

16 August 2022

Company Announcements Office
Australian Securities Exchange
Via ASX Online
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ANNOUNCEMENT

FY22 PRELIMINARY FINAL REPORT

In accordance with ASX Listing Rule 4.3A, Academies Australasia Group Limited (ASX: AKG) provides its Preliminary Final Report (Appendix 4E) for the year ended 30 June 2022 (FY22).

Notwithstanding the 22% decrease in revenue from ordinary activities (from \$48.3 million to \$37.8 million), after adjusting the EBITDA for other income in the form of JobKeeper/JobSaver and rental rebates, the entity in fact performed better than in the previous period.

	Reporting Period	\$000s Previous Period
EBITDA	5,765	9,106
JobKeeper/JobSaver and rental rebates	<u>(1,791)</u>	<u>(5,644)</u>
	<u>3,974</u>	<u>3,462</u>

There was an improvement of \$512,000 or 15% achieved mainly from the streamlining of operations which reduced personnel and premises expenses.

Stephanie Noble
Company Secretary

For further information call Christopher Campbell on +61 2 9224 5555.

Academies Australasia has been operating for 114 years and listed on the Australian Securities Exchange for 45 years. The group comprises 18 separately licensed colleges operating in New South Wales, Queensland, South Australia, Victoria and Western Australia in Australia, and overseas in Singapore. The group offers a wide range of recognised courses at different levels – Certificate, Diploma, Advanced Diploma and Bachelor Degree. Over the years, Academies Australasia colleges have taught more than 100,000 students from 130 countries.

APPENDIX 4E: PRELIMINARY FINAL REPORT

1. Company details

Name: Academies Australasia Group Limited
ABN: 93 000 003 725

Reporting Period: Financial year ended 30 June 2022 (FY22)
Previous Period: Financial year ended 30 June 2021 (FY21)

2. Results for announcement to the market

					\$'000
2.1	Revenue from ordinary activities (<i>See item 4.1</i>)	down	22%	to	37,840
2.2	Loss from ordinary activities before tax (<i>See item 4.4</i>)	up	987%	to	(1,782)
2.3	Loss from ordinary activities after tax (<i>See item 4.6</i>)	up	23%	to	(1,309)
2.4	Net loss for the period attributable to owners of the parent entity (<i>See item 4.11</i>)	up	5%	to	(1,302)
2.5	Earnings before interest, tax, depreciation and amortisation (EBITDA)	down	37%	to	5,765

3. Commentary

3.1 EBITDA after adjustments for Jobkeeper/Job saver and rental rebates

	Reporting Period	Previous Period
EBITDA	5,765	9,106
JobKeeper/JobSaver and rental rebates	(1,791)	(5,644)
EBITDA after adjustments for Jobkeeper/Job saver and rental rebates	3,974	3,462

After adjusting for other income in the form of JobKeeper/JobSaver and rental rebates, the Group performed better than in the previous year. There was an improvement of \$512,000 (15%) achieved mainly from the streamlining of operations which reduced personnel and premises costs.

[Note: 'EBITDA' is not a term prescribed by the Australian Accounting Standards ('AAS').]

3.2 Relocation of Premises

In FY22 the Company continued consolidating certain operations to reduce costs, including rent. Operations from the Sydney campus located at 333 Kent Street were relocated to existing premises at Level 6, 505 George Street as the building in Kent Street is going through major lengthy renovations. The Company has taken a 10-year lease of 3,300 sqm at 4-10 Goulburn Street.

3.3 COVID-19 Pandemic

We have worked hard to seek international students from offshore following the opening of Australia's international border and have been successful. But there has been a major logjam at the visa processing operations at the Department of Home Affairs ('DHA'). Apparently, DHA has been hit by a large backlog of applications for student visas, substantial new applications, staff shortages at overseas posts because of COVID-19, and the impact of a \$900 million cut by the previous government in the budget handed down before the May elections. The sharp slowdown in visa processing has more than just the international education sector screaming. Other frustrated sectors include hospitality, waiting for tourists, and businesses waiting for skills visa processing to be issued for staff they need. The new Federal government made this a priority item that was addressed at the first National Cabinet meeting, chaired by the Prime Minister. Visa approvals are improving but still seem far from pre-COVID-19 levels. We are nevertheless confident about the future as the interest to study in Australia is there.

