



ACADEMIES AUSTRALASIA

THE POSSIBILITIES ARE INFINITE

ACADEMIES AUSTRALASIA GROUP LIMITED
ANNUAL REPORT 2023

ACN 000 003 725

ACADEMIES AUSTRALASIA GROUP LIMITED

ANNUAL REPORT 2023

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REPORT OF THE CHAIRMAN AND THE GROUP MANAGING DIRECTOR AND CEO

Dear Shareholder

Revenue increased by 24% over PCP to \$46.8 million. However, the headline statutory results released on 22 August 2023 are not pretty. The more appropriate picture are the figures after adjustments for the cost burden of the new premises at Goulburn Street (before all approvals for delivery there are in place), adjustments concerning Government/state assistance and rental rebates, and write down of leasehold improvements. With those adjustments:

- Performance before tax improved 92% from a loss of \$3.6 million (PCP) to a loss of \$0.3 million; and
- EBITDA improved 50% from \$4 million (PCP) to \$6.0 million.

What really hurt was the loss in potential revenue for the year under review and the next one or two years. Refunds paid to students in FY23, mainly because of visa rejections, were \$10.6 million - compared to \$3.9 million in pre-COVID FY2019. A multiple of 2.7 times.

Such a high payout in refunds was extremely frustrating. The Chairman's address to the AGM in November 2022 ('AGM22 Address') explained why we were (then) positive for the future. After more than two years of restrictions on people movement because of the COVID-19 pandemic, the borders were open and we had many applications from international students in the pipeline. The AGM22 Address included comments on how certain operations of Australia's Department of Home Affairs ('DHA') adversely affected our operations and noted the estimated \$2.7 million of refunds to students whose visas had been rejected or who decided to withdraw their visa applications (in the four months to October 2022) because of inconsistent messages about DHA decision-making. Below are two extracts from the AGM22 Address:

"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."

Perhaps the message was that it was the previous federal government that was responsible for the broken system. Well, that message was more than ten months ago.

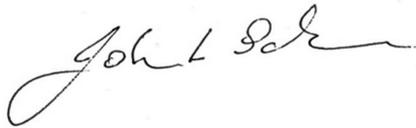
On 26 August 2023, in a joint media release with the Minister for Education and the Minister for Skills and Training, the same Minister for Home Affairs referred to in the second paragraph from the AGM22 Address quoted above announced "*a package of measures to support integrity in the international education system and to support genuine international students*". Of course there are questions. Why has it taken more than ten months to close the loophole which allowed international students in Australia to enrol in more than one course, allowing the students studying a genuine course for less than six months to also study a non-genuine course, designed to facilitate access to work in Australia? Yesterday, it was announced that the Pandemic Event visa is closing with effect from February 2024. From tomorrow, it will only be open to existing Pandemic Event visa holders. The Pandemic Event visa should have been discontinued more than a year ago when the borders were reopened. It is difficult to accept the statement in yesterday's announcement that '*... The Albanese Government hasn't wasted a day in cleaning up the mess left by the former Liberal Government.*' We lost revenue because of the concurrent courses and Pandemic Event visa rorts.

In the announcement of 26 August 2023, the Minister for Home Affairs said: *“Our message is clear – the party is over, the rorts and loopholes that have plagued this system will be shut down”*.

The recent approval for the Bachelor of Business (Analytics) takes AAPoly’s degree offerings to five Bachelor degrees. AAC in Singapore offers two Honours degrees on behalf of University of Derby in the United Kingdom. AAPoly is awaiting approval for a Master of Information Technology and a Bachelor of Information Technology.

Your Board is determined to return the Company to a position where it can pay a dividend. Of course. Board members have relevant interests in more than two-thirds of the Company’s equity.

FY23 was frustrating and difficult. On behalf of the Board, we would like to thank all shareholders, students, clients, partners, associates and other stakeholders for their loyalty, contribution, and support. Thank you.



Dr John Lewis Schlederer
Chairman



Christopher Elmore Campbell
Group Managing Director and CEO

1 September 2023

DIRECTORS' REPORT

Your Directors present their report on the Group for FY23.

DIRECTORS

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

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

All Directors have been in office from the start of the financial year to the date of this report.

Details on the Directors and Company Secretaries are set out on pages 7 and 8.

PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year was the provision of training and education services.

CONSOLIDATED RESULT

The consolidated loss before tax for the Group for FY23 was \$3,366,000 (FY22: \$1,782,000). The consolidated loss for the Group, after providing for income tax, amounted to \$2,606,000 (FY22: \$1,309,000).

REVIEW OF OPERATIONS

Revenue from services increased by 29 % to \$46,509,000 (FY22: \$36,042,000).

The lease on the new premises at Goulburn Street took effect from the beginning of FY23, but there was limited course delivery, and only in the latter part of FY23. 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.

There was also a write down of \$425,000 of leasehold improvements following the vacating of part of the premises in Brisbane.

After adjusting for these items and the deducting the COVID-19 support in the form of Government/State assistance and rental rebates, the loss was \$286,000.

| | FY23 | FY22 |
|---|--------------|----------------|
| (Loss) / profit from ordinary activities before tax | \$000 | \$000 |
| Add back Goulburn Street | (3,366) | (1,782) |
| - depreciation and amortisation | 1,568 | - |
| - finance costs | 820 | - |
| - other costs (outgoings, facilities etc) | 312 | - |
| Add back write down of leasehold improvements | 425 | - |
| Deduct Government/State assistance and rental rebates | (45) | (1,791) |
| Adjusted (Loss) / profit before tax | <u>(286)</u> | <u>(3,573)</u> |

EBITDA after adjustments for Government/State assistance and rental rebates was up 50% on FY22.

| | FY23 \$000s | FY22 \$000s |
|--|----------------|----------------|
| EBITDA | 6,020 | 5,765 |
| Government/State assistance and rental rebates | (45) | (1,791) |
| EBITDA after adjustments | 5,975 | 3,974 |

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

REFUNDS

Refunds paid to students in FY23, mainly because of visa rejections, were \$10.6 million. In comparison the FY19 (pre-COVID) amount was \$3.9 million.

DIVIDENDS

There were no dividends paid or declared during the year.

ISSUE OF SHARES

Shareholders on 18 November 2022 authorised the issue of 2,500,000 ordinary shares to Gabriela Del Carmen Rodriguez Naranjo under the 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. The shares were issued to Bibhod Dotel (1,000,000 shares), 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.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the Company's state of affairs during the financial year.

EVENTS AFTER THE REPORTING DATE

There were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Please refer to the Report of the Chairman and the Group Managing Director and CEO (Page 2 and 3).

ENVIRONMENTAL ISSUES

The Group's operations are not subject to any significant environmental legislation.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company's constitution provides an indemnity to officers of the Company. The Company is required to pay all costs, losses and expenses that an officer may incur by reason of any contract entered into or act or thing done by them in the discharge of their duties except where they act dishonestly.

The Company has paid an insurance premium amounting to \$55,000 for a directors and officers liability insurance policy covering the directors' and officers' liabilities as officers of the Company.

OPTIONS

There are no other options over unissued share capital.

ROUNDING OF AMOUNTS

The Director's report is presented in Australian Dollars and rounded to the nearest thousand dollars in accordance with Instrument 2016/191.

INFORMATION ON DIRECTORS AND COMPANY SECRETARIES

Dr John Lewis Schlederer Non-executive Director, appointed 21 August 2009. Chairman since 1 January 2014.

Qualifications B.Sc. (Hons), Grad. Diploma, PhD.

Experience More than 22 years teaching experience at University of New South Wales and TAFE NSW and many years in business.

Interest in Shares 14,200,000 shares (10.71 %)

Special Responsibilities Chairman of the Board. Chairman of the Remuneration Committee. Member of the Audit and Risk Committee.

Directorships held in other listed entities None

Christopher Elmore Campbell Group Managing Director and Chief Executive Officer, appointed 1 July 1996.

Qualifications B.Soc.Sci. (Hons), FFin, FAICD, FCG (CS, CGP), FGIA.

Experience Experience in mergers and acquisitions and more than 22 years' experience in managing educational institutions. Previous positions include senior appointments with the Monetary Authority of Singapore and an international bank in Australia. Member of the Advisory Council of Asia Society Australia ('ASA') since November 2020 after 8 years on the Board of ASA.

Interest in Shares 20,400,000 shares (15.38 %)

Special Responsibilities Member of the Remuneration Committee.

Directorships held in other listed entities None.

Chiang Meng Heng Non-executive Director, appointed 15 February 2000.

Qualifications BBA (Hons).

Experience Previous positions include Treasurer, Citibank NA, Singapore and Hong Kong; Adviser & Head, Banking Supervision, Monetary Authority of Singapore; EVP, Overseas Union Bank Ltd including secondments as Executive Director, International Bank of Singapore Ltd and President, Asia Commercial Bank Ltd; Managing Director, First Capital Corporation Ltd; Executive Director, Far East Organization and Group Managing Director, Lim Kah Ngam Ltd. Member of Singapore Parliament for 4 terms from 1985 to 2001.

Interest in Shares 51,185,961 shares (38.60%)

Special Responsibilities Member of the Audit and Risk Committee and Remuneration Committee.

Directorships held in other listed entities None.

Gabriela Del Carmen Rodriguez Naranjo Deputy Group Managing Director and Group Chief Operating Officer. Appointed Executive Director, 21 October 2013. Alternate Director, 10 May 2011 to 31 December 2013, (Alternate to Neville Thomas Cleary (Retired 31 December 2013)). Appointed Chief Operating Officer on 15 August 2017 and Deputy Group Managing Director on 1 January 2019.

Qualifications B. Comp.Sci, B.Sci. Sys. Eng.

Experience Joined the Group in April 2001. More than 22 years' experience managing educational institutions, including experience in acquisitions, marketing, regulatory compliance, curriculum development and lecturing. Director, IHEA since 17 May 2017. Deputy Chair of IHEA from 29 May 2019 to 27 April 2023.

