

20 August 2024

Company Announcements Office  
Australian Securities Exchange  
Via ASX Online  
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## ANNOUNCEMENT

### **FY24 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 2024 (FY24).

Stephanie Noble  
Company Secretary

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

*Academies Australasia has been operating for 116 years and listed on the Australian Securities Exchange for 47 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 (RP): Financial year ended 30 June 2024 (FY24)  
Previous Period (PP): Financial year ended 30 June 2023 (FY23)

### **2. Results for announcement to the market**

- 2.1 Revenue from ordinary activities was up 0.15% to \$46,831,000 (*See item 4.1*)
- 2.2 Loss from ordinary activities after tax attributable to members, was \$9,653,000, up 270% on the PP loss of \$2,606,000 (*See item 4.7*). After adjusting non-cash impairments / provisions totalling \$6,133,000 (*See item 3.3*), the loss was \$3,520,000.
- 2.3 Net loss for the period attributable to owners of the parent entity, was \$9,779,000, up 255% on the PP net loss of \$2,758,000 (*See item 4.12*). After adjusting non-cash impairments / provisions totalling \$6,133,000 (*See item 3.3*), the net loss was \$3,646,000.
- 2.4 Earnings before interest, tax, depreciation and amortisation (EBITDA), after including non-cash impairments / provisions totalling \$6,133,000, was down 141% to negative \$2,496,000.

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

### **3. Commentary**

#### **3.1 The International Education Sector**

The sector has been in turmoil throughout the RP – especially after the announcement of a new migration strategy on 11 December 2023. That strategy included measures and proposals that could discourage international students from studying in Australia and make operating more onerous for education providers. There's still a lot to be clarified before we can have a full picture of the impact on Australia's international education sector. The Group's domestic business and operations in Singapore are not impacted by the new migration strategy.

#### **3.2 Adjustments**

- 3.2a At the Half Year, there was a provision for impairment of \$650,000 against the non-recourse loans of \$2,000,000 that secure the 5,000,000 shares issued at 40 cents each under the employee incentive plan. That provision has been increased to \$1,150,000 because the share price at 30 June 2024 was 17 cents compared to the 27 cents at 31 December 2023. This provision will be adjusted according to the share price at 30 June and 31 December while the loans are in place.
- 3.2b In anticipation that there would be public funding to subsidise training in nursing and that non-public training organisations would not qualify for that subsidy, our college delivering a nursing qualification taught out existing students and withdrew its application to renew the qualification. It was considered imprudent to try to compete against public funded operators – especially

because the course is expensive to run, it was very difficult to get appropriately qualified nursing professionals as trainers as well as to secure placements for students to get practical experience at hospitals (without which students cannot graduate). All this against a background where government policies about international students continue to be unclear, and the minimum English language requirement for enrolment in a Diploma in Nursing was increased to IELTS 7.0 or equivalent. Giving up the nursing qualification, which was the main business of the college, required an impairment of \$4,408,000 against the goodwill component of the cost of the acquisition of the college in November 2014, and \$575,000 against right of use assets which relates to the lease on college premises.

- 3.2c In the RP the lease at the Goulburn Street premises had an impact of \$2,353,000 (PP \$2,700,000) made up of depreciation and amortisation and finance costs. Outstanding issues in respect to the 9B application have been addressed and 9B approval is expected after renovations are commenced and completed.

### 3.3 Loss before tax after adjustments for 3.2a, 3.2b and 3.2c

	RP \$000	PP \$000
Loss from ordinary activities before tax ( <i>See item 4.5</i> )	(11,009)	(3,366)
Add back impairments / provisions ( <i>See item 4.16</i> )		
- goodwill	4,408	-
- right of use assets	575	-
- loans secured for the issue of shares in the employee incentive plan	1,150	-
Add back Goulburn Street		
- depreciation and amortisation ( <i>See item 4.15</i> )	1,568	1,568
- finance costs ( <i>See item 4.4</i> )	771	820
- outgoings, facilities etc ( <i>See item 4.15</i> )	14	312
Add back write down of leasehold improvements ( <i>See item 4.15</i> )	-	425
Deduct Government/State assistance and rental rebates ( <i>See item 4.14</i> )	(91)	(45)
Adjusted Loss before tax	<u>(2,614)</u>	<u>(286)</u>

### 3.4 EBITDA after adjustments for 3.2a and 3.2b

	RP \$000	PP \$000
EBITDA	(2,496)	6,020
Add back impairments / provisions ( <i>See item 4.16</i> )		
- goodwill	4,408	-
- right of use assets	575	-
- loans secured for the issue of shares in the employee incentive plan	1,150	-
Government/State assistance and rental rebates ( <i>See item 4.14</i> )	(91)	(45)
EBITDA after adjustments	<u>3,546</u>	<u>5,975</u>

### 3.5 Acquisition of remaining interest in Language Links International Pty Limited (LLI)

On 28 March 2024, AKG6 Investment Holdings Pty Limited, a wholly owned subsidiary of AKG, acquired the remaining 25% of LLI for a consideration of \$96,000. The first instalment (\$32,000) was paid on 28 March 2024, the second instalment (\$32,000) was paid on 15 July 2024. The final instalment (\$32,000) is due on 30 September 2024. The Group now owns 100%.

