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Market Announcements Platform
Australian Securities Exchange
(Via ASX Online)

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PRELIMINARY FINAL RESULTS

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 2021 (FY21).

The loss from ordinary activities after tax in FY21 was \$1.06 million. Eighty percent of this was the impact of the required adjustment of \$844,000 to the deferred tax assets. This is because of the reduction in the rate of income tax as a result of revenue falling below \$50 million.

The loss from ordinary activities before tax in FY21 was \$164,000.

Stephanie Noble
Company Secretary

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

Academies Australasia has been operating for 113 years and listed on the Australian Securities Exchange for 43 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: Financial year ended 30 June 2021 (FY21)

Previous Period: Financial year ended 30 June 2020 (FY20)

2. Results for announcement to the market

(Previous corresponding period numbers have been restated for a make good liability) (See item 3.2)

| | | | | | \$'000 |
|-----|--|------|-------|----|---------|
| 2.1 | Revenue from ordinary activities <i>(See item 4.1)</i> | down | 23% | to | 48,309 |
| 2.2 | (Loss) / profit from ordinary activities before tax <i>(See item 4.4)</i> | down | 5,296 | to | (164) |
| 2.3 | (Loss) / profit from ordinary activities after tax <i>(See item 4.6)</i> | down | 4,961 | to | (1,060) |
| 2.4 | Net (loss) / profit for the period attributable to owners of the parent entity <i>(See item 4.11)</i> | down | 4,845 | to | (1,241) |
| 2.5 | Earnings before interest, tax, depreciation and amortisation (EBITDA) after adjustment for significant items <i>(See item 3.1)</i> | down | 33% | to | 9,646 |

3. Commentary

3.1 EBITDA after adjustment for significant items (\$'000)

| | Reporting Period | Previous Period | |
|---|---------------------|--------------------|-------------|
| Profit attributable to members of the parent entity | | | |
| EBITDA | 9,106 | 13,613 | |
| Premises outgoings related to prior years | - | 283 | |
| Redundancies, termination and other one-off costs | 540 | 46 | |
| Income written off or refunded | - | 510 | |
| EBITDA after adjustment for significant items | 9,646 | 14,452 | -33% |

['EBITDA' and 'significant item' are not terms prescribed by the Australian Accounting Standards ('AAS').]

3.2 Restatement for make good liability

In accordance with *AASB 16 – Leases*, lease liabilities were increased by \$452,000 to accommodate estimated make good obligations for rental properties.

| | |
|---|----------|
| Expensed in FY21 | 63,000 |
| Make good paid net of tax | (62,000) |
| Capitalised as a right of use asset, to be amortised over the life of the asset | 108,000 |
| Deferred tax assets | 84,000 |
| Deducted from retained earnings | 259,000 |
| Increase in lease liabilities | 452,000 |

In FY21, following the contraction of business because of the COVID-19 pandemic, the Company consolidated certain operations to reduce costs, including rent. Make good obligations were crystalized – the exercise strengthening the forecast of make good estimates for those remaining rented properties where make good applies. The impact on the loss after tax for FY21 was \$63,000.

3.3 Income tax expense

COVID-19 brought revenue down below \$50 million, taking the Company to a reduced income tax rate of 26% for FY21 and to 25% for FY22. This required a negative adjustment of \$844,000 to the deferred tax assets – accounting for 80% of the loss after tax. (*See item 4.15*).

3.4 COVID-19 Pandemic

The pandemic continues to be disruptive to our business as well as our staff and associates, in Australia and overseas. It is the cause of the 29% fall (17.07 million) in service revenue compared to FY20 or 35% fall (\$23.43 million) in service revenue compared to FY19.

Most of our business is to do with international students: students from overseas studying with us in Australia as well as students being taught overseas under our brand. It is now 17 months since Australia's borders were shut on 20 March last year. Closed borders prevent new enrolments from overseas and our staff travelling to overseas projects and international marketing. While we have been able to attract some international students already in Australia the numbers are not large and the numbers are shrinking.

