

A group of six diverse students (three women and three men) are walking and laughing on a university campus. They are dressed in casual attire like jeans and t-shirts, some carrying books or bags. The background shows a stone building with columns and greenery.

NextEd
Group

1H23 Results Presentation

27 February 2023



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1H23 *results*

An exceptional 1H23 performance

Revenue & EBITDA

Operating segments

Exceptional operating cash flows

Solid balance sheet positioned for growth



An exceptional 1H23 performance

1H23 financial results

Revenue

\$43.6m ▲ \$25.3m vs 1H22

EBITDA¹

\$6.6m ▲ \$5.0m vs 1H22

Operating cash flows²

\$14.5m ▲ \$12.8m vs 1H22

Cash at bank³

\$38.6m ▲ \$8.4m vs JUNE 22

Net profit after tax

\$0.5m ▲ \$4.8m vs 1H22

- Record revenues and material profit growth
- Revenue of \$43.6m was midpoint of AGM guidance range of \$43.0m - \$44.0m
- EBITDA of \$6.6m higher than AGM guidance range of \$5.5m - \$6.5m

Lead indicators of future performance

International Vocational new confirmed enrolments

▲ **351%**
1H23 vs 1H22

English language actively studying students

▲ **1,396%**
Dec 22 vs Dec 21

Deferred revenue balance

▲ **131%**
Dec 2022 vs June 2022

Go Study new international students recruited

▲ **478%**
Dec 2022 quarter
vs Dec 2021 quarter

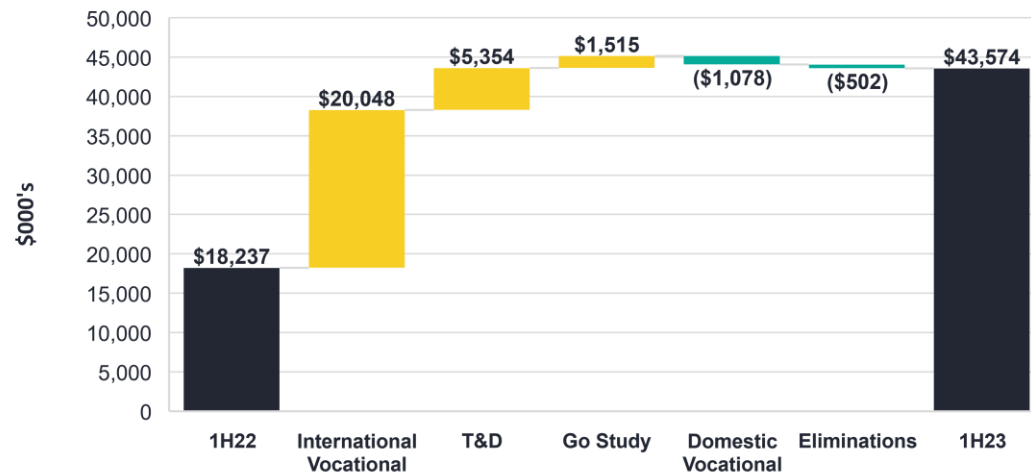
1. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory profit under AAS adjusted for specific non-cash and significant items. Excludes M&A costs in prior corresponding period (1H22: \$3.2m, 1H23: nil).

2. Excludes M&A costs in prior corresponding period (1H22: \$4.4m, 1H23: nil).

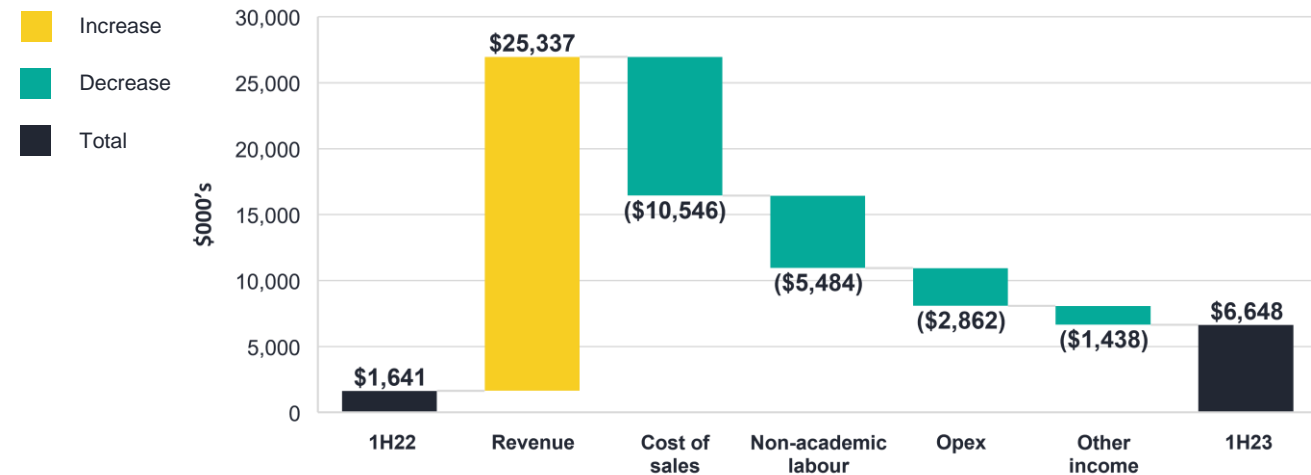
3. Cash at bank includes term deposits securing bank guarantees of \$3.1m (1H22: \$3.1m).

Revenue & EBITDA

Revenue by operating segment



EBITDA – excluding M&A costs*



- Outstanding growth driven by continued outperformance in English language student numbers

- Increased operational costs to support revenue growth
- Operating leverage resulted in EBITDA increasing to 15% of revenue in 1H23, up from 9% in 1H22

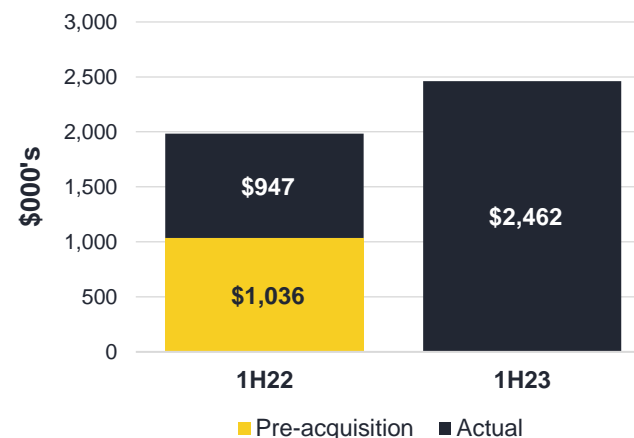
* Nil M&A costs in 1H23 (1H22: \$3.2m).

Segment Results

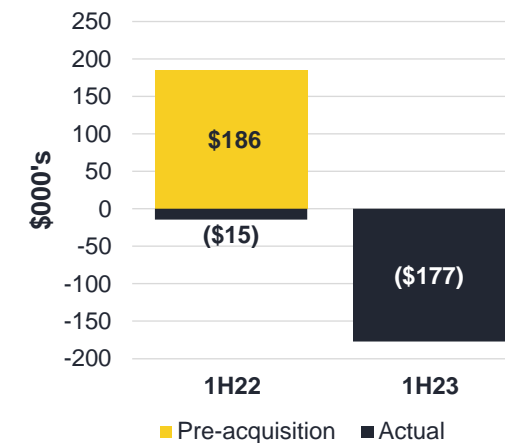
Go Study Australia – increasing demand

- 1H23 EBITDA impacted by investment in re-opening overseas offices and increasing employee numbers to service growing demand from prospective international students – investing in future growth
- Positive EBITDA expected in 2H23 and FY24 as student numbers continue to grow and students in Australia choose to extend their studies
- Australia revenue is generated from students recruited onshore and from students originally recruited overseas who extend their studies after completing their initial course. Australia revenue declined by 20% in 1H23 against pcp, but is expected to recover strongly in FY24 when students choose to extend their studies
- Students recruited by Go Study Australia into NextEd courses generated approximately \$2.0m of tuition revenue in 1H23 which was recognized in other operating segments – high value students

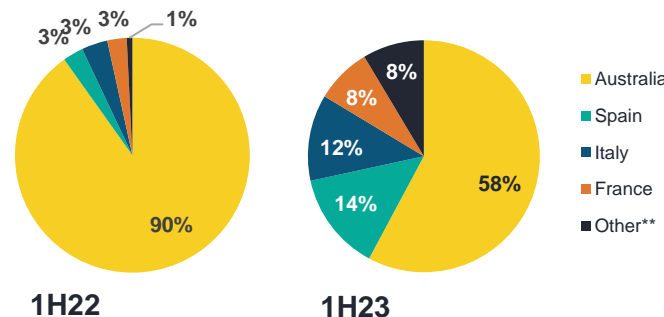
Pro-forma* revenue



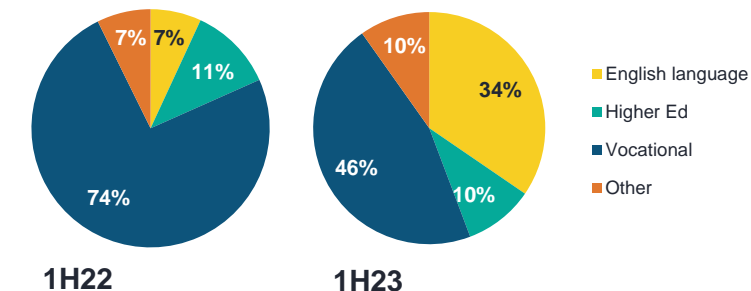
Pro-forma* EBITDA



Revenue by source country



Revenue by course



* Pro-forma – Includes 1H22 actual post acquisition results from Oct 2021 to June 2022 and pre-acquisition management results from July 2021 to Sept 2021.

