

STRONG GROWTH AND CONTINUED INTERNATIONAL STUDENT RECOVERY DELIVERS POSITIVE OPERATING CASH FLOWS OF \$7.7 MILLION IN Q1 FY23 AND A HIGHER CLOSING CASH BALANCE

iCollege Limited (**ASX: ICT**) (**iCollege** or the **Company**) is delighted to provide its quarterly cash flow and activity report for the quarter ended 30 September 2022 (Q1 FY23).

Highlights for Q1 FY23 include:

- Record quarterly cash receipts of \$27.3 million, up \$23.2 million over the previous corresponding period (PCP) (Q1 FY22: \$4.1 million);
- Operating cash flows of \$7.7 million, up \$8.5 million over the PCP (Q1 FY22: (\$0.8) million); and
- Closing cash balance at the end of September 2022 of \$35.2 million (including term deposits of \$3.1 million), an increase of \$5.0 million over the balance as at 30 June 2022.

There were no significant changes in the activities of iCollege in Q1 FY23.

Greenwich successfully penetrating the Queensland market

iCollege launched its Greenwich English College and Greenwich Management College brands into the Brisbane market in July 2022 and has been extremely pleased with early trading performance. There are already over 100 new actively studying Greenwich students in Brisbane and that number is expected to increase to over 300 students by the end of the 2022 calendar year.

The Company is pleased to confirm that it has secured a lease over a second full floor in the building of its Brisbane campus to service the expected strong growth in student numbers. This additional campus capacity is currently being fitted-out with 12 new classrooms and is expected to operate from February 2023.

iCollege is delighted to announce its intention to launch operations of its Greenwich English College and Greenwich Management College brands at the Gold Coast in January 2023. Courses will initially be delivered at the existing iCollege Gold Coast campus and online, with a search for larger premises underway. Launch marketing activities have commenced and interest from prospective students seeking to study at the Gold Coast has been pleasing.

iCollege is confident it will achieve strong growth in the Queensland market in FY23 and expects that future revenues generated in Queensland will be substantial to the consolidated group.

Launch of Greenwich Hospitality College

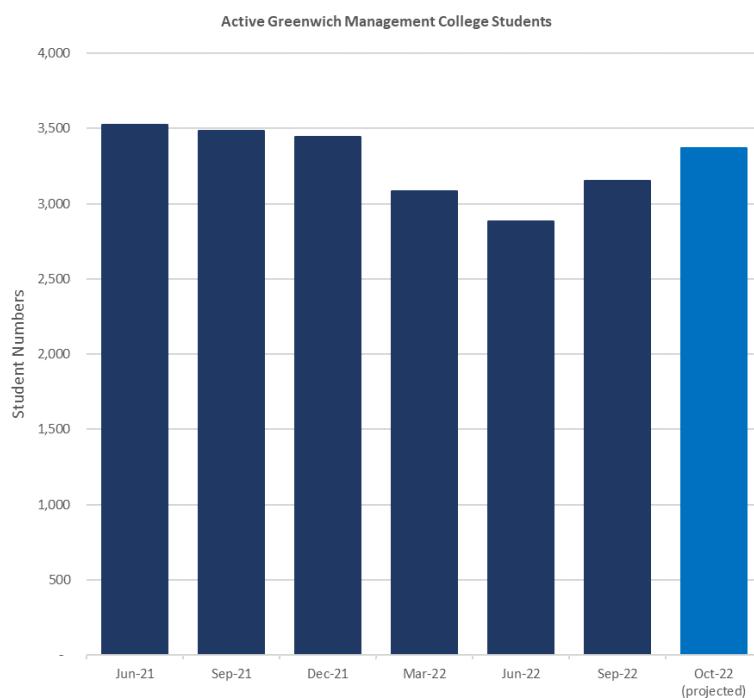
iCollege is pleased to announce that it will use its existing industrial kitchen facilities, course materials and hospitality industry relationships to launch the 'Greenwich Hospitality College' sub-brand to international students in late 2022. Greenwich will tap into its broad, well established international recruitment agent networks to recruit students into its new hospitality courses. The Company is confident there will be strong demand from international students seeking skills and qualifications to enable them to obtain jobs and careers in the Australian hospitality industry.

English language students progressing into other iCollege vocational courses

International students being recruited into iCollege require an average period of five to six months of English language studies before their English language proficiency is sufficient to enable them to progress into other vocational or higher education courses. A strategic priority for iCollege is to seek to maximise student lifetime value by offering progressing English language students a wide range of other courses and delivery locations to choose from within the iCollege portfolio.

While Australia's borders were closed there were fewer international students undertaking English language studies, which led to fewer students progressing from English language studies into other vocational and higher education courses. At iCollege this resulted in a material decline in the number of students studying vocational courses at Greenwich Management College from December 2021.

iCollege is delighted to report that its number of Greenwich Management College students has started to recover as a result of Australia's borders re-opening and international students starting to progress from their English language studies into other courses.



