

iCollege

Quarterly Cash Flow And Activities Report

Appendix 4C

Quarter Ended 31 March, 2021



ASX Release

08 April 2021

iCollege on track for record financial performance in FY2021

iCollege Ltd (ASX: ICT) (iCollege, or the Company) is pleased to update shareholders on its activities for the quarter ended 31 March 2021.

Highlights:

- Record quarterly revenue (with no reliance on JobKeeper) of \$4,553,000 achieved
- Revenues up by 52% compared to the previous corresponding Quarter in FY20, (PCP Q3, FY20 \$2,997,000)
- \$1,017,000 (unaudited) operating EBITDA achieved in Q3 bringing the FY21 total to \$3,024,000 and FY21 YTD revenues of \$13,377,000
- Strong progress in Aegis and Pharmacy Guild contracts – to date, over 1,360 have attended training
- New Perth Bayswater Campus completed and fully operational
- Continued International Student Enrolments contributing over \$1,500,000 (enrolment value) during the quarter
- Significant growth in domestic enrolments continues with increasing interest in health and community services courses
- Off-market (all scrip) takeover offer made for Redhill Education Limited (ASX: RDH)
- \$5,178,000 cash at bank after ~\$540,000 spent on abnormal items

Financial summary

iCollege has continued its delivery of record (Revenue and EBITDA) quarters with Q3, generating revenue of \$4,553,000 (PCP Q3, FY20: \$2,997,000), this ongoing growth is driven primarily by the domestic student business which is performing strongly, demonstrated by increases in student numbers for existing qualifications and early interest in new course offerings. International student contribution over \$500,000 (enrolment value) per month with the company remaining ready to enthusiastically welcome back students from overseas in the midterm as international border restrictions ease.

During Q3, FY21, the company received \$3,467,000 from customers.

The company **did not** qualify for any Government assistance (JobKeeper) in Q3 and ended the period with \$5,178,000 cash at bank after ~\$540,000 in abnormal expenses including the finalisation of the new Bayswater campus, equipment purchases, resource development, bank guarantees and loan repayments.

Domestic operations

During the quarter, the new Perth campus was completed with \$300,000 committed to finalising the fit-out to ensure operational readiness. The new state-of-the-art campus increases the Company’s CRICOS (Commonwealth Register of Institutions and Courses for Overseas Students) approved places by an additional 360 providing for a national total of 1,760 of which ~800 is currently filled. The new facility includes a fully equipped commercial training kitchen, a state-of-the-art skills lab for aged care training and spacious classrooms. With the Maylands campus still operational, Perth can now accommodate 760 international students.

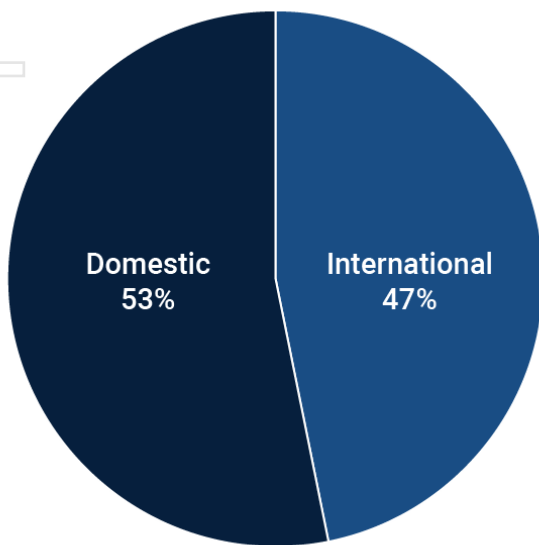
In the December quarter, iCollege reported that it had secured a contract with Western Australia’s largest aged care provider Aegis Aged Care Group Pty Ltd (‘Aegis’) to train their 3,400 staff on infection control. Aegis operates 27 aged care residences, providing 24-hour care and support to 2,200 elderly residents. This training commenced in December 2020 and iCollege has now successfully trained over 1,100 of their staff with weekly schedules in place to ensure all remaining staff are fully trained. Additionally, the iCollege and Pharmacy Guild of Australia training program is continuing to gain momentum with an estimated 260 staff trained in the Infection Control nationally accredited skill set.

The business has continued to focus its marketing spend and partnership expansion in aged care, hospitality, building and construction which is providing strong and sustainable enrolment growth in the domestic student market.