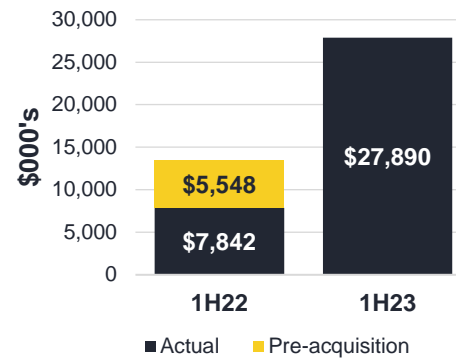
** Other is made up of Colombia and Chile.

Segment Results

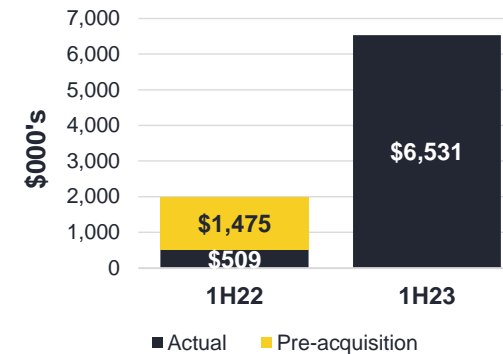
International Vocational – rapid growth

- Exceptional growth in English language revenue
- Rapid growth in EBITDA driven by revenue growth and operating leverage from higher campus utilization
- Strong revenue and EBITDA growth is expected in 2H23 and FY24
- Vocational student numbers and revenue (all courses other than English language) declined slightly in 1H23 due to most actively studying English language students not yet being ready to progress into their next course
- Successfully maintained a broad student nationality mix

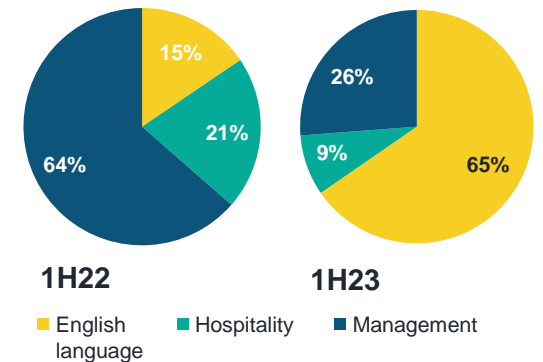
Pro-forma* revenue



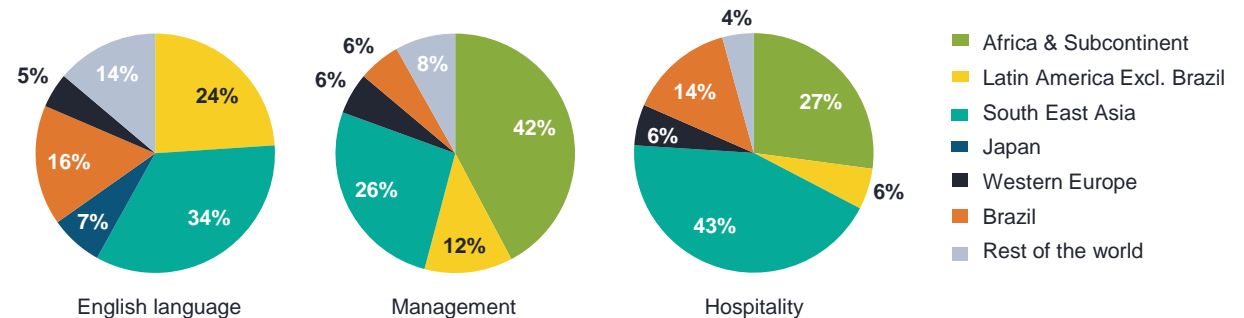
Pro-forma* EBITDA



Pro-forma* revenue mix



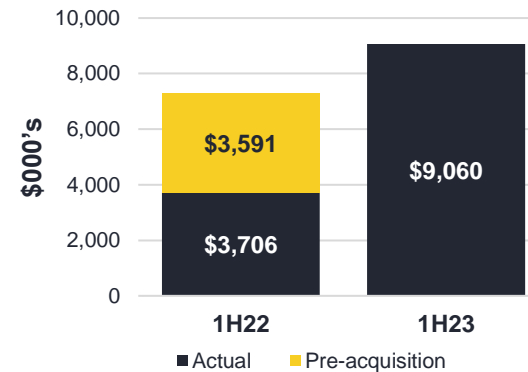
1H23 international student nationality mix



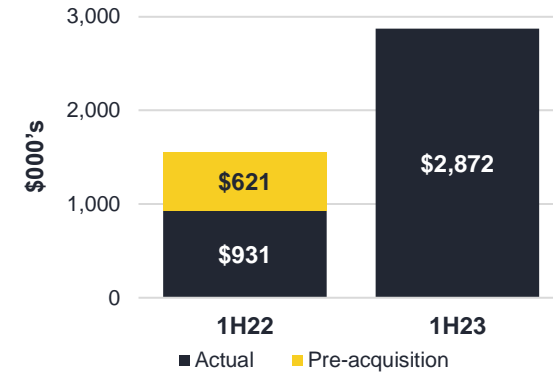
Technology & Design – new courses launched

- International student revenue growth resulting from borders re-opening and students commencing or resuming their studies
- EBITDA improvement driven by revenue growth and operating leverage from higher campus utilization
- Future revenue and EBITDA growth expected from recent launch of 4 new bachelor degrees
- Further positive operating leverage impacts expected in 2H23 and FY24 as Coder Academy continues with a blended online and face-to-face delivery model

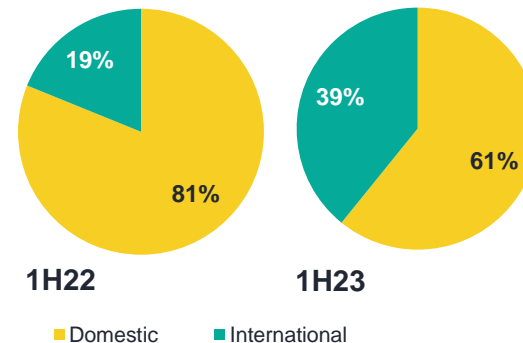
Pro-forma* revenue



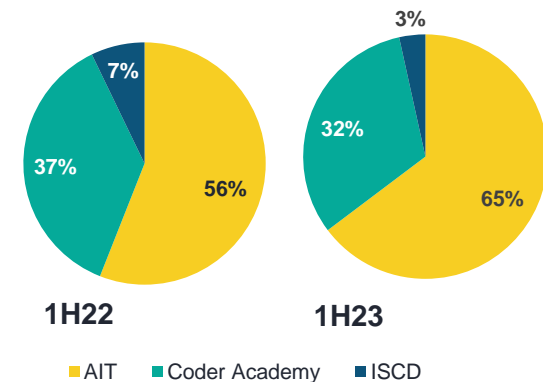
Pro-forma* EBITDA



Revenue by student market



Revenue by brand



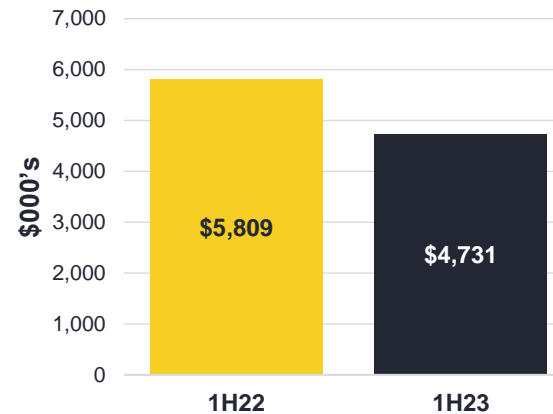
* Pro-forma – Includes actual post acquisition results Oct 2021 to Dec 2021 and pre-acquisition management results from July 2021 to Sept 2021.