Domestic training programs have also been badly affected by COVID-19. Generally, the overall slowdown in business, the fear of infection, the restrictions on people movement and, worst of all the severe lockdowns and even curfews, have reduced our income from domestic business.

Most of the '*Redundancies, terminations and other once-off costs*' in 3.1 are because of COVID-19. Presently more than three quarters of our staff in Australia are in lockdown.

We continue with delivering courses on-line, and adopting COVID-safe plans to protect staff, students and visitors.

We see the possibility that eighty percent of Australians above the age of 16 will be vaccinated by November, following which it is likely that the borders will be open for the gradual entry of fully vaccinated international students

\$'000

4. Condensed consolidated income statement

| | Reporting Period | Previous Period Restated |
|--|------------------|--------------------------|
| 4.1 Revenue from ordinary activities <i>(See items 4.12 and 4.13)</i> | 48,309 | 62,638 |
| 4.2 Expenses from ordinary activities <i>(See item 4.14)</i> | (46,712) | (55,788) |
| 4.3 Finance costs | (1,761) | (1,718) |
| 4.4 (Loss) / profit from ordinary activities before tax | (164) | 5,132 |
| 4.5 Income tax expense on ordinary activities | (896) | (1,231) |
| 4.6 (Loss) / profit from ordinary activities after tax | (1,060) | 3,901 |
| 4.7 Other comprehensive income | | |
| 4.8 Exchange differences on translating foreign controlled entities | (1) | (48) |
| 4.9 Total comprehensive income | (1,061) | 3,853 |
| 4.10 Profit attributable to non-controlling interest | 181 | 297 |
| 4.11 (Loss) / profit attributable to members of the parent entity | (1,241) | 3,604 |
| 4.12 Revenue from services | 42,624 | 59,694 |
| 4.13 Other revenue | | |
| - Rental income | - | 18 |
| - Government assistance | 5,421 | 2,456 |
| - Rental assistance | 223 | 347 |
| - Interest | 41 | 123 |
| 4.14 Details of expenses | | |
| - Depreciation, amortisation and loss on disposal of assets | 7,550 | 6,886 |
| - Student acquisition and teaching costs | 19,448 | 27,408 |
| - Personnel expenses | 13,498 | 14,173 |
| - Premises expenses | 3,327 | 3,784 |
| - Other administration expenses | 2,349 | 3,142 |
| - Restructure and non-recurring costs | 540 | 395 |

4.15 Income tax expense in 4.5 includes a \$844,000 reduction in deferred tax assets.

\$'000

5. Condensed consolidated balance sheet

| | Reporting Period | Previous Period Restated |
|--|------------------|--------------------------|
| Current assets | | |
| 5.1 Cash | 12,371 | 16,904 |
| 5.2 Receivables | 2,373 | 3,700 |
| 5.3 Other | | |
| - Prepayments | 1,308 | 1,498 |
| - Other | 692 | 1,050 |
| 5.4 Total current assets | 16,744 | 23,152 |
| Non-current assets | | |
| 5.5 Plant and equipment | 4,337 | 5,457 |
| 5.6 Right of use assets | 28,584 | 35,753 |
| 5.7 Deferred tax assets | 4,520 | 5,145 |
| 5.8 Intangibles | 32,844 | 32,813 |
| 5.9 Total non-current assets | 70,285 | 79,168 |
| 5.10 Total assets | 87,029 | 102,320 |
| Current liabilities | | |
| 5.11 Tuition fees in advance (deferred income) | 12,919 | 17,431 |
| 5.12 Trade and other payables | 3,971 | 5,012 |
| 5.13 Current tax payable | - | - |
| 5.14 Short-term lease liabilities | 5,584 | 5,484 |
| 5.15 Short-term provisions | 3,317 | 2,865 |
| 5.16 Total current liabilities | 25,791 | 30,792 |
| Non-current liabilities | | |
| 5.17 Long-term lease liabilities | 31,149 | 37,711 |
| 5.18 Long-term provisions | 371 | 474 |
| 5.19 Total non-current liabilities | 31,520 | 38,185 |
| 5.20 Total liabilities | 57,311 | 68,977 |
| 5.21 Net assets | 29,718 | 33,343 |
| Equity | | |
| 5.22 Share capital | 42,066 | 42,066 |
| 5.23 Retained profits (accumulated losses) | (13,003) | (9,382) |
| 5.24 Foreign currency translation reserve | 69 | 70 |
| 5.25 Non-Controlling Interest | 586 | 589 |
| 5.26 Total equity | 29,718 | 33,343 |

