

ACADEMIES AUSTRALASIA GROUP LIMITED

ABN 93 000 003 725

FINANCIAL REPORT FOR THE HALF YEAR TO DECEMBER 2022

[Incorporating the requirements of Appendix 4D]

- 1. Reporting Period ('RP'):** Half Year to 31 December 2022.
Previous Period ('PP'): Half Year to 31 December 2021.

2. Results for announcement to the market.

- 2.1 RP revenue from ordinary activities was up 18% to \$22,678,000.
2.2 RP loss from ordinary activities after tax attributable to members was \$744,000 – down \$845,000 on the \$101,000 profit in PP.
2.3 RP net loss before tax attributable to members was \$986,000 – down \$1,278,000 on the \$292,000 profit in PP.
2.4 There were no dividends paid or declared to the Company's shareholders.

3. Commentary.

- 3.1 There was a substantial impact from the lease on the new premises at Goulburn Street. Taking effect from 1 July 2022, this lease required \$1,168,000 to be taken up as depreciation and amortisation expenses and finance costs. During RP there was no approval to deliver courses at the new premises. With certain approvals now in hand, a few courses are expected to commence in March.
3.2 To properly compare profit before tax, there should be a deduction of COVID-19 support in the form of JobSaver and rental rebates.

Adjustments for 3.1 and 3.2

	<i>RP \$</i>	<i>PP \$</i>
<i>(Loss) / profit from ordinary activities before tax</i>	<i>(986,000)</i>	<i>292,000</i>
<i>Add back Goulburn Street</i>		
<i>- depreciation and amortisation</i>	<i>842,000</i>	<i>-</i>
<i>- finance costs</i>	<i>326,000</i>	<i>-</i>
<i>Deduct JobSaver and rental rebates</i>	<i>(6,000)</i>	<i>(1,373,000)</i>
<i>Adjusted profit / (loss) before tax</i>	<u><i>176,000</i></u>	<u><i>(1,081,000)</i></u>
<i>RP performance was substantially better than PP.</i>		

- 3.3 There were very high visa rejections suffered in RP. Refunds paid to students in RP, mainly because of visa rejections, were \$4.2 million. This was two and a half times the \$1.67 million in refunds paid in the period July to December 2019 (the half year prior to the COVID-19 epidemic). High visa rejections impacted on RP revenue as well as future revenue.

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4. Earnings before interest, tax, depreciation and amortisation (EBITDA)*

RP EBITDA was \$3,585,000. After adjusting EBITDA for JobSaver and rental rebates, RP was 18% (\$554,000) better than in PP.

	<i>RP \$</i>	<i>PP \$</i>
<i>EBITDA *</i>	<i>3,585,000</i>	<i>4,398,000</i>
<i>Deduct JobSaver and rental rebates</i>	<i>(6,000)</i>	<i>(1,373,000)</i>
	<u><i>3,579,000</i></u>	<u><i>3,025,000</i></u>

**EBITDA is not a term prescribed by Australian Accounting Standards*

5. Cash at the end of December 2022 was \$12,501,000 which was 25% higher than at 31 December 2021.

6. Borrowings. The Group continues to be free of borrowings.

7. Net tangible Assets.

	RP	PP
Net tangible asset backing per ordinary share is based on 130,114,467 shares at 31 December 2022 (127,614,467 shares at 31 December 2021)	(3.5) cents	(2.7) cents

8. Conduit Foreign income.

There was no conduit foreign income during RP or PP.

9. Dividend reinvestment plans.

No dividend reinvestment plans were in operation during RP or PP.

10. Associates and joint venture entities.

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

11. 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 three companies are incorporated in Singapore. This was the same in RP and PP.

Stephanie Noble
Group Finance Manager
20 February 2023

ACADEMIES AUSTRALASIA GROUP LIMITED

ABN 93 000 003 725

FINANCIAL REPORT FOR THE HALF YEAR TO DECEMBER 2022

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**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' REPORT
For the half year ended 31 December 2022**

Dear Shareholder

Your Directors submit the financial report of the economic entity for the half year ended 31 December 2022.

