

22 August 2023

Company Announcements Office
Australian Securities Exchange
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ANNOUNCEMENT

FY23 PRELIMINARY FINAL REPORT

In accordance with ASX Listing Rule 4.3A, Academies Australasia Group Limited (ASX: AKG) provides its Preliminary Final Report (Appendix 4E) for the year ended 30 June 2023 (FY23).

Stephanie Noble
Company Secretary

For further information call Christopher Campbell on +61 2 9224 5555.

Academies Australasia has been operating for 115 years and listed on the Australian Securities Exchange for 45 years. The group comprises 18 separately licensed colleges operating in New South Wales, Queensland, South Australia, Victoria and Western Australia in Australia, and overseas in Singapore. The group offers a wide range of recognised courses at different levels – Certificate, Diploma, Advanced Diploma and Bachelor Degree. Over the years, Academies Australasia colleges have taught more than 100,000 students from 130 countries.

APPENDIX 4E: PRELIMINARY FINAL REPORT

1. Company details

Name: Academies Australasia Group Limited
ABN: 93 000 003 725

Reporting Period (RP): Financial year ended 30 June 2023 (FY23)
Previous Period (PP): Financial year ended 30 June 2022 (FY22)

2. Results for announcement to the market

- 2.1 Revenue from ordinary activities was up 24% to \$46,760,000 (*See item 4.1*)
- 2.2 Loss from ordinary activities after tax attributable to members was \$2,606,000, up 99% on the PP loss of \$1,309,000 (*See item 4.6*).
- 2.3 Net loss for the period attributable to owners of the parent entity was \$2,758,000, up 112% on the PP net loss of \$1,302,000 (*See item 4.11*).
- 2.4 Earnings before interest, tax, depreciation and amortisation (EBITDA) was up 4% to \$6,020,000.

3. Commentary

3.1 Adjusted performance before tax \$3,287,000, 92% better than PP

- 3.1a The lease on the new premises at Goulburn Street took effect from the beginning of RP, but there was limited course delivery, and only in the latter part of RP. A total of \$2,700,000 was taken up as depreciation and amortisation expenses, finance and other costs. Council approval for course delivery for the major part of the premises is expected in the first half of FY24.
- 3.1b Write down of \$425,000 of leasehold improvements following the vacating of part of the premises in Brisbane.
- 3.1c Deduction of COVID-19 support in the form of Government/State assistance and rental rebates.
- 3.1d Loss before tax after adjustments for 3.1a, 3.1b and 3.1c

	RP \$000	PP \$000
(Loss) / profit from ordinary activities before tax (<i>See item 4.4</i>)	(3,366)	(1,782)
Add back Goulburn Street		
- depreciation and amortisation (<i>See item 4.14</i>)	1,568	-
- finance costs (<i>See item 4.3</i>)	820	-
- outgoing, facilities etc (<i>See item 4.14</i>)	312	-
Add back write down of leasehold improvements (<i>See item 4.14</i>)	425	-
Deduct Government/State assistance and rental rebates (<i>See item 4.13</i>)	(45)	(1,791)
Adjusted (Loss) / profit before tax	<u>(286)</u>	<u>(3,573)</u>

3.2 **EBITDA after adjustments for Government/State assistance and rental rebates up 50% on PP**

	RP \$000	PP \$000
EBITDA	6,020	5,765
Government/State assistance and rental rebates	(45)	(1,791)
EBITDA after adjustments for Government/State assistance and rental rebates	5,975	3,974

[Note: 'EBITDA' is not a term prescribed by the Australian Accounting Standards ('AAS').]

3.3 **Share Issues**

Shareholders on 18 November 2022 authorised the issue of 2,500,000 ordinary shares to Ms. Gabriela Del Carmen Rodriguez Naranjo under the Company's Employee Incentive Plan ('Plan'). The shares were issued on 22 November at 40 cents per share, which was the closing price the day before. Under the Plan, the issue was secured by an interest free non-recourse loan of \$1,000,000.