Interest in Shares 2,600,000 shares (1.96 %)

Special Responsibilities Group Chief Operating Officer from 15 August 2017. Joint Company Secretary from 14 September 2016.

Directorships held in other listed entities None

Sartaj Hans Independent, Non-executive Director, appointed 19 October 2016.

Qualifications B.E. Honours (Electronics)

Experience Experience in information technology and superannuation at BT Financial Group, the wealth management arm of Westpac. Played a pivotal role in the development of Goulburn Health Hub, a medical facilities project in Goulburn. Many years experience in managing investments and financial affairs in private family companies.

Interest in Shares 813,929 shares (0.61%)

Special Responsibilities Chairman of the Audit and Risk Committee (Appointed 19 October 2016).

Directorships held in other listed entities None

COMPANY SECRETARIES

Stephanie Noble Appointed 27 November 2006

Qualifications BA (Hons) Accounting, FCCA (UK), CPA (Australia).

Experience More than 16 years as Company Secretary of Academies Australasia Group Limited.

Other Responsibilities Group Finance Manager.

Gabriela Del Carmen Rodriguez Naranjo Appointed 14 September 2016
See Information on Directors.

MEETINGS OF DIRECTORS

| <u>Director</u> | <u>Directors' Meetings</u> | | <u>Audit and Risk Committee</u> | | <u>Remuneration Committee</u> | |
|---------------------------------------|----------------------------|----------|---------------------------------|----------|-------------------------------|----------|
| | <u>A</u> | <u>B</u> | <u>A</u> | <u>B</u> | <u>A</u> | <u>B</u> |
| Dr John Lewis Schlederer | 3 | 3 | 2 | 2 | 2 | 2 |
| Christopher Elmore Campbell | 3 | 3 | 2 | 2 | 2 | 2 |
| Chiang Meng Heng | 3 | 2 | 2 | 1 | 2 | 2 |
| Gabriela Del Carmen Rodriguez Naranjo | 3 | 3 | 2 | 2 | - | - |
| Sartaj Hans | 3 | 3 | 2 | 2 | - | - |

A - Number of meetings held during the time the Director held office during the period

B - Number of meetings attended

INFORMATION ON SENIOR COMPANY EXECUTIVES

| | |
|--|--|
| Christopher Elmore Campbell | Group Managing Director and Chief Executive Officer. See Information on Directors. |
| Gabriela Del Carmen Rodriguez Naranjo | Deputy Group Managing Director and Group Chief Operating Officer. See Information on Directors. |

REMUNERATION REPORT – AUDITED

Remuneration Policies

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Group Managing Director and Chief Executive Officer, Senior Company Executives and the Directors themselves. This role also includes responsibility for share option schemes, performance incentive packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies. Remuneration levels are set to attract appropriately qualified and experienced directors and senior company executives.

During the year, the members of the Remuneration Committee were Dr John Lewis Schlederer, Chiang Meng Heng and Christopher Elmore Campbell.

All executives receive a fixed base salary, which is based on factors such as market factors and experience, and superannuation (as required by law). Executives may sacrifice part of their salary towards superannuation.

The Company's Employee Incentive Plan has 5 million shares issued to eligible participants since adoption on 5 October 2022. The shares issued were fully funded by loans provided by the Company. The shares issued under the Plan were recognised in Share Capital at the issue date. The loan amounts were recognised under the non-current assets at amortised cost. Loans are interest free and unsecured. The recourse under the loans is limited to the shares issued. The loans must be repaid on the earlier of either 3 years from the date of issue or 3 months from when the participant ceases to be an employee of the Group. The repayment amount is the outstanding amount at the repayment date.

The participants are not permitted to sell, transfer or otherwise deal in the shares without the Company's consent. The number of shares on issue to Gabriela Del Carmen Rodriguez Naranjo is 2,500,000 (value \$1,000,000).

The Company does not have an employee share option plan.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

Non-executive Directors' remuneration comprises fixed fees. The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The amount approved at the 2009 Annual General Meeting is \$250,000 per annum. Fees for Non-executive Directors are not linked to the performance of the Group.

Directors and Senior Company Executives

Details of the Directors and Senior Company Executives holding office at any time during the financial year are set out on pages 7 to 8.

a. Remuneration

| 30 June 2023 Directors and Senior Company Executives | Short-term employee benefits | | | Post- employment benefits | Total |
|---|------------------------------------|--------|------------------------------|------------------------------|-------|
| | Cash, salary and commissions | Bonus | Non- monetary benefits | Superannuation | |
| | \$000s | \$000s | \$000s | \$000s | |
| Dr John Lewis Schlederer | 62 | - | - | 7 | 69 |
| Christopher Elmore Campbell | 512 | - | - | 28 | 540 |
| Chiang Meng Heng | 44 | - | - | - | 44 |
| Gabriela Del Carmen Rodriguez Naranjo | 354 | - | - | 28 | 382 |
| Sartaj Hans | 50 | - | - | 5 | 55 |
| | 1,022 | - | - | 68 | 1,090 |

| 30 June 2022 Directors and Senior Company Executives | Short-term employee benefits | | | Post- employment benefits | Total |
|---|------------------------------------|--------|------------------------------|------------------------------|-------|
| | Cash, salary and commissions | Bonus | Non- monetary benefits | Superannuation | |
| | \$000s | \$000s | \$000s | \$000s | |
| Dr John Lewis Schlederer | 41 | - | - | 28 | 69 |
| Christopher Elmore Campbell | 512 | - | - | 28 | 540 |
| Chiang Meng Heng | 40 | - | - | 4 | 44 |
| Gabriela Del Carmen Rodriguez Naranjo | 302 | - | - | 28 | 330 |
| Sartaj Hans | 50 | - | - | 5 | 55 |
| | 945 | - | - | 93 | 1,038 |

None of the remuneration paid to any Director or Senior Company Executive is tied to any specific performance condition.

b. Options issued as part of remuneration for the year ended 30 June 2023

No options were granted as part of remuneration.

c. Employment contracts of Executives

The employment conditions of all executives are formalised in written contracts of employment. Generally, the employment contracts stipulate a one-month notice period. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

With respect to senior company executives, the expiry date of Christopher Elmore Campbell's fixed term contract of employment has been extended to 31 December 2024. Gabriela Del Carmen Rodriguez Naranjo's fixed term contract also expires on 31 December 2024.

AUDITORS' INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for FY23 appears on page 12. It forms part of the Directors' Report for the year ended FY23.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services by the external auditors, Pilot Partners, during the year is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk Committee.
- The nature of services provided does not compromise the general principles relating to audit independence.

The following fees were paid or payable for non-audit services to the external auditors during the year ended 30 June 2023:

- | | | |
|---------------------|----------|------------------|
| • Taxation services | \$66,000 | (2022: \$66,000) |
| • Other services | \$4,000 | (2022: \$10,000) |

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement and its Key to Disclosures, Corporate Governance Council Principles and Recommendations (ASX Appendix 4G) are provided to ASX together with the Company's Annual Report. The Corporate Governance Statement is on the Company's website: www.academies.edu.au

Signed in accordance with a resolution of the Board of Directors pursuant to section 298 (2)(a) of the Corporations Act 2001.



Dr John Lewis Schlederer
Director



Christopher Elmore Campbell
Director

1 September 2023

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 year ended 30 June 2023, 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

PILOT PARTNERS

Chartered Accountants



DANIEL GILL

Partner

Signed on 1 September 2023

Level 10
1 Eagle Street
Brisbane Qld 4000

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2023

| | Note | FY23 \$000s | FY22 \$000s |
|---|------|----------------|----------------|
| Revenue from services | 2 | 46,509 | 36,042 |
| Student acquisition and teaching costs | 3 | (23,187) | (15,280) |
| Gross profit | | <u>23,322</u> | <u>20,762</u> |
| Personnel expenses | 3 | (12,506) | (11,704) |
| Premises expenses | 3 | (2,629) | (2,944) |
| Other administration expenses | 3 | (2,212) | (2,060) |
| | | <u>5,975</u> | <u>4,054</u> |
| Restructure and non-recurring costs | 3 | - | (80) |
| | | <u>5,975</u> | <u>3,974</u> |
| Other income | 2 | 45 | 1,791 |
| Earnings before interest, depreciation and amortisation | | <u>6,020</u> | <u>5,765</u> |
| Depreciation and amortisation expenses | 3 | (6,997) | (6,113) |
| (Loss) / Profit on disposal of assets | | (453) | 52 |
| Finance costs | 3 | (2,142) | (1,493) |
| Interest income | | 206 | 7 |
| Loss before income tax | | <u>(3,366)</u> | <u>(1,782)</u> |
| Income tax expense | 4 | 760 | 473 |
| Loss for the year | | <u>(2,606)</u> | <u>(1,309)</u> |
| Other comprehensive income: | | | |
| Exchange differences on translating foreign controlled entities | | 10 | (9) |
| Other comprehensive income for the year, net of tax | | 10 | (9) |
| Total comprehensive income for the year | | <u>(2,596)</u> | <u>(1,318)</u> |
| (Loss) / profit attributable to: | | | |
| Owners of the parent entity | | (2,758) | (1,302) |
| Non-controlling interests | | 152 | (7) |
| | | <u>(2,606)</u> | <u>(1,309)</u> |
| Total comprehensive income attributable to: | | | |
| Owners of the parent entity | | (2,748) | (1,311) |
| Non-controlling interests | | 152 | (7) |
| | | <u>(2,596)</u> | <u>(1,318)</u> |
| Earnings per share (cents per share) | | | |
| Basic | 7 | (2.12) | (1.02) |
| Diluted | 7 | (2.12) | (1.02) |
| Dividends per share (cents) | 8 | - | - |