### 3.6 Directors' Loans

On 17 April 2024, four directors extended a total of \$1.0 million as unsecured loans to AKG: Dr John Schlederer - \$200,000; Chiang Meng Heng - \$700,000; Gabriela Rodriguez - \$50,000; and Sartaj Hans - \$50,000. On 29 June 2024, Chiang Meng Heng extended an unsecured loan of \$4.0 million.

The material features of each of the above loans are:

- The interest rate applicable to each loan is 9% per annum calculated on a simple interest basis.
- Interest on each loan is paid quarterly.
- The principal must be paid within 12 months of the advance date.
- The loans are unsecured.
- The loan agreements contain warranty and covenant clauses standard for agreements of this nature.
- The loan agreements do not include any right to convert the loans to AKG shares.

### 3.7 Refunds

While visa rejections in the RP continued to be high, they were significantly lower than visa rejections in the PP. Refunds paid to students in the RP, mainly because of visa rejections, were \$6.2 million (PP \$10.6 million).

In FY19 (pre-COVID) refunds because of visa rejections were \$3.9 million.

### 3.8 New degree courses

In the RP Academies Australasia Polytechnic (AAPoly), our higher education provider received approval from the Tertiary Education Quality and Standards Agency (TEQSA) to offer the Master of Information Technology (MIT) and the Bachelor of Information Technology (BIT).

### 3.9 AAPoly now in Western Australia

In the RP, TEQSA also approved AAPoly's delivery of its degree courses at Level 1, 120 Roe Street, Northbridge, WA. The MIT, which AAPoly commenced offering in the RP, was very well received.

\$'000

**4. Condensed consolidated income statement**

	Reporting Period	Previous Period
4.1 Revenue from ordinary activities <i>(See items 4.13 and 4.14)</i>	46,831	46,760
4.2 Expenses from ordinary activities <i>(See item 4.15)</i>	(49,687)	(47,984)
4.3 Other expenses – impairments /provisions <i>(See item 4.16)</i>	(6,133)	-
4.4 Finance costs *	(2,020)	(2,142)
<b>4.5 Loss from ordinary activities before tax</b>	<b>(11,009)</b>	<b>(3,366)</b>
4.6 Income tax expense on ordinary activities	1,356	760
<b>4.7 Loss from ordinary activities after tax</b>	<b>(9,653)</b>	<b>(2,606)</b>
<b>4.8 Other comprehensive income</b>		
4.9 Exchange differences on translating foreign controlled entities	3	10
<b>4.10 Total comprehensive income</b>	<b>(9,650)</b>	<b>(2,596)</b>
<b>4.11 Profit attributable to non-controlling interest</b>	<b>126</b>	<b>152</b>
<b>4.12 Loss attributable to members of the parent entity</b>	<b>(9,779)</b>	<b>(2,758)</b>
4.13 Revenue from services	46,371	46,509
4.14 Other revenue		
- Interest received	231	206
- Rent received	124	-
- Government/State assistance	91	39
- Other	14	6
4.15 Details of expenses		
- Depreciation, amortisation and loss on disposal of assets **	6,724	7,450
- Student acquisition and teaching costs	25,280	23,187
- Personnel expenses	12,308	12,506
- Premises expenses ***	2,834	2,629
- Other administration expenses	2,541	2,212
4.16 Other expenses – impairments / provisions		
- Goodwill	4,408	-
- Right of use assets	575	-
- Loans secured for the issue of shares in the employee incentive plan	1,150	-

\* Includes \$771,000 for the Goulburn Street premises. (PP \$820,000)

\*\* Includes \$1,568,000 depreciation for the right of use asset arising from the lease on the Goulburn Street premises (PP \$1,568,000)

\*\*\* Includes \$14,000 for the Goulburn Street premises. (PP \$312,000)