On 5 January 2023, 2,500,000 shares at 40 cents per share, which was the closing price the day before, were issued under the Plan to Mr. Bibhod Dotel (1,000,000 shares), Ms. Joanna Kelly (1,000,000 shares) and Dr Sreekanth Vinnakota (500,000 shares). Under the Plan, the issues were secured by interest free non-recourse loans of \$400,000, \$400,000 and \$200,000 respectively.

3.4 **Refunds**

There were very high visa rejections suffered in RP. Refunds paid to students in RP, mainly because of visa rejections, were \$10.6 million.

In FY19 (pre-COVID) refunds because of visa rejections were \$3.9 million.

\$'000

4. Condensed consolidated income statement	Reporting Period	Previous Period
4.1 Revenue from ordinary activities (See items 4.12 and 4.13)	46,760	37,840
4.2 Expenses from ordinary activities (See item 4.14)	(47,984)	(38,129)
4.3 Finance costs *	(2,142)	(1,493)
4.4 Loss from ordinary activities before tax	(3,366)	(1,782)
4.5 Income tax expense on ordinary activities	760	473
4.6 Loss from ordinary activities after tax	(2,606)	(1,309)
4.7 Other comprehensive income		
4.8 Exchange differences on translating foreign controlled entities	10	(9)
4.9 Total comprehensive income	(2,596)	(1,318)
4.10 Profit / (loss) attributable to non-controlling interest	152	(7)
4.11 Loss attributable to members of the parent entity	(2,758)	(1,302)
4.12 Revenue from services	46,509	36,042
4.13 Other revenue		
- Government/State assistance	39	805
- Rental assistance	6	986
- Interest	206	7
4.14 Details of expenses		
- Depreciation, amortisation and loss on disposal of assets **	7,450	6,061
- Student acquisition and teaching costs	23,187	15,280
- Personnel expenses	12,506	11,704
- Premises expenses ***	2,629	2,944
- Other administration expenses	2,213	2,060
- Restructure and non-recurring costs	-	80

* Includes \$820,000 for the Goulburn Street premises.

** Includes \$1,568,000 depreciation for the Goulburn Street premises and \$425,000 of leasehold improvements written down for the Brisbane premises.

*** Includes \$312,000 for the Goulburn Street premises.

\$'000

5. Condensed consolidated balance sheet

	Reporting Period	Previous Period	
Current assets			
5.1	Cash	8,046	14,956
5.2	Receivables	1,839	2,005
5.3	Other		
	- Prepayments	3,317	2,772
	- Other	349	500
5.4	Total current assets	13,551	20,233
Non-current assets			
5.5	Plant and equipment	2,872	3,743
5.6	Right of use assets	32,652	21,514
5.7	Deferred tax assets	7,015	5,726
5.8	Intangibles	32,802	32,855
5.9	Other non-current assets	2,000	-
5.10	Cash guarantees	2,500	1,000
5.11	Total non-current assets	79,841	64,838
5.12	Total assets	93,392	85,071
Current liabilities			
5.13	Tuition fees in advance (deferred income)	15,581	19,398
5.14	Trade and other payables	4,363	3,500
5.15	Current tax payable	270	597
5.16	Short-term lease liabilities	5,973	4,454
5.17	Short-term provisions	3,712	3,400
5.18	Total current liabilities	29,899	31,349
Non-current liabilities			
5.19	Long-term lease liabilities	35,726	25,377
5.20	Long-term provisions	359	341
5.21	Total non-current liabilities	36,085	25,718
5.22	Total liabilities	65,984	57,067
5.23	Net assets	27,408	28,004
Equity			
5.24	Share capital	44,066	42,066
5.25	Retained profits (accumulated losses)	(17,292)	(14,534)
5.26	Foreign currency translation reserve	70	60
5.27	Non-Controlling Interest	564	412
5.28	Total equity	27,408	28,004