Directors

The Directors in office at any time during, or since the end of, the half year, are:

Dr John Lewis Schlederer
Christopher Elmore Campbell
Chiang Meng Heng
Gabriela Del Carmen Rodriguez Naranjo
Sartaj Hans

Review of operations

A summary of the Statement of Financial Performance for the half year ended 31 December 2022 ('Reporting Period' - 'RP') is set out below. All comparisons are to the half year ended 31 December 2021 ('Previous Period' - 'PP').

	RP	\$000s PP
Total Revenue	<u>22,678</u>	<u>19,197</u>
Operating (Loss) / Profit Before Income Tax	<u>(986)</u>	<u>292</u>
Operating (Loss) / Profit After Income Tax	<u>(744)</u>	<u>101</u>

Adjustments to profit

There was a substantial impact from the lease on the new premises at Goulburn Street. Taking effect from 1 July 2022, this lease required \$1,168,000 to be taken up as depreciation and amortisation expenses and finance costs. During RP there was no approval to deliver courses at the new premises. With certain approvals now in hand, a few courses are expected to commence in March.

To properly compare profit before tax, there should be a deduction of COVID-19 support in the form of JobSaver and rental rebates.

	RP	\$000s PP
(Loss) / profit from ordinary activities before tax	(986)	292
Add back Goulburn Street		
- depreciation and amortisation	842	-
- finance costs	326	-
Deduct JobSaver and rental rebates	<u>(6)</u>	<u>(1,373)</u>
Adjusted profit / (loss) before tax	<u>176</u>	<u>(1,081)</u>

RP performance was substantially better than PP.

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' REPORT
For the half year ended 31 December 2022**

There were very high visa rejections suffered in RP. Refunds paid to students in RP, mainly because of visa rejections, were \$4.2 million. This was two and a half times the \$1.67 million in refunds paid in the period July to December 2019 (the half year prior to the COVID-19 epidemic). High visa rejections impacted on RP revenue as well as future revenue.

Earnings before interest, tax, depreciation and amortisation (EBITDA)*

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$3,585,000. After adjusting EBITDA for JobSaver and rental rebates, RP was 18% (\$554,000) better than PP.

	RP	\$000s PP
EBITDA*	3,585	4,398
JobSaver and rental rebates	(6)	(1,373)
	<u>3,579</u>	<u>3,025</u>

**EBITDA is not a term prescribed by Australian Accounting Standards*

The Group continues to be free of borrowings.

Rounding of amounts

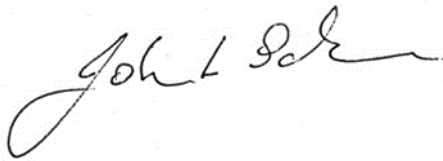
The group has applied the relief available to it in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and accordingly certain amounts in the financial report and the Directors' Report have been rounded to the nearest \$1,000.

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' REPORT
For the half year ended 31 December 2022**

Auditor's Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half year ended 31 December 2022 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors.



John Schlederer
Director



Christopher Campbell
Director

Sydney
20 February 2023

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PILOT PARTNERS

Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

ACADEMIES AUSTRALASIA GROUP LIMITED

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2022, there have been:

