

iCollege (ASX:ICT)



Company update
29th April 2022

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Section 1

3Q22 Highlights

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Record 3Q22 revenues of **\$12.5 million, up 175%** against pcp



Strong positive operating cashflows of **\$6.5 million** in 3Q22 (excluding M&A costs)



International students are back - **outstanding lead indicators** for recovery of international student revenues



Successful completion of the integration of RedHill acquisition



Accelerating **organic growth opportunities** - Greenwich brand to be launched into Queensland market in July 2022



Demonstrating **strong growth** mindset



3Q22 financial highlights

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Revenue

\$12.5m ↑ 175% vs pcp

Record quarterly revenues of \$12.5m, up 175% on previous corresponding period (pcp) (3Q21 \$4.5m)

Operating cash flow before M&A

\$6.5m ↑ \$4.4m vs 2Q22

Positive operating cash flows driven predominantly by a strong increase in international students returning to Australia. M&A costs of \$1.3m paid in 3Q22 (accrued in prior periods)

Cash balance

\$22.3m ↑ \$2.9m vs Dec 21

Strong operating cash flow resulted in increased cash on hand. Cash at bank (including term deposits of \$3.2m) of \$25.5m

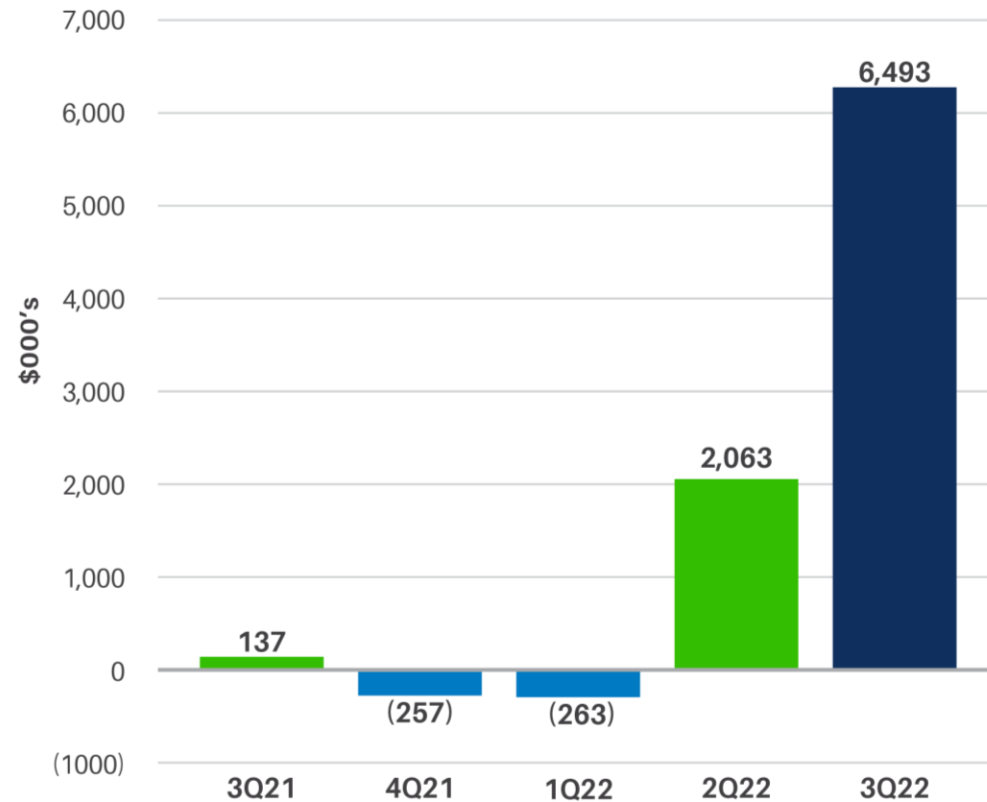
Deferred revenue

\$23.7m ↑ \$9.5m vs Dec 21

Strong demand from international students returning to Australia resulted in significant increase in deferred revenues as tuition fees have been paid in advance of students commencing studies in 4Q22



Operating cash flow (excl M&A costs)