\$'000

6. Condensed consolidated cash flow statement

	Reporting Period	Previous Period
Cash flows from operating activities		
6.1 Receipts from customers	42,655	43,187
6.2 Payments to suppliers and employees	(39,473)	(32,521)
6.3 Interest received	206	7
6.4 Interest paid	(1,125)	(1,474)
6.5 Income taxes paid	(843)	124
6.6 Net operating cash flows	420	9,323
Cash flows from investing activities		
6.7 Make good payments	-	(28)
6.8 Acquisition of Ruralbiz Training (RBT)	-	(328)
6.9 Purchases of plant and equipment	(329)	(327)
6.10 Purchase of intangible assets	(116)	(237)
Net investing cash flows	(445)	(920)
Cash flows from financing activities		
6.11 Dividends paid		
- Shareholders of non-controlling interests	-	(68)
- Shareholders of parent entity	-	-
6.12 Lease payments	(5,385)	(4,750)
6.13 Net financing cash flows	(5,385)	(4,818)
6.14 Net increase in cash held	(5,410)	3,585
6.15 Net cash at beginning of period	15,956	12,371
6.16 Net cash at end of period (See item 6.19)	10,546	15,956

6.17 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

- None

6.18 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

Cash (See item 5.1)

Cash guarantees (See item 5.10)

6.19 Net cash on hand and at bank (See item 6.16)

	Reporting Period	Previous Period
Cash	8,046	14,956
Cash guarantees	2,500	1,000
Net cash on hand and at bank	10,546	15,956

7. Statement of retained earnings

\$'000

	Reporting Period	Previous Period
7.1 Retained profits (accumulated losses) at the beginning of the financial period original	(14,534)	(13,003)
7.2 Net loss attributable to members (<i>See item 4.11</i>)	(2,758)	(1,302)
7.3 Dividend paid	-	-
7.4 Acquisition of remaining 25% of RBT *	-	(229)
7.5 Retained profits (accumulated losses) at end of financial period	(17,292)	(14,534)

* Previous period - Cash consideration of \$328,000 (*See item 6.8*) less the 25% non-controlling interest of \$99,000.

8. Dividends

There were no dividends paid or declared to the Company's shareholders during the year.

9. Dividend reinvestment plans

No dividend reinvestment plans were in operation during the reporting period or the previous corresponding period.

10. Net tangible Assets

Net tangible asset backing per ordinary share is based on 132,614,467 shares at 30 June 2023 and 127,614,467 at 30 June 2022

Reporting Period	Previous Period
(4.1) cents	(3.8) cents

11. Associates and joint venture entities

No member of the Group held an interest in, or participated in the results of, a joint venture.

12. Foreign entities

The Group owns 100% of ACA Investment Holdings Pte. Limited which owns 100% of Centre for Australian Education Pte. Limited and 100% of Academies Australasia College Pte. Limited. All these entities are incorporated in Singapore.

13. Commentary on results

13.1 Earnings per security (EPS)

Basic EPS

Reporting Period	Previous Period
(2.12) cents	(1.02) cents

Weighted average number of ordinary shares used in calculation of basic EPS.

130,326,796 127,614,467

The earnings amount used was a loss of \$2,758,000 (2022 loss: \$1,302,000), on ordinary activities after tax attributable to members of the parent entity (*See item 4.11*).

13.2 Returns to shareholders.

There were no dividends paid or declared to the Company's shareholders during the year.

13.3 Significant features of operating performance.

Please see items 3.1 to 3.4.

13.4 The Company has only one operating segment: Education.

13.5 Ratios.

Loss before tax / revenue

Consolidated profit from ordinary activities before tax (*See item 4.4*) as a percentage of revenue (*See item 4.1*)

Loss after tax / equity interests

Consolidated net profit from ordinary activities after tax attributable to members of the parent entity (*See item 4.11*) as a percentage of equity at the end of the period (*See item 5.28*)

Reporting Period	Previous Period
(7.20) %	(4.71) %
(10.06) %	(4.38) %

14. This report is based on accounts which are in the process of being audited.

15. These accounts are not likely to be subject to dispute or qualification.

Stephanie Noble
Group Finance Manager

22 August 2023