

## **CHAIRMAN'S ADDRESS TO SHAREHOLDERS** 114<sup>th</sup> ANNUAL GENERAL MEETING

11.30am, 18 November 2022

Good morning

It is my pleasure to welcome you to the 114<sup>th</sup> Annual General Meeting of Academies Australasia Group Limited.

It is great to be able to meet in person again.

### **Overview**

Your Company's performance for the year ended 30 June 2022 (FY22) was addressed in the Annual Report for FY22 that was sent to all shareholders last month.

While we are unhappy to show an after-tax loss of \$1.3 million, which is \$200,000 more than in the previous year, this was all because of the COVID-19 pandemic. The pandemic led to the closing of Australia's borders which prevented international students from entering Australia and the severe restrictions on people movement within Australia that shut down domestic courses especially corporate training and training of apprentices.

Indeed, we are proud to note that, notwithstanding the pandemic,

- a. we have kept all our key business units operating and retained all our licences,
- b. we have retained all our key staff,
- c. we recorded EBITDA of \$4 million - excluding COVID-19 assistance and rental rebates, and
- d. the EBITDA of \$4 million was a 13% increase on EBITDA for the previous year despite a 15% decrease in revenue to \$36 million.

We recorded \$16 million in net cash on 30 June 2022 and continue to operate without bank borrowings.

May I again acknowledge the commitment and contribution of all our staff in FY22, especially during the pandemic. Thank you.

### **July to October 2022**

We are pleased with the Company's performance in the first four months of FY23. Unaudited management accounts show EBITDA of \$2.8 million - which is 21% above budget and 55% above what was achieved in the previous corresponding period (excluding COVID-19 assistance and rental rebates).

We had \$14.3 million in cash on 31 October 2022.

One very frustrating issue that impacted our business was the far from adequate response of Australia's Department of Home Affairs ('DHA') to applications for student visas. The substantial budget cuts at DHA left the Department poorly prepared for the flood of applications following the opening of the borders. It was reported in October 2022 that from June 2022 more than two million visas were processed. But our own experience, as well as comments from within the sector, indicate rejection rates far higher than the rates prior to COVID-19. From July to October 2022 our colleges refunded \$2.7 million to students whose visa applications were rejected or who preferred to withdraw their applications because of inconsistent messages about DHA decision-making. If the rejection rate was 25%, the potential future revenue loss from these lost student cohorts could be more than \$10 million!

## **Outlook**

We are positive about the future. But we are counting on the Federal Government continuing to appreciate the value of international education to Australia - a few years ago a \$40 billion contributor to the economy. And all the relevant arms of government must operate expeditiously, singing off the same sheet, in harmony.

The Minister for Home Affairs was recently reported to have said that Australia's immigration system is '*totally broken*', and that '*All the rules we use to decide who comes in and who doesn't aren't working*'. Brave, but encouraging. Acknowledging that there is a problem is a good start. Now to get her skates on.

We are building up our degree offerings. Our students can now choose from six degree courses: Four offered by Academies Australasia Polytechnic [*Bachelor of Tourism and Hospitality Management, Bachelor of Business (Leadership and Management), Bachelor of Business (Cyber Security), and Bachelor of Business (Digital Marketing)*] and two 'top-up' degrees offered by Academies Australasia College in Singapore on behalf of University of Derby in the UK [*Bachelor of Arts (Honours) International Hospitality Management and Bachelor of Arts (Honours) International Tourism Management*].

Academies Australasia Polytechnic's applications to offer a *Bachelor of Information Technology*, a *Master of Information Technology*, and a *Bachelor of Business (Analytics)* have been submitted for approval.

We have a strong core leadership team, several of whom have worked together for more than 20 years. We have a very experienced team and can expand quickly in Australia or overseas.

### **Re-Election of Mr Chiang Meng Heng**

One of the items on today's agenda is the re-election of Mr Chiang Meng Heng to the Board. I am delighted to advise you that based on votes cast and proxies in hand there is no doubt that he will be re-elected. The Board appreciates your support.

### **Issue of shares to Ms Gabriela Del Carmen Rodriguez Naranjo**

I am also pleased to advise you that based on votes cast and proxies in hand there is no doubt that the proposed resolution to issue 2,500,000 shares to Ms Gabriela Del Carmen Rodriguez Naranjo will be approved. Thank you for your support.

### **Thank you**

On behalf of the Board of Directors I would like to thank all Academies Australasia shareholders, students, clients, partners, associates, management, and staff - for their contribution in FY22 and their continuing support.

Thank you for attending this meeting.

Dr John Lewis Schlederer  
Chairman  
18 November 2022