- ❖ Record cash inflows in 3Q22 as a result of fast-growing student enrolment numbers and tuition fee payments
- ❖ Including M&A costs of \$1.3m, operating cash flow was \$5.1m



Outstanding lead indicators for future international student revenues

International student recruitment agency - new student sales

↑ 200%

March 2022 vs July 2021

Vocational - international students confirmed enrolments

↑ 243%

March 2022 vs July 2021

English language student numbers

↑ 128%

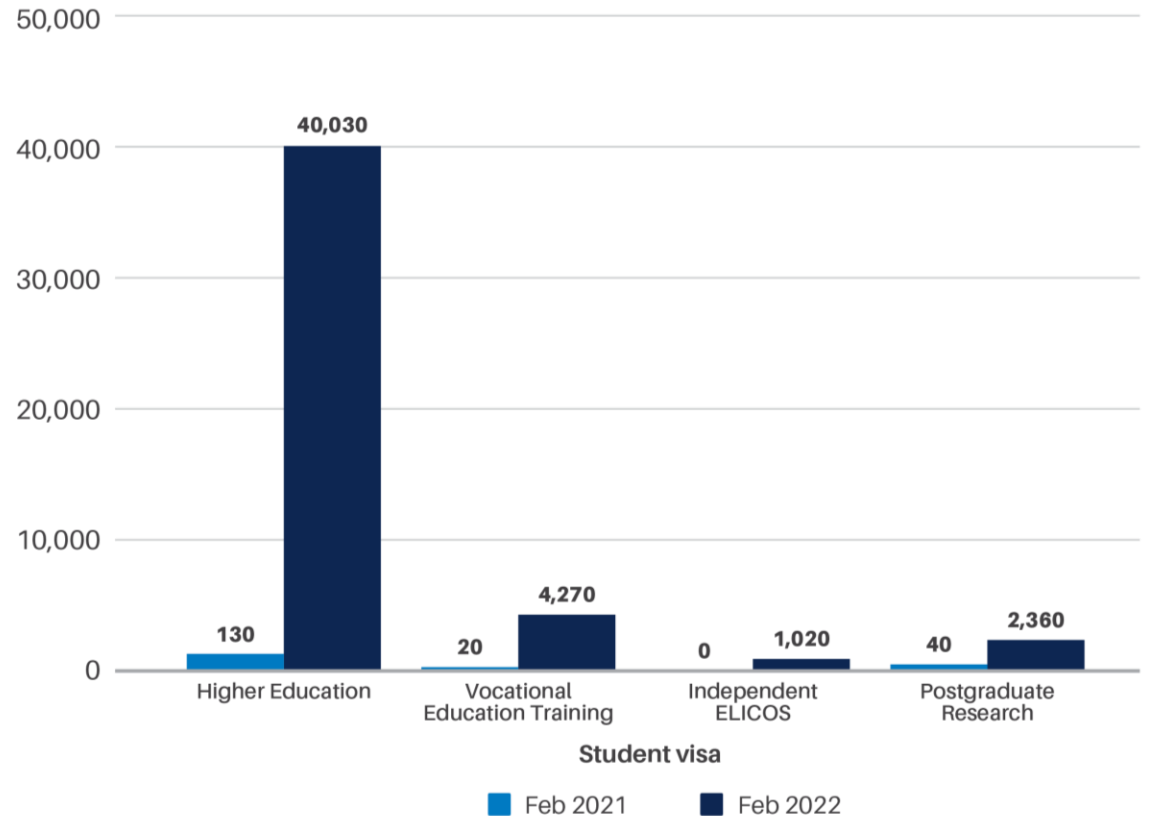
March 2022 vs Dec 2021

Deferred revenue - increase since borders re-opened (late Dec 21)