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

| | Note | FY23 \$000s | FY22 \$000s |
|---|------|----------------|----------------|
| Current Assets | | | |
| Cash and cash equivalents | 9 | 8,046 | 14,956 |
| Trade and other receivables | 10 | 1,839 | 2,005 |
| Other current assets | 11 | 3,666 | 3,272 |
| Total Current Assets | | 13,551 | 20,233 |
| Non-Current Assets | | | |
| Plant and equipment | 13 | 2,872 | 3,743 |
| Right of use assets | 14 | 32,652 | 21,514 |
| Deferred tax assets | 15 | 7,015 | 5,726 |
| Intangible assets | 16 | 32,802 | 32,855 |
| Other non-current assets | 20 | 2,000 | - |
| Security deposit | 9 | 2,500 | 1,000 |
| Total Non-Current Assets | | 79,841 | 64,838 |
| Total Assets | | 93,392 | 85,071 |
| Current Liabilities | | | |
| Tuition fees in advance (Deferred income) | 17 | 15,581 | 19,398 |
| Trade and other payables | 17 | 4,363 | 3,500 |
| Current tax liabilities | 4 | 270 | 597 |
| Lease liabilities | 18 | 5,973 | 4,454 |
| Provisions | 19 | 3,712 | 3,400 |
| Total Current Liabilities | | 29,899 | 31,349 |
| Non-Current Liabilities | | | |
| Lease liabilities | 18 | 35,726 | 25,377 |
| Provisions | 19 | 359 | 341 |
| Total Non-Current Liabilities | | 36,085 | 25,718 |
| Total Liabilities | | 65,984 | 57,067 |
| Net Assets | | 27,408 | 28,004 |
| Equity | | | |
| Share capital | 20 | 44,066 | 42,066 |
| Retained earnings | | (17,292) | (14,534) |
| Foreign currency translation reserve | | 70 | 60 |
| Non-controlling interests | | 564 | 412 |
| Total Equity | | 27,408 | 28,004 |

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

| | Ordinary Shares | Retained Earnings | Reserves | Non - Controlling Interests | Total |
|--|--------------------|----------------------|-----------|-----------------------------------|---------------|
| | \$000s | \$000s | \$000s | \$000s | \$000s |
| Balance at 1 July 2022 | 42,066 | (14,534) | 60 | 412 | 28,004 |
| Loss for the period | - | (2,758) | - | 152 | (2,606) |
| Exchange differences on translating foreign operations | - | - | 10 | - | 10 |
| Total comprehensive income for the year | - | (2,758) | 10 | 152 | (2,596) |
| Issue of shares (note 20) | 2,000 | - | - | - | 2,000 |
| Dividend paid | - | - | - | - | - |
| Balance at 30 June 2023 | 44,066 | (17,292) | 70 | 564 | 27,408 |
| | | | | | |
| Balance at 1 July 2021 | 42,066 | (13,003) | 69 | 586 | 29,718 |
| Loss for the period | - | (1,302) | - | (7) | (1,309) |
| Exchange differences on translating foreign operations | - | - | (9) | - | (9) |
| Total comprehensive income for the year | - | (1,302) | (9) | (7) | (1,318) |
| Acquisition of remaining 25% of RBT | - | (229) | - | (99) | (328) |
| Dividend paid | - | - | - | (68) | (68) |
| Balance at 30 June 2022 | 42,066 | (14,534) | 60 | 412 | 28,004 |

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

| | Note | FY23 \$000s | FY22 \$000s |
|--|-------|----------------|----------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | | 42,655 | 43,187 |
| Payments to suppliers and employees | | (39,473) | (32,521) |
| Interest received | | 206 | 7 |
| Interest paid | | (2,125) | (1,474) |
| Income taxes paid | | (843) | 124 |
| Net cash provided by (used in) operating activities | 23a | 420 | 9,323 |
| Cash Flows from Investing Activities | | | |
| Make good payments | | - | (28) |
| Acquisition of remaining 25% of RBT | | - | (328) |
| Purchase of intangible assets | | (116) | (237) |
| Purchase of plant & equipment | | (329) | (327) |
| Net cash provided by (used in) investing activities | | (445) | (920) |
| Cash Flows from Financing Activities | | | |
| Dividends paid | | - | (68) |
| Lease payments | | (5,385) | (4,750) |
| Net cash provided by (used in) financing activities | | (5,385) | (4,818) |
| Net increase in cash held | | (5,410) | 3,585 |
| Net cash at the beginning of the financial year | | 15,956 | 12,371 |
| Net cash at the end of the financial year | | 10,546 | 15,956 |
| Reconciliation of cash balance | | | |
| Cash at bank and on hand | 9 | 8,046 | 14,956 |
| Security deposit | 9,23b | 2,500 | 1,000 |
| | | 10,546 | 15,956 |

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial report includes the consolidated financial statements of Academies Australasia Group Limited and controlled entities (the Group). Details of the parent entity can be found in Note 27.

Academies Australasia Group Limited is a listed public company, incorporated and domiciled in Australia.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards which set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements were authorised for adoption on 1 September 2023.

New, revised or amending Accounting Standards and Interpretations

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Bases of preparation

The financial report has been prepared on the accruals basis and is based on historical costs, modified by the revaluation of certain non-current assets, financial assets and financial liabilities, for which the fair value basis of accounting has been applied. The financial report is presented in Australian Dollars and rounded to the nearest thousand dollars in accordance with Instrument 2016/191.

Accounting Policies

a. Basis of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Academies Australasia Group Limited) and all its subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 12.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

b. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination is accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

c. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

d. Trade and other receivables (including contract assets)

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 10 for further information on the determination of impairment losses.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments

Recognition and Initial Measurement

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets – Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the amount of the consideration received and receivable is recognised in profit and loss.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Fair value

Fair value is the price the Group would receive to sell an asset in an orderly transaction between independent, knowledgeable and willing parties at measurement date. There are no financial assets or liabilities carried at fair value.

Financial guarantees

Where material, financial guarantees are issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 15 *Revenue from Contracts with Customers*. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 15.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Interest borrowing costs

Interest payable costs are recognised as expenses in the period in which they are incurred.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Right of use assets and lease liabilities

The Group's lease portfolio includes property and equipment.

The Group has adopted AASB 16 *Leases* using the full retrospective restatement approach from 1 July 2019, recognising right of use assets (ROUA) and an equivalent lease liability at the commencement of the lease. The ROUA is initially measured at cost less any lease incentives and the lease liability is measured as the present value of the remaining future lease payments discounted at the Group's incremental borrowing rate at the date of initial application.

A depreciation charge against the leased ROUA replaces the straight line expense payment and an interest expense is recognised against the lease liability. Lease payments are no longer recognised as operating cash flows, but as financing cash flows in the Statement of Cash Flows.

AASB 16 eliminates the distinction between operating and finance leases and brings all leases except short term and low value onto the Statement of Financial Position.

The Group recognises a ROUA, representing its right to use the underlying assets and a corresponding lease liability representing its obligation to make future lease payments. The Group recognises a ROUA and lease liability at the commencement date of the lease.

ROUA are initially measured at cost (present value of the lease liability) and subsequently at cost less any accumulated depreciation, impairment losses and adjustments for re-measurement of the lease liability. The ROUA are depreciated using the straight line method from the commencement date to the end of the lease term.

Short term leases (with a term of less than 12 months) and leases of low value assets are not recognised as ROUA and corresponding lease liability. Lease payments on these assets are expensed to the profit and loss account as incurred.

The lease liabilities are initially measured as the present value of future lease payments expected to be paid over the lease term, discounted using the Group's incremental borrowing rate. The lease liability is re-measured if the future estimated lease payments change as a result of rate changes or the likelihood of exercise of extension. The lease liabilities are subsequently increased by the interest cost on the lease liability and decreased by the lease payments.

Make good liability

A liability is recognised for the present value of expected costs for future restoration of the leased premises. The liability considers the costs associated with the removal of fittings, fit-out, furniture, signage, and other structures, as well as the cost of restoration of the premises to its original condition by reconditioning or repainting the walls, replacing, or cleaning the surfaces including carpets, tiles, vinyl, wallpaper and so on. The calculation of the make good liability involves assumptions such as lease end dates and cost of make good. The liability recognised for each lease is reviewed at the end of report date and the liability amount is updated based on the information available at the time. Changes to the estimated future make good obligation for leases are recognised in the financial statements by adjusting the lease liabilities account. The make good liability will be carried forward after the lease end date until the make good obligations are fully discharged. The initial estimate of the future make good liability is recognised as part of lease liabilities and the right-of-use assets. The right-of-use asset component is depreciated across the lease term on a straight-line basis. The interest on the make good liability is recognised as part of finance costs.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Leasehold improvements and plant and equipment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

h. Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line or a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Leasehold improvements | 2.5 – 30% |
| Plant and equipment | 5 – 67% |
| Leased plant and equipment | 5 – 25% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

i. Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest

over the acquisition date fair value of net identifiable assets acquired.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest.

The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes of these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

j. Intangible assets

Intangible assets include course development costs and other intangible assets.

Course development costs are capitalised where they can be related to the development of an identifiable and separable resource and which yields particular streams of future economic benefits. They are only capitalised when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. These capitalised costs are amortised over their useful lives starting from the time the development of a particular resource is complete and available for use. The period of amortisation is up to 5 years.

k. Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Collectibility of trade and other receivables and contract assets are reviewed on an ongoing basis. Debts are written off when they are known to be uncollectible. An allowance for expected credit losses is raised where some doubt as to collection exists and is the difference between the total amount owing and the amount expected to be recovered. The Group also applies the AASB 9 simplified model of recognising lifetime expected credit losses for receivables as these items do not have a significant financing component. An expected credit loss allowance is recognised for the total expected loss from possible default events that may arise over the expected life of the financial asset.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

The Group has applied the expected credit loss model based on lifetime expected loss allowance for contract assets.

l. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

m. Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

n. Issued capital

Ordinary shares are classified as equity, and are recognised at the fair value of the consideration received by the company. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Revenue

Revenue is recognised over the period of tuition, upon completion of specific performance obligations of each of the contracts. No revenue is recognised prior to a student commencing the tuition phase of delivery. As all student contracts are for the provision of tuition, income for tuition is recognised as training is provided. Payment terms vary from contract to contract but in most cases, cash is received prior to the performance obligation being delivered. International students in particular are required to pay some level of tuition in advance. Monies received in advance are held as unearned income and recognised as revenue as the performance obligations are satisfied. Generally, the Group's obligations in respect of refunds cease after the course commences.