- i. no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

PILOT PARTNERS

Chartered Accountants

DANIEL GILL

Partner

Signed on 20 February 2023

Level 10
1 Eagle Street
Brisbane Qld 4000

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 December 2022**

	Reporting Period \$000s	Previous Period \$000s
Revenue from services	22,678	19,197
Student acquisition and teaching costs	(10,770)	(7,693)
Gross profit	11,908	11,504
Personnel expenses	(6,217)	(6,170)
Premises expenses	(1,068)	(1,315)
Other administration expenses	(1,044)	(994)
	3,579	3,025
Other income	6	1,373
Profit before interest, depreciation and amortisation	3,585	4,398
Depreciation and amortisation expenses (Note 5)	(3,639)	(3,411)
Profit on disposal of assets	-	91
Finance costs (Note 5)	(1,006)	(789)
Interest income	74	3
(Loss) / profit before income tax	(986)	292
Income tax (expense) / benefit	242	(191)
(Loss) / profit for the period	(744)	101
Other comprehensive income		
Exchange differences on translating foreign controlled entities	(1)	(8)
Other comprehensive income for the year, net of tax	(1)	(8)
Total comprehensive income for the year	(745)	93
(Loss) / profit attributable to		
Owners of the parent entity	(710)	84
Non-controlling interests	(34)	17
	(744)	101
Total comprehensive income attributable to		
Owners of the parent entity	(711)	76
Non-controlling interests	(34)	17
	(745)	93
Earnings per share:		
Basic earnings per share (cents)	(0.55)	0.07
Diluted earnings per share (cents)	(0.55)	0.07

The accompanying notes form part of these financial statements.

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022**

	31/12/2022	30/06/2022
	\$000s	\$000s
Current Assets		
Cash and cash equivalents	12,501	15,956
Trade and other receivables	1,806	2,231
Other current assets	3,849	3,272
Total Current Assets	<u>18,156</u>	<u>21,459</u>
Non-Current Assets		
Plant and equipment	3,493	3,743
Right of use assets (Note 5)	36,506	21,514
Deferred tax assets	6,183	5,726
Intangible assets	32,855	32,855
Other non-current assets (Note 3)	1,000	-
Total Non-Current Assets	<u>80,037</u>	<u>63,838</u>
Total Assets	<u>98,193</u>	<u>85,297</u>
Current Liabilities		
Tuition fees in advance (Deferred income)	16,370	19,398
Trade and other payables	3,659	3,726
Current tax liabilities	714	597
Lease Liabilities (Note 5)	6,021	4,454
Provisions	3,564	3,400
Total Current Liabilities	<u>30,328</u>	<u>31,575</u>
Non-Current Liabilities		
Lease Liabilities (Note 5)	39,244	25,377
Provisions	362	341
Total Non-Current Liabilities	<u>39,606</u>	<u>25,718</u>
Total Liabilities	<u>69,934</u>	<u>57,293</u>
NET ASSETS	<u>28,259</u>	<u>28,004</u>
EQUITY		
Share capital	43,066	42,066
Accumulated losses	(15,244)	(14,534)
Foreign Currency Translation Reserve	59	60
Non-Controlling Interests	378	412
TOTAL EQUITY	<u>28,259</u>	<u>28,004</u>

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2022**

	Ordinary Shares \$000s	Retained Profits \$000s	Reserves \$000s	Non - Controlling Interest \$000s	Total \$000s
Balance at 1.7.2022	42,066	(14,534)	60	412	28,004
Profit for the period	-	(710)	-	(34)	(744)
Exchange differences on translating foreign operations	-	-	(1)	-	(1)
Total comprehensive income for the period	-	(710)	(1)	(34)	(745)
Issue of shares (Note 3)	1,000	-	-	-	1,000
Dividend paid	-	-	-	-	-
Balance at 31.12.2022	43,066	(15,244)	59	378	28,259
Balance at 1.7.2021	42,066	(13,003)	69	586	29,718
Profit for the period	-	84	-	17	101
Exchange differences on translating foreign operations	-	-	(8)	-	(8)
Total comprehensive income for the period	-	84	(8)	17	93
Acquisition of remaining 25% NCI	-	(232)	-	(96)	(328)
Dividend paid	-	-	-	(68)	(68)
Balance at 31.12.2021	42,066	(13,151)	61	439	29,415