↑ \$9.5m

March 2022 vs Dec 2021

International student arrivals into Australia in February 2022



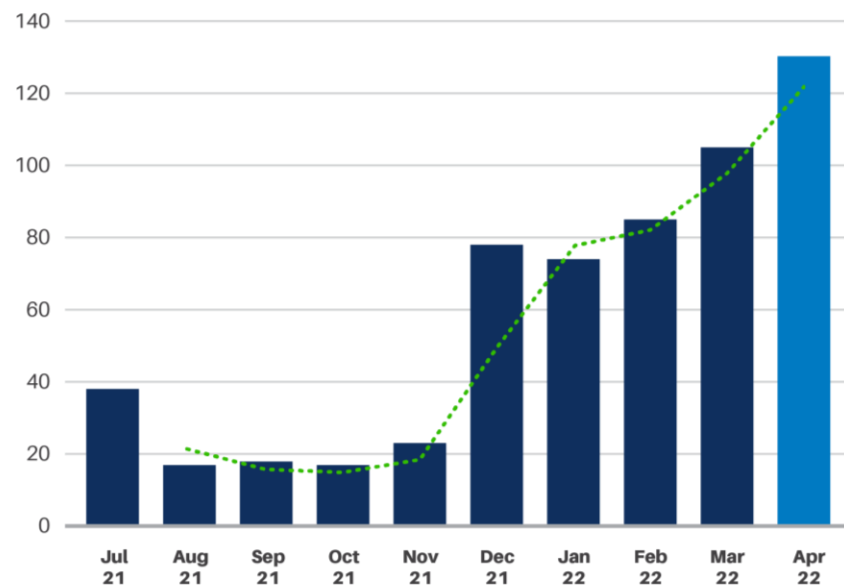
Source: Australian Bureau of Statistics, Overseas Arrivals and Departures, Australia February 2022



International student recruitment agency: strong sales recovery

Go Study Australia's new international student sales have increased significantly since the re-opening of international borders into Australia

New student sales in the month



Go Study Australia offshore new student sales in March 2022 grew **200%** over July 2021

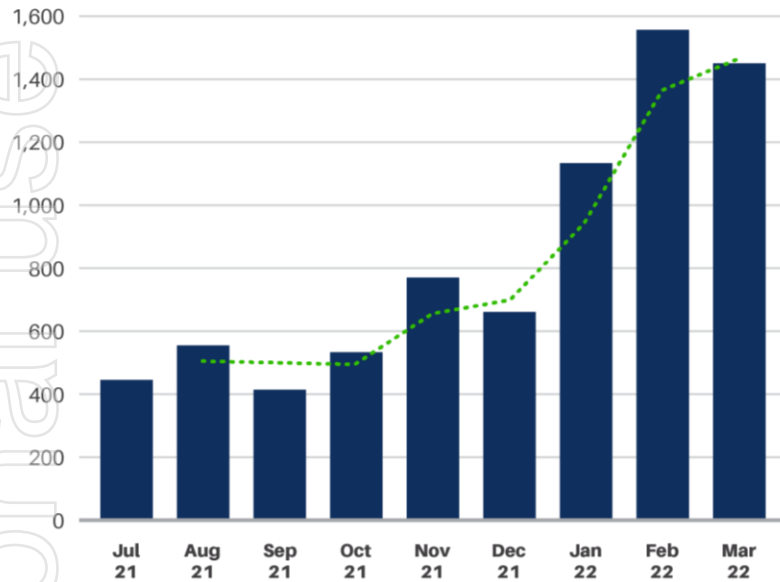




Strong growth in international student course offers and acceptances: Greenwich & Sero

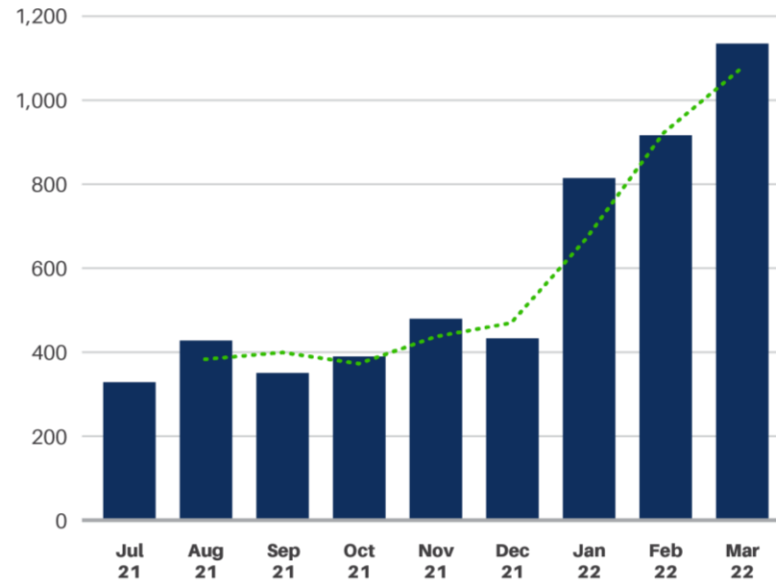
Lead indicators showing very strong recovery of international student numbers and revenues now that borders have re-opened