Revenue derived from the provision of education services is measured at the fair value of consideration received or receivable to the extent that economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Rental revenue is recognised on a straight line accrual basis over the term of the lease.

All revenue is stated net of the amount of goods and services tax (GST).

p. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

q. Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Academies Australasia Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2003.

The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Foreign currency transactions and balances

Foreign currency transactions are translated into Australian currency (the functional currency) using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the financial year;
- income and expenses are translated at average rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income.

s. Earnings per share

Basic earnings per share are calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares.

t. Comparative figures

When required by Accounting Standards, comparative figures have been restated to conform to changes in presentation for the current financial year.

u. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements 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. These estimates and judgements are considered significant items of revenue and expenses relevant in explaining the financial performance.

Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Further details on the key estimates used in impairment can be found in Note 16. No impairment has been recognised in respect of goodwill for the year ended 30 June 2023.

Key Estimates – Revenue

The extent to which performance obligations have been satisfied in respect of revenue is estimated as per the revenue policy (Note 1(o)).

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Key Estimates- Recoverability of Receivables

The extent to which receivables are recoverable is used in estimating any allowance for expected credit losses.

Factors considered include:

- the aging profile of receivables;
- the recognition of a corresponding deferred income liability;
- the nature of the debtor (e.g. government, business or individual);
- subsequent recovery of the receivable after date; and
- prior history.

v. Segment reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's Board to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Company has only one operating segment: Education.

w. Going Concern

These financial statements have been prepared adopting the going concern assumption, which contemplates the orderly realisation of assets and payment of liabilities in the ordinary course of business.

The appropriateness of this assumption is dependent upon:

- the continued support of the Group's bankers;
- the continued support of shareholders in the event of a capital raising;
- the ability of the Group to return to profitable trading; and
- the orderly realisation of selected assets in the ordinary course of business at values at least equal to their book values.

The financial statements show that:

- The Group had a net loss of \$2,606,000 (2022 \$1,309,000) for the year ended 30 June 2023.

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:

- Positive cash flow from operations for the year of \$420,000.
- Substantial cash holdings across the Group of \$10,546,000 of which \$6,675,000 is required to be held in the TPS controlled accounts.
- Positive net assets of \$27,408,000.
- No bank debt.
- Significant efforts made to rationalise the cost structures of the business.

The Board recognises that the Statement of Financial Position shows that the current liabilities exceed current assets by \$16,348,000. Included in the current liabilities are fees paid in advance of \$15,581,000. This is not an amount payable in the ordinary course of business and will be recognised as income as tuition is delivered.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

| | FY23 | FY22 |
|--|---------------|---------------|
| | \$000s | \$000s |
| 2. REVENUE | | |
| Operating activities | | |
| Revenue from services | <u>46,509</u> | 36,042 |
| Non-operating activities | | |
| Government/State assistance | 39 | 805 |
| Rental rebates | <u>6</u> | 986 |
| | <u>45</u> | <u>1,791</u> |
| 3. PROFIT FOR THE YEAR | | |
| Student acquisition and teaching costs | | |
| - Teaching costs | 13,477 | 9,326 |
| - Acquisition costs | 8,498 | 5,037 |
| - Teaching materials | <u>1,212</u> | 917 |
| | <u>23,187</u> | <u>15,280</u> |
| Personnel expenses | | |
| - Wages and salaries | 10,283 | 9,823 |
| - Superannuation | 720 | 862 |
| - Payroll tax | 630 | 564 |
| - Other | <u>873</u> | 455 |
| | <u>12,506</u> | <u>11,704</u> |
| Premises expenses | | |
| - Rental | 313 | 1,012 |
| - Outgoings | 1,346 | 1,134 |
| - Electricity | 221 | 195 |
| - Cleaning | 415 | 295 |
| - Other | <u>334</u> | 308 |
| | <u>2,629</u> | <u>2,944</u> |
| Other administration expenses | | |
| - Other administration expenses | 2,223 | 2,001 |
| - Bad and doubtful debts | <u>(11)</u> | 59 |
| | <u>2,212</u> | <u>2,060</u> |
| Restructure and non-recurring costs | | |
| - Premises expenses - outgoings backdated/relocation | - | 80 |
| | <u>-</u> | <u>80</u> |
| Depreciation and Amortisation expenses | | |
| - Depreciation plant and equipment | 257 | 259 |
| - Amortisation of intangible assets | 666 | 772 |
| - Depreciation of right of use assets | 6,038 | 5,048 |
| - Depreciation of make good | <u>36</u> | 34 |
| | <u>6,997</u> | <u>6,113</u> |
| Finance costs | | |
| - Interest and bank facility fees | 165 | 160 |
| - Interest recognised on lease liability | 1,960 | 1,314 |
| - Interest recognised on make good | <u>17</u> | 19 |
| | <u>2,142</u> | <u>1,493</u> |

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

| | FY23 \$000s | FY22 \$000s |
|--|----------------|----------------|
| 4. INCOME TAX EXPENSE | | |
| a. The components of tax expense comprise: | | |
| Current tax | (529) | (733) |
| Deferred tax | 1,289 | 1,206 |
| | <u>760</u> | <u>473</u> |
| b. The prima facie tax on loss from ordinary activities before tax is reconciled to income tax as follows: | | |
| Tax payable on loss from ordinary activities before tax at 25% (2022:25%) | (842) | (446) |
| Add/(less) tax effect of: | | |
| i. Permanent differences | 88 | (49) |
| ii. Assumption of tax balances of controlled entities | (6) | 22 |
| Income tax expense attributable to the entity | <u>(760)</u> | <u>(473)</u> |
| The effective tax rate is 23 % (2022: 26.5%). | | |
| c. Current tax payable for the year reconciles as follows: | | |
| Opening provision | 597 | (252) |
| Add: Current year provision | 529 | 733 |
| Add: Prior year | (13) | (8) |
| Less: Tax paid | (843) | 124 |
| Closing provision | <u>270</u> | <u>597</u> |

5. DIRECTORS AND SENIOR COMPANY EXECUTIVES COMPENSATION

- a. Details of Directors and Senior Company Executives, including remuneration, have been set out on pages 7 to 11.
- b. Shareholdings
Number of shares in the Company held by Senior Company Executives and parties related to them:

Shareholdings: Executive Directors and Senior Company Executives

| | Balance 1 July 2022 | Purchased on ASX | Employee incentive plan | Balance 30 June 2023 |
|---------------------------------------|------------------------|---------------------|----------------------------|-------------------------|
| Christopher Elmore Campbell | 20,000,000 | 400,000 | | 20,400,000 |
| Gabriela Del Carmen Rodriguez Naranjo | 100,000 | - | 2,500,000 | 2,600,000 |

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

| | FY23 | FY22 |
|--|---------------|---------------|
| | \$000s | \$000s |
| 6. AUDITORS' REMUNERATION | | |
| Remuneration of the auditors of the parent entity for: | | |
| - Auditing and reviewing the financial report | 286 | 296 |
| - Taxation services | 66 | 66 |
| - Other services | 4 | 10 |
| | <u>356</u> | <u>372</u> |
| Remuneration of other auditors of subsidiaries for: | | |
| - Auditing and reviewing the financial report | 42 | 37 |
| - Taxation services | 4 | 4 |
| - Other services | 21 | 10 |
| | <u>67</u> | <u>51</u> |

7. EARNINGS PER SHARE

| | | |
|--|--------------------|--------------------|
| Basic (cents per share) | <u>(2.12)</u> | <u>(1.02)</u> |
| Diluted (cents per share) | <u>(2.12)</u> | <u>(1.02)</u> |
| Weighted average number of ordinary shares used in calculation of basic earnings per share | <u>130,326,796</u> | <u>127,614,467</u> |

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

| | FY23 | FY22 |
|--|---------------|---------------|
| | \$000s | \$000s |
| 8. DIVIDENDS PER SHARE | | |
| Distributions recognised: | | |
| Year ended 30 June 2023: interim ordinary dividend of 0 cents per share, fully franked (2022: 0 cents per share) | - | - |
| Year ended 30 June 2022: final ordinary dividend of 0 cents per share, fully franked, paid in 2023 (2022: 0 cents per share) | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |
| Dividends proposed or declared but not recognised in the financial statements: | | |
| Proposed fully franked ordinary dividend of 0 cents per share (2022: fully franked 0 cents) | - | - |
| | <u>-</u> | <u>-</u> |
| Balance of franking account at year end adjusted for franking credits arising from payment of income tax | <u>3,884</u> | <u>3,187</u> |

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

| | FY23 | FY22 |
|-------------------------------------|---------------|---------------|
| | \$000s | \$000s |
| 9. CASH AND CASH EQUIVALENTS | | |
| CURRENT | | |
| Cash at bank and on hand | <u>8,046</u> | 14,956 |
| NON-CURRENT | | |
| Security deposit | <u>2,500</u> | 1,000 |

There is no overdraft balance at 30 June 2023 (2022: NIL). The net cash position is \$8,046,000 (2022: \$14,956,000).

The security deposit is in respect to rental bonds on leased premises. (See note 23b)

Included in the above amounts are tuition fees held in TPS accounts in Australia.

As at 30 June 2023, the Group held \$6,675,000 (2022: \$13,322,000) in TPS accounts.

