

iCollege (ASX: ICT)



FY22 RESULTS PRESENTATION

29 August 2022



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FY22 Results

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Resources for Growth



FY22 Results Highlights

Financials

Revenue

\$46.8m ▲ 187%

EBITDA¹ excl. M&A

\$3.6m ▲ 37%

Operating Cash Flows excl. M&A

\$17.0m ▲ 2,387%

Cash at Bank²

\$30.2m ▲ Up **\$25.2m**
vs June 21

- ◆ Record revenues and material profit growth
- ◆ Exceptional positive operating cashflows and robust closing cash balance
- ◆ Outstanding lead indicators for future growth in international student revenues and profits

Lead Indicators of Future Performance

International Student Vocational – new confirmed enrolments

▲ **270%**

June 2022 vs July 2021

Higher Education - international students confirmed new enrolments

▲ **256%**

Student intake May 2022
vs Feb 2021

Deferred Revenue – balance increase since international borders re-opened

▲ **\$16.4m**

June 2022 vs Dec 2021

International Student Recruitment Agency – growth in new student sales

▲ **331%**

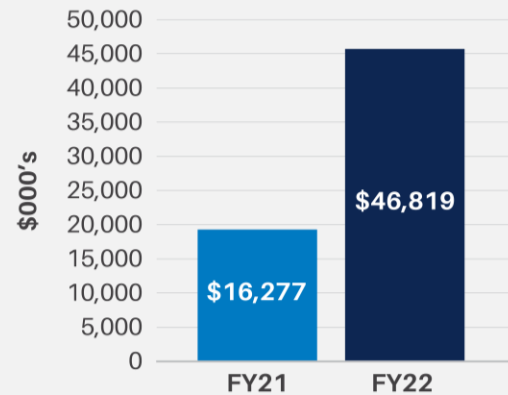
June 2022 vs July 2021

1. The Company reports EBITDA in addition to the Profit after Tax. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory profit under AAS adjusted for specific non-cash and significant items

2. Cash at bank includes term deposits of \$3.1m (FY21 \$0.5m)

Key Financial Metrics

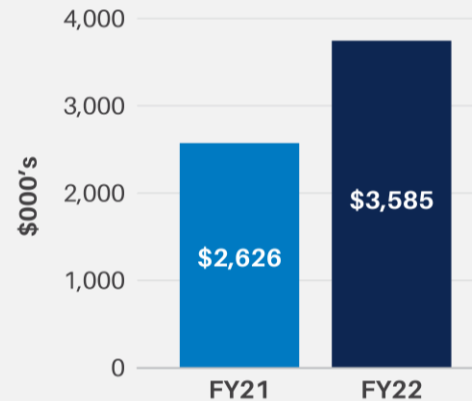
Revenue



FY22 up 187% vs PCP

- ◆ RedHill contributed \$31.5m post acquisition

EBITDA*

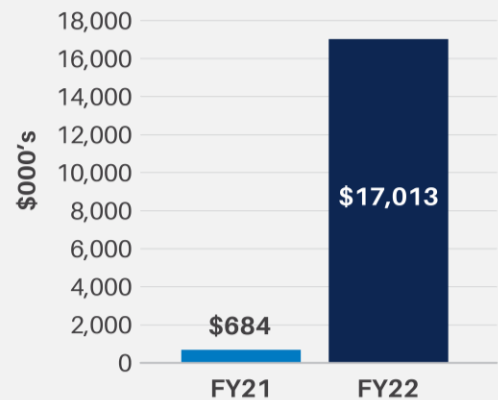


FY22 up 37% vs PCP

- ◆ Growth driven by RedHill acquisition and recovering international student revenues