Segment Results

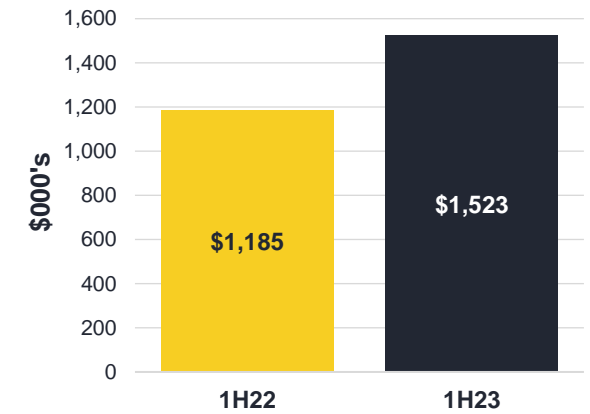
Domestic Vocational – positioning for growth

- Revenue declined due to ceasing delivery of unprofitable courses and programs
- EBITDA improved from increased focus on cost management and ceasing delivery of unprofitable courses
- Healthcare revenues grew by 7% - strong demand for graduates
- Challenges with building & construction courses as students choose work over study
- Confident that demand for hospitality and healthcare courses will remain strong and that there will be future growth in these fields due to available government funding and industry demand for quality graduates
- New senior functional management currently being recruited to harness emerging funding and growth opportunities

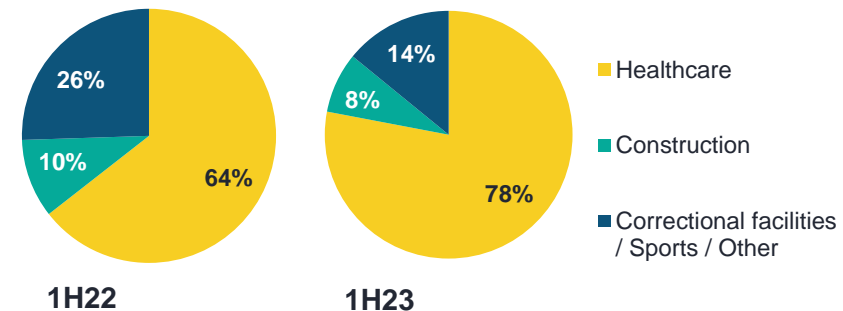
Revenue



EBITDA

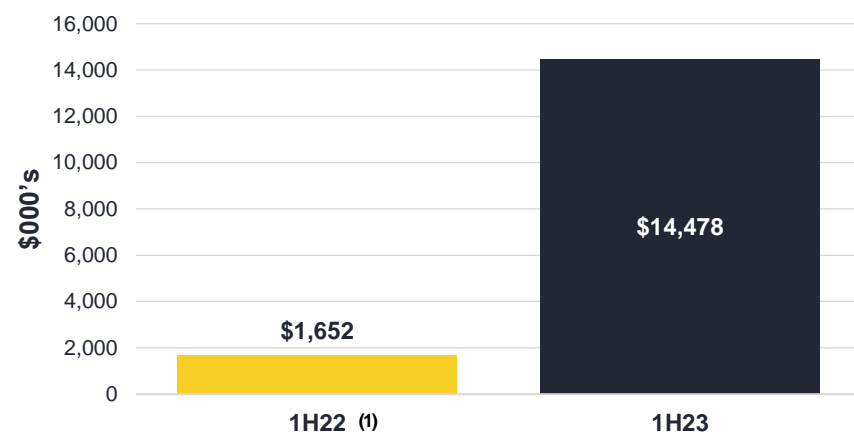


Revenue by sector

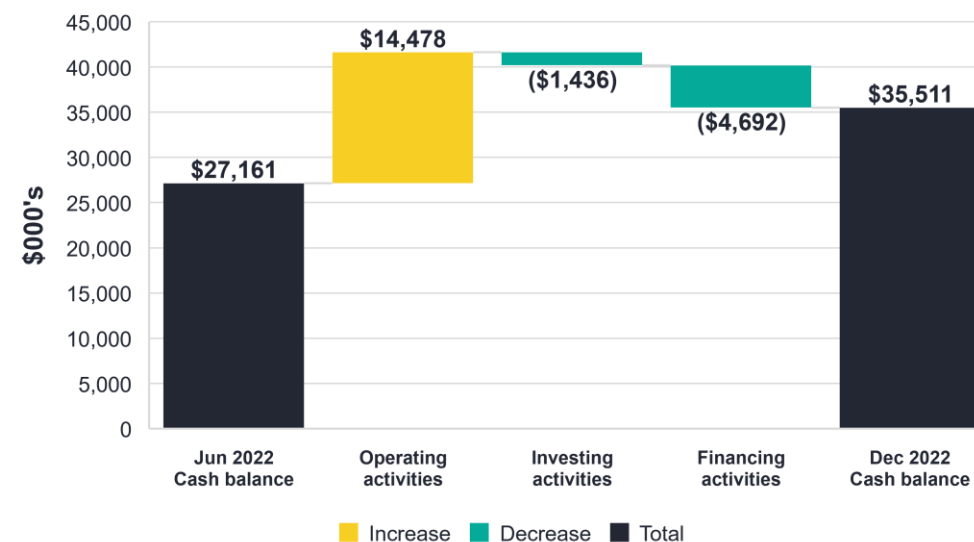


Exceptional operating cash flows

Operating cash flows



Total cash flows

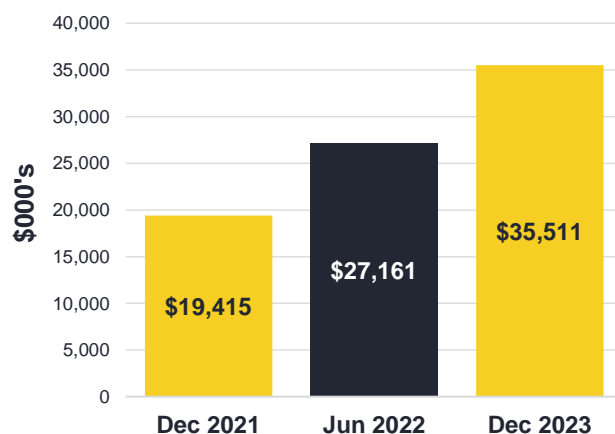


- Continued rapid recovery of international student numbers driving strong increases in operating cashflows

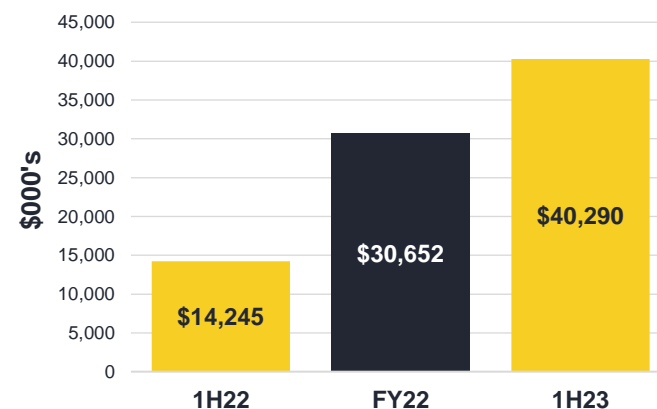
- Strong positive operating cashflows are expected to continue to be generated in 2H23 and FY24

Solid balance sheet positioned for growth

Cash balance



Contract liabilities (Deferred revenues)



Balance sheet summary

\$000's	Jun 2022	Dec 2022
Cash	27,161	35,511
Other assets	107,529	115,229
Total assets	134,690	150,740
Borrowings	138	-
Contract liabilities	30,652	40,290
Other liabilities	42,332	48,338
Total liabilities	73,122	88,628
Equity	61,568	62,112

- NextEd has a solid cash balance, is debt free, and is well positioned to invest in new revenue and profit generating opportunities

- Revenue is recognised evenly over the period courses are delivered, and most of the deferred revenue balance as at December 2022 is expected to be recognised within the next 4 to 6 months, and no longer than within the next 12 months

Outlook

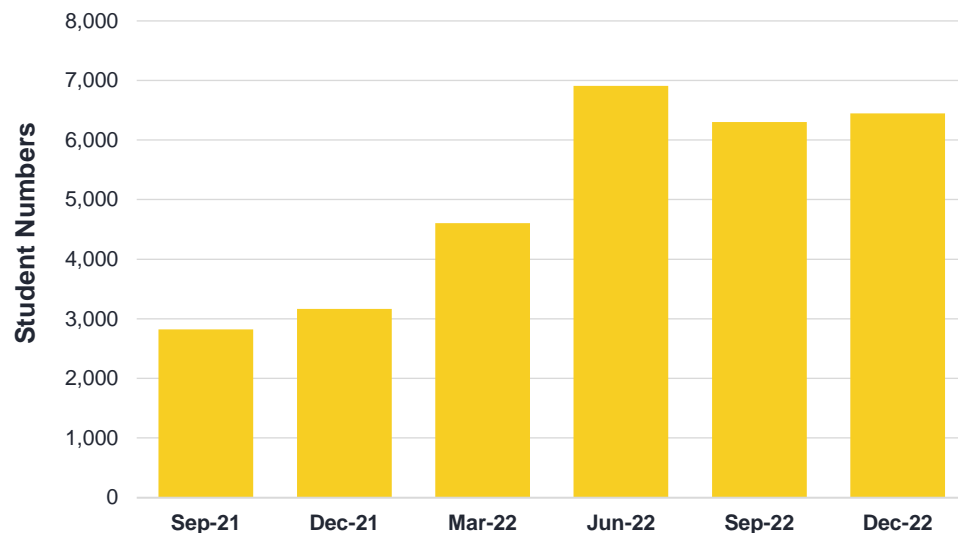
Go Study Australia pipeline fueling future growth
Rapidly growing international student numbers
Exceptional English language student numbers
Expanding pipeline to progress from English language
Secured future revenues – underpinning growth
Higher campus utilisation improving earnings
Accelerating investments to support growth
Management strengthened with M&A resource
NextEd is unleashing potential