New student offers in the month



The number of new international student offers of enrolment (the step before students formally enroll into a course) issued in March 2022 grew **228%** over July 2021

New student acceptances in the month



The number of new international student confirmed enrolments in the month of March 2022 grew **243%** over July 2021

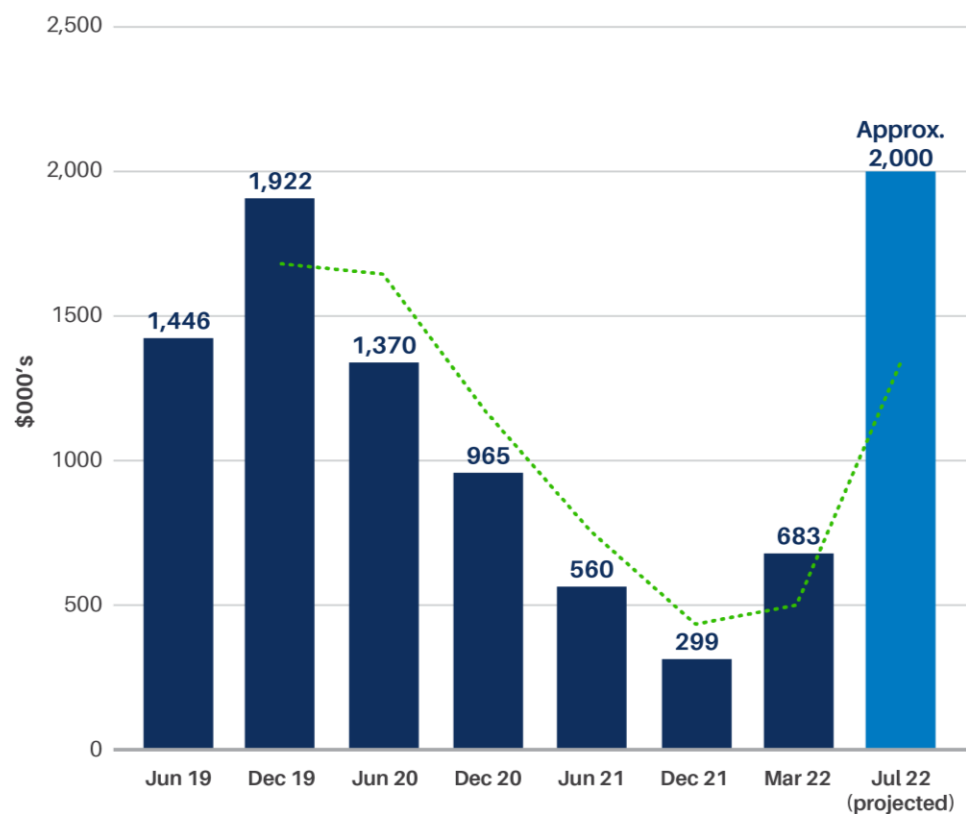




English language student numbers to exceed pre-COVID levels by 1Q23



Actively studying English language students at Greenwich



- ❖ English language student numbers expected to exceed pre-COVID levels by 1Q23, and expected to continue to increase further over the balance of FY23
- ❖ Most international students undertake English language studies before progressing onto other courses
- ❖ Most negatively impacted segment when international borders closed, and recovering fast now that borders have re-opened
- ❖ High quality brand reputation is driving strong support from international recruitments agents across all key markets
- ❖ Number of competitor colleges in English language segment has reduced by at least 20%*

* Source: internal company research including consultation with industry association

