

## FY24 PRELIMINARY FINAL REPORT

NextEd Group Limited (**ASX:NXD**) (**NextEd** or the **Company**) provides its Preliminary Final Report for the year ended 30 June 2024 (FY24).

Financial results for FY24 included:

- Record revenue of \$111.4 million, 8.9% higher than the previous corresponding period (pcp) (FY23: \$102.2 million);
- EBITDA of \$15.0 million, 10% lower than pcp (FY23: \$16.7 million);
- Net profit after tax adjusted for impairments, the impact of acquired intangibles and lease costs incurred pre-revenue generation ('NPAT(A) adjusted') of \$0.2 million, \$5.8 million lower than pcp (FY23: \$6.0 million);
- Operating cash flows of \$1.7 million, \$23.5 million lower than pcp (FY23: \$25.2 million);
- Cash at bank as at 30 June 2024 of \$19.3 million (30 June 2023: \$40.2 million); and
- Contract liabilities (deferred revenue) balance at 30 June 2024 of \$32.5 million, a decrease of 25% against the pcp (30 June 2023: \$43.5 million).

An impairment charge of \$28.9 million was recognised in FY24 against intangible assets including goodwill, brand names and training materials in the Technology & Design, International Vocational and Go Study segments. These non-cash charges are a direct result of future uncertainty created by recent Federal Government actions to reduce international student numbers.

### FY24 results presentation

An FY24 results presentation will be separately released to ASX to accompany the FY24 Preliminary Final Report. NextEd invites investors to attend a webinar 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.

**Webinar registration URL:** [https://us06web.zoom.us/webinar/register/WN\\_KROW2UDuTQ69\\_8v8xjBg-Q](https://us06web.zoom.us/webinar/register/WN_KROW2UDuTQ69_8v8xjBg-Q)

The results presentation webinar 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/>

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

### For further information

Glenn Elith  
Chief Executive Officer  
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## APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2024

### 1 REPORTING PERIOD

Report for the period ended:

Year ended 30 June 2024

Previous corresponding period:

Year ended 30 June 2023

### 2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

2.1 Revenues from ordinary activities

Year ended 30 June 2024 \$'000	Year ended 30 June 2023 \$'000	Change %
111,367	102,220	8.9% increase

2.2 Profit / (loss) from ordinary activities after tax attributable to members

(31,231) 3,608 965.7% decrease

2.3 Total comprehensive income / (loss) attributable to members of the parent entity

(31,314) 3,604 968.8% decrease

2.4 Dividends

Interim dividend

Final dividend

Amount per security	Franked amount per security
¢	%
Nil	n/a
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

Year ended 30 June 2024 \$'000	Year ended 30 June 2023 \$'000
(31,231)	3,608

Net assets

34,624 65,438

Less: intangible assets

(31,800) (63,330)

Add: deferred tax liabilities

2,965 4,294

Net tangible assets

5,789 6,402

Fully paid ordinary shares

Number	Number
221,116,114	219,376,773
¢	¢

Net tangible assets backing per share

2.62 2.92

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 2024

	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 2024 (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 2023 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 2024 are in the process of being audited, and no material adjustments or qualifications are expected.

8. Commentary on results.

### Operating and financial review

The Company operates businesses which deliver accredited and non-accredited English language, vocational education and higher education courses. It also operates an education recruitment agency business providing services to international students seeking to undertake tertiary studies in Australia. The Company's broad and diverse mix of domestic and international students undertake their studies either online or at one of its 8 campuses located in major metropolitan cities across Australia. In addition to this, some students are supported through work placements and internships to complement their learning experiences and enhance their learning outcomes.

### Financial performance

	Year ended 30 June 2024 \$'000	Year ended 30 June 2023 \$'000
Revenue	111,367	102,220
EBITDA before intangible impairment	14,960	16,674
EBITDA after intangible impairment	(13,965)	16,674
Net (loss) / profit after tax	(31,231)	3,608
Net profit after tax adjusted	161	6,013
Cash flows from operations	1,708	25,180

## APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### Operating and financial performance

The Company made numerous strategic investments in the reporting period, including:

#### **Courses:**

- Launching 3 high demand international student vocational healthcare courses (aged care, individual support and community services) in March 2024;
- Building international student numbers undertaking hospitality courses, which grew to over 1,000 students at 30 June 2024 (30 June 2023: 623); and
- Receiving exclusive regulatory approval for a period of 5 years for an internally developed Diploma of e-Commerce qualification, with first student intakes expected in late 2024.

#### **Campuses:**

- Expanding its Melbourne campus in August 2023 by adding 12 additional classrooms and an industrial teaching kitchen;
- Expanding its Brisbane campus in December 2023 by adding 13 additional classrooms;
- Launching a substantial Adelaide campus in December 2023 for domestic students, obtaining CRICOS accreditation, and using those new facilities to launch international student operations in Adelaide in April 2024; and
- Launching a substantial new Gold Coast campus in April 2024 to access the attractive Gold Coast market.

The campus expansion program is now complete and NextEd will cease further geographic expansion investments until at least FY26.

#### **Capital management:**

- Refinancing bank guarantee facilities with the Commonwealth Bank of Australia to release approximately \$9 million of cash previously recognised as a non-current asset to secure bank guarantees over leased premises.

#### **Financial results for the year ended 30 June 2024 (FY24) included:**

- Record revenue of \$111.4 million, 8.9% higher than the previous corresponding period (pcp) (FY23: \$102.2 million);
- EBITDA of \$15.0 million, 10% lower than pcp (FY23: \$16.7 million);
- Reducing 2H24 operating costs by \$1.9 million compared to 1H24 in response to government actions to reduce international student numbers. The full benefit of the cost reduction actions is expected to be realised in FY25 as part of the previously announced targeted \$5.0 million reduction in operating costs;
- Net profit after tax adjusted for impairments, the impact of acquired intangibles and lease costs incurred pre-revenue generation ('NPAT(A) adjusted') of \$0.2 million, \$5.8 million lower than pcp (FY23: \$6.0 million);
- Operating cash flows of \$1.7 million, \$23.5 million lower than pcp (FY23: \$25.2 million).
- Operating cash flows in 2H24 were positive \$3.6 million, a \$5.5 million improvement over the previous half year (1H24: cash outflow of \$1.9 million);
- Cash at bank as at 30 June 2024 of \$19.3 million (30 June 2023: \$40.2 million);
- Contract liabilities (deferred revenue) balance at 30 June 2024 of \$32.5 million, a decrease of 25% against the pcp (30 June 2023: \$43.5 million). The decrease in contract liabilities occurred in 1H24 (31 December 2023 \$29.5 million), with contract liabilities increasing in 2H24 by \$3.0 million as international vocational (non-English language) student numbers subsequently increased;
- An impairment charge of \$28.9 million on intangible assets including goodwill, brand names and training materials in the International Vocational, Technology & Design and Go Study segments. These non-cash charges are as a direct result of recent Federal Government actions to reduce international student numbers.

## APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2024

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Further details are included in the outlook section of this operating and financial review.

### *Revenue*

FY24 revenues increased by \$9.1 million vs pcp with growth achieved in the International Vocational segment (14.9% vs pcp), Go Study segment (14.3% vs pcp) and the Domestic Vocational segment (5.2% vs pcp).