Go Study Australia pipeline fueling future growth

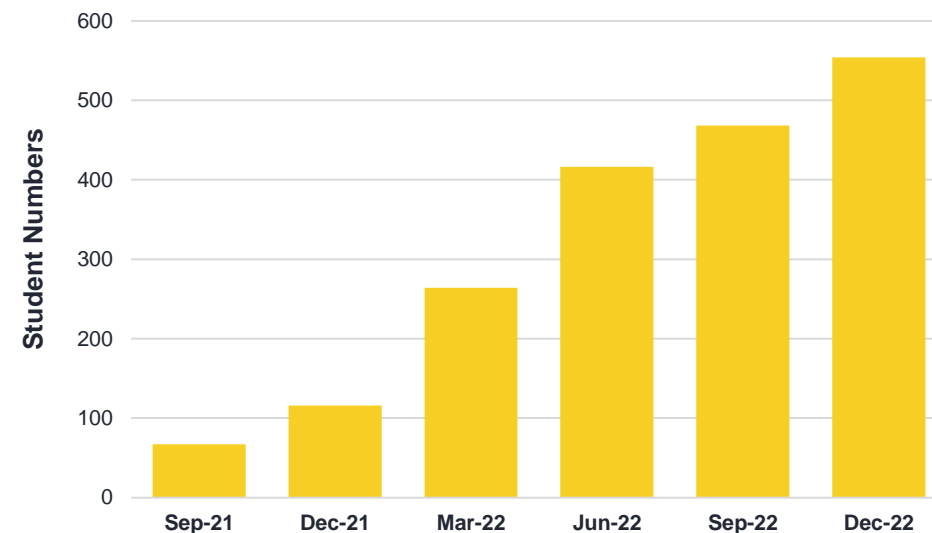
Significant increase in student inquiries and new course sales from Go Study Australia offices in Europe and South America

New student leads per quarter



- Number leads significantly higher than the prior corresponding periods and the quality of those leads is markedly improving

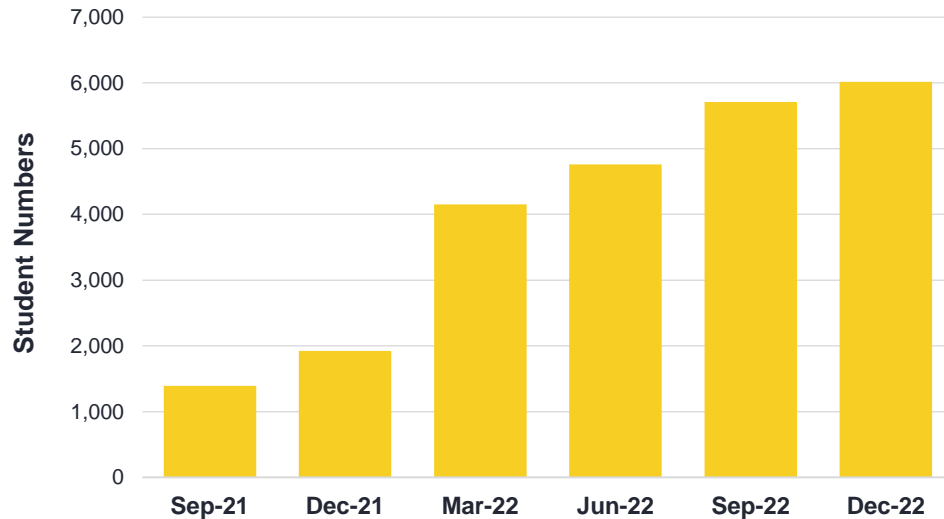
New student sales per quarter



- Strong growth in sales since re-opening overseas offices and increasing employee numbers
- Strong future revenue opportunities as students choose to extend their studies after completing initial courses

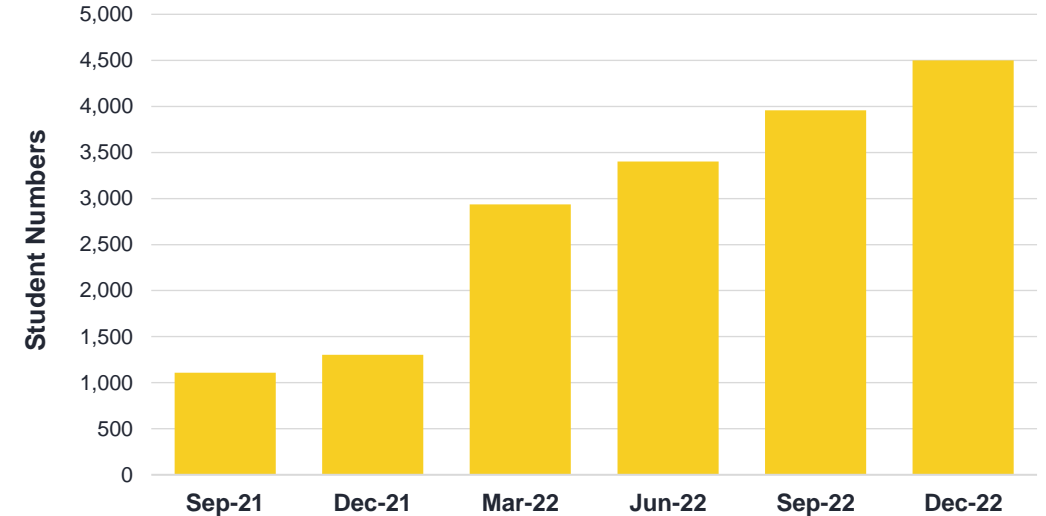
Rapidly growing international student numbers

New international student offers of enrolment in each quarter



- NextEd has quickly ramped up its marketing and admissions teams to capture growing international student demand

New international student confirmed enrolments in each quarter

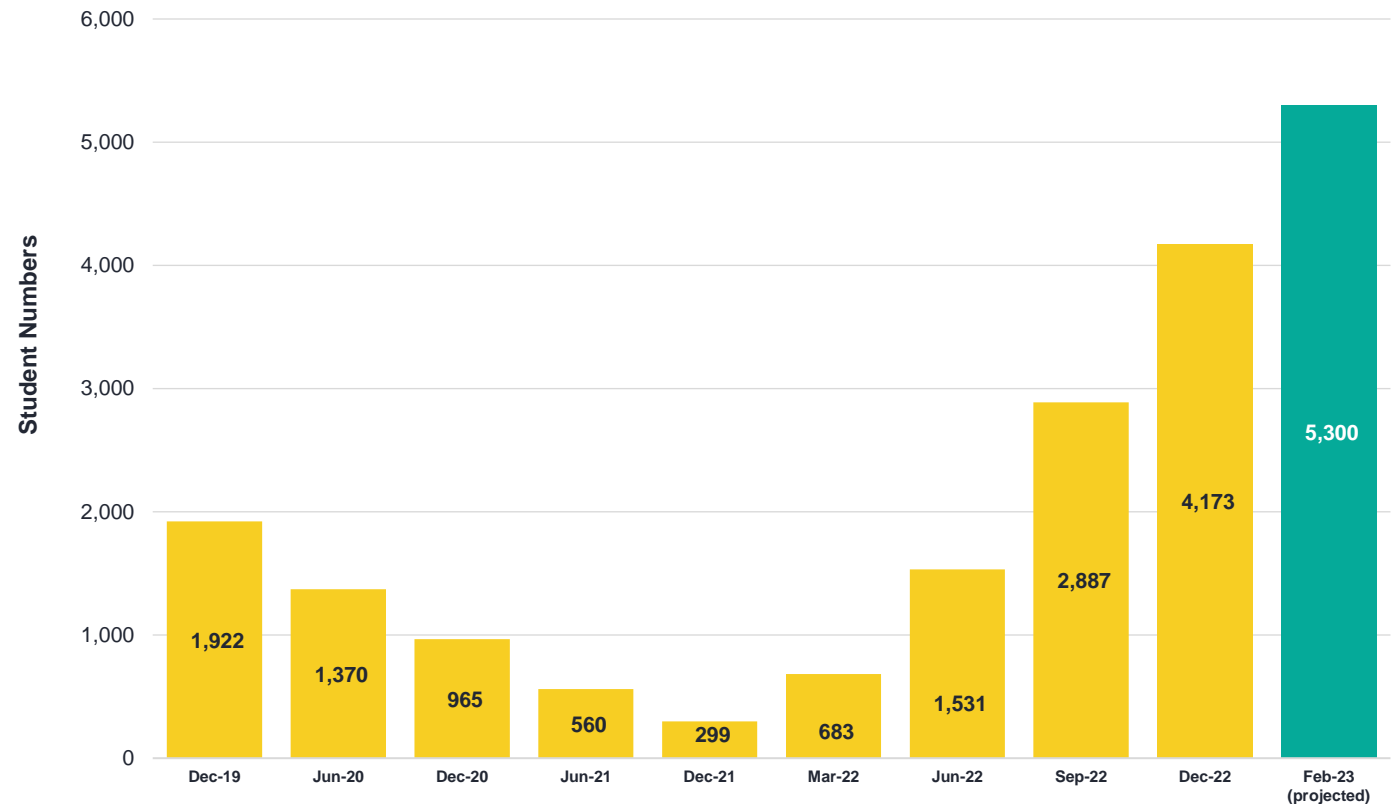


- Rapidly growing new student enrolments to underpin future revenue and EBITDA growth