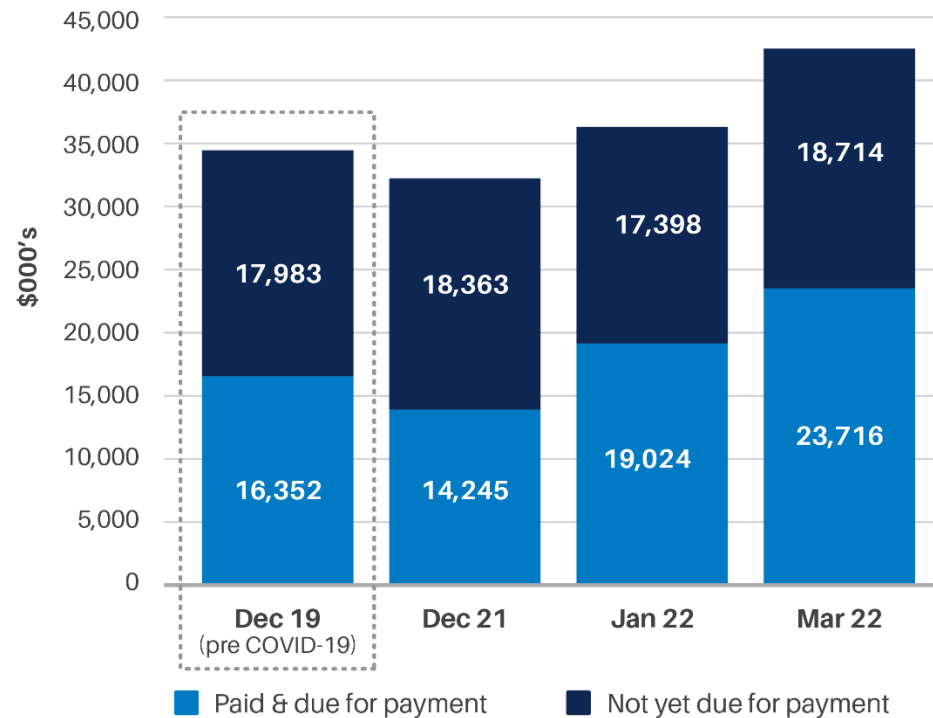


Deferred revenue balance exceeds pre-COVID levels



\$9.5m increase in deferred revenue in 3Q21 following the opening of international borders in December 2021

Contract liabilities



- ❖ Deferred revenue represents tuition fees paid or payable in advance for studies that have not yet been undertaken. Revenues will be recognised over the period a course is delivered, which is expected to be within 12 months
- ❖ Deferred revenue not yet due for payment represents where students have formally enrolled into courses and there is a contract in place, but the tuition fees associated with that period of study will be invoiced and become payable in a future period



Integration of RedHill acquisition – successfully completed



- ❖ Critical integration tasks associated with the RedHill acquisition have now been successfully completed and the integration management office has been closed
- ❖ Remaining integration activities have been handed over to senior management for completion as part of 'business as usual' operational cycles
- ❖ The company has firmly shifted its focus away from integration activities and onto growth and business development initiatives



Business expansion - Greenwich to launch in Queensland

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- ❖ Greenwich currently operates in NSW and Victoria
- ❖ Queensland is 3rd largest addressable market for international students behind NSW and Victoria
- ❖ Reduced competition in Queensland with some competitors leaving market
- ❖ Leverage existing campuses, capabilities and international student agent relationships
- ❖ Use launch as opportunity to centralise international student support functions across the group to enhance operational efficiencies
- ❖ First Greenwich Queensland English language and vocational revenues expected in 1Q23



Growth mindset



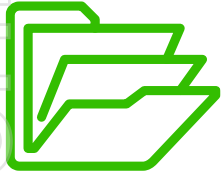
- ❖ Board mandate to focus on further growth and expansion - organic and inorganic
- ❖ Executive team has been structured with dedicated resources to pursue M&A activity
- ❖ Planning further geographic expansion of existing courses and brands where campus facilities exist
- ❖ Development of new courses in targeted skill shortage areas underway



