

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

116th ANNUAL GENERAL MEETING

11.30am, 22 November 2024

Good morning

My name is Chiang Meng Heng. I am standing in for Dr John Schlederer who is overseas.

It is my pleasure to welcome you to the 116th Annual General Meeting of Academies Australasia Group Limited. Thank you for coming.

Overview

The financial results in the Annual Report for the year ended 30 June 2024 ('FY24') released on 30 August 2024, were not pretty.

Revenue was about \$47 million. Growth on the previous corresponding period ('PCP') was negligible.

Loss before tax after adjustments

- for non-cash impairments/provisions totaling \$6.13 million, and
- \$2.35 million for the cost of the Goulburn Street premises (before required renovations are commenced and completed and the 9B certification is issued)

was \$2.61 million (PCP loss was \$0.29 million).

Other significant items in FY24:

- a. Refunds paid to students, mainly because of visa rejections, totaled \$6.2 million – a drop of 42% compared to PCP refunds of \$10.6 million.
- b. Academies Australasia Polytechnic ('AAPoly') obtained approval to offer the Bachelor of Business (Analytics), Bachelor of Information Technology and the Master of Information Technology.
- c. AAPoly obtained approval to offer its seven degree courses at the group's campus in Perth.

July to October 2024

Market conditions continued to be trying – made worse by the threat of radical change (imposition of caps on student commencements from 1 January 2025) that has been widely criticised, and regulation by fiat (Ministerial Direction 107 ('MD107')) that could be considered to treat unfairly certain providers who have suffered high student visa rejection rates. Nevertheless, your Board is pleased with the performance for July to October 2024 ('the Period') which are the first four months of FY25.

Highlights for the Period (unaudited management accounts):

- a. Revenue was \$18.1 million (8% above PCP)
- b. EBITDA was \$3.3 million (139% above PCP)
- c. Profit (Normalised*) was \$1.094 million (\$1.628 million above PCP)
**After adding back, in respect to Goulburn Street (i) Depreciation and amortisation \$523k (PCP \$523k), (ii) Finance costs \$245k (PCP \$263k), and (iii) Outgoings, electricity and cleaning costs \$25k (PCP \$109k)*
- d. Refunds were \$1.16 million (\$1.92 million or 62% better than PCP)

Outlook

While we are happy with the performance for the Period, it is not easy to forecast the rest of FY25. Early this week, there was some encouragement when the Coalition announced that they would not support the Government's proposed caps on student commencements. On the other hand, we have no feel for what the Coalition has in mind as an alternative. More seriously, with the Government's proposal for caps not going through, MD107 remains in place. MD107 makes it very difficult for a Level 3 provider to improve its rating because it is not easy to get new business. Why should a student apply to study with a Level 3 provider when they can apply to study with a Level 2 or Level 1 provider and not have to wait 16 weeks for their visa application to be processed? [We have 12 colleges authorised to enrol and teach international students in Australia. According to the Department of Home Affairs education provider reports for October 2024 only AAPoly is at Level 3.]

International education has turned out to be a political football in the context of the impending Federal election. Certain comments being bandied about smack of populism rather than carefully considered positions that are good for the country. The air may not clear until after the Federal election.

In the meantime, bearing in mind the need to also address a total of \$5 million in loans extended to the Company by your Directors in April and June 2024 (with these loans due for repayment in April and June 2025), it would seem prudent that the Board consider raising additional equity capital during the current financial year¹. Shareholders will be advised in the event any such raising is to be conducted. Of course.

Re-Election of Dr. John Lewis Schlederer

One of the items on today's agenda is the re-election of Dr. Schlederer. Dr. Schlederer joined the Board as a Non-Executive Director in August 2009. He was appointed Chairman of the Board in January 2014. He is Chairman of the Remuneration Committee

¹ For the avoidance of doubt, the Company confirms that no decision in relation to the making (or the terms and structure) of any potential capital raising has been made. The Company will keep shareholders informed of any material developments in this regard in accordance with its disclosure obligations.

and a member of the Audit and Risk Committee. The Board appreciates your support of Dr. Schlederer's contribution and recommends that you vote in favour of his re-election.

We appreciate it

On behalf of the Board, I would like to thank all our shareholders, students, clients, partners, associates, management, and staff for their contribution in FY24 and their continuing support.

Thank you.

Chiang Meng Heng
Chairman
22 November 2024