Federal Government actions to reduce international student numbers impacted revenues in 2H24, resulting in revenue declining by 11% to \$52.2 million vs pcp (2H23: \$58.6 million).

### *EBITDA*

FY24 EBITDA decreased by \$1.7 million or 10% vs pcp, to \$15.0 million. The decline in revenue in 2H24 was partially mitigated by a reduction in operating costs. Operating costs in 2H24 reduced by \$1.9 million vs 1H24.

### *Cash flows and balance sheet*

FY24 operating cash flows were \$1.7 million, a decrease of \$23.5 million vs pcp (FY23: \$25.2 million). Tuition fees from international students are usually paid for a study period (term/semester) in advance and are recognised in revenue as the student progresses through their course. The rapid growth in operating cash flows in previous periods was due to the rapid growth in new secured student enrolments. This has reduced as student numbers have declined due to recent federal government actions.

Operating cash flows in 2H24 were \$3.6 million, \$5.5 million higher than 1H24 (\$1.9 million outflow) due to cost reductions and higher student tuition collections.

Investing cash outflows in FY24 were \$11.4 million, with \$10.9 million invested in the fitting out of new campus facilities. This included \$1.5 million in Brisbane, \$1.4million in Melbourne, \$0.6 million in Sydney, \$2.1 million in Adelaide and \$5.3 million in the Gold Coast. The campus expansion program is now complete and NextEd will cease further geographic expansion investments until at least FY26.

As at 30 June 2024 cash on hand (including term deposits) was \$19.3 million (30 June 2023: \$40.2 million).

Contract liabilities (deferred revenue) balance at 30 June 2024 was \$32.5 million, a decrease of 25% against the pcp (30 June 2023: \$43.5 million). The decrease in contract liabilities occurred in 1H24 (31 December 2023: \$29.5 million), with contract liabilities increasing in 2H24 by \$3.0 million as international vocational (non-English language) student numbers increased.

## APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### *Segment results*

#### International Vocational segment

- International Vocational segment revenues in FY24 were \$85.8 million, an increase of \$11.1 million or 14.9% against pcp (FY23: \$74.7 million). Vocational course revenues grew 15% in 2H24 vs pcp and driven by newly launched courses in Hospitality and Healthcare. Vocational course revenue in 2H24 made up 27% of segment revenues, up from 17% in 1H24.
- FY24 EBITDA of \$20.6 million, an increase of \$1.3 million or 6% against pcp (FY23: \$19.4 million).

#### Technology & Design segment

- Technology & Design segment revenues in FY24 were \$12.4 million, a decline of \$3.1 million or 20% against pcp (FY23: \$15.4 million). Revenues in FY24 were impacted by some international students dropping out of their course to move to different lower priced vocational courses delivered by other training organisations, and new international student enrolments being constrained due to government tightening of student visa approvals.
- FY24 EBITDA of \$1.4 million declined \$2.4 million against pcp (FY23: \$3.8 million), due to the decline in revenue.

#### Domestic Vocational segment

- Domestic Vocational segment revenues in FY24 were \$8.6 million, an increase of \$0.4 million or 5.2% against pcp (FY23: \$8.2 million).
- Revenues in 2H24 were \$4.8 million, an increase of 37.9% against pcp (2H23: \$3.5 million) as processes to improve student progressions gained traction.
- FY24 EBITDA of \$1.9 million was flat against pcp (FY23: \$1.9 million). EBITDA in 2H24 of \$1.2 million increased 198.8% against pcp (2H23: \$0.4 million) as a result of higher revenues and other operational improvements.

#### Go Study segment

- Go Study segment revenues in FY24 were \$5.9 million, an increase of \$0.8 million or 14.3% against pcp (FY23: \$5.1 million). Onshore student recruitment offices contributed approximately 60% of revenues being slightly higher than the pcp (FY23: 57%) as onshore students sought to extend their studies.
- FY24 EBITDA of \$0.6 million increased \$0.8 million against pcp (FY23: EBITDA loss of \$0.2 million) as a result of higher revenues and cost management actions.

### Future outlook

The tertiary education industry in which the Company operates is dynamic and subject to constant regulatory change.

Recent Federal Government actions to reduce net migration by limiting the numbers of international students that can study in Australia is having a material impact on the Company and the entire sector.

On 27 August 2024, the Federal Government announced that, subject to the passage of legislation before the Parliament, it will set a National Planning Level (NPL) for new international student commencements of 270,000 for calendar year 2025. The NPL is divided between the higher education and vocational education and training (VET) sectors at a provider level.

Certain students, including those undertaking standalone English language courses, are excluded from the NPL.

## APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2024

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Implementation of the NPL is subject to a Senate Committee report in early September before determining whether any amendments will be required prior to seeking to pass into legislation.

Individual providers will be advised of the indicative limit on the number of new international student commencements that they can accept for 2025. Information received by the consolidated entity to date is incomplete and the impact of the NPL is therefore not yet able to be determined.

The Company has positioned the business for tighter immigration policy and continues to take pro-active steps to reduce its cost base, to minimise capital expenditure, and to seek additional revenue opportunities including by growing its domestic student businesses.

### 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 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. These measures have not been independently audited or reviewed.

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

EBITDA is earnings before interest, tax, depreciation and amortisation. NPAT(A) adjusted is calculated as the net profit after tax adjusted for the after-tax impact of amortisation associated with acquired intangible assets, impairment costs and interest and depreciation expenses for leased premises undergoing fit out prior to any revenue generation.

Reconciliations between EBITDA and profit after income tax, and net profit after tax and NPAT(A) adjusted for the year ended 30 June 2024 are noted below.

**APPENDIX 4E (continued)**

 FOR THE YEAR ENDED 30 JUNE 2024
 

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**EBITDA reconciliation**

	Year ended 30 June 2024 \$'000	Year ended 30 June 2023 \$'000
Net profit / (loss) after tax	(31,231)	3,608
Add back:		
Depreciation & amortisation	15,052	11,986
Finance costs net of interest income	3,533	1,772
Impairment of intangible assets	28,925	-
Less:		
Income tax benefit	(1,319)	(692)
<b>EBITDA before impairment of intangibles</b>	<b>14,960</b>	<b>16,674</b>

**NPAT(A) adjusted reconciliation**

	Year ended 30 June 2024 \$'000	Year ended 30 June 2023 \$'000
Net profit / (loss) after tax	(31,231)	3,608
Add back:		
Amortisation of acquired intangible assets	2,601	2,652
Pre-revenue generation lease costs	1,194	548
Impairment of intangible assets	28,925	-
Less:		
Income tax on acquired intangibles and impairment	(1,328)	(795)
<b>Net profit after tax adjusted</b>	<b>161</b>	<b>6,013</b>





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

Preliminary Financial Report  
for the Year Ended  
30 June 2024

## CORPORATE DIRECTORY

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### Directors

Catherine (Cass) O'Connor - Independent non-executive chair  
Simon Tolhurst – Independent non-executive director  
William Deane – Independent non-executive director  
Sandra Hook – Independent non-executive director

### Company Secretary

Lisa Jones

### Registered Office

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Ultimo  
NSW 2007  
Telephone: +61 (02) 8355 3820  
Email: [investors@nexted.com.au](mailto:investors@nexted.com.au)  
Website: [www.nexted.com.au](http://www.nexted.com.au)

### Auditor

Pitcher Partners Sydney  
Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000  
Telephone: +61 (02) 9221 2099