(In 2012 the Education Services for Overseas Student Act 2000 (“ESOS Act”) was amended to provide additional protection for international students studying in Australia. With effect from 1 July 2013, the Group is required to maintain, in Australia, separate bank accounts (TPS accounts) for prepaid fees received from international students prior to commencement of their course. Once the students commence their course, the funds may be transferred from the TPS accounts to operating cash reserves. At all times, the Group must ensure that there are sufficient funds in the TPS accounts to repay any prepaid tuition fees to international students who have not yet commenced their course. Fees paid by students who have commenced their course are deposited directly to operating cash reserves. All fees received, whether deposited to TPS or Group cash reserves are initially accounted for as unearned income, being subject to the Group’s revenue recognition policy).

| | FY23 | FY22 |
|---|---------------|---------------|
| | \$000s | \$000s |
| 10. TRADE AND OTHER RECEIVABLES | | |
| CURRENT | | |
| Trade receivables | 299 | 925 |
| Less allowance for expected credit losses | <u>(44)</u> | <u>(128)</u> |
| | 255 | 797 |
| Contract assets | 1,199 | 1,142 |
| Other receivables | <u>385</u> | <u>66</u> |
| | <u>1,839</u> | <u>2,005</u> |

a. The ageing analysis of trade receivables is as follows:

| | | |
|-------------------------------|------------|------------|
| 0 -30 days | 162 | 755 |
| 31- 60 days – not impaired * | 21 | 2 |
| 61- 90 days – not impaired * | 2 | 40 |
| Over 90 days – not impaired * | 70 | - |
| Past due and impaired | <u>44</u> | <u>128</u> |
| | <u>299</u> | <u>925</u> |

* These are debtors that are past due for which no collateral is held and for which no provision for doubtful debts has been made as there has not been a significant change in credit quality and the directors believe that the amounts are still recoverable.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

10. TRADE AND OTHER RECEIVABLES (continued)

- b. The Group has an exposure to credit risk in Singapore and Australia given the Group's operations in those countries. For FY23, an amount of \$47,000 is included in trade and other receivables in respect of the business operations in Singapore. All other receivables of the Group are exposures in Australia.

| | FY23 | FY22 |
|--|---------------|---------------|
| | \$000s | \$000s |
| c. Allowance for expected credit losses at the start of the year | 128 | 69 |
| Movement in expected credit losses | (84) | 59 |
| Allowance for expected credit losses at the end of the year | <u>44</u> | <u>128</u> |

- d. The following factors were considered when assessing credit losses, receivables and contract assets:
- i. A review was performed during the year and credit losses were recognised as impairments
 - ii. Government debtors are assessed as low risk
 - iii. Significant amounts of debtors were recovered after the year end
 - iv. Other than SPT, historical levels of bad debts have been low

| | FY23 | FY22 |
|---|---------------|---------------|
| | \$000s | \$000s |
| Allowance for expected credit losses | | |
| Trade receivables | 299 | 925 |
| Contract assets | 1,199 | 1,142 |
| Sub-total | <u>1,498</u> | <u>2,067</u> |
| Lower risk government debtors | (1,158) | (1,332) |
| Sub- total | <u>340</u> | <u>735</u> |
| Allowance for credit losses | (44) | (128) |
| Credit Loss % | 12.9% | 17.4% |

11. OTHER CURRENT ASSETS

| | | |
|-------------------|--------------|--------------|
| Prepayments | 3,317 | 2,772 |
| Security deposits | 349 | 500 |
| | <u>3,666</u> | <u>3,272</u> |

ACADEMIES AUSTRALASIA GROUP LIMITED
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| 12. CONTROLLED ENTITIES | Country of Incorporation | Percentage Owned/Controlled | |
|--|--------------------------|-----------------------------|-------|
| | | FY23 | FY22 |
| Academies Australasia Group Limited (Ultimate Parent Entity) | | | |
| Subsidiaries (controlled directly or indirectly) | | | |
| ACA Investment Holdings Pte. Limited | Singapore | 100 | 100 |
| Academies Australasia (Management) Pty Limited | Australia | 100 | 100 |
| Academies Australasia College Pte. Limited | Singapore | 100 | 100 |
| Academies Australasia Institute Pty Limited | Australia | 100 | 100 |
| Academies Australasia Polytechnic Pty Limited | Australia | 100 | 100 |
| Academies Australasia Pty Limited | Australia | 100 | 100 |
| Academy of English Pty Limited | Australia | 100 | 100 |
| AKG Investment Holdings Pty Limited | Australia | 100 | 100 |
| AKG2 Investment Holdings Pty Limited | Australia | 100 | 100 |
| AKG3 Investment Holdings Pty Limited | Australia | 100 | 100 |
| AKG4 Investment Holdings Pty Limited | Australia | 100 | 100 |
| AKG5 Investment Holdings Pty Limited | Australia | 100 | 100 |
| AKG6 Investment Holdings Pty Limited | Australia | 100 | 100 |
| AKG7 Investment Holdings Pty Limited | Australia | 100 | 100 |
| AMC Training Pty Limited | Australia | 100 | 100 |
| AMI Education Pty Limited | Australia | 100 | 100 |
| Australian College of Technology Pty Limited | Australia | 100 | 100 |
| Australian Institute of Professional Studies Pty Limited | Australia | 100 | 100 |
| Australian International High School Pty Limited | Australia | 100 | 100 |
| Australian Trades Institute Pty Limited | Australia | 100 | 100 |
| Benchmark Resources Pty Limited T/A Benchmark College | Australia | 100 | 100 |
| Centre for Australian Education Pte. Limited | Singapore | 100 | 100 |
| Clarendon Business College Pty Limited | Australia | 100 | 100 |
| Academies Australasia Hair and Beauty T/A Brisbane School of Hairdressing, Gold Coast School of Hairdressing, Brisbane School of Beauty and Brisbane School of Barbering | Australia | 100 | 100 |
| CLB Training & Development Pty Limited as trustee for the CLB Unit Trust T/A Spectra Training | Australia | 100 | 100 |
| Discover English Pty Limited | Australia | 100 | 100 |
| International College of Capoeira Pty Limited T/A College of Sports & Fitness | Australia | 67.54 | 67.54 |
| Humanagement Pty Limited T/A Print Training Australia | Australia | 100 | 100 |
| Kreate Pty Limited T/A RuralBiz Training | Australia | 100 | 75 |
| Language Links International Pty Limited | Australia | 75 | 75 |
| Live. Laugh. Learn. Pty Limited | Australia | 100 | 100 |
| Newco CLB Training & Development Pty Limited | Australia | 100 | 100 |
| Skilled Placements Pty Limited | Australia | 100 | 100 |
| Supreme Business College Pty Limited | Australia | 100 | 100 |
| Transformations – Pathways to Competence and Developing Excellence Pty Limited T/A Skills Training Australia | Australia | 100 | 100 |
| Vostro Institute of Training Australia Pty Limited | Australia | 100 | 100 |

ACADEMIES AUSTRALASIA GROUP LIMITED
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| 13. PLANT AND EQUIPMENT | FY23 \$000s | FY22 \$000s |
|--------------------------------|------------------------------|------------------------------|
| Plant and equipment | | |
| At cost | 4,745 | 4,501 |
| Accumulated depreciation | <u>(3,738)</u> | <u>(3,514)</u> |
| | 1,007 | 987 |
| Leasehold improvements | | |
| At cost | 6,794 | 7,795 |
| Accumulated amortisation | <u>(4,929)</u> | <u>(5,039)</u> |
| | 1,865 | 2,756 |
| | | |
| Total plant & equipment | <u>2,872</u> | <u>3,743</u> |

| | Plant and equipment | Leasehold improvements | Total |
|--|------------------------|---------------------------|--------------|
| | \$000s | \$000s | \$000s |
| Year ended 30 June 2023 | | | |
| Balance at the beginning of the year | 987 | 2,756 | 3,743 |
| Additions | 250 | 79 | 329 |
| Disposals | (10) | (425) | (435) |
| Depreciation expense | (257) | (516) | (773) |
| Net foreign currency difference arising on translation of financial statements of foreign operations | 37 | (29) | 8 |
| Carrying amount at the end of the year | <u>1,007</u> | <u>1,865</u> | <u>2,872</u> |

| | Plant and equipment | Leasehold improvements | Total |
|--|------------------------|---------------------------|--------------|
| | \$000s | \$000s | \$000s |
| Year ended 30 June 2022 | | | |
| Balance at the beginning of the year | 1,176 | 3,161 | 4,337 |
| Additions | 100 | 227 | 327 |
| Disposals | (31) | (83) | (114) |
| Depreciation expense | (259) | (555) | (814) |
| Net foreign currency difference arising on translation of financial statements of foreign operations | 1 | 6 | 7 |
| Carrying amount at the end of the year | <u>987</u> | <u>2,756</u> | <u>3,743</u> |

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

| 14. RIGHT OF USE ASSETS | FY23 | FY22 |
|--|----------------------|----------------------|
| | \$000s | \$000s |
| Right of use assets | | |
| At cost | 60,671 | 44,114 |
| Accumulated depreciation | <u>(28,147)</u> | <u>(22,678)</u> |
| | 32,524 | 21,436 |
| | | |
| Make good | | |
| At cost | 293 | 284 |
| Accumulated depreciation | <u>(165)</u> | <u>(206)</u> |
| | 128 | 78 |
| | | |
| Total | <u>32,652</u> | <u>21,514</u> |
| | | |
| Balance at the beginning of the year | 21,436 | 28,476 |
| Additions | 17,055 | 420 |
| Terminated | - | (1,982) |
| Modifications | 7 | (510) |
| Depreciation expense | (6,038) | (5,048) |
| Net foreign currency difference arising on translation of financial statements of foreign operations | 64 | 80 |
| Carrying amount at the end of the year | <u>32,524</u> | <u>21,436</u> |
| | | |
| Make good | <u>128</u> | <u>78</u> |
| | | |
| 15. DEFERRED TAX ASSETS / LIABILITIES | FY23 | FY22 |
| | \$000s | \$000s |
| Deferred Tax Asset | <u>7,015</u> | <u>5,726</u> |
| | | |
| The deferred tax asset is made up of the following estimated tax benefits: | | |
| Temporary differences: | | |
| - deferred tax assets | 13,994 | 11,290 |
| - deferred tax liabilities | (8,653) | (5,840) |
| - losses | 1,674 | 276 |
| | <u>7,015</u> | <u>5,726</u> |