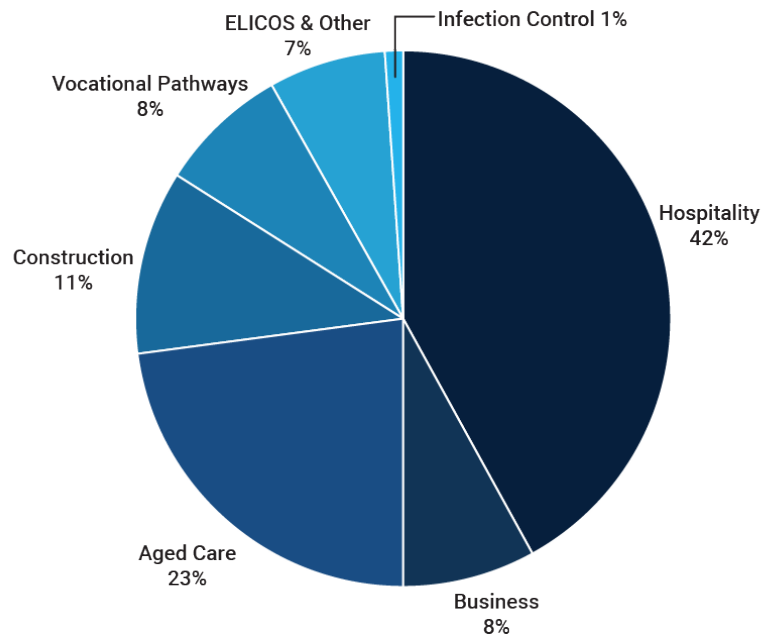
International student recruitment

Enrolments of international students, predominantly from onshore international, has been steady and generated over \$1,500,000 of enrolment value in the quarter which is encouraging as we continue to witness consistent numbers while we wait for Federal Government confirmation regarding the relaxation of Australia’s border restrictions.

Revenue by Source



Revenue by Sector



Off-market takeover offer made for Redhill Education Limited (ASX: RDH)

In February, the Company announced an off-market (all scrip) takeover offer for Redhill Education Limited ('Redhill') (see ASX announcement 22 February 2021) at this time, given strong share price appreciation, iCollege intended to offer 6 fully paid ordinary shares for every 1 fully paid ordinary share in Redhill valuing Redhill at \$50,300,000.

On 25th of March 2021, the company lodged its Bidder's Statement which sets out in full detail the strategic rationale for the transaction and how it intends to create what will be one of Australia's leading listed education providers. The Bidder's Statement provided Redhill Education shareholders with a revised bid of 7.6 fully paid ordinary shares for every 1 fully paid ordinary share in Redhill, maintaining a value of \$50,300,000 for Redhill Education shareholders. This revised offer was based on the Company's closing share price of \$0.13 on the 25th of March 2021.

Future Outlook

iCollege is well-placed for the remainder of FY21 and expects to deliver its highest full year revenue and earnings since the listing of iCollege. The Company's continued growth is underpinned by expansion of domestic course delivery in more locations throughout Australia including Perth, Brisbane and Sydney. Significant Federal Government subsidies have seen the Company expand its focus to include traineeships and apprenticeships, primarily targeting the healthcare and hospitality sectors with the Company well-advanced in offerings in Western Australia and Queensland.

As outlined at the time of raising \$5,500,000 in capital during 2020, iCollege is actively pursuing expansion opportunities in New South Wales and Victoria through potential acquisition. These are the two largest training markets in Australia, and the Company remains committed to an aggressive expansion of its geographic footprint. These potential acquisitions are excluding the current bid in place for Redhill Education (ASX: RDH).

Payments to related parties and their associates

\$129,782 was paid towards executive director's fees. HWL Ebsworth Lawyers, of which Non-Executive Chairman Simon Tolhurst is partner, was paid \$4,808 in legal fees for legal services rendered to the Company during the quarter. An additional \$30,000 was made to Ashish Katta as part repayment of a long-term interest free loan provided by the Managing Director to the company.

Reclassification of Bank Guarantees

The Company previously reported payments of bank guarantees under cash flows from operating activities. These have now been reclassified under cash flows from investing activities under payments to acquire other non-current assets. The year to date figures have been restated accordingly.

Comment

iCollege Managing Director Ashish Katta said: *“Q3 2021 has been another successful quarter for iCollege and our record financial results reflect this. The domestic training operations continue to perform well and are growing favourably. Obviously, with international borders remaining closed, our international student business is limited to onshore international recruitment activities which remain stable month-on-month.*

“The proposed off-market (all scrip) takeover offer for Redhill Education is a compelling opportunity for iCollege and will create what we believe will be one of the leading and most diversified education and training businesses in Australia. As a company we believe this combination of both entities will create significant and sustainable value for the shareholders of both businesses.

“We expect the final quarter of FY 2021 to provide a strong finish to the year. Through the efforts of the Company’s leadership team and all of our staff across the country, iCollege is thriving through this challenging time and I am very proud to be at the helm of the Company given our numerous exciting growth prospects.”

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

ENDS

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

75 105 012 066

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,467	9,876
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,305)	(4,708)
(c) advertising and marketing	(241)	(495)
(d) leased assets	(6)	(18)
(e) staff costs	(1,520)	(4,494)
(f) administration and corporate costs	(253)	(696)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(5)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	779
1.8 Other (Bank guarantees paid)	-	-
1.9 Net cash from / (used in) operating activities	137	233
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(275)	(343)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(60)	(236)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(335)	(579)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,500
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	-	(386)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(152)	(435)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(152)	4,679

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,528	845
4.2	Net cash from / (used in) operating activities (item 1.9 above)	137	233
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(335)	(579)

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Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(152)	4,679
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,178	5,178

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	5,178	5,528
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)	5,178	5,528

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	165
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.

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

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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	242	242
7.2 Credit standby arrangements	50	29
7.3 Other (please specify)	-	-
7.4 Total financing facilities	292	271
7.5 Unused financing facilities available at quarter end		21
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"> • \$18k floating drawdown facility – interest at 15% secured by director guarantee • \$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% for remainder of loan term of 10 years, repayable by instalments from 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)	137
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,178
8.3 Unused finance facilities available at quarter end (item 7.5)	21
8.4 Total available funding (item 8.2 + item 8.3)	5,336
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: 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:8 April 2021.....

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.