### Share Registry

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Telephone: 1300 554 474  
Fax: +61 (02) 9287 0303  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.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](http://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 2024

	Note	30 June 2024 \$'000	30 June 2023 \$'000
Revenue from continuing operations	2a	111,367	102,220
Cost of sales		(54,088)	(45,352)
<b>Gross profit</b>		<b>57,279</b>	<b>56,868</b>
Other income	2b	37	37
Interest revenue	2b	850	833
Salaries and employee benefits expense		(26,720)	(24,573)
Depreciation and amortisation expense	4	(15,052)	(11,986)
Impairment of intangible assets	11	(28,925)	-
Impairment of receivables		(1,266)	(1,860)
Property and occupancy costs		(4,900)	(4,514)
Professional and consulting fees		(1,021)	(1,229)
Marketing expenses		(3,478)	(3,729)
Public company related costs		(1,278)	(1,037)
Other expenses		(3,693)	(3,289)
Finance costs	4	(4,383)	(2,605)
<b>(Loss) / profit before tax</b>		<b>(32,550)</b>	<b>2,916</b>
Income tax benefit	5	1,319	692
<b>Net (loss) / profit for the year</b>		<b>(31,231)</b>	<b>3,608</b>
<b>Other comprehensive loss for the year net of tax</b>		<b>(83)</b>	<b>(4)</b>
<b>Total comprehensive (loss) / income attributable to members of the parent entity</b>		<b>(31,314)</b>	<b>3,604</b>
<i>Earnings per share:</i>			
Basic (loss) / profit per share (cents per share)	27	(14.11)	1.65
Diluted (loss) / profit per share (cents per share)	27	(14.11)	1.61

*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

AS AT 30 JUNE 2024

	Note	30 June 2024 \$'000	30 June 2023 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6	19,343	30,264
Trade receivables	7a	14,972	7,118
Inventories		110	341
Prepayments and other assets	8a	6,742	12,280
<b>Total current assets</b>		<b>41,167</b>	<b>50,003</b>
<b>Non-current assets</b>			
Trade receivables	7b	2,179	445
Property, plant and equipment	9	17,628	9,696
Right-of-use asset	10	41,510	38,665
Intangible assets	11	31,800	63,330
Prepayments and other assets	8b	-	9,931
<b>Total non-current assets</b>		<b>93,117</b>	<b>122,067</b>
<b>Total assets</b>		<b>134,284</b>	<b>172,070</b>
<b>Current liabilities</b>			
Trade and other payables	12	10,367	9,802
Contract liabilities	13a	30,330	43,101
Lease liabilities	14a	7,472	5,996
Employee benefits	16a	2,323	2,179
Provisions	15a	203	194
<b>Total current liabilities</b>		<b>50,695</b>	<b>61,272</b>
<b>Non-current liabilities</b>			
Contract liabilities	13b	2,179	445
Deferred tax liabilities	17	2,965	4,294
Employee benefits	16b	258	207
Provisions	15b	3,164	2,570
Lease liabilities	14b	40,399	37,844
<b>Total non-current liabilities</b>		<b>48,965</b>	<b>45,360</b>
<b>Total liabilities</b>		<b>99,660</b>	<b>106,632</b>
<b>Net assets</b>		<b>34,624</b>	<b>65,438</b>
<b>Equity</b>			
Issued capital	18	103,115	102,657
Reserves	19	40	3,154
Accumulated losses		(68,531)	(40,373)
<b>Total equity</b>		<b>34,624</b>	<b>65,438</b>

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 2024

	Note	Contributed equity	Accumulated losses	Share-based payments reserve	Foreign currency translation reserve	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2023</b>		102,657	(40,373)	3,115	39	65,438
Loss for the year		-	(31,231)	-	-	(31,231)
Other comprehensive loss for the year		-	-	-	(83)	(83)
<b>Total comprehensive loss for the year</b>		-	(31,231)	-	(83)	(31,314)
<b>Transactions with owners</b>						
Options exercised	18	605	-	-	-	605
Expired options transfer	19	-	3,073	(3,073)	-	-
Options issued in FY23	18	-	-	42	-	42
Share buyback FY24	18	(147)	-	-	-	(147)
<b>Balance as at 30 June 2024</b>		103,115	(68,531)	84	(44)	34,624

		Contributed equity	Accumulated losses	Share-based payments reserve	Foreign currency translation reserve	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2022</b>		102,427	(43,981)	3,079	43	61,568
Profit for the year		-	3,608	-	-	3,608
Other comprehensive income for the year		-	-	-	(4)	(4)
<b>Total comprehensive income / (loss) for the year</b>		-	3,608	-	(4)	3,604
<b>Transactions with owners</b>						
Options exercised	18	230	-	-	-	230
Options issued in FY23	18	-	-	36	-	36
<b>Balance as at 30 June 2023</b>		102,657	(40,373)	3,115	39	65,438

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 2024

	Note	30 June 2024 \$'000	30 June 2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		89,412	110,005
Receipts from government grants	2(b)	37	37
Interest received		850	827
Payment to suppliers and employees		(88,591)	(85,689)
<b>Net cash from operating activities</b>		<b>1,708</b>	<b>25,180</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(10,935)	(5,313)
Payments for intangibles		(476)	(833)
<b>Net cash used in investing activities</b>		<b>(11,411)</b>	<b>(6,146)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		458	225
Repayment of borrowings		-	(362)
Receipts from / (payments for) release of funds supporting bank guarantees		9,932	(6,881)
Repayment of lease liabilities – interest component		(4,383)	(2,600)
Repayment of lease liabilities – principal component		(7,225)	(6,313)
<b>Net cash used in financing activities</b>		<b>(1,218)</b>	<b>(15,931)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(10,921)</b>	<b>3,103</b>
Cash and cash equivalents at the beginning of the year		30,264	27,161
<b>Cash and cash equivalents at the end of the year</b>	6	<b>19,343</b>	<b>30,264</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 1. BASIS OF PREPARATION

#### 1.1 Reporting entity

The Preliminary 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 operates businesses which deliver accredited and non-accredited English language, vocational education and higher education courses. It also operates an education recruitment agency business providing services to international students seeking to undertake tertiary studies in Australia.

#### 1.2 Basis of preparation

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

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 2023 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.

