtained CRICOS approval for 1,280 international student visa holders.

NextEd will launch its international student operations in Adelaide in April 2024. It will initially launch with English language courses, to be shortly followed by a range of vocational certificate and diploma courses.

NextEd is well placed to successfully compete in both the domestic and international student markets in Adelaide. We are confident Adelaide revenues will materially contribute to the group once international student operations are launched.

#### Expanded Brisbane campus – improving margins and supporting new product launches

NextEd expanded its Brisbane campus from 23 to 35 classrooms in mid-January 2024. This enabled NextEd to exit the 10 remaining lower yield, short term licensed classrooms previously required due to a lack of weekday capacity on the main campus.

The additional classroom capacity achieved over 70% weekday utilisation upon opening. Utilisation will increase as we launch the new vocational healthcare courses to international students at this campus.

#### Larger Gold Coast campus to open in March 2024 – attractive market

NextEd is in the process of fitting-out its new high-quality Gold Coast campus and expects to relocate students from its existing smaller campus in late March 2024. This new campus will enable significant expansion for NextEd in the attractive Gold Coast market.

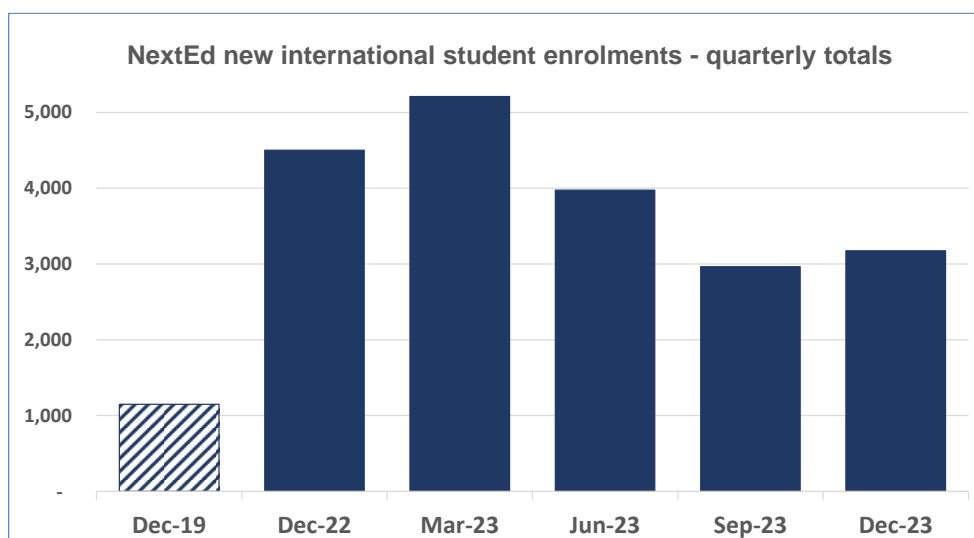
NextEd intends to pause further geographic expansion investments until FY26. NextEd is focused on its operating leverage, growing student numbers and revenues across its national campus network to drive utilisation levels and improve profits. In addition, NextEd intends to increase its range of online courses to grow revenues beyond available campus capacities and leverage existing resources.

## **2. Lead indicators – NextEd’s resilience supports future market share growth**

#### International student enrolments – 7% growth in December 2023 quarter

NextEd’s international student enrolments from its key source markets continue to normalise following the extraordinary post-pandemic recovery period. Enrolments in the December 2023 quarter remained at approximately 3x peak pre-covid enrolments in the December 2019 quarter and increased by 7% against the prior September 2023 quarter. This growth highlights NextEd’s resilience despite the background of recent international student industry data demonstrating moderating international student numbers.

This enrolment performance can be attributed to NextEd’s expanded course range and geographic campus expansion.

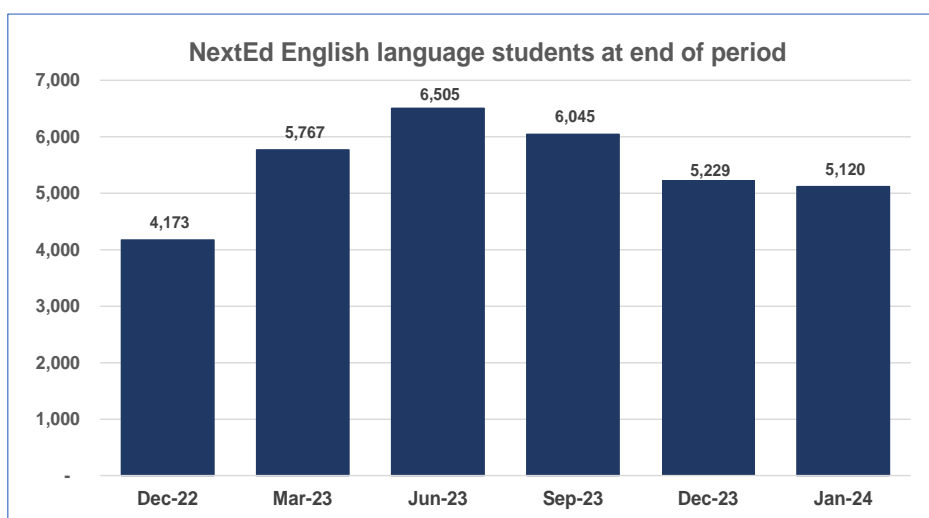


## English language student numbers – initiatives delivering ongoing performance

NextEd's English language student numbers continue to normalise following the extraordinary post-pandemic demand which was successfully captured by the company.