Exceptional English language student numbers

- NextEd's high quality brand reputation driving strong support from international recruitments agents across all key markets
- English language student numbers expected to increase further over the balance of FY23
- English language students are a great feeder into other NextEd vocational and higher education courses to deliver higher lifetime value
- The number of competitor colleges in English language segment has reduced by at least 20% and NextEd is winning market share

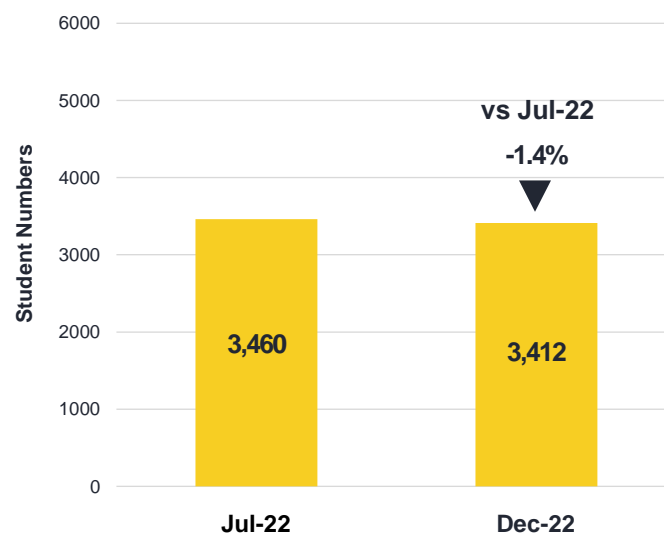
Active English language students at the end of each quarter



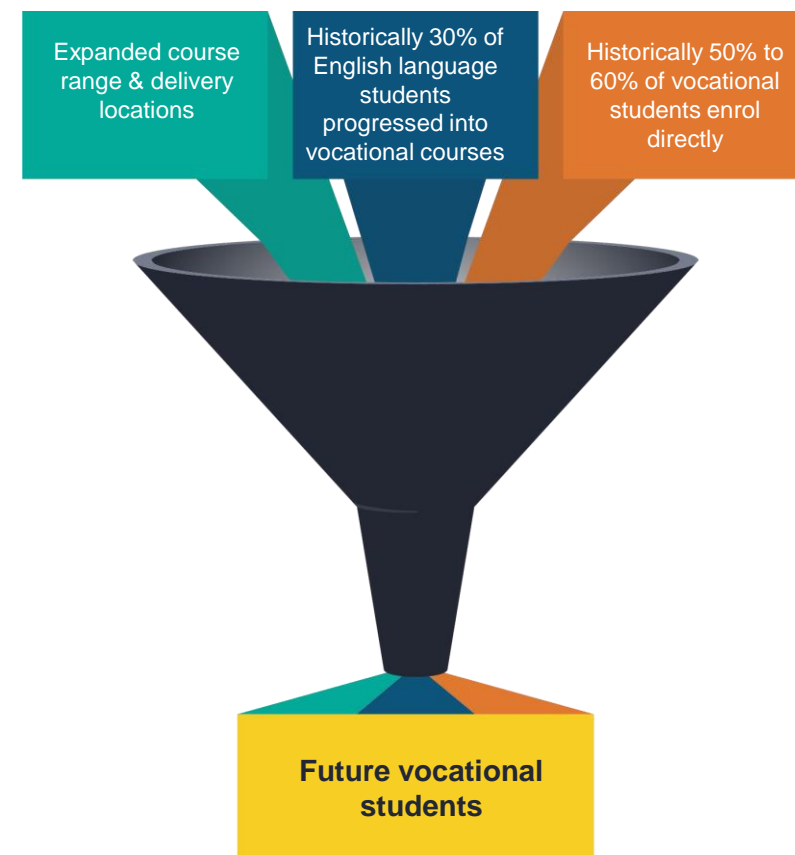
Expanding pipeline to progress from English language

- The number of international students undertaking vocational courses was relatively flat in 1H23, but strong growth is expected in 2H23 and FY24 as more students progress from English language studies
- Historically approximately 30% of NextEd English language students progressed into other vocational courses within the group – key management focus area
- Historically approximately 50% to 60% of international students undertaking NextEd vocational courses enrolled directly into those courses (undertaking English language studies elsewhere)
- NextEd has expanded its course range and delivery locations to offer vocational students – capturing larger market

Studying vocational students at end of month



Pipeline of future growth in student numbers ¹



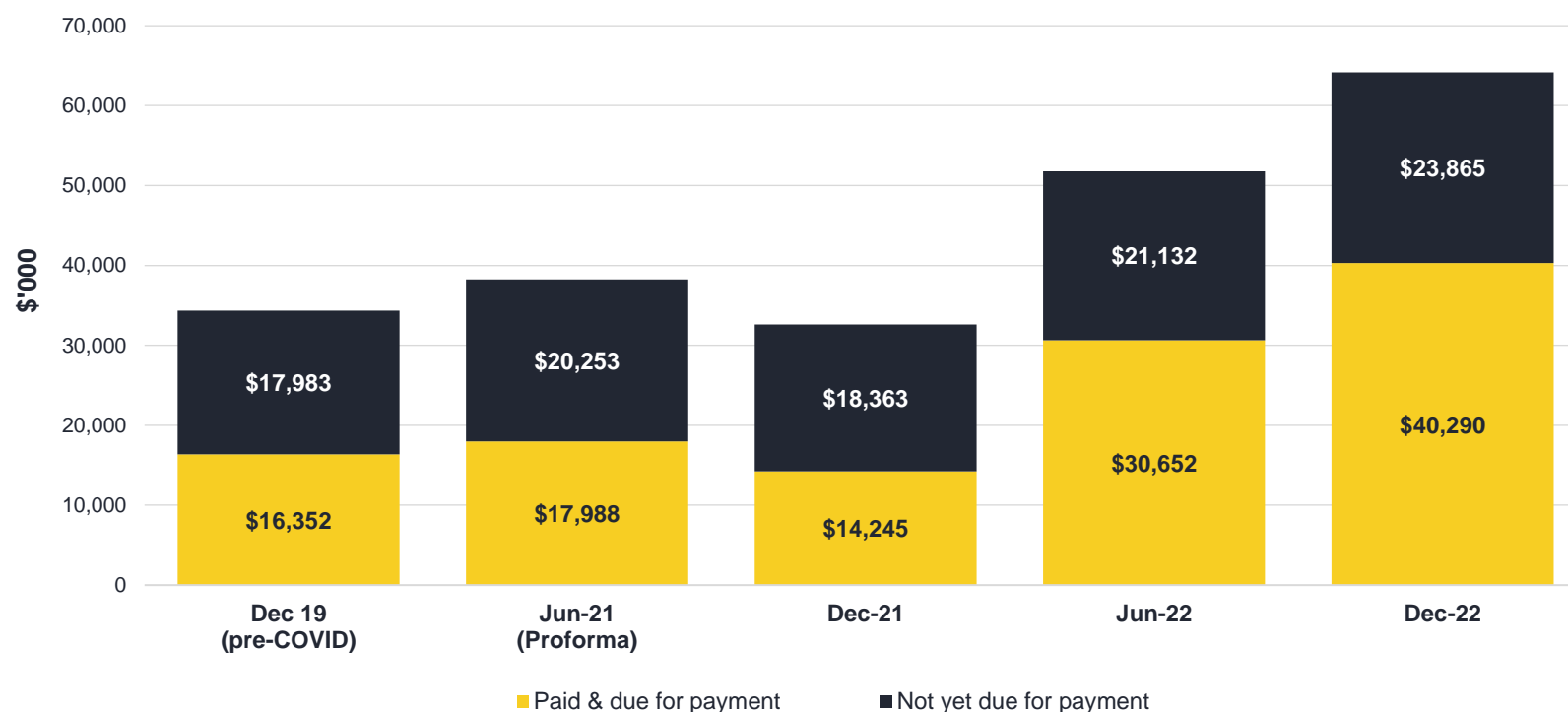
1. Refer to disclaimer regarding forward-looking statements.