Approximately 40% of the incremental Greenwich Management College student numbers between June 2022 and October 2022 are former Greenwich English College students.

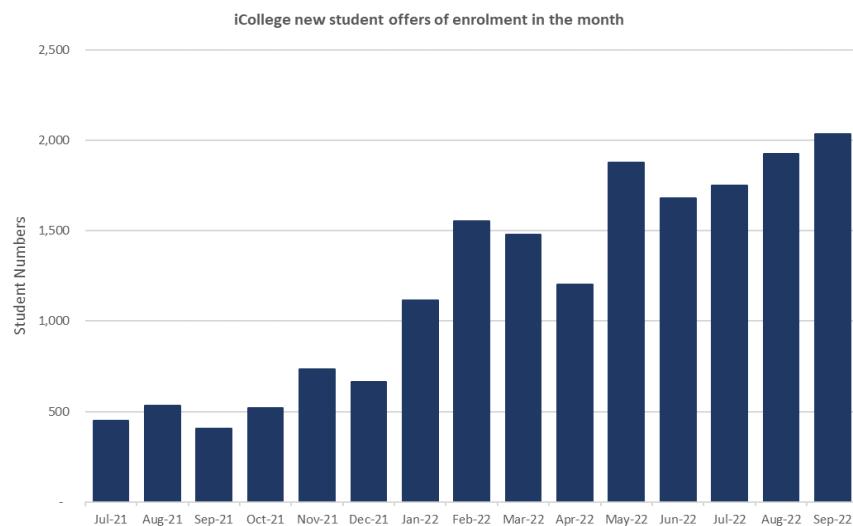
iCollege expects that the number of international students undertaking courses at Greenwich Management College will increase to over 3,500 by January 2023, and that Greenwich Management College revenues will grow strongly in H2 FY23 against the prior year.

Update on international student lead indicators – record student offers and enrolments

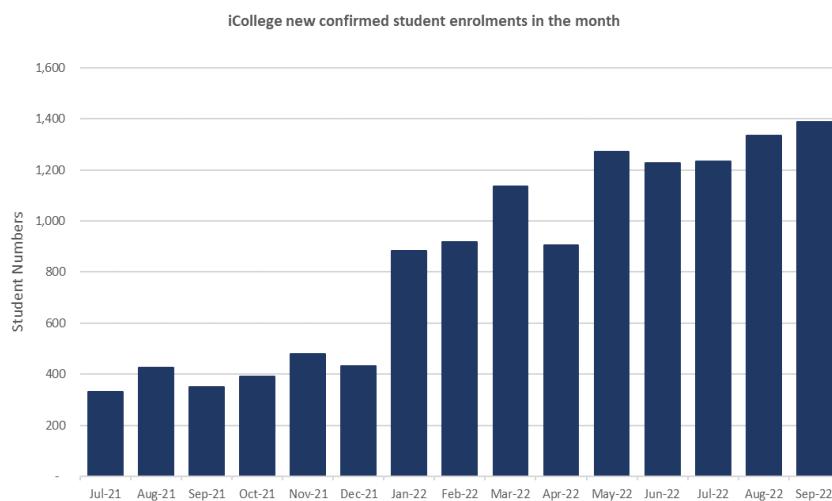
iCollege continues to work closely with its global international student recruitment agent partners to enrol new students and to maximise lifetime value by packaging students into multiple courses offered by the iCollege group.

Since Australia's borders re-opened to international student arrivals in late December 2021, iCollege continues to experience outstanding lead indicator trends which are expected to deliver significant growth in future international student revenues, including:

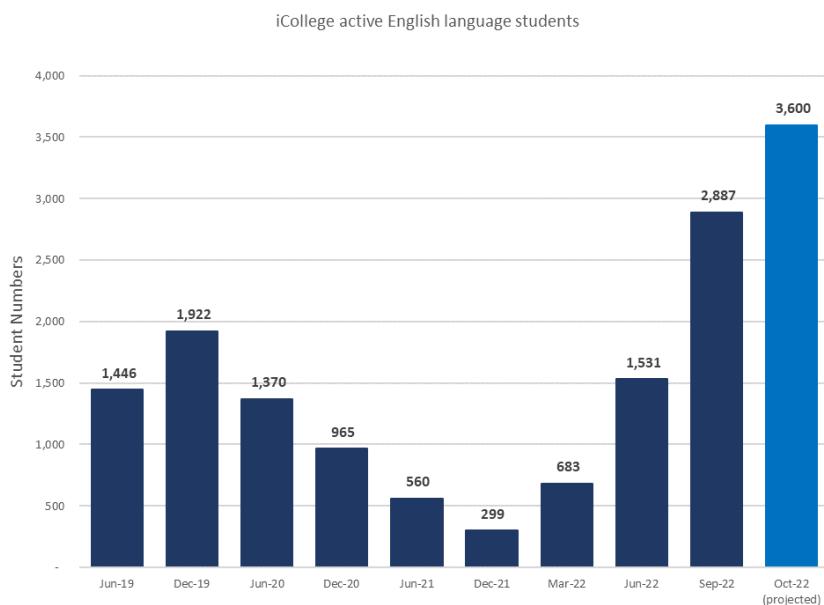
- The number of new international student offers of enrolment into English language and vocational courses in September 2022 was a record high for iCollege and more than 450% over the PCP;