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

15. DEFERRED TAX ASSETS / LIABILITIES (continued)

| | Opening Balance Restated \$000s | Charged To Income \$000s | Closing Balance \$000s |
|-----------------------------------|--|--------------------------------|------------------------------|
| Deferred Tax Assets | | | |
| Plant & equipment | - | 14 | 14 |
| Provisions | 962 | 62 | 1,024 |
| Unearned income | 2,483 | (440) | 2,043 |
| Lease liabilities and make good | 7,335 | 3,028 | 10,363 |
| Other | 510 | 40 | 550 |
| | <u>11,290</u> | <u>2,704</u> | <u>13,994</u> |
| Deferred Tax Liabilities | | | |
| Plant & equipment | (109) | 109 | - |
| Right of use assets and make good | (5,286) | (2,836) | (8,122) |
| Prepayments and other | (445) | (86) | (531) |
| | <u>(5,840)</u> | <u>(2,813)</u> | <u>(8,653)</u> |
| Losses | <u>276</u> | <u>1,398</u> | <u>1,674</u> |
| Total | <u>5,726</u> | <u>1,289</u> | <u>7,015</u> |

| | FY23 \$000s | FY22 \$000s |
|---|------------------------------|------------------------------|
| Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(q) occur: | | |
| Tax (operating) losses | <u>324</u> | <u>324</u> |

16. INTANGIBLE ASSETS

| | FY23 \$000s | FY22 \$000s |
|---|------------------------------|------------------------------|
| Goodwill at cost | 32,758 | 32,758 |
| Accumulated impairment losses | (382) | (382) |
| Net carrying value | <u>32,376</u> | <u>32,376</u> |
| Course development costs and capitalised licences | 2,772 | 2,801 |
| Accumulated amortisation | (2,349) | (2,325) |
| Net carrying value | <u>423</u> | <u>476</u> |
| Other at cost | 3 | 3 |
| | <u>32,802</u> | <u>32,855</u> |

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

16. INTANGIBLE ASSETS (continued)

| | Goodwill | Course Development Costs and capitalised licences | Other | Total |
|--|---------------|--|----------|---------------|
| | \$000s | \$000s | \$000s | \$000s |
| Year ended 30 June 2023 | | | | |
| Balance at the beginning of the year | 32,376 | 476 | 3 | 32,855 |
| Rebranding costs amortisation | - | - | - | - |
| Course development costs and capitalised licences additions | - | 116 | - | 116 |
| Course development costs and capitalised licences write off | - | (19) | - | (19) |
| Course development costs and capitalised licences amortisation | - | (150) | - | (150) |
| Balance at the end of the year | 32,376 | 423 | 3 | 32,802 |
| Year ended 30 June 2022 | | | | |
| Balance at the beginning of the year | 32,376 | 462 | 6 | 32,844 |
| Rebranding costs amortisation | - | - | (3) | (3) |
| Course development costs and capitalised licences additions | - | 237 | - | 237 |
| Course development costs and capitalised licences write off | - | (6) | - | (6) |
| Course development costs and capitalised licences amortisation | - | (217) | - | (217) |
| Balance at the end of the year | 32,376 | 476 | 3 | 32,855 |

Goodwill is assessed by management at the cash generating unit level. The recoverable amount of the cash-generating unit is determined based on a value in use calculation using cash flow projections covering five years. Cash flows beyond the five-year period are estimated using a terminal value calculated under standard valuation principles incorporating a long-term growth rate.

The following assumptions were used in the value in use calculations:

| Revenue Growth | Revenue Growth | Pre-tax Free Cash Flow – Revenue from Services | Pre-tax Free Cash Flow – Revenue from Services per annum | Pre-tax Discount Rate | Long Term Growth Rate |
|----------------|-------------------|--|--|-----------------------|-----------------------|
| FY24 30.1% | FY25-FY28 5.8% | FY24 13.8% | FY25-FY28 13.8% | 13.2% | 1.0% |

An impairment would be triggered if any one of the key assumptions (with all other assumptions held constant) set out below applies over a 5-year period:

- Revenue growth rate is 4.1% or lower.
- Pre-tax discount rate exceeds 15.3%.
- Pre-tax free cash flow – revenue from services per annum FY24-FY28 is 9.8% or lower.
- Long term growth rate is minus 0.8% or lower.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

| | FY23 | FY22 |
|--|---------------|---------------|
| | \$000s | \$000s |
| 17. TRADE AND OTHER PAYABLES | | |
| CURRENT | | |
| <u>Unsecured Liabilities</u> | | |
| Tuition fees in advance (Deferred income) | 15,581 | 19,398 |
| Trade payables | 977 | 1,035 |
| Sundry payables and accrued expenses | 3,386 | 2,465 |
| | 19,944 | 22,898 |
| | | |
| 18. LEASE LIABILITIES | | |
| Balance at beginning of year | 29,375 | 36,281 |
| Additions – new leases | 17,055 | 420 |
| Terminated | - | (2,163) |
| Lease modifications | 7 | (510) |
| Lease payments | (5,385) | (4,750) |
| Net foreign currency difference arising on translation of financial statements of foreign operations | 88 | 97 |
| Balance at end of year | 41,140 | 29,375 |
| Make good | 559 | 456 |
| | | |
| Total | 41,699 | 29,831 |
| | | |
| Current | 5,973 | 4,454 |
| Non-current | 35,726 | 25,377 |
| Total | 41,699 | 29,831 |
| | | |
| Lease liability – undiscounted | | |
| Less than one year | 8,622 | 5,276 |
| One to five years | 35,014 | 22,180 |
| More than five years | 11,493 | 6,058 |
| Total undiscounted lease liabilities at end of year | 55,129 | 33,514 |

- a. Short-term lease payments expensed to the profit and loss account in the year \$313,000 (2022: \$1,012,000) (Note 3)

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| | FY23 | FY22 |
|-----------------------|---------------|---------------|
| | \$000s | \$000s |
| 19. PROVISIONS | | |
| CURRENT | | |
| Employee entitlements | 3,712 | 3,400 |
| NON-CURRENT | | |
| Employee entitlements | 359 | 341 |

| | FY23 | FY23 | FY22 | FY22 |
|--|--------------|--------|--------------|--------|
| | Share number | \$000s | Share number | \$000s |
| 20. SHARE CAPITAL | | | | |
| Issued Share Capital | | | | |
| Ordinary shares fully paid | 132,614,467 | 44,066 | 127,614,467 | 42,066 |
| Ordinary share capital | | | | |
| Balance at the beginning of the financial year | 127,614,467 | 42,066 | 127,614,467 | 42,066 |
| Employee incentive plan – 22 November 2022 | 2,500,000 | 1,000 | - | - |
| Employee incentive plan – 5 January 2023 | 2,500,000 | 1,000 | - | - |
| Balance at the end of the financial year | 132,614,467 | 44,066 | 127,614,467 | 42,066 |

i. Shares disclosure.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At a shareholders meeting each ordinary share is entitled to one vote.

The number of shares authorised is equal to the number of shares issued. Shares have no par value.

ii. Capital Management.

Management controls the capital of the Group in order to maintain an acceptable debt to equity ratio, provide the shareholders with adequate returns and ensures that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There were no changes in the Group's capital management procedures during the year.

iii. Employee incentive plan

Shareholders on 18 November 2022 authorised the issue of 2,500,000 ordinary shares to Gabriela Del Carmen Rodriguez Naranjo under the 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. The shares were issued to Bibhod Dotel (1,000,000 shares), 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.

ACADEMIES AUSTRALASIA GROUP LIMITED
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21. CONTINGENT LIABILITIES

Corporate Guarantee

There is a corporate guarantee between wholly-owned Group companies as security for bank facilities in effect during the year. This guarantee does not include:

Academies Australasia College Pte. Limited
Academies Australasia Hair and Beauty Pty Limited
AKG6 Investment Holdings Pty Limited
AMC Training Pty Limited
Centre for Australian Education Pte. Limited
Humanagement Pty Limited
International College of Capoeira Pty Limited
Kreate Pty Limited
Language Links International Pty Limited

The Company has provided a corporate guarantee to the landlord of the Goulburn Street premises in respect to rental of the premises by Academies Australasia Pty Limited, the lessee. The Company is also a guarantor for leases taken out by Benchmark College, Skills Training Australia and Gold Coast School of Hairdressing.

22. SEGMENT REPORTING

Business segments

The Company has determined that it has only one operating segment: Education.

Geographical information

The Group operates in Australia and Singapore. The revenues and non-current assets of the Group for the year ended 30 June 2023 are as follows:

| | \$000s | \$000s |
|----------------------------------|-----------|-----------|
| Geographic Location | Australia | Singapore |
| Revenues from External Customers | 42,040 | 4,469 |
| Non-current assets | 77,259 | 2,582 |

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments.

ACADEMIES AUSTRALASIA GROUP LIMITED
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| | FY23 | FY22 |
|--|----------------|---------------|
| | \$000s | \$000s |
| 23. CASH FLOW INFORMATION | | |
| a. Reconciliation of cash flow from operations with loss after income tax | | |
| Loss after income tax | (2,606) | (1,309) |
| Non-cash flows in profit | | |
| Amortisation | 666 | 772 |
| Depreciation | 6,331 | 5,341 |
| Net loss on disposal of plant and equipment | 453 | (52) |
| Write-downs to recoverable amounts | (11) | 59 |
| Unrealised foreign exchange movement | 15 | (6) |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade and other receivables | 403 | 309 |
| (Increase)/decrease in other current assets | (395) | (1,525) |
| (Increase)/decrease in intangibles | - | 3 |
| (Increase)/decrease in deferred tax assets | (1,277) | (1,199) |
| Increase/(decrease) in trade and other payables | (3,179) | 6,010 |
| Increase/(decrease) in tax payables | (327) | 849 |
| Increase/(decrease) in provisions | 347 | 71 |
| | <hr/> | <hr/> |
| Cash flow from operations | 420 | 9,323 |
| | <hr/> | <hr/> |

b. Borrowing arrangements with banks

Total Facilities

| | | |
|-----------------------------------|----------------|---------|
| Credit standby facility available | 4,100 | 4,800 |
| Amount utilised | (4,031) | (4,031) |
| | <hr/> | <hr/> |
| | 69 | 769 |
| | <hr/> | <hr/> |

| | | |
|------------------------------|------------|-------|
| Overdraft facility available | 100 | 100 |
| Amount utilised | - | - |
| | <hr/> | <hr/> |
| | 100 | 100 |
| | <hr/> | <hr/> |

Credit standby

Line fee 2.0%. Usage fee 1.75%.

