

CHAIRMAN'S ADDRESS TO SHAREHOLDERS **112th ANNUAL GENERAL MEETING**

11.30am, 18 November 2020
(Virtual Meeting)

Good morning

It is my pleasure to welcome you to the 112th Annual General Meeting of Academies Australasia Group Limited.

This is my first time chairing a virtual meeting. Strange though this may feel, one attraction is that it enables our shareholders from overseas to participate. May I extend a special welcome to attendees who are overseas.

Overview

Details of the financial performance for the period under review are contained in the FY20 Annual Report that was sent to all shareholders.

FY20 was another good year. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) after adjustment for significant items was \$14.5 million – an increase from that in FY19.

We are proud of the Company's performance in FY20. Our best-ever results were achieved at a time when we had the worst market conditions that we can remember.

And we paid a dividend in a period where many companies cancelled or reduced dividends.

Outlook

When we signed off on the Report of the Chairman and Group Managing Director and CEO on 4 September, we cautioned that COVID-19 may cause further deterioration in the economy and business opportunities. We were not wrong. The subsequent lock-down in Metropolitan Melbourne was destructive. While COVID-19 restrictions are generally being relaxed, the threat of another wave and a return to lock-down is still there. This week's unexpected breakout in South Australia makes the point. Australia's borders are still closed. In a couple of days, they would have been shut for eight months.

The mixed signals from the Federal Government do not make planning easy. The Hon Dan Tehan, Minister for Education, is supportive of the international student business. The release of the *'Protocols and preconditions for international student arrivals'* on 29 October was most encouraging. For months before the sector had to live with the memory of the Prime Minister telling international students to go home. Quite jarring to students, parents and education counsellors who had always been told that Australia welcomes international students. On Friday last week the Prime Minister was quoted as saying that the broader

entry of international students will be looked at *'in several weeks'*. The following day, the Education Editor of the Australian Financial Review wrote: *'Prime Minister Scott Morrison is wrong when he says Australia does not have quarantine facilities for international students, according to accommodation companies that say there are 5500 empty rooms in three cities ideal for quarantine ...'* One should also remember the contribution that international education makes to the Australian economy – and the Australian jobs at stake.

July to October 2020

Preliminary, unaudited management figures indicate that EBITDA for the first four months of FY21 (ie July to October 2020) is \$4.56 million compared to EBITDA of \$5.24 million for the same period in FY20. It is relevant to note that the lock-down in Melbourne prevented the delivery of practical classes in certain subjects (which could not be satisfactorily taught on-line). The net contribution of these classes, if held as originally scheduled, to EBITDA for the first four months would have been about \$0.4 million. The good news is that delivery of these practical classes has now commenced. If this net contribution of \$0.4 million were to be added to the EBITDA of \$4.56 million for the four-month-period, the total of \$4.96 million would be about 5% below the EBITDA of the previous corresponding period.

We are not unhappy with performance so far. However, it must be reiterated that the future is not clear, and it would be incorrect to extrapolate that the remaining eight months of FY21 will be a smooth ride.

We press on. We will continue to be cautious.

Re-Election of Dr. John Lewis Schlederer

Today, shareholders consider my re-election to the Board. I am delighted to learn that from votes already received I will be re-elected. Thank you. May I apologise to the shareholder with 15,000 shares (0.01%) who voted against the resolution. I will try harder.

Industry Representatives

We congratulate Gabriela Rodriguez who was re-elected Deputy Chairman of the Independent Higher Education Australia Board this year. Joanna Kelly continues on the Board of English Australia. We thank them for their continuing contribution to the education sector.

Welcome

I would like to welcome to the Academies Australasia family the new senior leadership team at Academies Australasia Polytechnic:

Silvija Dobson - Chief Executive Officer
Professor Paul Watters - Academic Dean
Dr Jean-Marie Ip - Associate Dean (Student Experience)

Dr Sunny Vinnakota - Associate Dean (Education)
Professor Gary O'Donovan - Chair, Academic Board

Thank you

Finally, may I thank all stakeholders in the Company - shareholders, students, clients, partners, associates, management and staff - for their contribution and support in the year under review.

Thank you for attending this meeting.

Dr John Lewis Schlederer
Chairman
18 November 2020