

iCOLLEGE REPORTS RECORD REVENUE FOR Q2 FY22

iCollege Ltd (ASX: ICT) (iCollege or the **Company**) is pleased to provide an update on cash flows and revenues for the quarter ended 31 December 2021 (Q2 FY22).

Highlights for Q2 FY22 include:

- **Acquisition of RedHill Education Limited (ASX: RDH) completed with financial results consolidated effective from 1 October 2021**
- **Record quarterly cash receipts of \$13.6m, up 325% on previous corresponding period (PCP) (Q2 FY21: \$3.2m)**
- **Record quarterly revenues of \$14.0m, up 198% on PCP (Q2 FY21: \$4.7m)**
- **Record revenues in H1 FY22 of \$18.2m, up 131% on PCP (H1 FY21: \$7.9m)**
- **Closing cash balance of \$19.4m plus term deposits of \$3.0m (totalling \$22.4m), higher than the guidance range provided at the December 2021 AGM of \$20.5m - \$21.5m**
- **Positive government support and lead indicators for international students returning to Australia**

Summary of Cash Flows

Cash flows from operating activities in Q2 FY22 was negative \$2.0 million, including approximately \$4.1 million of M&A transaction related costs associated with the acquisition of RedHill Education Limited (RedHill).

Transaction costs related to payments for legal, accounting, and financial advisers made to the respective advisers of both iCollege and RedHill. Excluding these amounts, operating cash flows in Q2 FY22 was positive \$2.1 million.

Cash flows from investing activities in Q2 FY22 was positive \$20.6 million, including \$21.3 million of net cash acquired upon completion of the RedHill acquisition.

Cash on hand at the end of Q2 FY22 was \$19.4 million plus term deposits of \$3.0 million, totalling \$22.4 million, higher than the guidance range provided at the December 2021 Annual General Meeting of \$20.5 million - \$21.5 million.

Revenues

Revenues for the half year period ending 31 December 2021 was \$18.2 million, within the guidance range of \$18.0 million - \$19.0 million provided at the iCollege Annual General Meeting in December 2021.

Completion of the off-market takeover of RedHill Education Limited

iCollege achieved a 92% ownership interest in RedHill Education Limited (RedHill) on 1 October 2021, at which date the offer was declared unconditional. As control of RedHill passed to iCollege on 1 October 2021, the RedHill financial results have been consolidated into the iCollege results from that date.

The merger of iCollege and RedHill will create immediate and longer term cost and revenue synergies. With a national footprint and greater breadth of courses and qualifications, the merger is expected to continue to deliver growth in the immediate and longer term.

Integration activities supporting the merger are progressing well, and key milestones already delivered include:

- Confirming the senior executive organisation structure and key appointments;
- Launching a new HR and payroll platform for all employees;
- Launching a new integration IT service desk for all employees;
- Launching refreshed websites for iCollege and key operating brands; and
- Launching a consolidated financial reporting system in January 2022.

Return of international students to Australia

iCollege is pleased to note the visa measures announced by the Australian Government in January 2022, which are intended to provide an incentive for international students and working holiday visa holders to return to Australia quickly. The measures include full refunds of visa application fees for existing students who are currently offshore as well as for new visa applicants, and increasing the permitted working hours for people on international student visas.

These measures have been welcomed by the industry and prospective international students, and iCollege is experiencing significantly increased levels of new international student inquiries following these visa changes.

We have quickly ramped up our workforce to manage this significant increase in demand, and we expect our international student numbers and revenues to start recovering from February/March 2022.

A high priority strategy for iCollege will be to recover international student numbers and revenues. iCollege and RedHill combined international student revenues decreased by approximately 45% or \$28.0 million per annum since international borders into Australia closed in March 2020.

Further details around the significant increases in international student enquiries, confirmed enrolments and commencement of studies will be provided when iCollege releases its FY22 Interim Financial Report in February 2022.

Payments to related parties and their associates

Total related party payments during the quarter amounted to \$552,830, of which \$170,000 related to the final repayment of a loan from Mr Ashish Katta, with the balance relating to director remuneration for the current and prior quarters. The loan from Mr Katta has now been fully repaid.

CEO comment

iCollege Chief Executive Officer Glenn Elith said:

"I am pleased to report that our cash position remains strong and exceeded the guidance provided to shareholders at the Annual General Meeting last December. This better cash result is largely due to higher levels of incoming cash receipts from new and existing students. iCollege remains well funded and is in a very strong position to capitalise on the immediate opportunities presented by the recent re-opening of Australia's borders to international students.

I am also very pleased to report that due to the complementary nature of bringing together the RedHill and iCollege organisations, our employees remain positively engaged and the newly formed executive team are working extremely well together. This positive employee sentiment coupled with our robust integration program has meant there has been minimal disruption to business momentum and our people are feeling energised about upcoming growth opportunities.

We look forward to providing further details on business performance and an update on integration activities along with our FY22 Interim Financial Report which will be released in February 2022.”

This announcement has been approved for release by the Board of iCollege Limited.

For further information:

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Company Secretary
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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

iCollege Limited

ABN

75 105 012 066

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,595	17,696
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,843)	(5,893)
(c) advertising and marketing	(813)	(1,174)
(d) leased assets	-	-
(e) staff costs	(7,980)	(9,623)
(f) administration and corporate costs	(172)	(611)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(57)	(81)
1.6 Income taxes paid	(149)	(149)
1.7 Government grants and tax incentives	1,482	1,482
1.8 Other (M&A related costs)	(4,057)	(4,393)
1.9 Net cash from / (used in) operating activities	(1,994)	(2,746)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(440)	(593)
(d) investments	-	-
(e) intellectual property	(332)	(332)
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired upon acquisition of RedHill Education Limited)	21,345	21,345
2.6	Net cash from / (used in) investing activities	20,573	20,420

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	95
3.6	Repayment of borrowings	(190)	(402)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (bank guarantees paid)	(405)	(405)
3.9	Other (lease liabilities paid)	(1,930)	(2,096)
3.10	Net cash from / (used in) financing activities	(2,525)	(2,808)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period,	3,361	4,549
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,994)	(2,746)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	20,573	20,420
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,525)	(2,808)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	19,415	19,415

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	19,415	3,361
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Bank Guarantees)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	19,415	3,361

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	553
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	224	224
7.2 Credit standby arrangements	50	46
7.3 Other (please specify)	-	-
7.4 Total financing facilities	274	270
7.5 Unused financing facilities available at quarter end		4
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<ul style="list-style-type: none"> • \$50k credit card facility • \$224k Queensland Rural and Industry Development Authority (QRIDA) loan facility (assistance under Queensland COVID-19 Job Support Loans Program). Interest free for the first 12 months, then 2.5% per annum for remainder of the loan term of 10 years repayable by instalments from the second year. Loan secured over the assets of Capital Training Institute Pty Ltd. 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,994)
8.2 Cash and cash equivalents at quarter end (item 4.6)	19,415
8.3 Unused finance facilities available at quarter end (item 7.5)	4
8.4 Total available funding (item 8.2 + item 8.3)	19,419
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	10
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 January 2022.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.