NextEd is actively working on initiatives to continue delivering strong English language revenue performance, including:

- Upcoming launch of English language in the Adelaide market in April 2024;
- Servicing students who will require longer duration English language studies to achieve the higher language proficiency levels required to progress into other courses (as announced in the Federal Government's Migration Strategy released on 11 December 2024 (see below));
- Expanding relationships with international student recruitment agencies in source countries where NextEd's English language courses packaged with its new hospitality and healthcare courses will appeal; and
- Encouraging international students from all source countries to package English language with NextEd's existing and new vocational courses as part of their initial visa application.



Rather than focusing on English language student numbers in isolation, NextEd's strategic intent is achieving higher lifetime student value by recruiting English language students who then progress onto other vocational or higher education courses. This is why NextEd has made strategic investments in expanding its geographic footprint and course range, which are expected to underpin future growth and performance.

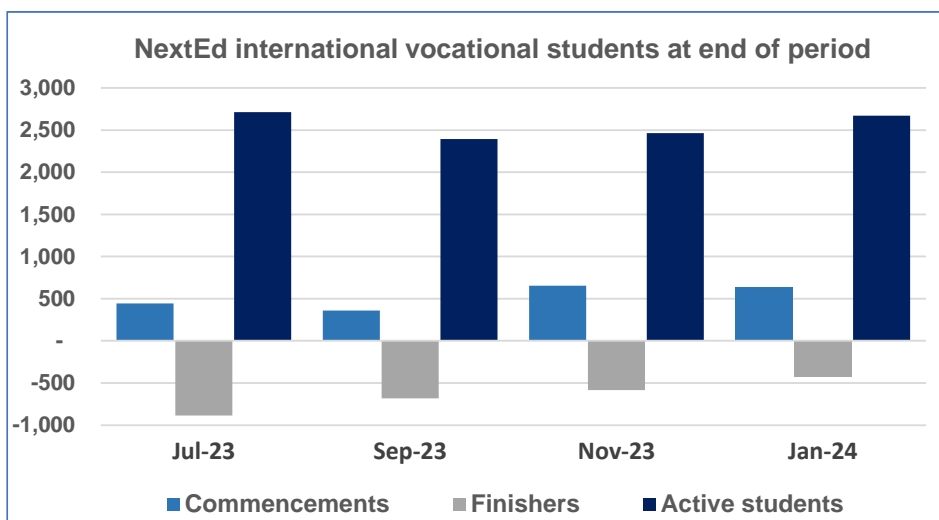
The 11 December 2023 Migration Strategy indicated changes to the English proficiency criteria for international students. It has been suggested that an additional 10 weeks of study could become a mandatory requirement. This would benefit NextEd's English language business as it continues to be a leading player in the sector.

## Growth in international student vocational student numbers

NextEd's January 2024 student commencements were similar to the prior November 2023 intake. This was expected because the January intake is adversely impacted by incoming students choosing to take holidays over the Australian summer before commencing their course.

There were 2,670 actively studying international vocational students at the end of January, which was higher than the previous two intake periods.

NextEd anticipates that vocational student commencements in its upcoming March intake will surpass the previous intake, and the total number of actively studying vocational students at the end of March will be higher than at the end of January.



### 3. H1 FY24 revenue

NextEd expects to report revenue for the half year period ended 31 December 2023 (H1 FY24) of approximately \$59.2 million, in line with guidance. This represents a 36% increase over the prior comparative half year (H1 FY23: \$43.6 million).

NextEd plans to release its H1 FY24 Interim Financial Report to ASX on 26 February 2024 via webcast, which will be accompanied by a results presentation and more detailed guidance on H2 FY24. Webcast details will be provided closer to the release date.

### 4. Continued navigation of regulatory developments

The tertiary education industry in which NextEd operates is subject to constant regulatory change. NextEd has carefully built resilience to these changes through its:

- historical track record of effectively adapting to changes in market conditions and capturing opportunities that emerge from those changes;
- continued positive standing with industry regulators as evidenced by its successes in obtaining new course and campus accreditations;
- expansion of substantial international student supply chain relationships which enable it to adapt its priority source markets;
- diverse range of courses, geographic locations, education sectors and funding sources; and
- investments in longer term sustainable growth and financial performance in the large Australian tertiary education market.

The 11 December 2023 Migration Strategy outlines a roadmap of reforms and actions intended to fix aspects of the system which are broken, and to improve the role migration plays in meeting Australia's current and emerging skills and workforce needs. One of its (very welcome) themes is strengthening the integrity and quality of international education, and legislative changes have been earmarked for early and late 2024. NextEd will continue its monitoring and advocacy actions as details of earmarked legislative changes emerge and will activate growth and risk mitigation activities accordingly.

Ahead of legislative changes, we have observed that some visa clampdowns are already occurring. While these are currently weighted towards source countries which NextEd does not prioritise, we anticipate there will be impacts in some of our source markets, as there has been during previous government initiatives.

#### **Forward-looking statements**

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

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

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