*EBITDA excludes M&A costs of \$3.2m

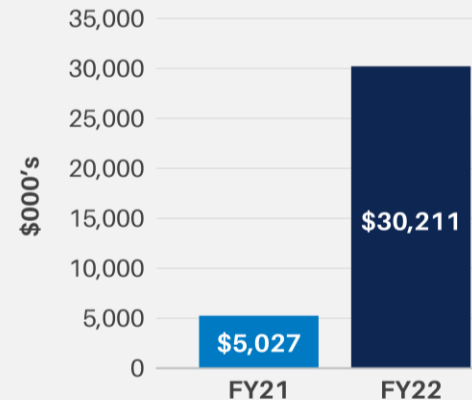
Operating Cash Flows excl. M&A Costs



FY22 up \$16.3m vs PCP

- ◆ Strong operating cash flows of \$17.0m before M&A costs

Cash on Hand Balance**



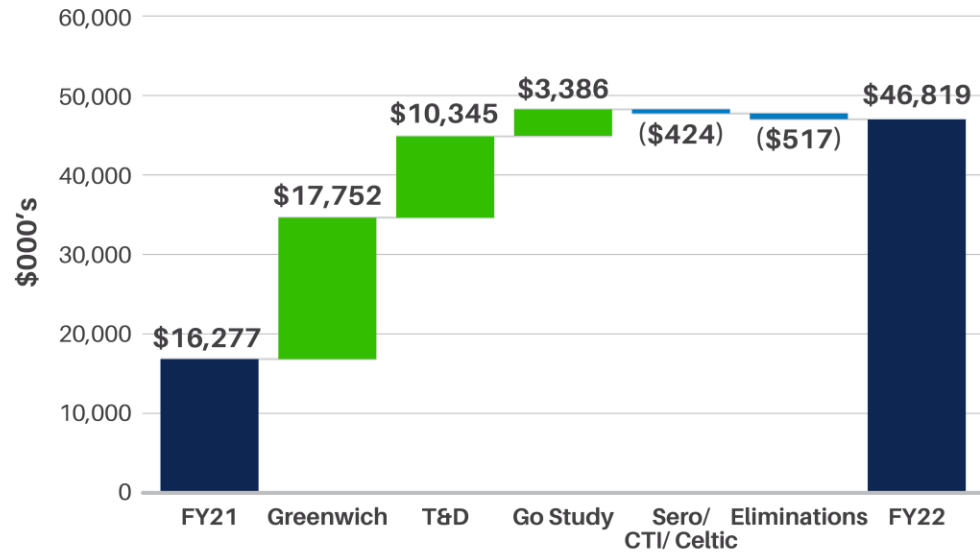
FY22 up \$25.2m vs PCP

- ◆ \$21.3m cash increase upon completion of RedHill acquisition

**Includes term deposits of \$3.1m (FY21 \$0.5m)

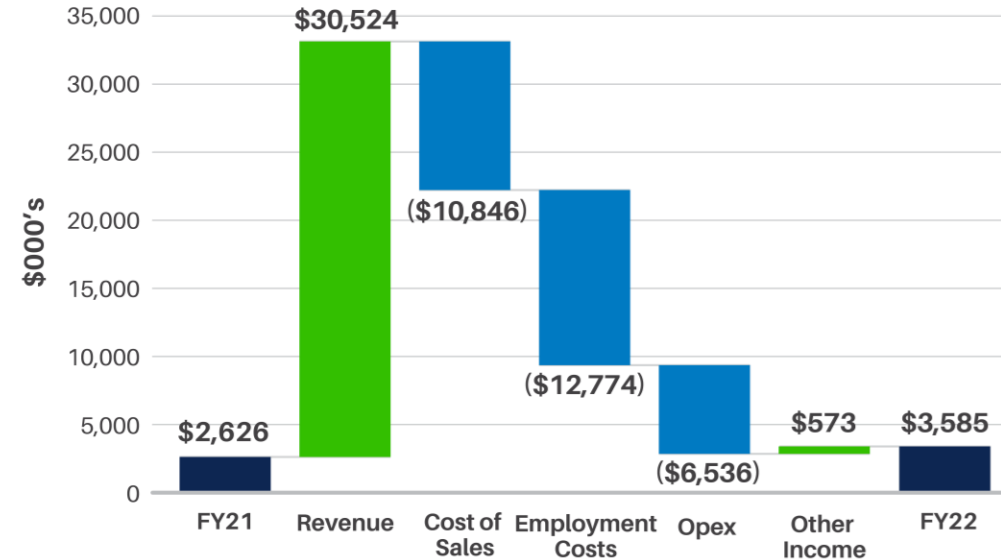
Revenue & EBITDA Bridges

Revenue Bridge by Operating Segment



- ◆ RedHill operating segments (Greenwich, Technology & Design, and Go Study) contributed \$31.5m of the revenue increase in FY22 against pcp
- ◆ Sero/Celtic/CTI operating segment revenue flat against pcp, driven by 12% growth in domestic student revenues offset by 18% decline in international student revenues due to international border closures

