

## INTERNATIONAL STUDENT LEAD INDICATORS & FY24 REVENUE GUIDANCE

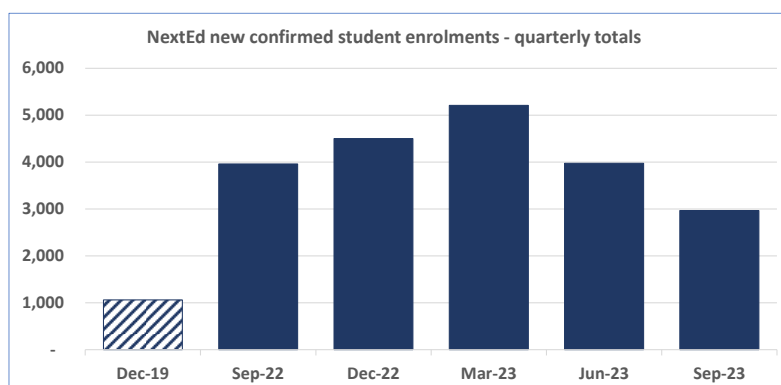
NextEd Group Limited (ASX: NXD) (NextEd), one of Australia’s leading providers of tertiary education services to international and domestic students, is pleased to provide this trading update on international student lead indicators and FY24 revenue guidance.

### Highlights include:

- Revenue for Q1 FY24 of \$30.3 million up 56% on pcp in line with expectations.
- H1 FY24 revenue guidance reconfirmed in the range of \$59 million to \$63 million with expectations at the lower end of the range.
- H2 FY24 revenue guidance reconfirmed as expected to be higher than both H1 FY24 and H2 FY23.
- NextEd expects English language student study durations to return to pre-408 Visa levels, leading to a significant increase in tuition revenues for FY24.
- Early data suggests the effect of the 408 Visa extension is subsiding and student retention now trending in the right direction.
- Despite challenges posed by the 408 Visa extension, NextEd has successfully retained its post-covid market share gains in the international student sector with English language student numbers stabilising at approximately 6,000.
- International vocational student commencements expected to exceed finishers in November 2023, reversing 408 Visa net outflows from the previous two intakes.
- Domestic student numbers and revenues are tracking in line with expectations for FY24, with a skew towards H2.

### International students - New enrolments

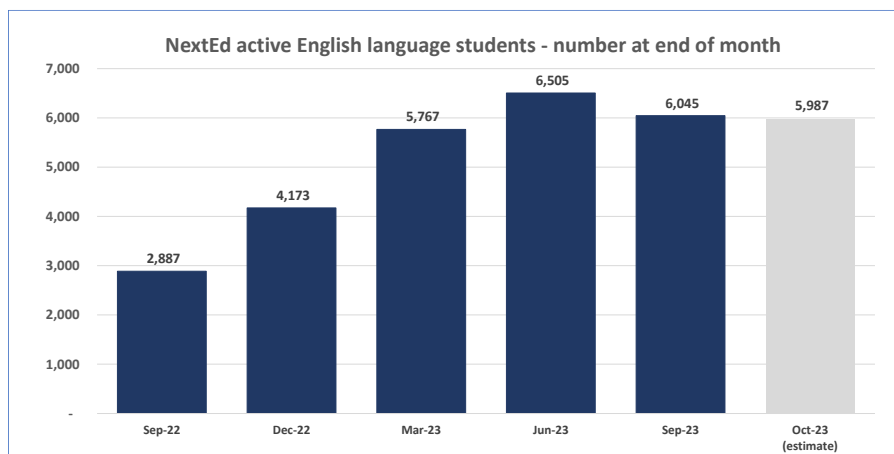
NextEd’s international student enrolments from its key source markets are normalising following the extraordinary post-covid recovery period. Enrolments in the September 2023 quarter remained at 3x its peak pre-covid enrolments in the December 2019 quarter. This growth can be attributed to our market share gains, diversified course offerings and geographic expansion.