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2022**

	Reporting Period \$000s	Previous Period \$000s
Cash Flows From Operating Activities		
Receipts from customers	19,398	18,639
Payments to suppliers and employees	(18,872)	(17,042)
Interest received	74	3
Finance costs	(995)	(780)
Income taxes paid	(90)	206
Net cash provided by operating activities	<u>(485)</u>	<u>1,026</u>
Cash Flows From Investing Activities		
Net cash on acquisition/disposal of subsidiaries	-	(328)
Purchase of non-current assets	(203)	(272)
Net cash used in investing activities	<u>(203)</u>	<u>(600)</u>
Cash Flows From Financing Activities		
Dividends paid	-	(68)
Lease payments	(2,767)	(2,757)
Net cash used in financing activities	<u>(2,767)</u>	<u>(2,825)</u>
Net (decrease)/increase in cash held	(3,455)	(2,399)
Cash at the beginning of period	<u>15,956</u>	<u>12,371</u>
Cash at the end of the period	<u>12,501</u>	<u>9,972</u>

The accompanying notes form part of these financial statements.

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2022**

NOTE 1: BASIS OF PREPARATION

The half year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The group is a for profit entity for financial reporting purposes in Australia.

The half year financial report does not include full disclosures of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Academies Australasia Group Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

These interim financial statements were authorised for issue on 20 February 2023.

(a) Significant Accounting Policies

The accounting policies applied by the consolidated entity in this consolidated half year financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 June 2022.

In the Reporting Period, the consolidated entity has adopted all new and revised Standards and Interpretations issued by the Australia Accounting Standards Board that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2022.

(b) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the Reporting Period.

NOTE 2: DIVIDEND PAID AND DECLARED

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

NOTE 3: ISSUE OF SHARES

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.

NOTE 4: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2022**

NOTE 5: NEW LEASE

The Group secured premises at Goulburn Street in Sydney from 1 July 2022. As a result of this new lease, the results for the half year to 31 December 2022 include the following:

Right of Use Assets \$16,004,000
Lease Liabilities (current) \$1,103,000
Lease Liabilities (non-current) \$15,325,000
Depreciation and amortization expenses \$842,000
Finance costs \$326,000

NOTE 6: KEY ESTIMATES AND JUDGMENTS

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The Board is currently satisfied that there are reasonable grounds to assume that the Company will meet its future financial obligations as and when they fall due.

The following factors support this assumption:

- Substantial cash holdings across the Group of \$12,501,000 of which \$8,300,000 is required to be held in the TPS controlled accounts.
- Positive net assets of \$28,259,000.
- The Group has no bank debt.
- Continuing efforts made to streamline the cost structures of the business, resulting in cost savings.

The Board recognises that the Statement of Financial Position presents a net current liability position of \$12,172,000. Included in this are fees paid in advance of \$16,370,000. This is not an amount payable in the ordinary course of business and will be recognised as income as tuition is delivered.

NOTE 7: POST BALANCE DATE EVENTS

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 Company's Plan. The shares were issued 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.

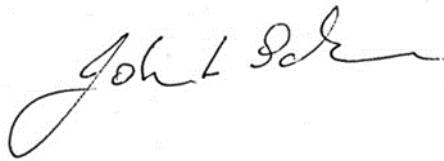
There are no other matters that significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

The Directors of the company declare that, in the Directors' opinion:

1. The financial statements and notes, as set out on pages 6 to 11, are in accordance with the *Corporations Act 2001*, including
 - a. Complying with accounting standard AASB 134: *Interim Financial Reporting*, and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



John Schlederer
Director

Sydney
20 February 2023



Christopher Campbell
Director



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ACADEMIES AUSTRALASIA GROUP LIMITED

REPORT ON THE HALF YEAR FINANCIAL REPORT

We have reviewed the accompanying half year financial report of Academies Australasia Group Limited ("the Company" and its subsidiaries ("the Group")), which comprises the consolidated balance sheet as at 31 December 2022 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

The directors of the Company are responsible for the preparation and fair presentation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and with the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group financial position as at 31 December 2022 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

INDEPENDENCE

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company would be in the same terms if provided to the directors as at the date of this auditor's review report

CONCLUSION

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PILOT PARTNERS
Chartered Accountants

DANIEL GILL
Partner

Signed on 20 February 2023

Level 10
1 Eagle Street
Brisbane Qld 4000