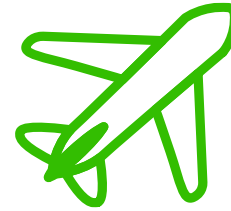
Section 2

Company Overview

Company overview



Unique portfolio of brands with broad range of courses across different market segments delivered to both domestic and international students



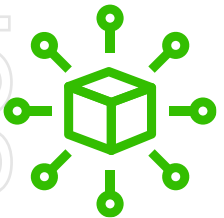
Well positioned to benefit from Australia's international border re-opening and associated **international student industry tail-winds**



Strong positive **brand reputation** with international student recruitment agent supply chain



Campus operating leverage immediately available to **improve profitability** as revenues grow



Up-selling and cross-selling opportunities to **maximise student lifetime value**



Strong cash position enables **investment in growth** activities



Unique brand portfolio

STUDENT RECRUITMENT

GO STUDY AUSTRALIA
Student Recruitment

ENGLISH LANGUAGE

GREENWICH English College
ELICOS

Test Ed
English
Language

VOCATIONAL & SHORT COURSES

CAPITAL TRAINING INSTITUTE
Building & Construction

celtic training
Healthcare & Community Services

GREENWICH Management College
Business & Management

SERO INSTITUTE
Hospitality/ Foundation Skills/Business

WORK READY EDUCATION
Business & Management

iscd
INTERNATIONAL SCHOOL OF COLOUR+DESIGN
Design

HIGHER EDUCATION

AT Creative Technology Educators
Technology Design

codER ACADEMY
Coding

- ❖ Operate brands across different segments to expand addressable markets
- ❖ Strong in both domestic and international student markets
- ❖ Broad curriculum range including in-demand skills areas
- ❖ Direct government funding and tuition loan arrangements for domestic students

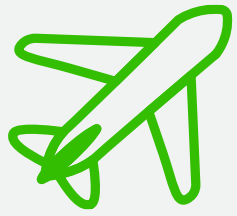
LEGEND

Market sector

- International
- Domestic
- Online

Funding source

- Fee-For-Service (FFS)
- VET Student Loans (VSL)
- FEE-HELP
- Commonwealth Supported Places
- Subsidised State Government Contracts



Very well positioned for post-pandemic recovery as Australia and the world re-opens

- ❖ Outstanding lead indicators for future English language course revenues from newly arriving international students into Australia
- ❖ Extensive global international student recruitment agent networks in key source countries for international students seeking to study in Australia
- ❖ Significant available campus capacity to support fast growth and to provide immediate operating leverage
- ❖ Portfolio of brands to encourage packaging international students into English language + other vocational or higher education courses to maximise student lifetime value
- ❖ Supportive government policy to encourage return of international students





Extensive international student agency relationships

- ❖ Agents want to work with financially robust colleges like iCollege with strong track records of providing quality student experiences
- ❖ Historically strong agent relationships across key source countries including Europe, LATAM, South-East Asia and Subcontinent – all of which are experiencing a strong recovery in student numbers
- ❖ Australia remains a highly desired international study destination for international students
- ❖ Operating the Go Study Australia agency business provides iCollege with insights that drive a deeper understanding of international student needs

iCollege international student agency network





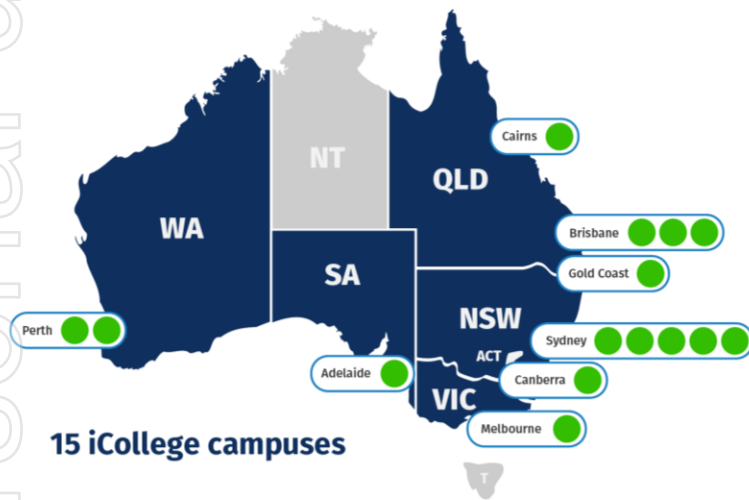
Significant operating leverage

❖ Significant available campus capacity to support fast growth and to provide immediate operating leverage as international students arrive and commence their studies in Australia