#### 1.4 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 generated \$1.7 million in operating cash flow during the year. As at 30 June 2024, the consolidated entity held \$19.3 million of cash and cash equivalents and has no financial debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 2 REVENUE AND OTHER INCOME**

	30 June 2024 \$'000	30 June 2023 \$'000
<b>a. Revenue</b>		
Tuition related revenue	106,830	98,304
Commission revenue	4,537	3,916
	<b>111,367</b>	<b>102,220</b>
Revenue from contracts with customers	111,367	102,220
<i>Geographical regions</i>		
Australia	109,747	100,821
Europe	1,218	1,092
South America	402	307
	<b>111,367</b>	<b>102,220</b>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	4,537	3,916
Services transferred over time	106,830	98,304
	<b>111,367</b>	<b>102,220</b>
<b>b. Other income</b>		
Export market development grant	37	37
Interest income	850	833
	<b>887</b>	<b>870</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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FOR THE YEAR ENDED 30 JUNE 2024

### **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 the assessing of 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 2024

### *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, Commercial Cookery, Hospitality, Healthcare and Community Services 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 (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	International Vocational	Technology & Design	Domestic Vocational	Go Study	Corporate / unallocated	Total
12 months ended 30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from customers	85,849	12,354	8,647	4,517	-	111,367
Intersegment revenue	-	-	-	1,348	(1,348)	-
<b>Total sales revenue</b>	<b>85,849</b>	<b>12,354</b>	<b>8,647</b>	<b>5,865</b>	<b>(1,348)</b>	<b>111,367</b>
Agent commissions	(22,094)	(848)	(450)	-	1,348	(22,044)
Education expenses	(26,901)	(3,095)	(2,048)	-	-	(32,044)
<b>Cost of sales</b>	<b>(48,995)</b>	<b>(3,943)</b>	<b>(2,498)</b>	<b>-</b>	<b>1,348</b>	<b>(54,088)</b>
<b>Gross margin</b>	<b>36,854</b>	<b>8,411</b>	<b>6,149</b>	<b>5,865</b>	<b>-</b>	<b>57,279</b>
Operating costs	(16,209)	(7,035)	(4,267)	(5,302)	(9,543)	(42,356)
Government grants	-	-	-	37	-	37
<b>EBITDA before impairment</b>	<b>20,645</b>	<b>1,376</b>	<b>1,882</b>	<b>600</b>	<b>(9,543)</b>	<b>14,960</b>
Impairment of intangible assets	(5,000)	(19,855)	-	(4,070)	-	(28,925)
<b>EBITDA after impairment</b>	<b>15,645</b>	<b>(18,479)</b>	<b>1,882</b>	<b>(3,470)</b>	<b>(9,543)</b>	<b>(13,965)</b>
Depreciation & amortisation	(7,605)	(2,347)	(440)	(219)	(4,441)	(15,052)
<b>EBIT</b>	<b>8,040</b>	<b>(20,826)</b>	<b>1,442</b>	<b>(3,689)</b>	<b>(13,984)</b>	<b>(29,017)</b>
Net finance expenses	-	-	-	-	(3,533)	(3,533)
<b>Profit / (loss) before tax</b>	<b>8,040</b>	<b>(20,826)</b>	<b>1,442</b>	<b>(3,689)</b>	<b>(17,517)</b>	<b>(32,550)</b>
Income tax benefit	-	-	-	-	1,319	1,319
<b>Net profit / (loss) after tax</b>	<b>8,040</b>	<b>(20,826)</b>	<b>1,442</b>	<b>(3,689)</b>	<b>(16,198)</b>	<b>(31,231)</b>
Gross margin %	42.9	68.1	71.1	100.0		51.4
EBITDA margin before impairment %	24.0	11.1	21.8	10.2		13.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 3. OPERATING SEGMENTS (continued)**

	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)	-
<b>Total sales revenue</b>	<b>74,720</b>	<b>15,446</b>	<b>8,218</b>	<b>5,133</b>	<b>(1,297)</b>	<b>102,220</b>
Agent commissions	(19,716)	(1,108)	-	-	1,297	(19,527)
Education expenses	(20,874)	(3,211)	(1,740)	-	-	(25,825)
<b>Cost of sales</b>	<b>(40,590)</b>	<b>(4,319)</b>	<b>(1,740)</b>	<b>-</b>	<b>1,297</b>	<b>(45,352)</b>
<b>Gross margin</b>	<b>34,130</b>	<b>11,127</b>	<b>6,478</b>	<b>5,133</b>	<b>-</b>	<b>56,868</b>
Operating costs	(14,740)	(7,371)	(4,547)	(5,321)	(8,252)	(40,231)
Government grants	-	-	-	37	-	37
<b>EBITDA</b>	<b>19,390</b>	<b>3,756</b>	<b>1,931</b>	<b>(151)</b>	<b>(8,252)</b>	<b>16,674</b>
Depreciation & amortisation	(5,271)	(2,374)	(311)	(243)	(3,787)	(11,986)
<b>EBIT</b>	<b>14,119</b>	<b>1,382</b>	<b>1,620</b>	<b>(394)</b>	<b>(12,039)</b>	<b>4,688</b>
Net finance expenses	-	-	-	-	(1,772)	(1,772)
<b>Profit / (loss) before tax</b>	<b>14,119</b>	<b>1,382</b>	<b>1,620</b>	<b>(394)</b>	<b>(13,811)</b>	<b>2,916</b>
Income tax benefit	-	-	-	-	692	692
<b>Net profit / (loss) after tax</b>	<b>14,119</b>	<b>1,382</b>	<b>1,620</b>	<b>(394)</b>	<b>(13,119)</b>	<b>3,608</b>
Gross margin %	45.7	72.0	78.8	100.0		55.6
EBITDA margin %	26.0	24.3	23.5	(2.9)		16.3

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 4. EXPENSES

	30 June 2024 \$'000	30 June 2023 \$'000
<b>Profit / (loss) before tax includes the following specific expenses:</b>		
<i>Depreciation</i>		
Leasehold improvements	2,098	1,268
Plant and equipment	905	732
Land and buildings right-of-use assets	8,962	6,912
Office equipment right-of-use assets	6	12
<i>Amortisation</i>		
Licensed operations <sup>1</sup>	616	667
Course materials	480	410
Training materials <sup>1</sup>	1,142	1,142
Agent relationships <sup>1</sup>	843	843
<b>Total depreciation and amortisation</b>	<b>15,052</b>	<b>11,986</b>
<i>Impairment</i>		
Goodwill	22,900	-
Other intangible assets	6,025	-
<b>Total impairment</b>	<b>28,925</b>	<b>-</b>
<i>Finance costs</i>		
Movement in the present value of provisions	224	(76)
Interest and finance charges paid/payable on lease liabilities	4,159	2,676
Other interest charges	-	5
<b>Finance costs expensed</b>	<b>4,383</b>	<b>2,605</b>
<i>Leases</i>		
Short-term lease payments	1,045	1,405
Low-value assets lease payments	182	131
<b>Total short term and low value lease payments</b>	<b>1,227</b>	<b>1,536</b>
<i>Superannuation expense</i>		
<b>Defined contribution superannuation expense</b>	<b>4,900</b>	<b>4,014</b>

<sup>1</sup>Amortisation of acquired intangibles 2,601 2,652

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 5. INCOME TAX

	2024 \$000's	2023 \$000's
<b>a. Income tax benefit</b>		
Deferred tax expense	(2,971)	(1,233)
Current tax expense	1,652	541
	<u>(1,319)</u>	<u>(692)</u>

#### 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 in reconciled to the income tax expense as follows:

Accounting profit / (loss) before tax	(32,550)	2,916
Prima facie tax on operating profit / (loss) at 30% (2023: 30%)	(9,765)	875
Add / (less) tax effect of:		
▪ Other non-deductible expenses	7,972	39
▪ Impact from change in tax rate on opening balance of deferred tax liabilities ('DTLs')	1,006	1,006
▪ Recognition of previously unrecognised DTAs for prior year tax losses	(1,006)	(1,006)
▪ Utilisation of prior year losses for which DTAs were not recognised	(1,652)	(541)
▪ Other temporary differences not recognised	2,126	(1,065)
Income tax (benefit) / expense attributable to operating loss	<u>(1,319)</u>	<u>(692)</u>

#### c. Weighted average effective tax rate

	%	%
The applicable weighted average effective tax rate attributable to operating profit is as follows:	30%	30%

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 30%.

