

CHAIRMAN'S ADDRESS TO SHAREHOLDERS 113th ANNUAL GENERAL MEETING

11.30am, 15 November 2021
(Virtual Meeting)

Good morning

It is my pleasure to welcome you to the 113th Annual General Meeting of Academies Australasia Group Limited.

This is the second time that we are having our AGM conducted electronically. May I again extend a special welcome to attendees who are interstate or overseas.

Overview

The Annual Report for the year ended 30 June 2021 (FY21) that was sent to all shareholders last month described the financial performance of the Company for FY21.

We are, of course, not happy with the FY21 results – especially after recording three successive years of record EBITDA results in FY18, FY19 and FY20. But nobody saw the COVID-19 pandemic coming and the fear and severe restrictions on people movements that the pandemic generated, made worse by political and bureaucratic bungling. That said, notwithstanding the disappointments, we did produce a substantial EBITDA of \$9.64 million (after adjustment for significant items of \$0.54 million) and net operating cash flow of \$3.8 million. We still have no bank borrowings and recorded \$12.4 million in cash on 30 June 2021. The (before tax) loss of \$164,000 for FY21 is small.

We appreciate the commitment and contribution of all our staff during the pandemic, especially all those at the head office in Sydney who continued to report for work to address their responsibilities as well as the issues at other group entities that could not be addressed on-site because of lockdowns.

First Quarter FY22

Bearing in mind that New South Wales and Victoria, where most of our operations are carried out, were in lockdown for almost all of July, August and September 2021, we are pleased with performance in the first quarter. Unaudited management accounts show a (before tax) profit of \$260,000 and EBITDA of \$2.4 million, and positive net operating cash flow. At the end of September we had \$10.5 million in cash.

In August, Academies Australasia College in Singapore had its 4-year EduTrust certification successfully renewed until August 2025. The college has partnered with University of Derby to offer two 'top-up' degrees whereby students completing the Advanced Diploma in Tourism and Hospitality Management may continue at the College for another 12 months to study the University of Derby BA(Hons) International Hospitality Management or the University of Derby BA(Hons) International Tourism Management.

On 27 September we spent \$328,000 to acquire the 25% of Kreate Pty Limited T/A RuralBiz Training ('RBT'), which we did not own. We have paid a total of \$675,000 for 100% of RBT. Since the first investment in 2014, and prior to the final third tranche of \$328,000, we received \$921,000 in dividends. The first two tranches cost \$347,000.

Outlook

When we made our forecasts for FY22 we assumed that borders will reopen in the last quarter of FY22. Following the high rates of vaccination in Australia over the past two months the Federal Government has opened Australia's borders to certain countries. While the Federal Government is yet to open the borders to all international students, it appears likely that this will happen in the third quarter rather than the last quarter. Earlier entry of international students will augur well for our core business. However, it would be prudent not to assume a flood of students or that the borders will not be shut again. COVID-19 is not dead and gone. It is still around. And even if dying may well produce one or more variants that are even more destructive.

On the positive side, we have kept our operations alive and maintained the licences under which our 18 separately licensed colleges operate. And our leadership team and key staff are still in place and we have the ability to expand quickly should business go back to pre-COVID-19 levels.

Re-Election of Ms Gabriela Del Carmen Rodriguez Naranjo

One of the items on today's agenda is the re-election of Ms Rodriguez Naranjo. I am delighted to advise you that based on votes cast and proxies in hand there is no doubt that she will be re-elected. Thank you.

Industry Representation

We continue to contribute time and effort to organisations in the training and education sector. Ms Rodriguez Naranjo is in her third term as Deputy Chair of the Independent Higher Education Australia (IHEA) Board. Joanna Kelly was recently elected Deputy Chair of English Australia (EA). We thank them for their continuing contribution to the sector.

Thank you

On behalf of the Board of Directors I would like to thank all Academies Australasia stakeholders - shareholders, students, clients, partners, associates, management and staff - for their contribution in FY21 and their continuing support.

Thank you for attending this meeting.

Dr John Lewis Schlederer
Chairman
15 November 2021