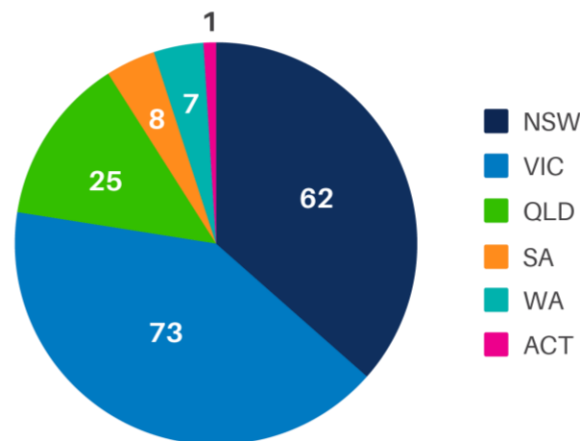
❖ Campus operating leverage expected to be enhanced through timetabling innovations and permanently implementing components of online learning into most courses

❖ Current campuses able to support annual revenue generation of at least \$100 million

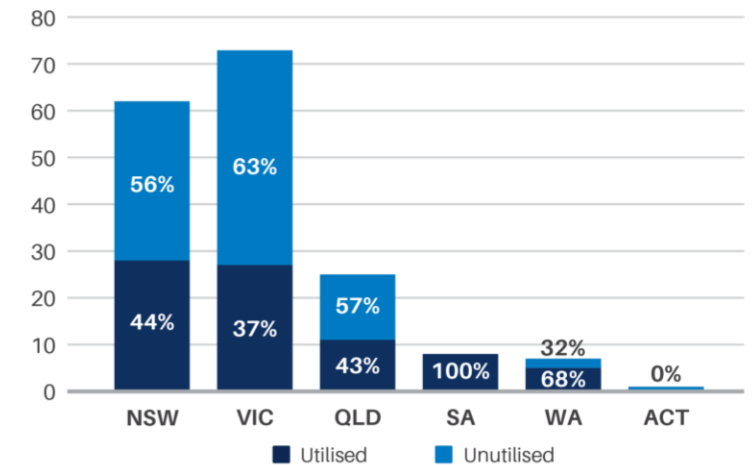
iCollege campus locations

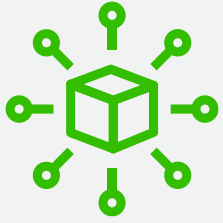


Training rooms by state



Room utilisation

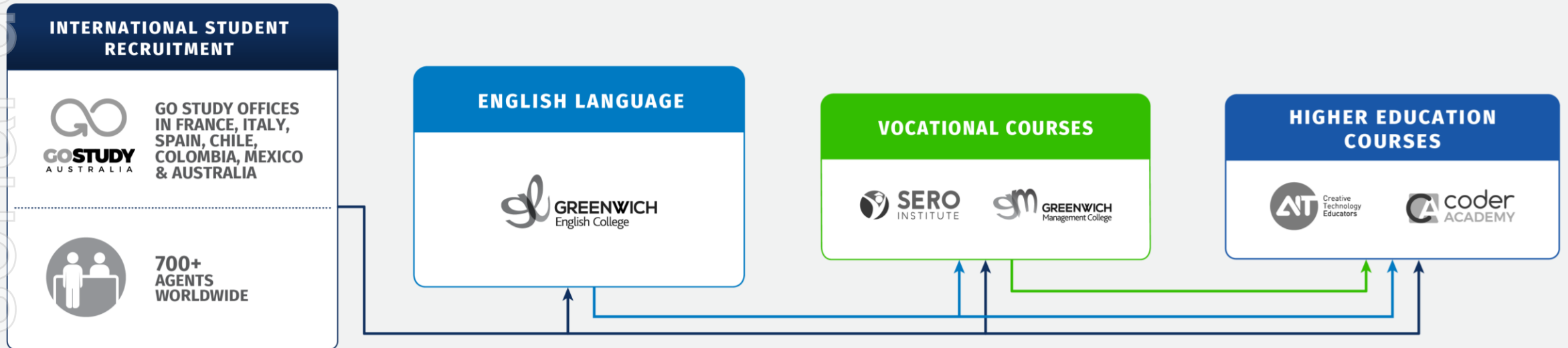




International student study pathways

- ❖ Participation in each stage of the international student lifecycle, starting with extensive international student agent relationships and operating our own student agency