The negative impacts of the 408 Visa extension are expected to have largely dissipated by the end of March 2024. The sector is historically subject to policy and regulatory changes and NextEd has successfully navigated these disruptions. As a result, NextEd is confident that future growth in international student revenue will continue to improve from extended study durations, including more English language students progressing into vocation courses. Moreover, the expansion of NextEd's source markets, wider course offerings, and new campus locations will contribute to our growth.

**International students - English language courses**

The removal of the 408 Visa to new applicants from the end of August 2023 has led to the stabilisation of English language student numbers at approximately 6,000. These numbers continue to be more than 3x the pre-covid peak.

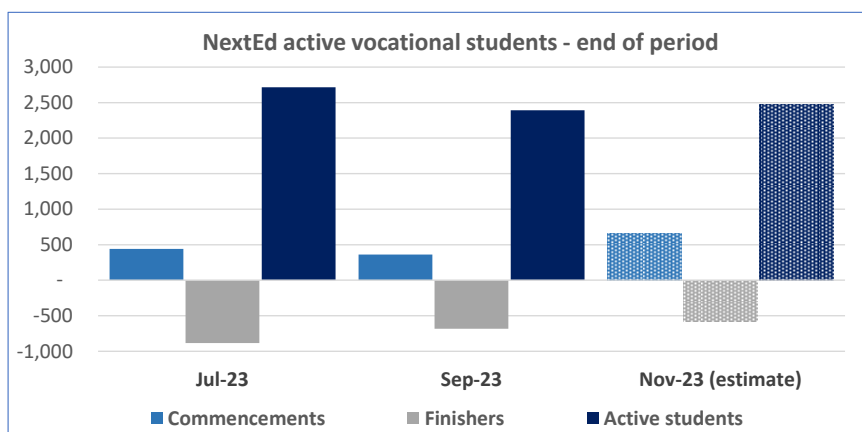


NextEd expects English language student study durations to return to pre-408 Visa levels, leading to a significant increase in tuition revenues for FY24.

**International students – Vocational courses**

Vocational courses experienced challenges due to the 408 Visa extension, especially in the July and September intakes. During the June to August 2023 period approximately 2,200 NextEd English language students had abandoned their studies early in order to move onto the 408 Visa instead of continuing English language courses or progressing into vocational studies. Whilst vocational student numbers in the month of September continued to be impacted, NextEd expects to see the removal of the visa curb this outflow from the upcoming November intake. Hospitality vocational courses have been largely unaffected by the 408 Visa extension with increases in both student commencements and active students.

NextEd anticipates that vocational student commencements into its November intake will surpass the previous two intakes, and the total number of actively studying vocational students at the end of November will be slightly higher than at the end of September.



## **NextEd delivering on its organic growth strategy**

NextEd has successfully 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 appealing to international students seeking skilled work and career outcomes. NextEd anticipates having over 500 Hospitality vocational students by the end of November 2023. Hospitality students will comprise approximately 20% of total international vocational students in November 2023, up from approximately 15% in July 2023. We expect further growth in the number of hospitality students in H2 FY24.

## **Recent government announcements**

NextEd welcomes recent announcements by the Australian Government detailing actions to remove unscrupulous agents and education providers from the international education industry. NextEd has observed the impacts of disingenuous actions by high-risk students and high-risk providers and agree that rorts must be stopped. NextEd continues its advocacy for sector delivery and reputational improvements via industry association bodies and directly.

## **FY24 guidance**

The negative effects of the 408 Visa extension are expected to normalise by the end of March 2024, though quantifying the exact impact remains challenging. NextEd expects to have further information available in relation to the 408 Visa impacts by our AGM in November 2023.

NextEd reconfirms its guidance for H1 FY24, with revenues expected to fall within the range of \$59 million to \$63 million, representing over a 35% increase from the prior comparative half year (H1 FY23: \$43.6 million). Given the context of revenues lost from students who shifted to the 408 Visa, we refine our H1 FY24 guidance to the lower end of that range.

We remain confident that H2 FY24 revenues will surpass both H1 FY24 and H2 FY23, driven by the removal of the 408 Visa and our course offering and geographic expansion activities gaining momentum.

We appreciate your continued support and look forward to updating you on our progress at the AGM in November.

## **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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