#### 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 2024

### NOTE 6. CASH AND CASH EQUIVALENTS

	30 June 2024 \$'000	30 June 2023 \$'000
Cash at bank	12,936	12,206
Term deposits with less than 90-day maturities	6,407	18,058
	<b>19,343</b>	<b>30,264</b>

### NOTE 7. TRADE AND OTHER RECEIVABLES

	30 June 2024 \$'000	30 June 2023 \$'000
Trade receivables	17,711	8,970
Less: allowance for expected credit losses	(560)	(1,407)
	<b>17,151</b>	<b>7,563</b>

	30 June 2024 \$'000	30 June 2023 \$'000
a. Current	14,972	7,118
b. Non-current	2,179	445
<b>Total trade receivables</b>	<b>17,151</b>	<b>7,563</b>

<i>Allowance for expected credit losses</i>	30 June 2024 \$'000	30 June 2023 \$'000
Opening balance	(1,407)	(1,240)
Additional provisions recognised	(1,266)	(1,860)
Receivable written off during the year as uncollectable	2,113	1,693
Closing balance	<b>(560)</b>	<b>(1,407)</b>

For detailed movement of receivables and expected credit loss per ageing group please refer to Note 20 Financial Instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 8. PREPAYMENTS AND OTHER ASSETS

	30 June 2024 \$'000	30 June 2023 \$'000
<b>a. Current</b>		
Security deposits	378	500
Prepayments	655	947
Deferred agent costs	4,112	9,494
Other current assets	1,597	1,339
	<b>6,742</b>	<b>12,280</b>
<b>b. Non-current</b>		
Bank guarantees and term deposits	-	9,931
	-	<b>9,931</b>
<b>Total prepayment and other assets</b>	<b>6,742</b>	<b>22,211</b>

### NOTE 9. PROPERTY, PLANT, AND EQUIPMENT

	30 June 2024 \$'000	30 June 2023 \$'000
Leasehold improvements	14,874	6,392
Accumulated depreciation	(4,136)	(2,038)
	<b>10,738</b>	<b>4,354</b>
Plant and equipment	2,704	2,136
Accumulated depreciation	(1,529)	(1,177)
	<b>1,175</b>	<b>959</b>
Computer equipment	2,126	1,731
Accumulated depreciation	(1,239)	(695)
	<b>887</b>	<b>1,036</b>
Motor vehicles	138	138
Accumulated depreciation	(103)	(94)
	<b>35</b>	<b>44</b>
Assets under construction – at cost*	<b>4,793</b>	<b>3,303</b>
<b>Total property, plant, and equipment</b>	<b>17,628</b>	<b>9,696</b>

Assets under construction relate primarily to the new Southport campus and will be capitalised in early FY25.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Movements in carrying amounts

	Leasehold improvements	Plant and equipment	Computer equipment	Motor vehicles	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2023</b>	<b>4,354</b>	<b>959</b>	<b>1,036</b>	<b>44</b>	<b>3,303</b>	<b>9,696</b>
Additions	5,410	568	395	-	4,562	10,935
Transfers in & (out)	3,072	-	-	-	(3,072)	-
Depreciation expense	(2,098)	(352)	(544)	(9)	-	(3,003)
<b>Carrying amount at 30 June 2024</b>	<b>10,738</b>	<b>1,175</b>	<b>887</b>	<b>35</b>	<b>4,793</b>	<b>17,628</b>
<b>Carrying amount at 1 July 2022</b>	<b>3,067</b>	<b>1,009</b>	<b>594</b>	<b>177</b>	<b>1,536</b>	<b>6,383</b>
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)
<b>Carrying amount at 30 June 2023</b>	<b>4,354</b>	<b>959</b>	<b>1,036</b>	<b>44</b>	<b>3,303</b>	<b>9,696</b>

### NOTE 10. RIGHT-OF-USE ASSETS

	30 June 2024 \$'000	30 June 2023 \$'000
<b>Non-current assets</b>		
Land and buildings – right-of-use	63,208	51,395
Less: accumulated depreciation	(21,698)	(12,736)
	<b>41,510</b>	<b>38,659</b>
Office equipment – right-of-use	26	26
Less: accumulated depreciation	(26)	(20)
	<b>-</b>	<b>6</b>
	<b>41,510</b>	<b>38,665</b>

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 the time of renewal.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 11. INTANGIBLE ASSETS

	30 June 2024 \$'000	30 June 2023 \$'000
<b>Non-current</b>		
<b>Goodwill</b>		
Goodwill	38,747	38,747
Less: impairment	(22,900)	-
	<b>15,847</b>	<b>38,747</b>
<b>Licensed operations</b>		
Licensed operations – at cost	4,670	4,670
Less: accumulated amortisation	(4,287)	(3,671)
	<b>383</b>	<b>999</b>
<b>Course materials</b>		
Copyrights – at cost	1,405	1,050
Less: accumulated amortisation	(899)	(419)
Work in progress	560	439
	<b>1,066</b>	<b>1,070</b>
<b>Brand name</b>		
Brand names – at cost	9,562	9,562
Less: impairment	(3,676)	-
	<b>5,886</b>	<b>9,562</b>
<b>Training materials</b>		
Training materials – at cost	7,993	7,993
Less: accumulated amortisation	(3,140)	(1,998)
Less: impairment	(2,155)	-
	<b>2,698</b>	<b>5,995</b>
<b>Agent relationships</b>		
Agent relationships – at cost	8,432	8,432
Less: accumulated amortisation	(2,318)	(1,475)
Less: impairment	(194)	-
	<b>5,920</b>	<b>6,957</b>
<b>Total intangible assets</b>	<b>31,800</b>	<b>63,330</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### Movements in carrying amounts

	Goodwill	Licensed operation	Course material	Brand name	Training material	Agent relationships	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Carrying amount at 1 July 2023</i>	38,747	999	1,070	9,562	5,995	6,957	63,330
Additions	-	-	476	-	-	-	476
Amortisation expense	-	(616)	(480)	-	(1,142)	(843)	(3,081)
Impairment expense	(22,900)	-	-	(3,676)	(2,155)	(194)	(28,925)
<i>Carrying amount at 30 June 2024</i>	15,847	383	1,066	5,886	2,698	5,920	31,800
<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

### Impairment testing of goodwill and other intangible assets

Recent Federal Government actions to reduce net migration including through limiting the numbers of international students that can study in Australia is having a material impact on the consolidated entity and the entire sector. Recent policy announcements that lack detail, including the potential for 'capping' of international student numbers, creates uncertainty and makes future planning challenging.

Refer also to Note 31.

The consolidated entity has undertaken detailed impairment testing, and the results are set out below:

### Goodwill and intangible assets

Goodwill is monitored by management at cash-generating unit ('CGU') levels, which are the operating segments identified in note 3 and are the smallest group of the consolidated entity's assets that have individually identifiable cashflows. Goodwill recorded in the Corporate segment has been allocated to the CGU's for the purposes of impairment testing.