- ❖ Providing international students with a wide range of opportunities to 'package' their English language studies with other vocational and higher education courses to extend student lifetime value



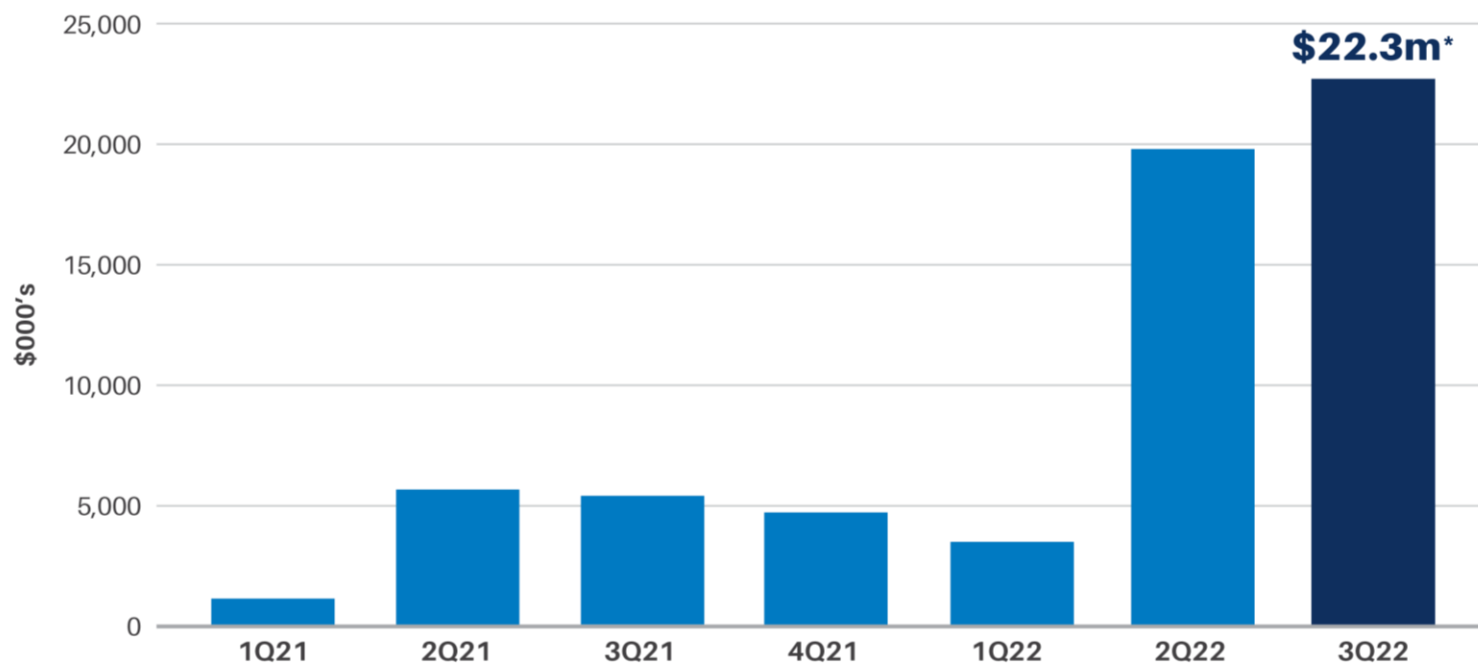


Strong cash position



Total cash on hand of **\$25.5m** including \$3.2m of term deposits to support bank guarantees

Cash balance at end of period



*excluding term deposits of \$3.2m to support bank guarantees over leased properties

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Thank you!

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