

CHAIRMAN'S ADDRESS TO SHAREHOLDERS 115th ANNUAL GENERAL MEETING

11.30am, 17 November 2023

Good morning

It is my pleasure to welcome you to the 115th Annual General Meeting of Academies Australasia Group Limited.

Thank you for coming.

Overview

The Annual Report for the year ended 30 June 2023 ('FY23') dated 1 September 2023 that was sent to all shareholders, addressed your Company's performance for FY23.

In FY23, revenue increased by 24% over that of the previous corresponding period ('PCP') to \$46.8 million. After adjustments for the cost burden of our Goulburn Street premises (before all approvals for delivery there are in place), adjustments for Federal/State government assistance and rental rebates and the write down of leasehold improvements:

- Performance before tax improved by 92% to a loss of \$0.3 million (PCP: Loss of \$3.6 million);
- EBITDA improved by 50% to \$6.0 million (PCP: \$4.0 million)

We commented about the high visa rejection rates that most of our Australian colleges that teach/train international students suffered since the borders were opened after the COVID-19 pandemic. Refunds paid to students in FY23, mainly because of visa rejections, totaled \$10.6 million (PCP: \$3.9 million). Two months into FY24, just before the release of the Annual Report, the Federal Government announced a couple of long-awaited changes that were really hurting the better providers of international education: cessation of 'concurrent eCOEs' and further issue of Pandemic Event visas.

July to October 2023

FY24 has so far continued to be very trying. We have not yet shaken off the issues arising from the COVID-19 Pandemic, the high rejection rates for student visas and the loss of students who took advantage of the free Pandemic Event visas. Visa rejections (by student headcount) for the four months to October 2023 indicate an improvement on PCP numbers. But refunds (which lag a month or so after the visa rejections) are in fact 14.5% higher - \$3.4 million vs \$2.97 million in July to October 2022.

Unaudited draft management accounts for the four months to 31 October 2023 show that total revenue grew by 6% to \$16.75 million (PCP: \$15.79 million). However, EBITDA for the four months was \$1.38 million or about half the \$2.79 in PCP. The main reason for the reduced EBITDA was the fall in margin from 55% to 45%. This is because of a decline in Higher education revenue, and VET and Higher education students returning to face-to-face classes in July 2023. In the PCP these classes were conducted online and combined wherever possible to save teaching costs.

At 31 October 2023 we had \$7.3 million in cash.

Outlook

We continue to be positive about the future of the sector and our business, and take some comfort in the Federal government's August announcement to support integrity in the international education system and to support genuine international students.

The rejection of an application for a student visa affects more than the student and their family. The education representative as well as the college gets marked down – particularly smarting when the reason for the decision is unclear or clearly incorrect. It is what we have to live with to continue to operate. Some education representatives and marketing managers become gun-shy. And the process gets more difficult: The more the visa rejections, the lower the college and education representative's rating, and the lower the rating, the more hoops the applicant has to jump through to get a visa.

We are modifying a few operating models to try to help prove that the students applying to study with us are genuine students – to the extent that we can. Of course, there is no control over a student returning home before completing their course or deciding to change their course for another one.

We are pleased to announce that last week Academies Australasia Polytechnic launched two new degrees recently approved by TEQSA: The Bachelor of Information Technology and the Master of Information Technology. Information Technology courses are in high demand. Our group now offers nine degrees: Academies Australasia Polytechnic offers six Bachelor degrees and one Master degree while Academies Australasia College (in Singapore) offers two 'top-up' Honours degrees offered on behalf of University of Derby in the United Kingdom.

Re-Election of Mr. Sartaj Hans

One of the items on today's agenda is the re-election of Mr. Sartaj Hans. Mr. Hans joined the Board as a Non-Executive Director seven years ago and took on the role of Chairman of the Audit and Risk Committee. The Board appreciates your support of Mr. Han's contribution and recommends that you vote in favour of his re-election.

Thank you.

On behalf of the Board I would like to thank all Academies Australasia shareholders, students, clients, partners, associates, management, and staff - for their contribution in FY23 and their continuing support.

Mr. Neville Cleary

Mr. Cleary joined the Company as a Non-Executive Director and was appointed Chairman in April 2001. He retired in December 2013 after 12 years and 8 months of distinguished service. Mr. Cleary passed away in June 2023. May he rest in peace.

Thank you.

Dr John Lewis Schlederer
Chairman
17 November 2023