The allocation of the carrying value of goodwill and other intangible assets prior to any impairment and used for impairment testing for each CGU is as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	International Vocational	Technology & Design	Go Study	Domestic Vocational	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Goodwill	19,706	14,314	3,586	1,141	38,747
Licensed operations	-	-	-	383	383
Course materials	186	594	-	286	1,066
Brand names	5,886	3,192	484	-	9,562
Training materials	2,698	2,155	-	-	4,853
Agent relationships	5,920	194	-	-	6,114
<b>Carrying amount at 30 June 2024</b>	<b>34,396</b>	<b>20,449</b>	<b>4,070</b>	<b>1,810</b>	<b>60,725</b>

### Impairment testing of intangible assets

The recoverable amount of the consolidated entity's intangible assets has been determined by applying a value in use calculation using a discounted cash flow (DCF) model, based on a 5-year projection reviewed by the Board, along with a terminal value in year 5. Modeling has been performed for each of the CGU's.

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

- Pre-tax discount rate of 19.1% for all CGU's including 4% to account for industry uncertainty and specific company risk in calculating the Company's cost of equity (FY23: 11%)
- Trading reflective of the current difficult business environment due to the Federal Government actions to reduce net migration including through limiting the numbers of international students that can study in Australia
- Terminal growth rate of 2% for International Vocational, Technology & Design, Domestic Vocational and Go Study (FY23: 2%)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

*Results of impairment testing*

### Consolidated summary of impairment testing

The following table summarises the impairments recognised as a result of the impairment testing:

	International Vocational	Technology & Design	Go Study	Domestic Vocational	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Goodwill	5,000	14,314	3,586	-	22,900
Brand names	-	3,192	484	-	3,676
Training materials	-	2,155	-	-	2,155
Agent relationships	-	194	-	-	194
<i>Carrying amount at 30 June 2024</i>	<b>5,000</b>	<b>19,855</b>	<b>4,070</b>	<b>-</b>	<b>28,925</b>

### NOTE 12. TRADE AND OTHER PAYABLES

	30 June 2024 \$'000	30 June 2023 \$'000
<b>Current</b>		
Trade payables	2,964	3,255
Payroll accruals	2,308	2,257
Accrued expenses	3,650	3,433
Customer advances	448	544
Other payables	997	313
	<b>10,367</b>	<b>9,802</b>

### NOTE 13. CONTRACT LIABILITIES

	30 June 2024 \$'000	30 June 2023 \$'000
Contract liabilities from contracts with customers	32,509	43,546

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### *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 \$32,509,000 as at 30 June 2024 (30 June 2023: \$43,546,000) 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 2024 \$'000	30 June 2023 \$'000
Contract liabilities from contracts with customers		
a. Current	30,330	43,101
b. Non-current	2,179	445
<b>Total contract liabilities</b>	<b>32,509</b>	<b>43,546</b>

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. The amount of consideration received / receivable has not been adjusted for the effects of a significant financing component, as at contract inception, the period between when the services are expected to be provided and when payments are received is less than 12 months.

In addition, for students currently enrolled in a course and with a contract in place, \$35,900,000 (30 June 2023: \$28,771,000) will be invoiced and become payable by the students in future periods.

### NOTE 14. LEASE LIABILITIES

	30 June 2024 \$'000	30 June 2023 \$'000
a. Current	7,472	5,996
b. Non-current	40,399	37,844
<b>Total lease liabilities</b>	<b>47,871</b>	<b>43,840</b>

The remaining contractual maturities of lease liabilities is outlined below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	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
<b>2024</b>					
Undiscounted lease payments	8.83%	11,172	11,349	37,915	60,436
<b>2023</b>					
Undiscounted lease payments	8.19%	9,682	9,113	36,238	55,033

Remaining contractual maturities of lease liabilities belong to land and building leases with an average implicit interest rate of 8.83% (FY23: 8.19%).

### NOTE 15. PROVISIONS

	30 June 2024 \$'000	30 June 2023 \$'000
a. Current	203	194
b. Non-current	3,164	2,570
<b>Total provisions for make good</b>	<b>3,367</b>	<b>2,764</b>

Movements in provisions:

	Lease make good \$'000
Carrying amount at 1 July 2023	2,764
Additional provisions recognised	603
Payments and amounts written back	-
Carrying amount at 30 June 2024	<b>3,367</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 16. EMPLOYEE PROVISIONS**

	30 June 2024 \$'000	30 June 2023 \$'000
<b>a. Current</b>		
Provision for annual leave	1,777	1,729
Provision for long service leave	546	450
	<b>2,323</b>	<b>2,179</b>
<b>b. Non-current</b>		
Provision for long service leave	258	207
	<b>2,581</b>	<b>2,386</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 17. DEFERRED TAXATION

#### Balances

At 30 June 2024, the consolidated entity has unused tax losses of \$24,979,155 (30 June 2023: \$26,281,000) available for offset against future profits.

There was a deferred tax asset of \$1,005,620 recognised in respect of these losses in the prior year. Net deferred tax assets of \$11,635,830 remain unrecognised as it is not considered probable that there will be sufficient future taxable profits available to recover this amount.

	2024 \$	2023 \$
<b>a. Deferred tax assets</b>		
Tax losses	7,494	8,890
Provisions and accruals	4,818	4,043
Section 40-880 costs	584	998
	<b>12,896</b>	<b>13,931</b>
Set-off deferred tax liabilities	(1,260)	(2,901)
Deferred tax assets	11,636	11,030
Less deferred tax assets not recognised	(10,630)	(10,024)
Deferred tax assets	<b>1,006</b>	<b>1,006</b>
<b>b. Deferred tax liabilities</b>		
Intangible assets	4,686	5,300
Impairment	(705)	-
Prepayments	1,234	2,848
Other	16	53
	<b>5,231</b>	<b>8,201</b>
Set-off deferred tax liabilities	(1,260)	(2,901)
Deferred tax liabilities	<b>3,971</b>	<b>5,300</b>
<b>Net deferred tax liability</b>	<b>2,965</b>	<b>4,294</b>
<b>c. Tax losses and deductible temporary differences</b>		
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	26,281	28,371
Other adjustments	4,205	3,065
Tax losses recognised/(utilised) during the year	(5,507)	(5,155)
Closing balances	<b>24,979</b>	<b>26,281</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

**NOTE 18. ISSUED CAPITAL**

	12 months to 30 June 2024 No.	12 months to 30 June 2023 No.	12 months to 30 June 2024 \$'000	12 months to 30 June 2023 \$'000
Fully paid ordinary shares at no par value	221,116,114	219,376,773	103,115	102,657
<b>a. Ordinary shares</b>				
<b>At the beginning of the year</b>	<b>219,376,773</b>	<b>219,076,773</b>	<b>102,657</b>	<b>102,427</b>
<b>Shares issued during the period/year:</b>				
Options exercised at \$0.25 10 July 2023	2,000,000		500	
Options exercised at \$0.75 14 November 2023	140,000		105	
On market share buy-back 2 January 2024	(22,493)		(16)	
On market share buy-back 29 February 2024	(146,003)		(45)	
On market share buy-back 8 March 2024	(105,758)		(39)	
On market share buy-back 11 March 2024	(126,405)		(47)	
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
<b>At reporting date</b>	<b>221,116,114</b>	<b>219,376,773</b>	<b>103,115</b>	<b>102,657</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	12 months to 30 June 2024 No.	12 months to 30 June 2023 No.	12 months to 30 June 2024 \$'000	12 months to 30 June 2023 \$'000
<b>a. Options</b>				
Options				
<b>At the beginning of the year</b>	5,410,717	5,400,000	3,115	3,079
Options issued / (exercised) during the year:				
<b>Exercised</b>				
Exercised price: \$0.75				
Expiry date: 09/11/2023	(140,000)	(80,000)		(1)
Expiry date: 09/11/2023		(120,000)		(2)
Expiry date: 09/11/2023		(100,000)		(2)
Exercised price: \$0.25	(2,000,000)			
Expiry date: 10/07/2023				
<b>Expired</b>				
Exercise price: \$0.75	(2,960,000)		(3,073)	
Expiry date: 09/11/2023				
<b>Issued to directors</b>				
Exercise price: \$1.40				
Expiry dates: 15/12/2028		103,571	9	9
Expiry dates: 15/12/2029		103,571	15	15
Expiry dates: 15/12/2030		103,575	18	17
<b>At reporting date</b>	<b>310,717</b>	<b>5,410,717</b>	<b>84</b>	<b>3,115</b>

Details of capital management are disclosed in Note 20.