Security deposit for rental bonds on leased premises \$2,500,000 (2022: \$1,000,000). Interest rates are variable and subject to adjustment.

Bank overdraft

General terms and conditions apply. Interest rates are variable and subject to adjustment.

The credit standby, bank overdraft and commercial card facilities are due for review on 30 November 2023.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

24. EVENTS AFTER THE BALANCE SHEET DATE

There were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

25. RELATED PARTY TRANSACTIONS

Directors' transactions with the Company and the Group

Details of Directors' remuneration are set out in the Remuneration Report on pages 9 to 11. Directors are reimbursed for expenses incurred by them on behalf of the Group.

Directors' and specified executives' relevant interests in shares

See Directors' Report on pages 7,8 and 29.

Other related party transactions

Transactions between the Company and controlled entities comprise loans, management fees and interest and are eliminated on consolidation.

26. FINANCIAL INSTRUMENTS

Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for operations.

i. Treasury Risk Management

Senior management meet on a regular basis to review currency and interest rate exposure and to evaluate treasury management strategies where relevant, in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

Foreign currency risk

The Group is exposed to foreign currency risk on its purchase of products and the sale of training and education courses to international students and on the translation of its foreign subsidiaries. The Group had not hedged foreign currency transactions as at 30 June 2023. Senior management continues to evaluate this risk on an ongoing basis.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. In the education business, credit risk is minimised by, generally, collecting tuition fees in advance.

Interest rate risk

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

26. FINANCIAL INSTRUMENTS (continued)

The interest rate risk has been managed by the Group by reducing and in most cases eliminating interest bearing debt. The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

| | Note | Weighted average interest rate | Floating interest rate | Fixed interest maturing in: 1 year or less | Fixed interest maturing in: 1 to 5 years | Non-Interest bearing | Total |
|--------------------------------|------|--------------------------------|------------------------|--|--|----------------------|--------|
| | | | \$000s | \$000s | \$000s | \$000s | \$000s |
| Year ended 30 June 2023 | | | | | | | |
| <i>Financial assets</i> | | | | | | | |
| Cash and cash equivalents | 9 | 1.82% | 8,046 | - | - | - | 8,046 |
| Security deposit | 9 | 2.43% | 2,500 | - | - | - | 2,500 |
| Trade and other receivables | 10 | | - | - | - | 640 | 640 |
| Contract assets | 10 | | - | - | - | 1,199 | 1,199 |
| | | | 10,546 | - | - | 1,839 | 12,385 |
| <i>Financial liabilities</i> | | | | | | | |
| Trade and other payables | 17 | | - | - | - | 4,363 | 4,363 |
| Lease liabilities | 18 | | - | 5,973 | 35,726 | - | 41,699 |
| | | | - | 5,973 | 35,726 | 4,363 | 46,062 |

| | Note | Weighted average interest rate | Floating interest rate | Fixed interest maturing in: 1 year or less | Fixed interest maturing in: 1 to 5 years | Non-Interest bearing | Total |
|--------------------------------|------|--------------------------------|------------------------|--|--|----------------------|--------|
| | | | \$000s | \$000s | \$000s | \$000s | \$000s |
| Year ended 30 June 2022 | | | | | | | |
| <i>Financial assets</i> | | | | | | | |
| Cash and cash equivalents | 9 | 0.06% | 14,956 | - | - | - | 14,956 |
| Security deposit | 9 | 0.02% | 1,000 | - | - | - | 1,000 |
| Trade and other receivables | 10 | | - | - | - | 863 | 863 |
| Contract assets | 10 | | - | - | - | 1,142 | 1,142 |
| | | | 15,956 | - | - | 2,005 | 17,961 |
| <i>Financial liabilities</i> | | | | | | | |
| Trade and other payables | 17 | | - | - | - | 3,500 | 3,500 |
| Lease liabilities | 18 | | - | 4,454 | 25,377 | - | 29,831 |
| | | | - | 4,454 | 25,377 | 3,500 | 33,331 |

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

26. FINANCIAL INSTRUMENTS (continued)

iii. Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate their net fair value.

iv. Sensitivity Analysis

The following table illustrates sensitivity analysis to the Group's exposure to changes in interest rates. The table indicates the estimated impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the interest rate that management considers reasonably possible.

| | Profit \$'000 | Equity \$'000 |
|--------------------------|------------------|------------------|
| FY23 | | |
| +/- 2% in interest rates | 309 | 309 |

27. PARENT INFORMATION

The following information has been extracted from the books of the parent and has been prepared in accordance with Australian Accounting Standards.

| | FY23 \$000s | FY22 \$000s |
|--|------------------------------|------------------------------|
| STATEMENT OF FINANCIAL POSITION | | |
| Assets | | |
| Current assets | 44,145 | 49,306 |
| Non-current assets | 9,674 | 4,557 |
| Total Assets | 53,819 | 53,863 |
| Liabilities | | |
| Current Liabilities | 2,224 | 2,727 |
| Non-current liabilities | - | - |
| Total Liabilities | 2,224 | 2,727 |
| Equity | | |
| Share capital | 44,066 | 42,066 |
| Retained earnings | 7,529 | 9,070 |
| Total Equity | 51,595 | 51,136 |
| STATEMENT OF COMPREHENSIVE INCOME | | |
| Total profit | (1,541) | (1,273) |
| Total comprehensive income | (1,541) | (1,273) |

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

28. COMPANY DETAILS

The registered office and principal place of business of Academies Australasia Group Limited is:

Level 6, 505 George Street
Sydney NSW 2000
Australia

Principal places of business of AKG colleges:

NEW SOUTH WALES

Academies Australasia Institute
Academy of English
Australian College of Technology
Australian International High School
Clarendon Business College
Supreme Business College

Level 6, 505 George Street
Sydney, NSW 2000

Benchmark College

Ground Floor, 331 High Street
Sydney, NSW 2750

College of Sports & Fitness

Level 6, 505 George Street
Sydney, NSW 2000

RuralBiz Training

46 Wingewarra Street, Dubbo, NSW 2830

QUEENSLAND

Brisbane School of Hairdressing

Brisbane School of Beauty

Brisbane School of Barbering

Queen Adelaide Building
90-112 Queen Street Mall
Brisbane, QLD 4000

Gold Coast School of Hairdressing

Pivotal Point Tower
3/2 Nerang Street
Southport, QLD 4215

VICTORIA

Academies Australasia Polytechnic

Spectra Training

Vostro Institute

Level 7, 628 Bourke Street
Melbourne, VIC 3000

Discover English

247 Collins Street, Melbourne, VIC 3000

Skills Training Australia

Level 14, 459 Little Collins Street
Melbourne, VIC 3000

SOUTH AUSTRALIA

Print Training Australia

Unit 17, 169 Unley Road, Unley, SA 5061

WESTERN AUSTRALIA

Language Links

120 Roe Street, Perth, WA 6003

SINGAPORE

Academies Australasia College

45 Middle Road, Singapore 1889954

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
DIRECTORS DECLARATION**

The Directors of the Company declare that:

1. the financial statements and notes, set out on pages 12 to 45, are in accordance with the *Corporations Act 2001* and
 - (i) comply with Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company and consolidated group;
2. The Chief Executive Officer and Group Finance Manager have each declared that:
 - (i) the financial records of the Company and the consolidated group for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
 - (ii) the financial statements and notes for the financial year comply with Accounting Standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view; and
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. (See Note 1w).

The Company and wholly-owned subsidiaries identified in Note 12, but excluding those in Note 21, have entered into a deed of cross guarantee under which the Company and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.



Dr John Lewis Schlederer
Director



Christopher Elmore Campbell
Director

1 September 2023

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

OPINION

We have audited the financial report of Academies Australasia Group Limited ("the Company" and its subsidiaries ("the Group")), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in



forming our opinion thereon, and we do not provide a separate opinion on these matters.

| REASON FOR SIGNIFICANCE | HOW OUR AUDIT ADDRESSED THE MATTER |
|--|---|
| <i>Risk of impairment of goodwill and intangible assets</i> | |
| <p>Goodwill and intangible assets comprise a significant portion of the Group's total assets.</p> <p>The impairment assessment made by the Group for its goodwill and intangible assets relies upon significant judgements in respect of factors such as forecast cash flows, growth rates and economic and operational assumptions.</p> | <p>Our audit considered whether the methodology and principles applied by the Group in their discounted cash flow model met the requirements of AASB 136 <i>Impairment of Assets</i> ("AASB 136").</p> <p>Using our understanding of the nature of the Group's business and the environment in which it operates, we assessed and tested the assumptions and methodologies used in the Group's discounted cash flow model. In doing so:</p> <ul style="list-style-type: none"> (a) We reviewed the Group's impairment test, including an assessment of its arithmetical accuracy and conceptual soundness; (b) We assessed the basis for the Group's expected future performance, including consideration of historical performance; (c) We compared the discount rate to available external data; (d) We assessed growth rates against recent historical rates performance; (e) We assessed the basis for terminal values and long-term growth rates against generally-accepted techniques and relevant external data; (f) We performed sensitivity analysis and evaluated whether a reasonable change in assumptions could cause the carrying amount of the CGU to exceed its recoverable amount; and (g) We also considered the adequacy of the relevant disclosures in the financial report. |
| <i>Going Concern</i> | |
| <p>The Group incurred a net loss of \$2.606m during the year ended 30 June 2023, and as of that date, the Group's current liabilities exceed its current assets by \$16.348m.</p> | <p>Using our understanding of the nature of the Group's business and the environment in which it operates, we reviewed detailed information from management on the assumptions made in their assessment of</p> |



| | |
|---|---|
| <p>The going concern assessment made by the Group relies upon significant judgements in respect of future cash flows as well as economic and operational assumptions.</p> | <p>the Group’s ability to continue as a going concern. In doing so:</p> <ul style="list-style-type: none">(a) We reviewed the Group’s cash flow forecast for the next 12 months, including an assessment of its arithmetical accuracy and conceptual soundness;(b) We assessed the reasonableness of the Group’s assumptions underlying the forecast against available information;(c) We performed analysis on the forecast to assess whether a reasonable change in assumptions could cast doubt on the Group’s ability to continue as a going concern; and(d) We reviewed the adequacy of the disclosures in the financial report in relation to going concern. |
|---|---|

OTHER INFORMATION [OR ANOTHER TITLE IF APPROPRIATE SUCH AS “INFORMATION OTHER THAN THE FINANCIAL REPORT AND AUDITOR’S REPORT THEREON”]

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2023, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

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



In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 11 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Academies Australasia Group Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PILOT PARTNERS
Chartered Accountants



DANIEL GILL
Partner

Signed on 1 September 2023
Level 10
1 Eagle Street
Brisbane Qld 4000

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR A COMPANY LISTED ON THE ASX**

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.