Domestic training programs continue to be badly affected by COVID-19 – affected by the overall slowdown in business and the fear of infection. Unless the pandemic deteriorates, we are confident that the domestic business will improve too.

3.4 Degree Programs

Academies Australasia Polytechnic ('AAPoly') has been approved by the Tertiary Education Quality and Standards Agency ('TEQSA') to offer the Bachelor of Business (Cyber Security). Cyber Security is a growing area of concern as a cyber-attack can very quickly break a business. It is not just an IT, Compliance or Finance department's responsibility. It is an all-staff, whole-of-business responsibility. That is why our Cyber Security offering is within a Bachelor of Business degree. Our Bachelor of Business (Cyber Security) degree which addresses Governance, Risk and Compliance, is Australia's first Bachelor degree in Cyber Security with a business focus.

AAPoly has submitted applications for three other degrees to TEQSA.

3.5 Acquisition of remaining interest in Kreate Pty Limited T/A RuralBiz Training (RBT)

On 27 September 2021, AKG4 Investment Holdings Pty Limited acquired the remaining 25% of RBT for a consideration of \$328,000 in cash. The Group now owns 100%.

\$'000

4. Condensed consolidated income statement

	Reporting Period	Previous Period
4.1 Revenue from ordinary activities (<i>See items 4.12 and 4.13</i>)	37,840	48,309
4.2 Expenses from ordinary activities (<i>See item 4.14</i>)	(38,129)	(46,712)
4.3 Finance costs	(1,493)	(1,761)
4.4 Loss from ordinary activities before tax	(1,782)	(164)
4.5 Income tax expense on ordinary activities	473	(896)
4.6 Loss from ordinary activities after tax	(1,309)	(1,060)
4.7 Other comprehensive income		
4.8 Exchange differences on translating foreign controlled entities	(9)	(1)
4.9 Total comprehensive income	(1,318)	(1,061)
4.10 (Loss) / Profit attributable to non-controlling interest	(7)	181
4.11 Loss attributable to members of the parent entity	(1,302)	(1,241)
4.12 Revenue from services	36,042	42,624
4.13 Other revenue		
- Government/State assistance	805	5,421
- Rental assistance	986	223
- Interest	7	41
4.14 Details of expenses		
- Depreciation, amortisation and loss on disposal of assets	6,061	7,550
- Student acquisition and teaching costs	15,280	19,448
- Personnel expenses	11,704	13,498
- Premises expenses	2,944	3,327
- Other administration expenses	2,060	2,349
- Restructure and non-recurring costs	80	540
4.15 Income tax expense on ordinary activities in the Previous Period (<i>See item 4.5</i>) includes a \$844,000 reduction in deferred tax assets.		

\$'000

5. Condensed consolidated balance sheet

	Reporting Period	Previous Period
Current assets		
5.1 Cash	15,956	12,371
5.2 Receivables	2,005	2,373
5.3 Other		
- Prepayments	2,772	1,308
- Other	500	692
5.4 Total current assets	21,233	16,744
Non-current assets		
5.5 Plant and equipment	3,743	4,337
5.6 Right of use assets	21,514	28,584
5.7 Deferred tax assets	5,726	4,520
5.8 Intangibles	32,855	32,844
5.9 Total non-current assets	63,838	70,285
5.10 Total assets	85,071	87,029
Current liabilities		
5.11 Tuition fees in advance (deferred income)	19,398	12,919
5.12 Trade and other payables	3,500	3,971
5.13 Current tax payable	597	-
5.14 Short-term lease liabilities	4,454	5,584
5.15 Short-term provisions	3,400	3,317
5.16 Total current liabilities	31,349	25,791
Non-current liabilities		
5.17 Long-term lease liabilities	25,377	31,149
5.18 Long-term provisions	341	371
5.19 Total non-current liabilities	25,718	31,520
5.20 Total liabilities	57,067	57,311
5.21 Net assets	28,004	29,718
Equity		
5.22 Share capital	42,066	42,066
5.23 Retained profits (accumulated losses)	(14,534)	(13,003)
5.24 Foreign currency translation reserve	60	69
5.25 Non-Controlling Interest	412	586
5.26 Total equity	28,004	29,718