### NOTE 19. RESERVES

	30 June 2024 \$'000	30 June 2023 \$'000
Foreign currency reserve	(44)	39
Share-based payments reserve	84	3,115
	<b>40</b>	<b>3,154</b>

#### *Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements 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) 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 2024

\$3,073,000 have been transferred from the Share Based Payment Reserve to Accumulated losses on expiry of share options.

### NOTE 20. FINANCIAL INSTRUMENTS

Interest rate risks at the reporting date, the consolidated entity had the following cash and cash equivalents and term deposits:

	Weighted average interest rate	2024	Weighted average interest rate	2023
	%	\$'000	%	\$'000
<b>Consolidated – 2024</b>				
<i>Interest bearing – fixed rate</i>				
Cash and cash equivalents (note 6)	3.21%	19,343	3.17%	30,264
Term deposit – restricted cash	--	-	3.77%	9,931
<b>Net exposure to cash flow interest rate risk</b>		<b>19,343</b>		<b>40,195</b>

#### *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:

2024	Gross	Impaired	Net	Past due but not impaired
	\$	\$	\$	\$
<b>Trade receivables</b>				
Not yet due	14,892	(1)	14,891	-
Past due up to 30 days	1,066	(8)	1,058	1,058
Past due 31 days to 60 days	511	(111)	400	400
Past due 61 days to 90 days	332	(97)	235	235
Past due over 90 days	910	(343)	567	567
	<b>17,711</b>	<b>(560)</b>	<b>17,151</b>	<b>2,260</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

2023	Gross \$	Impaired \$	Net \$	Past due but not impaired \$
<b>Trade receivables</b>				
Not yet 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
	<b>8,970</b>	<b>(1,407)</b>	<b>7,563</b>	<b>2,726</b>

### 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
<b>Consolidated - 2024</b>				
<b>Non-derivatives</b>				
<i>Non-interest bearing</i>				
Trade payables	2,964	-	-	2,964
Other payables	5,095	-	-	5,095
Payroll accruals	2,308	-	-	2,308
<b>Total non-derivatives</b>	<b>10,367</b>	<b>-</b>	<b>-</b>	<b>10,367</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

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

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 14.

### ***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 consolidated entity 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 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

Working capital

	Note	30 June 2024 \$'000	30 June 2023 \$'000
<b>The working capital position of the consolidated entity was as follows:</b>			
Cash and cash equivalents	6	19,343	30,264
Trade receivables	7	17,151	7,563
Inventories		110	341
Other current assets	8	6,742	12,280
Trade and other payables	12	(10,367)	(9,802)
Leases	15	(7,472)	(5,996)
Employee benefits	17	(2,323)	(2,179)
Current provisions	16	(203)	(194)
<b>Working capital position</b>		<b>22,981</b>	<b>32,277</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 21. 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	
			2024	2023
RedHill Education Pty Ltd <sup>1</sup>	Educational Services	Australia	100%	100%
Go Study Australia Pty Ltd <sup>2</sup>	Student Recruitment	Australia	100%	100%
Academy of Interactive Technology Pty Ltd <sup>2</sup>	Educational Services	Australia	100%	100%
International School of Colour and Design Pty Ltd <sup>2</sup>	Educational Services	Australia	100%	100%
Greenwich College Pty Ltd <sup>2</sup>	Educational Services	Australia	100%	100%
Go Study Australia Intercambio Cultural Ltda <sup>3</sup>	Student Recruitment	Brazil	100%	100%
Go Study Australia S.A.C. <sup>3</sup>	Student Recruitment	Peru	100%	100%
Go Study Australia Sociedad Limitada <sup>4</sup>	Student Recruitment	Spain	100%	100%
Go Study Colombia SAS <sup>4</sup>	Student Recruitment	Colombia	100%	100%
Go Study France <sup>4</sup>	Student Recruitment	France	100%	-
iCollege International Pty Ltd <sup>5</sup>	Educational Services	Australia	100%	100%
Management Institute of Australia Pty Ltd <sup>6</sup>	Educational Services	Australia	N/A	100%
Management Institute of Australia No.1 Pty Ltd <sup>6</sup>	Educational Services	Australia	N/A	100%
Management Institute of Australia No.2 Pty Ltd <sup>6</sup>	Educational Services	Australia	N/A	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. Converted from Redhill Education Limited to Redhill Education Pty Ltd in the reporting period

2. 100% owned by Redhill Education Ltd

3. 75% owned by Go Study Australia Pty Ltd and 25% owned by Redhill Education Pty Ltd

4. 100% owned by Go Study Australia Pty Ltd

5. Company in liquidation and was deregistered on 24 July 2024

6. These entities were liquidated during the year



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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FOR THE YEAR ENDED 30 JUNE 2024

### **NOTE 22. DEED OF CROSS GUARANTEE**

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument, 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 Instrument, 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.

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 represent a 'closed group' for the purposes of the Instrument.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### Statement of profit or loss and other comprehensive income

	30 June 2024 \$'000	30 June 2023 \$'000
Revenue from continuing operations	109,020	100,001
Cost of sales	(54,088)	(45,352)
<b>Gross profit</b>	<b>54,932</b>	<b>54,649</b>
Other income	37	37
Interest revenue	850	833
Salaries and employee benefits expense	(25,060)	(22,826)
Depreciation and amortisation expense	(15,048)	(11,982)
Impairment of assets	(28,925)	-
Impairment of receivables	(1,266)	(1,860)
Property and occupancy costs	(4,802)	(4,434)
Professional and consulting fees	(968)	(1,184)
Marketing expenses	(3,178)	(3,462)
Public company related costs	(1,278)	(1,037)
Other expenses	(3,560)	(3,197)
Finance costs	(4,383)	(2,606)
<b>(Loss) / profit before tax</b>	<b>(32,649)</b>	<b>2,931</b>
Income tax benefit	1,328	752
<b>Net profit / (loss) for the year</b>	<b>(31,321)</b>	<b>3,683</b>
<b>Total comprehensive income attributable to members of the parent entity</b>	<b>(31,321)</b>	<b>3,683</b>
	<b>30 June 2024 \$'000</b>	<b>30 June 2023 \$'000</b>
<b>Equity – accumulated losses</b>		
Accumulated losses at the beginning of the financial year	(40,242)	(43,925)
Profit / (loss) after income tax expense for the year	(31,321)	3,683
Transfer from share based payment reserve	3,073	-
Accumulated losses at the end of the financial year	<b>(68,490)</b>	<b>(40,242)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### Statement of financial position as at 30 June 2024