EBITDA Bridge – excl. M&A costs*



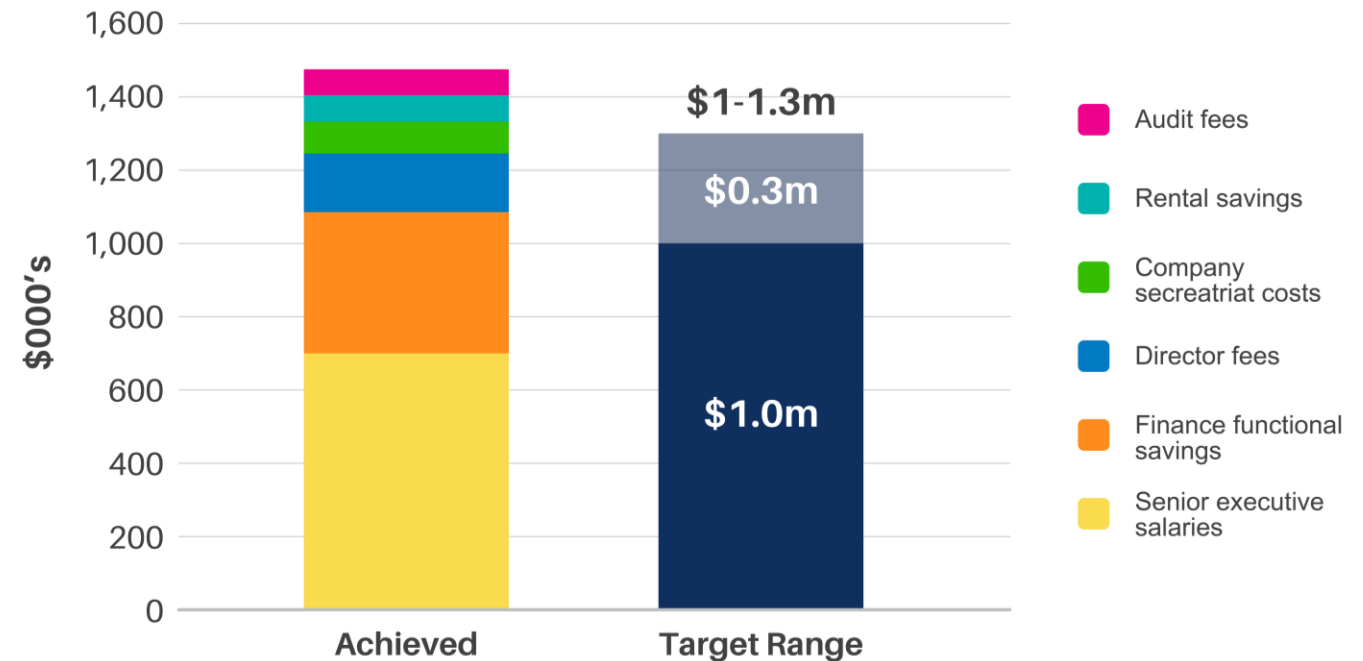
- ◆ Non-variable cost base largely retained in FY22 to support fast growth as international borders re-opened
- ◆ FY22 employee costs increased \$12.8m against pcp, with \$11.5m of the increase from the RedHill acquisition
- ◆ FY22 Opex increased \$6.5m against pcp, with \$4.0m coming from the RedHill acquisition

* EBITDA excluding M&A costs of \$3.2m (FY21: \$0.6m)

Cost Synergies Achieved Exceeding Target

- ◆ Annual cost synergies of \$1.0m to \$1.3m were targeted as part of the RedHill acquisition, to commence being realised within one year of deal completion
- ◆ Actual annualised cost synergies achieved to date of over \$1.5m
- ◆ Additional cost synergies are expected to be achieved in FY23 by:
 - ◇ internalising agent commission expenses through the Go Study Australia operating segment recruiting international students into iCollege courses
 - ◇ restructuring and combining student support functions across brands

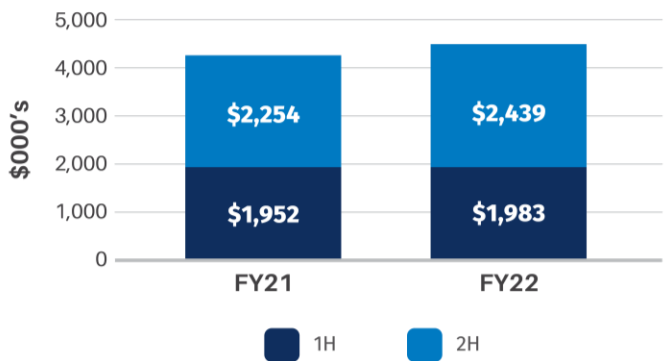
Annualised Cost Synergies Achieved to Date