\$'000

6. Condensed consolidated cash flow statement

	Reporting Period	Previous Period
Cash flows from operating activities		
6.1 Receipts from customers	43,187	45,230
6.2 Payments to suppliers and employees	(32,521)	(39,757)
6.3 Interest received	7	41
6.4 Interest paid	(1,474)	(1,743)
6.5 Income taxes paid	124	24
6.6 Net operating cash flows	9,323	3,795
Cash flows from investing activities		
6.7 Make good payments	(28)	(82)
6.8 Acquisition of RBT	(328)	-
6.9 Purchases of plant and equipment	(327)	(112)
6.10 Purchase of intangible assets	(237)	(239)
Net investing cash flows	(920)	(433)
Cash flows from financing activities		
6.11 Dividends paid		
- Shareholders of non-controlling interests	(68)	(184)
- Shareholders of parent entity	-	(2,380)
6.12 Lease payments	(4,750)	(5,331)
6.13 Net financing cash flows	(4,818)	(7,895)
6.14 Net increase in cash held	3,585	(4,533)
6.15 Net cash at beginning of period	12,371	16,904
6.16 Net cash at end of period	15,956	12,371

6.17 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

- None

6.18 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

Cash (*See item 5.1*)

Bank overdraft

6.19 Net cash on hand and at bank (*See item 6.16*)

Reporting Period	Previous Period
15,956	12,371
-	-
15,956	12,371

7. Statement of retained earnings

\$'000

	Reporting Period	Previous Period
7.1 Retained profits (accumulated losses) at the beginning of the financial period original	(13,003)	(9,382)
7.2 Net loss attributable to members (<i>See item 4.11</i>)	(1,302)	(1,241)
7.3 Dividend paid	-	(2,380)
7.4 Acquisition of remaining 25% of RBT *	(229)	-
7.5 Retained profits (accumulated losses) at end of financial period	(14,534)	(13,003)

* Cash consideration of \$328,000 (*See item 6.8*) less the 25% non-controlling interest of \$99,000.

8. Dividends

There were no dividends paid or declared to the Company's shareholders during the year.

9. Dividend reinvestment plans

No dividend reinvestment plans were in operation during the reporting period or the previous corresponding period.

10. Net tangible Assets

	Reporting Period	Previous Period
Net tangible asset backing per ordinary share is based on 127,614,467 shares at both reporting dates.	(3.8) cents	(2.4) cents

11. Associates and joint venture entities

No member of the Group held an interest in, or participated in the results of, a joint venture.

12. Foreign entities

The Group owns 100% of ACA Investment Holdings Pte. Limited which owns 100% of Centre for Australian Education Pte. Limited and 100% of Academies Australasia College Pte. Limited. All these entities are incorporated in Singapore.

13. Commentary on results

13.1 Earnings per security (EPS)

Basic EPS

Reporting Period	Previous Period
(1.02) cents	(0.97) cents

Weighted average number of ordinary shares used in calculation of basic EPS.

127,614,467 127,614,467

The earnings amount used was a loss of \$1,302,000 (2021 loss: \$1,241,000), on ordinary activities after tax attributable to members of the parent entity (*See item 4.11*).

13.2 Returns to shareholders.

There were no dividends paid or declared to the Company's shareholders during the year.

13.3 Significant features of operating performance.

Please see items 3.1 to 3.5.

13.4 The Company has only one operating segment: Education.

13.5 Ratios.

Loss before tax / revenue

Consolidated profit from ordinary activities before tax (*See item 4.4*) as a percentage of revenue (*See item 4.1*)

Loss after tax / equity interests

Consolidated net profit from ordinary activities after tax attributable to members of the parent entity (*See item 4.11*) as a percentage of equity at the end of the period (*See item 5.26*)

Reporting Period	Previous Period
(4.71) %	(0.34) %
(4.38) %	(4.18) %

14. This report is based on accounts which are in the process of being audited.

15. These accounts are not likely to be subject to dispute or qualification.

Stephanie Noble
Group Finance Manager

16 August 2022