	30 June 2024 \$'000	30 June 2023 \$'000
<b>Current assets</b>		
Cash and cash equivalents	19,424	30,283
Trade receivables	14,779	7,080
Inventories	110	341
Prepayments and other assets	6,723	12,235
<b>Total current assets</b>	<b>41,036</b>	<b>49,939</b>
<b>Non-current assets</b>		
Trade receivables	2,179	445
Property, plant and equipment	17,643	9,706
Right-of-use asset	41,510	38,665
Intangible assets	31,800	63,330
Prepayments and other assets	-	9,931
<b>Total non-current assets</b>	<b>93,132</b>	<b>122,077</b>
<b>Total assets</b>	<b>134,168</b>	<b>172,016</b>
<b>Current liabilities</b>		
Trade and other payables	10,255	9,631
Contract liabilities	30,330	43,101
Lease liabilities	7,472	5,996
Provisions	203	194
Employee benefits	2,315	2,202
<b>Total current liabilities</b>	<b>50,575</b>	<b>61,124</b>
<b>Non-current liabilities</b>		
Contract liabilities	2,179	445
Deferred tax liabilities	2,965	4,294
Employee benefits	258	207
Provisions	3,164	2,570
Lease liabilities	40,399	37,844
<b>Total non-current liabilities</b>	<b>48,965</b>	<b>45,360</b>
<b>Total liabilities</b>	<b>99,540</b>	<b>106,484</b>
<b>Net assets</b>	<b>34,628</b>	<b>65,532</b>
<b>Equity</b>		
Issued capital	103,115	102,657
Reserves	3	3,117
Accumulated losses	(68,490)	(40,242)
<b>Total equity</b>	<b>34,628</b>	<b>65,532</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 23. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	30 June 2024 \$'000	30 June 2023 \$'000
Profit / (loss) after income tax expense for the year	(31,231)	3,608
<i>Adjustment for:</i>		
Depreciation and amortisation	15,052	11,986
Convertible note conversion	-	5
Share-based payments	42	36
Impairment of non-current assets	28,925	-
Non-cash finance costs	4,383	2,600
Other non-cash items	-	(35)
<i>Changes in operating assets and liabilities:</i>		
Increase in trade receivables	(9,588)	(263)
Decrease / (increase) in prepayments	292	(404)
Decrease / (increase) in other operating assets	5,477	(4,673)
Decrease in trade and other payables	(718)	(332)
(Decrease) / increase in contract liabilities	(11,037)	12,893
Increase in provision for income tax	-	19
Increase in employee benefits	195	40
Decrease in other provisions	(84)	(300)
<b>Net cash from operating activities</b>	<b>1,708</b>	<b>25,180</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 24. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Lease liabilities	30 June 2024 \$'000	30 June 2023 \$'000
Opening balance	43,840	21,023
Net cash from financing activities	(11,608)	(8,913)
New leases and lease extensions*	11,256	29,130
Finance costs	4,383	2,600
<b>Closing balance</b>	<b>47,871</b>	<b>43,840</b>

\*the only non-cash financing and investing activity for the consolidated entity for the financial year.

Other borrowings	30 June 2024 \$'000	30 June 2023 \$'000
Opening balance	-	362
Repayment of borrowings	-	(227)
Acquisition / (disposal) of motor vehicles	-	(135)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

### NOTE 25. 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.

### NOTE 26. 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 2024 \$'000	30 June 2023 \$'000
Audit services - Hall Chadwick	-	31
Audit services - Pitcher Partners	231	152
	<b>231</b>	<b>183</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### NOTE 27. EARNINGS PER SHARE (EPS)

	30 June 2024 \$'000	30 June 2023 \$'000
<b>Reconciliation of earnings to profit or loss</b>		
Profit / (loss) for the year	(31,231)	3,608
Profit / (loss) used in the calculation of basic and diluted EPS	<b>(31,231)</b>	<b>3,608</b>
	30 June 2024 No.	30 June 2023 No.
<b>Weighted average number of ordinary shares</b> outstanding during the year used in calculation of basic EPS	221,283,928	218,586,754
<b>Weighted average number of ordinary shares</b> outstanding during the year used in calculation of diluted EPS	221,283,928	223,919,278
	30 June 2024	30 June 2023
<b>Earnings per share</b>		
Basic EPS (cents per share)	(14.11)	1.65
Diluted EPS (cents per share)	(14.11)	1.61

As at 30 June 2024, the consolidated entity has unissued shares under options 310,717 (30 June 2023: 5,410,717). During the year ended 30 June 2024, the consolidated entity's unissued shares under option were non-dilutive. Refer to Note 19 (a) for further details.

### NOTE 28. SHARE-BASED PAYMENTS

	30 June 2024 \$'000	30 June 2023 \$'000
<b>Share-based payments:</b>		
Recognised in director costs	42	41
	<b>42</b>	<b>41</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### Share-based payment arrangements in effect during the year

#### a. *Unlisted options*

The Company had issued options in prior financial years 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*

The Company had issued options in the prior 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:

	2024		2023	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	5,410,717		5,400,000	
<b>Granted</b>				
Expiry: 15/12/2028			103,571	1.40
Expiry: 15/12/2029			103,571	1.40
Expiry: 15/12/2030			103,575	1.40
<b>Exercised</b>				
Expiry date: 09/11/2023	(140,000)	0.75	(300,000)	0.75
Exercised price: \$0.75				
Expiry date: 10/07/2023	(2,000,000)	0.25		
Exercised price: \$0.25				
<b>Expired</b>				
Expiry date: 09/11/2023	(2,960,000)	0.75		
Exercise price: \$0.75				
<b>Outstanding at year-end</b>	<b>310,717</b>	<b>0.80</b>	<b>5,410,717</b>	<b>1.08</b>
<b>Exercisable at year-end</b>	<b>103,571</b>	<b>1.40</b>	<b>5,100,000</b>	<b>1.08</b>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 5 years (FY23: 3.6 year).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

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### NOTE 29. CONTINGENT LIABILITIES

The consolidated entity has given bank guarantees as at 30 June 2024 of \$8,682,752 (30 June 2023: \$7,135,923) to various lessors.

The consolidated entity has bank facilities with several leading Australian banks totalling \$16,233,171 of which \$8,682,752 has been utilised as at 30 June 2024.

### NOTE 30. COMMITMENTS

The consolidated entity is committed to incur capital expenditure of approximately \$183,000 in relation to campus expansion project across 56 Nerang Street Southport, Queensland and 72 Mary Street Surry Hills, NSW. The expenditure is expected to be settled in the FY25 financial year.

### NOTE 31. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 August 2024, the Federal Government announced that, subject to the passage of legislation before the Parliament, it will set a National Planning Level (NPL) for new international student commencements of 270,000 for calendar year 2025.

The NPL is divided between the higher education and vocational education and training (VET) sectors at a provider level.

Certain students, including those undertaking standalone English language courses, are excluded from the NPL.

Implementation of the NPL is subject to a Senate Committee report in early September before determining whether any amendments will be required prior to seeking to pass into legislation.

Individual providers will be advised of the indicative limit on the number of new international student commencements that they can accept for 2025. Information received by the consolidated entity to date is incomplete and the impact of the NPL is therefore not yet able to be determined.

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.