\$'000

<b>5. Condensed consolidated balance sheet</b>		Reporting Period	Previous Period
<b>Current assets</b>			
5.1	Cash	5,832	8,046
5.2	Receivables	1,905	1,839
5.3	Other		
	- Prepayments	2,049	3,317
	- Other	359	349
5.4	<b>Total current assets</b>	<b>10,145</b>	<b>13,551</b>
<b>Non-current assets</b>			
5.5	Plant and equipment	2,337	2,872
5.6	Right of use assets	31,774	32,652
5.7	Deferred tax assets	6,647	7,015
5.8	Intangibles	28,372	32,802
5.9	Other non-current assets	850	2,000
5.10	Cash guarantees	3,736	2,500
5.11	<b>Total non-current assets</b>	<b>73,716</b>	<b>79,841</b>
5.12	<b>Total assets</b>	<b>83,861</b>	<b>93,392</b>
<b>Current liabilities</b>			
5.13	Tuition fees in advance (deferred income)	10,666	15,581
5.14	Trade and other payables	5,036	4,363
5.15	Current tax payable	219	270
5.16	Short-term borrowings	5,000	-
5.17	Short-term lease liabilities	7,013	5,973
5.18	Short-term provisions	3,712	3,712
5.19	<b>Total current liabilities</b>	<b>31,646</b>	<b>29,899</b>
<b>Non-current liabilities</b>			
5.20	Long-term lease liabilities	34,153	35,726
5.21	Long-term provisions	400	359
5.22	<b>Total non-current liabilities</b>	<b>34,553</b>	<b>36,085</b>
5.23	<b>Total liabilities</b>	<b>66,199</b>	<b>65,984</b>
5.24	<b>Net assets</b>	<b>17,662</b>	<b>27,408</b>
<b>Equity</b>			
5.25	Share capital	44,066	44,066
5.26	Retained profits (accumulated losses)	(26,482)	(17,292)
5.27	Foreign currency translation reserve	73	70
5.28	Non-Controlling Interest	5	564
5.29	<b>Total equity</b>	<b>17,662</b>	<b>27,408</b>

\$'000

**6. Condensed consolidated cash flow statement**

**Cash flows from operating activities**

- 6.1 Receipts from customers
- 6.2 Payments to suppliers and employees
- 6.3 Interest received
- 6.4 Interest paid
- 6.5 Income taxes paid

**6.6 Net operating cash flows**

**Cash flows from investing activities**

- 6.7 Proceeds from sale of plant and equipment
- 6.8 Purchases of plant and equipment
- 6.9 Purchase of intangible assets

**Net investing cash flows**

**Cash flows from financing activities**

- 6.10 Directors' loans
- 6.11 Acquisition of LLI
- 6.12 Lease payments

**6.13 Net financing cash flows**

**6.14 Net increase in cash held**

6.15 Net cash at beginning of period

**6.16 Net cash at end of period (See item 6.19)**

Reporting Period	Previous Period
42,908	42,655
(42,371)	(39,473)
231	206
(2,007)	(2,125)
1,680	(843)
<b>441</b>	<b>420</b>
14	-
(160)	(329)
(117)	(116)
<b>(263)</b>	<b>(445)</b>
5,000	-
(32)	-
(6,124)	(5,385)
<b>(1,156)</b>	<b>(5,385)</b>
<b>(978)</b>	<b>(5,410)</b>
10,546	15,956
<b>9,568</b>	<b>10,546</b>

**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)

Cash guarantees (See item 5.10)

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

Reporting Period	Previous Period
5,832	8,046
3,736	2,500
9,568	10,546

## 7. Statement of retained earnings

\$'000

	Reporting Period	Previous Period
7.1 Retained profits (accumulated losses) at the beginning of the financial period original	(17,292)	(14,534)
7.2 Net loss attributable to members ( <i>See item 4.12</i> )	(9,779)	(2,758)
7.3 Acquisition of remaining 25% of LLI	589	-
7.4 Retained profits (accumulated losses) at end of financial period	(26,482)	(17,292)

## 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

Net tangible asset backing per ordinary share is based on 132,614,467 shares at 30 June 2024 and 30 June 2023.

Reporting Period	Previous Period
(8.1) cents	(4.1) 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
(7.37) cents	(2.12) cents

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

132,614,467      130,326,796

The earnings amount used was a loss of \$9,779,000 (PP Loss \$2,758,000), on ordinary activities after tax attributable to members of the parent entity (*See item 4.12*).



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 3.9.

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 4.5*) 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 4.12*) as a percentage of equity at the end of the period (*See item 5.29*)

Reporting Period	Previous Period
(23.51) %	(7.20) %
(55.37) %	(10.06) %

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

20 August 2024