Secured future revenues – underpinning growth

- Deferred revenue 'paid and due for payment' represents tuition fees which have been paid in advance or are due and payable for studies that have not yet been undertaken
- Deferred revenue 'not yet due for payment' represents where students have formally enrolled into courses and there is a contract in place, but the tuition fees associated with that period of study will be invoiced and become payable in a future period

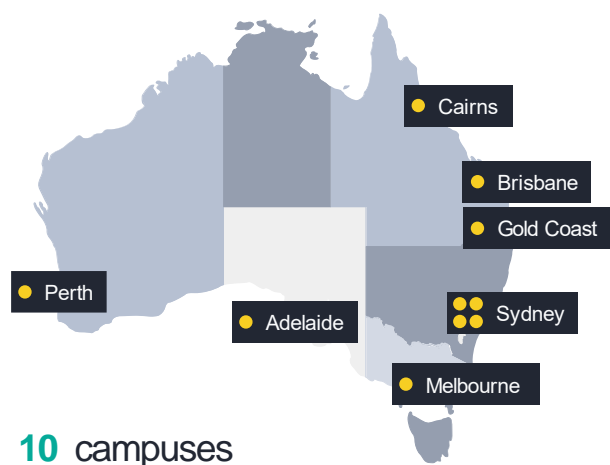
Revenues are recognised evenly over the period that courses are delivered, and most of the deferred revenues balance at the end of December 2022 is expected to be recognised within the next 4 to 6 months, and no longer than within the next 12 months

Deferred revenue

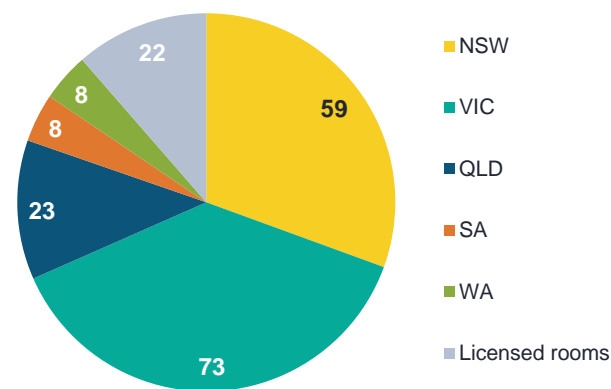


Higher campus utilisation improving earnings

NextEd campus locations

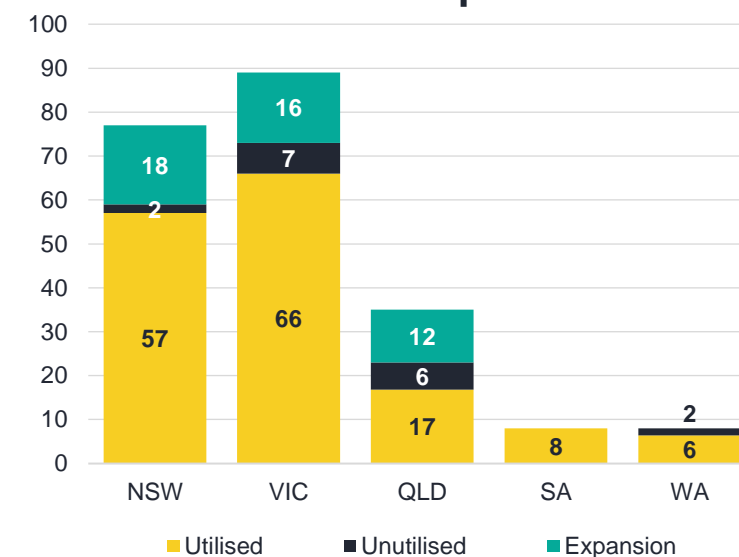


Number of classrooms by state at end of December 2022



Total number of classrooms 193

Campus daytime utilisation at end of December 2022 and announced expansion



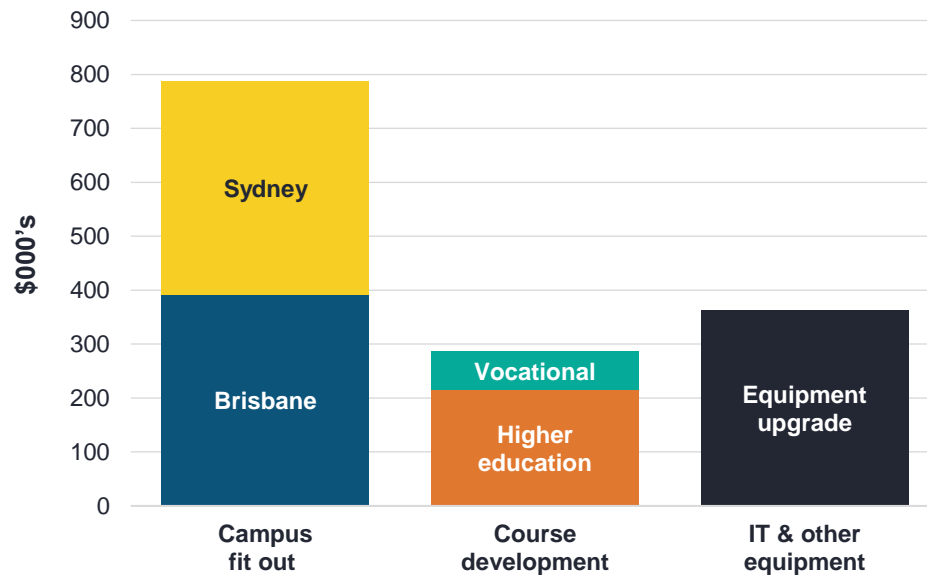
- Quality campuses located in Australia's largest addressable markets
- Rapid increase in campus utilisation in 1H23

- Actively managing available classrooms to support expected growth in student numbers
- Expanding campus facilities in 2H23 to meet expected increases in demand

Accelerating investments to support growth

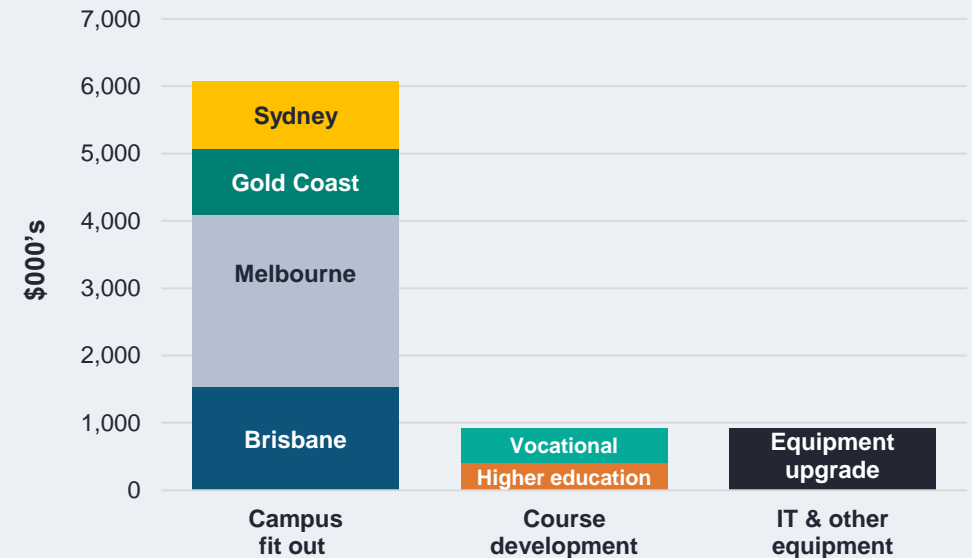
Expanding campus capacity and investing in course development and equipment to support future growth

1H23 actual capex - \$1.4m



Investments to support expected increase in student numbers and to expand the course range

2H23 projected capex – circa \$7.9m



Management strengthened with M&A resource

- Morgan Sloper appointed as Head of Strategy on 20 February 2023, bringing additional M&A experience to the executive team
- Morgan will focus on supporting and delivering organic and M&A growth opportunities
- Pipeline of M&A opportunities currently under evaluation and other direct approaches expected to be made in coming months



Appealing acquisition targets are likely to feature:

- A substantial curriculum area not being taught by NextEd where there is strong industry engagement and job outcomes
- Opportunities for NextEd to apply its supply chain relationships, accreditations, funding models, campuses and operating capabilities to significantly grow an acquired business
- Assets such as technologies, skills and capabilities, campuses, or other facilities that upon acquisition may be applied across the broader NextEd group
- Bolt-ons that enhance the lifetime revenue and cost synergies of NextEd students or increase their engagement levels