\$'000

6. Condensed consolidated cash flow statement

| | Reporting Period | Previous Period Restated | |
|---|-------------------------------------|--------------------------|-----------------|
| Cash flows from operating activities | | | |
| 6.1 | Receipts from customers | 45,230 | 63,825 |
| 6.2 | Payments to suppliers and employees | (39,757) | (48,056) |
| 6.3 | Interest received | 41 | 123 |
| 6.4 | Interest paid | (1,743) | (1,697) |
| 6.5 | Income taxes paid | 24 | (1,524) |
| 6.6 | Net operating cash flows | 3,795 | 12,671 |
| Cash flows from investing activities | | | |
| 6.7 | Make good payments | (82) | - |
| 6.8 | Purchases of plant and equipment | (112) | (321) |
| 6.9 | Purchase of intangible assets | (239) | (176) |
| | Net investing cash flows | (433) | (497) |
| Cash flows from financing activities | | | |
| 6.10 | Dividends paid | (2,564) | (4,915) |
| 6.11 | Lease payments | (5,331) | (5,351) |
| 6.12 | Net financing cash flows | (7,895) | (10,266) |
| 6.13 | Net increase in cash held | (4,533) | 1,908 |
| 6.14 | Net cash at beginning of period | 16,904 | 14,996 |
| 6.15 | Net cash at end of period | 12,371 | 16,904 |

6.16 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

6.17 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*)

Bank overdraft

6.18 Net cash on hand and at bank (*See item 6.15*)

| | Reporting Period | Previous Period Restated |
|--|------------------|--------------------------|
| | 12,371 | 16,904 |
| | - | - |
| | 12,371 | 16,904 |

7. Statement of retained earnings

\$'000

- 7.1 Retained profits (accumulated losses) at the beginning of the financial period original
- 7.2 Net (loss) /profit attributable to members (*See item 4.11*)
- 7.3 Dividend paid
- 7.4 Retained profits (accumulated losses) at end of financial period

| Reporting Period | Previous Period Restated |
|------------------|--------------------------|
| (9,382) | (8,220) |
| (1,241) | 3,604 |
| (2,380) | (4,766) |
| (13,003) | (9,382) |

8. Dividends

A fully franked dividend of 1.365 cents per share (\$1,742,000) was paid on 25 September 2020.

A fully franked dividend of 0.5 cents per share (\$638,000) was paid on 26 March 2021.

There is no further dividend for 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 127,614,467 shares at both reporting dates.

| Reporting Period | Previous Period Restated |
|------------------|--------------------------|
| (2.4) cents | 0.4 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)

| Reporting Period | Previous Period Restated |
|------------------|--------------------------|
| (0.97) cents | 2.82 cents |

Basic EPS

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

| | |
|-------------|-------------|
| 127,614,467 | 127,614,467 |
|-------------|-------------|

The earnings amount used was a loss of \$1,241,000 (2020 restated profit: \$3,604,000), on ordinary activities after tax attributable to members of the parent entity (*See item 4.11*).

13.2 Returns to shareholders.

Fully franked dividends of 1.365 cents and 0.5 cents were paid in September 2020 and March 2021 respectively (*See item 8*).

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.

| Reporting Period | Previous Period Restated |
|------------------|--------------------------|
| (0.34) % | 8.19 % |
| (4.18) % | 10.81 % |

(Loss) / profit before tax / revenue

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

(Loss) / profit 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 5.26*)

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. The independent audit report is likely to contain an Emphasis of Matter paragraph in relation to going concern arising from the adverse impact of the COVID-19 pandemic.

Stephanie Noble
Group Finance Manager

26 August 2021