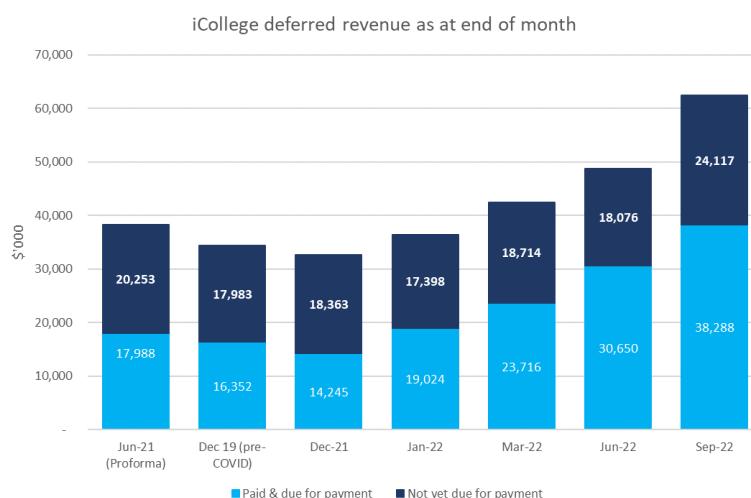
- The number of new international student confirmed enrolments into English language and vocational courses in September 2022 was a record high for iCollege and approximately 400% over the PCP;



- The number of actively studying English language students is projected to be approximately 3,600 students by the end of October 2022, significantly exceeding pre-COVID pandemic student numbers and reflecting iCollege's increased market share; and



- There was a \$7.6 million increase in the contract liabilities (deferred revenue) balance at the end of Q1 FY23 against the previous quarter, and an increase of \$24.0 million since the end of December 2021 which will be recognised as revenue within the next twelve months.



Commenting on the results, iCollege CEO, Glenn Elith said:

"We are thrilled with the early progress since launching the Greenwich brand into the Brisbane market and are confident that iCollege will perform well in Queensland as it continues to expand its campus footprint and course range in that state."

"With Australia's international borders being re-opened for around ten months now, it's great to see the start of our recovery of international students undertaking English language studies progressing into other vocational and higher education courses offered by iCollege. We are confident this international student progression will underpin strong growth over the balance of FY23 and into FY24."

"As evidenced by our plans to launch new brands into the existing Gold Coast campus and launch a new 'Greenwich Hospitality College' sub-brand, we remain determined to continue leveraging our existing courses, campus facilities and industry relationships to accelerate organic growth."

New capital works

In line with iCollege's strategic priorities, we continue to invest in expanding the campus footprint, developing new courses which focus on student engagement and outcomes, and upgrading student learning facilities.

Total capital expenditure was \$0.3 million, net of landlord fit-out contributions, in Q1 FY23, which included:

- Fit out works of the campus at Level 3, 119 Charlotte Street, Brisbane;
- Fit-out works of the campus at Level 2, 72 Mary Street, Sydney;
- New course development; and
- IT and operational equipment.

Payments to related parties and their associates

Total payments to executive and non-executive directors during Q1 FY23 amounted to \$0.3 million.

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

For further information

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Appendix 4C

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

Name of entity		
iCollege Limited		
ABN	Quarter ended (“current quarter”)	
75 105 012 066	30 September 2022	
Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	27,295	27,295
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(8,300)	(8,300)
(c) advertising and marketing	(798)	(798)
(d) leased assets	-	-
(e) staff costs	(10,457)	(10,457)
(f) administration and corporate costs	(183)	(183)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	67	67
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	37	37
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	7,660	7,660
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(221)	(221)
(d) investments	-	-
(e) intellectual property	(112)	(112)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	-	-
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	-	-
2.6	Net cash from / (used in) investing activities	(333)	(333)
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	-	-
3.6	Repayment of borrowings	(235)	(235)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities paid)	(2,094)	(2,094)
3.10	Net cash from / (used in) financing activities	(2,329)	(2,329)
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	27,161	27,161
4.2	Net cash from / (used in) operating activities (item 1.9 above)	7,660	7,660

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(333)	(333)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,329)	(2,329)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	32,159	32,159

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	32,159	27,161
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	32,159	27,161

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	335
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		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term ‘facility’ includes all forms of financing arrangements available to the entity.</i>		
	<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	7,660
8.2	Cash and cash equivalents at quarter end (item 4.6)	32,159
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	32,159
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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:	
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:	
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:	
	<i>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.</i>	

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: 21 October 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.