NextEd is unleashing potential

- Rapid growth in international student numbers
- Dominant market position in delivering English language courses
- Funneling English language students into other NextEd vocational and higher education courses to maximise student lifetime value
- Strong balance sheet and operating cashflows to invest in growth
- Geographic and course range expansion initiatives underway
- Delivering operating leverage from increased scale and higher campus utilization
- Increasing focus on M&A opportunities
- Revenue and profit expected to materially increase in 2H23 and FY24



NextEd
Group

*Thank
You*

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Appendix



3

Differentiated market position

Diversified earnings base

- Diverse course offerings in English language, vocational and higher education segments
- International student recruitment agency
- Broad domestic and international student mix

National campus footprint with online course delivery

- Underutilised campus capacity provides operating leverage to immediately benefit from an uptick in enrolments as international students recommence their studies in Australia
- Established capabilities to deliver online courses to domestic and international students

Accreditations and funding via Commonwealth and State Governments

- Underutilised campus capacity provides operating leverage to immediately benefit from an uptick in enrolments as international students recommence their studies in Australia
- Only ASX listed organisation to hold accreditations for funding and subsidised training contracts with the Commonwealth and five State and Territory governments
- Mix of funding accreditations provides greater tuition payment flexibility for prospective students

Extensive international student agency relationships and capabilities

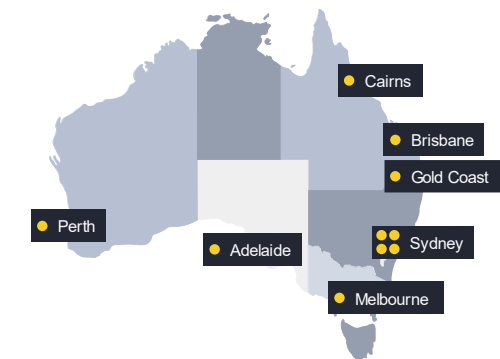
- International students recruited from South America, parts of Asia and Europe and the Indian subcontinent through Go Study Australia division and international student agency relationships
- Go Study Australia and ELICOS offerings which are heavily reliant on international student recoveries are expected to benefit with early signs emerging of a rebound in Australia as a destination

Industry relevant curriculums

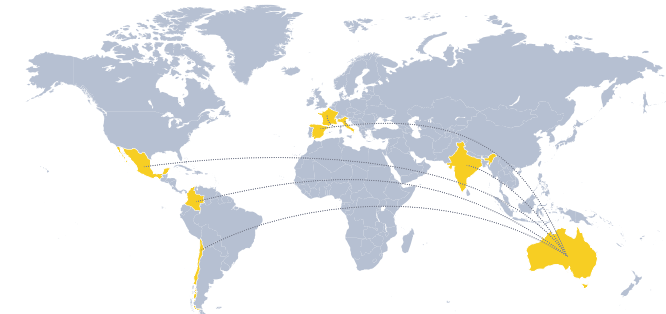
- Delivering courses in specialist in-demand industries where there is growing demand for graduates
- Actively engaging with industry partners to assist students achieve job outcomes

NextEd campus locations

10 NextEd campuses



Go Study Australia locations

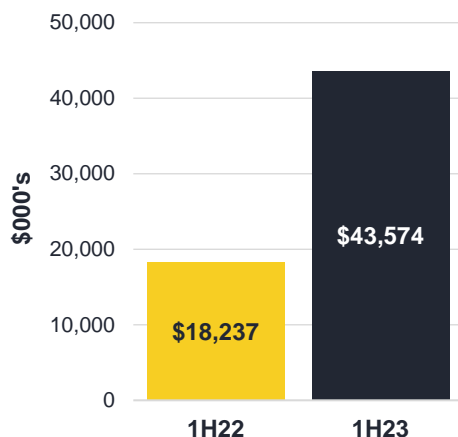


Financial highlights

Revenue

**1H23 up
139% vs PCP**

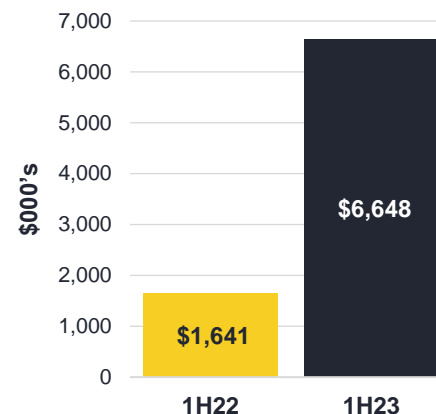
Growth driven by exceptional performance in International VET and T&D divisions. Results include a full period of RedHill results



EBITDA*

**1H23 up
305% vs PCP**

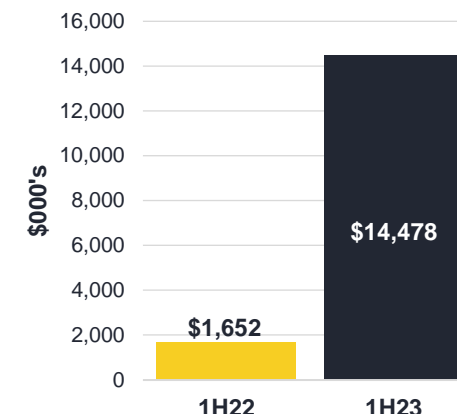
Strong revenue contribution and operating leverage from high campus and fixed costs utilisation



Operating cash flows**

**1H23 up
776% vs PCP**

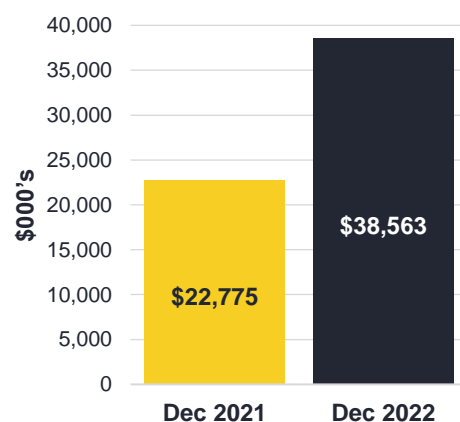
Exceptional operating cash flow growth from positive EBITDA and working capital management



Cash balance***

**1H23 up
\$15.8m
vs PCP**

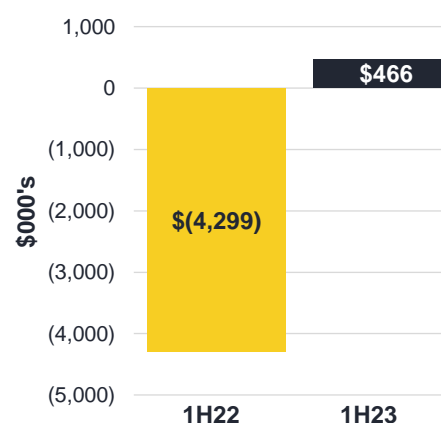
Growth in profitability and operating cash flow resulted in higher cash balance



Net profit after tax

**1H23 up
\$4.8m
vs PCP**

Strong growth in revenue and EBITDA delivered profitable first half result



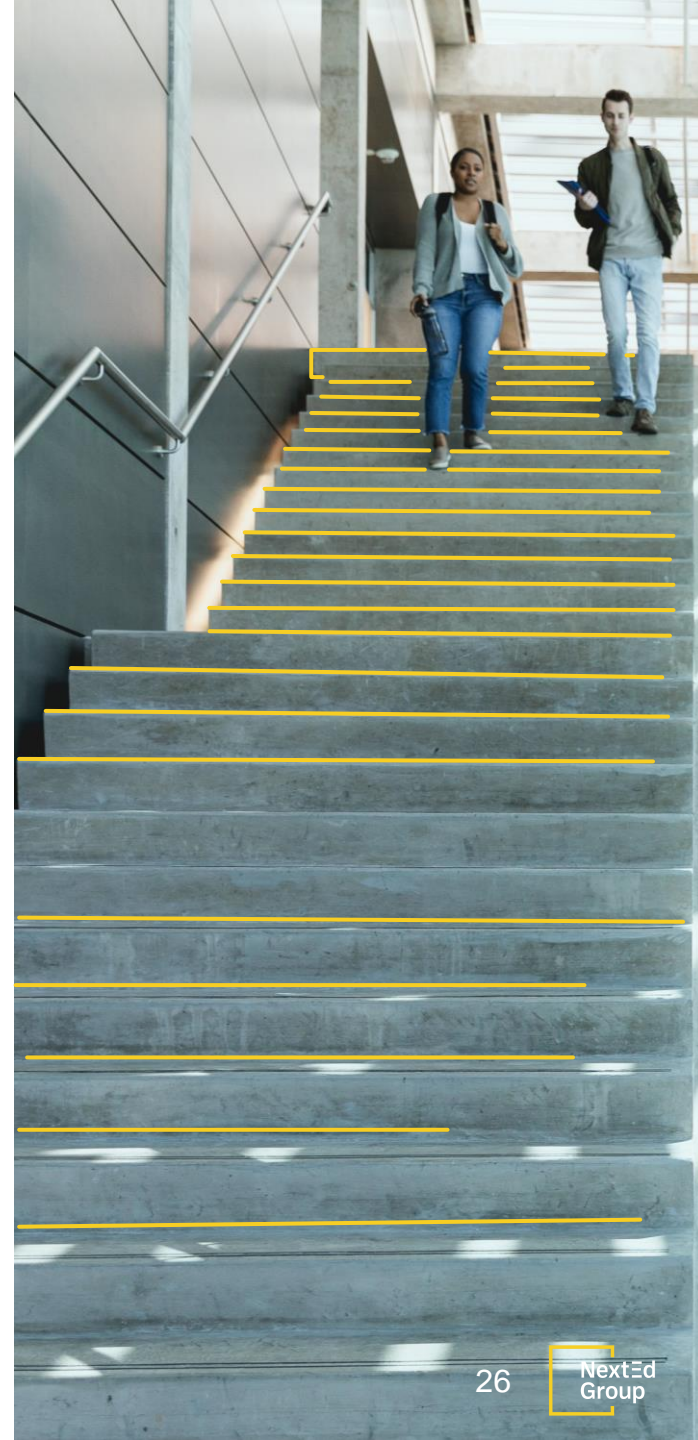
* Nil M&A costs in 1H23 (1H22 \$3.2m).