SUBSTANTIAL HOLDERS

Ordinary Shares

The relevant interests of substantial shareholders as at 31 August 2023 were:

| <u>Shareholder</u> | <u>No. of Shares Held</u> | <u>%</u> |
|---|---------------------------|----------|
| Mr Chiang Meng Heng ^a | 51,185,961 | 38.60 |
| Mr Christopher Elmore Campbell ^b | 20,400,000 | 15.38 |
| Jilcy Pty Ltd <Jilcy Super Fund A/C> | 17,600,000 | 13.27 |
| Dr John Lewis Schlederer ^d | 14,200,000 | 10.71 |
| Andrew Low ^c | 13,656,455 | 10.29 |
| Eng Kim Low | 7,648,232 | 5.77 |

^a Includes 7,648,232 shares held by Eng Kim Low

^b 17,600,000 shares held by Jilcy Pty Ltd <Jilcy Super Fund A/C> and 1,600,000 shares held by Bankura Pty Ltd <Campbell Family Trust A/C>

^c Includes 1,529,474 shares held by Paris Pushkin Pty Ltd <Paris A/C> and 1,809,091 shares held by Mutual Trust Pty Limited.

^d 7,500,000 shares held by J&B Schlederer Pty Ltd <J&B Schlederer Super A/C> and 6,700,000 shares held by Schlederer Nominees Pty Ltd <JLS Family A/C>

VOTING RIGHTS

Ordinary Shares

At 31 August 2023 there were 474 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Articles 69 and 70 of the Company's constitution, are:

Article 69

"Subject to these Articles and any rights or restrictions for the time being attached to any class or classes of shares:

(a) at meetings of members or classes of members each member entitled to attend and vote may attend and vote in person or by proxy, or attorney and (where the member is a body corporate) by representative;

(b) on a show of hands, every Member present has 1 vote;

(c) on a poll, every Member present has:

(i) 1 vote for each fully paid share;"

Article 70

"Where more than 1 joint holder votes, the vote of the holder, whose name appears first in the register of members shall be accepted to the exclusion of the others."

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR A COMPANY LISTED ON THE ASX**

20 LARGEST SHAREHOLDERS AS AT 31 AUGUST 2023

| | <u>Registered Name</u> | <u>No. Shares</u> | <u>%</u> |
|----|--|-------------------|----------|
| 1 | Mr Chiang Meng Heng | 43,537,729 | 32.83 |
| 2 | Jilcy Pty Ltd <Jilcy Super Fund A/C> | 17,600,000 | 13.27 |
| 3 | Andrew Low | 10,317,890 | 7.78 |
| 4 | Eng Kim Low | 7,648,232 | 5.77 |
| 5 | J&B Schlederer Pty Ltd <J&B Schlederer Super A/C> | 7,500,000 | 5.66 |
| 6 | Schlederer Nominees Pty Ltd <JLS Family A/C> | 6,700,000 | 5.05 |
| 7 | Ms Gabriela Rodriguez Naranjo | 2,600,000 | 1.96 |
| 8 | Kin Group Pty Ltd | 2,595,514 | 1.96 |
| 9 | Mutual Trust Pty Ltd | 1,809,091 | 1.36 |
| 10 | Gotterdamerung Pty Limited <Gotterdamerung Family A/C> | 1,787,782 | 1.35 |
| 11 | DMX Capital Partners Limited | 1,755,056 | 1.32 |
| 12 | Bankura Pty Ltd <Campbell Family Trust A/C> | 1,600,000 | 1.21 |
| 13 | Paris Pushkin Pty Ltd <Paris A/C> | 1,529,474 | 1.15 |
| 14 | Mr Christopher Elmore Campbell | 1,200,000 | 0.90 |
| 15 | Salvage Pty Ltd | 1,178,351 | 0.89 |
| 16 | National Nominees Limited | 1,170,890 | 0.88 |
| 17 | Mr Bibhod Dotel | 1,000,000 | 0.75 |
| 18 | Ms Joanna Kelly | 1,000,000 | 0.75 |
| 19 | JP Morgan Nominees Australia Pty Limited | 967,098 | 0.73 |
| 20 | Gotterdamerung Pty Limited <Gotterdamerung S/F A/C> | 824,480 | 0.62 |
| | | <hr/> | |
| | | 114,318,587 | 86.20 |

HOLDING RANGE (SHAREHOLDERS) AS AT 31 AUGUST 2023

| <u>Range</u> | <u>No. Holders</u> | <u>Total No. Shares</u> | <u>%</u> |
|------------------|--------------------|-------------------------|----------|
| 1 - 1,000 | 67 | 34,058 | 0.03 |
| 1,001 - 5,000 | 152 | 409,857 | 0.31 |
| 5,001 - 10,000 | 64 | 490,849 | 0.37 |
| 10,001 - 100,000 | 130 | 5,261,238 | 3.97 |
| 100,001 + | 61 | 126,418,466 | 95.32 |
| | <hr/> | | |
| | 474 | 132,614,467 | 100 |

UNMARKETABLE PARCELS AS 31 AUGUST 2023

| | <u>Minimum Parcel Size</u> | <u>No. Holders</u> | <u>Units</u> |
|---|----------------------------|--------------------|--------------|
| Minimum \$500 parcel at \$0.28 per unit | 1,786 | 100 | 82,021 |

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

CORPORATE INFORMATION

DIRECTORS

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

**COMPANY
SECRETARIES**

Stephanie Noble
Gabriela Del Carmen Rodriguez Naranjo

REGISTERED OFFICE

Academies Australasia Group Limited
Level 6, 505 George Street
Sydney NSW 2000
Australia

Telephone: (02) 9224 5555
Facsimile: (02) 9224 5550
Email: companysecretary@academies.edu.au

Web Site: www.academies.edu.au

SHARE REGISTRAR

Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne, VIC 3001
Australia

Telephone: +61 (03) 9415 4000
Toll Free (Australia only): 1300 855 080

SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange.
The Home Exchange is Sydney.

ASX Code: AKG

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
GLOSSARY**

| | |
|------------------|--|
| AAC | Academies Australasia College Pte. Limited |
| AAHB | Academies Australasia Hair and Beauty Pty Limited |
| AAI | Academies Australasia Institute Pty Limited |
| AAPoly | Academies Australasia Polytechnic Pty Limited |
| AASB | Australian Accounting Standards Board or a numbered Standard issued by it |
| ACT | Australian College of Technology Pty Limited |
| AIHS | Australian International High School Pty Limited |
| AKG | Academies Australasia Group Limited – (ACN 000 003 725) |
| AOE | Academy of English Pty Limited |
| ASX | Australian Securities Exchange |
| BMC | Benchmark Resources Pty Limited - trading as Benchmark College |
| Board | Board of Directors of AKG |
| CBC | Clarendon Business College Pty Limited |
| College | Subsidiary company of AKG that is licensed to operate as an education institution |
| Company | AKG |
| Corporations Act | Corporations Act 2001 (Cth) |
| CSF | International College of Capoeira Pty Limited - trading as College of Sports & Fitness |
| DE | Discover English Pty Limited |
| Directors | Board of Directors of AKG |
| EBITDA | Earnings before interest, taxation, depreciation and amortisation |
| EPS | Earnings per share |
| FVTPL | Fair value through profit and loss |
| FVOCI | Fair value through other comprehensive income |
| FY23 to FY28 | Financial Year to 30 June 2023 to Financial Year to 30 June 2028, respectively |

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
GLOSSARY**

| | |
|--------|---|
| Group | AKG and all its subsidiaries |
| GST | Goods and Services Tax |
| IHEA | Independent Higher Education Australia (Previous name: Council of Private Higher Education – COPHE) |
| LLI | Language Links International Pty Limited |
| OCI | Other Comprehensive Income |
| PCP | Previous corresponding period |
| PLAN | Employee incentive plan |
| RBT | Kreate Pty Limited – trading as RuralBiz Training |
| ROUA | Right of Use Assets |
| SBC | Supreme Business College Pty Limited |
| Shares | Fully paid ordinary shares in AKG |
| SPT | CLB Training & Development Pty Limited as trustee for the CLB Unit Trust - trading as Spectra Training |
| STA | Transformations – Pathways to Competence and Developing Excellence Pty Limited - trading as Skills Training Australia |
| TAFE | Technical and Further Education |
| TEQSA | Tertiary Education Quality and Standards Agency |
| TPS | Tuition Protection Scheme |
| VET | Vocational Education and Training |
| VOS | Vostro Institute of Training Australia Pty Limited |