** Nil M&A costs in 1H23 (1H22 \$4.4m).

*** includes term deposits securing bank guarantees of \$3.1m (Dec-21 \$3.1m).

Reported profit & loss

	Half year actuals (\$000's)		Change	
	1H23	1H22	\$000's	%
Revenue	43,574	18,237	25,337	139
Cost of sales	(18,069)	(7,523)	(10,546)	(140)
Gross profit	25,505	10,714	14,791	138
Gross profit % to revenue	59%	59%		
Other income	37	1,475	(1,438)	(97)
Employee costs	(11,628)	(6,144)	(5,484)	(89)
Receivables impairment	(902)	(343)	(559)	(163)
Property costs	(1,909)	(858)	(1,051)	(122)
Marketing	(1,792)	(1,123)	(669)	(60)
Other expenses	(2,663)	(2,080)	(583)	(28)
EBITDA excl M&A	6,648	1,641	5,007	305
Depreciation and amortization	(5,631)	(2,063)	(3,568)	(173)
M&A costs	-	(3,306)	3,306	N/A
EBIT	1,017	(3,728)	4,745	127
Finance costs	(915)	(663)	(252)	(38)
Profit before tax	102	(4,391)	4,493	102
Income tax benefit	364	92	272	296
Net profit / (loss) after tax	466	(4,299)	4,765	111





Cash flow statement

	1H23 \$000's	1H22 \$000's
Operating activities (excl. M&A costs)	14,478	1,652
M&A costs	-	(4,393)
Investing activities ¹	(1,436)	20,426
Financing activities	(4,692)	(2,819)
Net increase in cash and cash equivalents	8,350	14,866
Cash and cash equivalents at the beginning of the year	27,161	4,549
Cash and cash equivalents at the end of period	35,511	19,415
Term deposits securing bank guarantees	3,052	3,360
Total cash balance	38,563	22,775

1. 1H22 includes cash acquired upon the acquisition of RedHill of \$21.3m.

Non-IFRS information

The Company reports EBITDA in addition to the Profit after Tax. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory profit under AAS adjusted for specific non-cash and significant items. The company's directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and profit after income tax for the half year ended 31 December 2022 is noted in the accompanying table.

	1H23	1H22
	\$000's	\$000's
Net profit / (loss) after tax	466	(4,299)
Less income tax benefit	(364)	(92)
Net profit / loss before tax	102	(4,391)
Add back:		
Depreciation and amortization	5,631	2,063
Finance costs	915	663
EBITDA	6,648	(1,665)
Add back abnormal expenses:		
Merger and acquisition costs	-	3,306
EBITDA excl M&A costs	6,648	1,641

Segment restatement – 1H22

Half year actuals (\$000's)		Variance		
1H22 Previous structure		1H22 Revised structure		\$000's
Revenue		Revenue		
Greenwich	5,041	International Vocational	7,842	2,801
Technology & Design	3,706	Technology & Design	3,706	-
Go Study	947	Go Study	947	-
Sero / Celtic / CTI	8,608	Domestic Vocational	5,809	(2,799)
Eliminations / Other	(65)	Eliminations / Other	(67)	(2)
Total Revenue	18,237	Total Revenue	18,237	-
EBITDA		EBITDA		
Greenwich	1,538	International Vocational	509	(1,029)
Technology & Design	1,048	Technology & Design	931	(117)
Go Study	29	Go Study	(15)	(44)
Sero / Celtic / CTI	296	Domestic Vocational	1,185	889
Eliminations / Other	(1,270)	Eliminations / Other	(969)	301
EBITDA	1,641	EBITDA	1,641	-

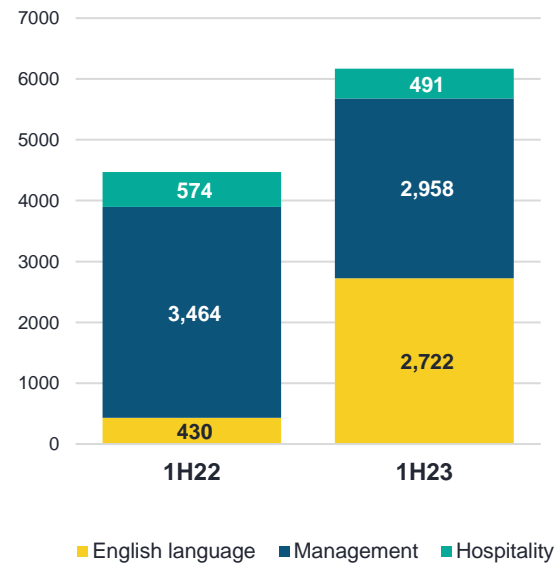
- Operating segments for domestic and international vocational students were restructured at the beginning of FY23 to better service student markets and leverage organisational capabilities
- The restructure has enabled the centralisation of student support functions to deliver operational efficiencies
- Segment results have been reported under the new organisational structure
- Certain corporate costs have been reallocated to operating segments to enhance disclosures
- Prior period segment results have been restated to ensure comparability between period
- There is no change to the consolidated results

Segment Revenue & EBITDA

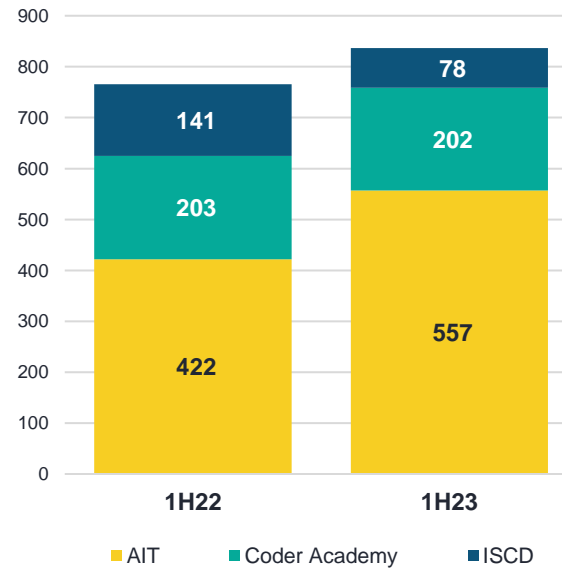
	Half year actuals (\$000's)		Variance	
	1H23	1H22	\$000's	%
Revenue				
International Vocational	27,890	7,842	20,048	256%
Technology & Design	9,060	3,706	5,354	144%
Go Study	2,462	947	1,515	160%
Domestic Vocational	4,731	5,809	(1,078)	(19%)
Eliminations / Other	(569)	(67)	(502)	749%
Total Revenue	43,574	18,237	25,337	139%
EBITDA				
International Vocational	6,531	509	6,022	1,183%
Technology & Design	2,872	931	1,941	208%
Go Study	(177)	(15)	(162)	n/m
Domestic Vocational	1,523	1,185	338	29%
Eliminations / Other	(4,101)	(969)	(3,132)	323%
EBITDA	6,648	1,641	5,007	305%

Average student numbers by segment

International Vocational



Technology & Design



Domestic Vocational



Important notice & disclaimer

Summary Information

This Presentation contains summary information about NextEd Group Limited and its activities which is current only as at the date of this Presentation (unless specified otherwise). The material in this Presentation is general background information and does not purport to be complete. It does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au. No representation or warranty, expressed or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Presentation. To the maximum extent permitted by law, NextEd Group Limited, its subsidiaries and their respective directors, officers, employees, agents and advisers disclaim all liability and responsibility for any direct or indirect loss, costs or damage which may be suffered by any recipient through use of or reliance on anything contained in, implied by or omitted from this Presentation. Reliance should not be placed on information or opinions contained in this Presentation and, subject only to any legal obligation to do so, NextEd Group Limited does not have any obligation to correct or update the content of this Presentation.

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