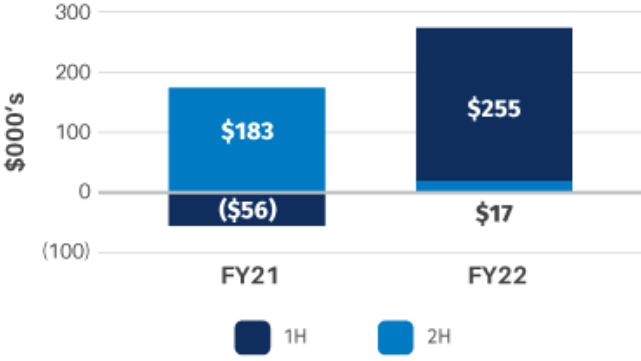
Segment Results: Go Study Australia

- ◆ EBITDA growth was achieved in FY22 against pcp as the business commenced recovering from international border closures
- ◆ Offshore offices contributed 25% of total revenues in FY22, down from pre-COVID levels of approximately 40%. Offshore revenues are expected to grow strongly in FY23
- ◆ Australian revenues are generated from new students onshore and from students recruited overseas and, following completion of initial courses, have extended their studies. These revenues were resilient in FY22 while international borders into Australia were closed
- ◆ The proportion of revenues generated from students undertaking English language (ELICOS) courses is expected to increase in FY23

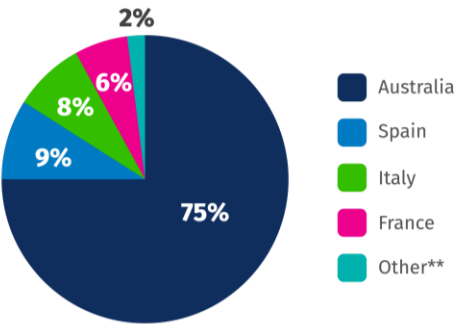
Pro-forma* Revenue



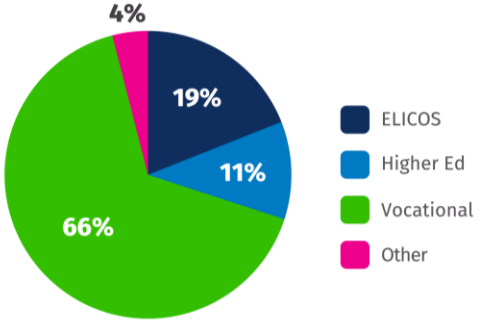
Pro-forma* EBITDA



FY22 Revenue by Country



FY22 Revenue by Course

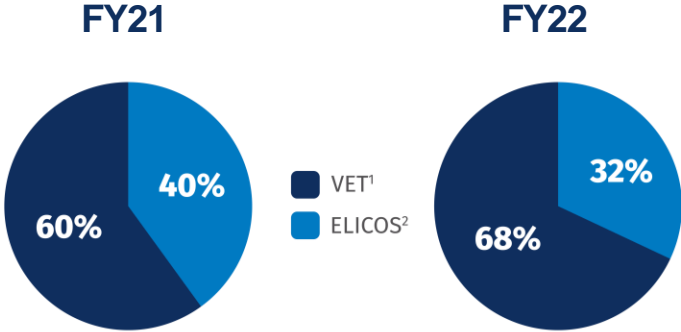


*Pro-forma – Includes actual post acquisition results Oct 2021 – June 2022 and pre-acquisition management results from July- Sept 2021
 **Other is made up of Colombia and Chile

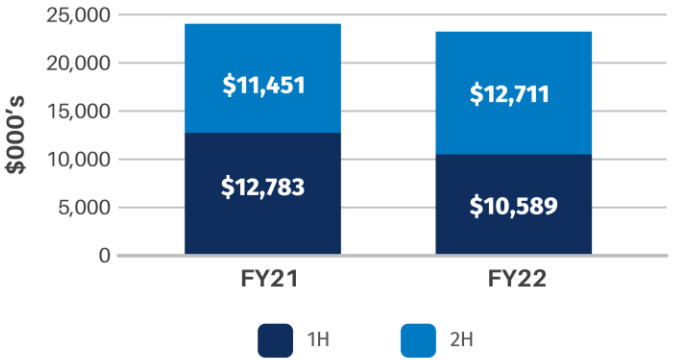
Segment Results: Greenwich

- ◆ Growth in EBITDA achieved in 2H22 against pcp as Australia's borders re-opened to international students
- ◆ ELICOS¹ student numbers started materially increasing in 2H22 when Australia's borders re-opened to international students. ELICOS revenues are expected to be a larger proportion of the revenue mix in FY23
- ◆ VET² student numbers and revenues grew in FY22 due to students choosing to remain in Australia and continue studying while international borders were closed
- ◆ Successfully maintained a broad nationality mix of student source countries

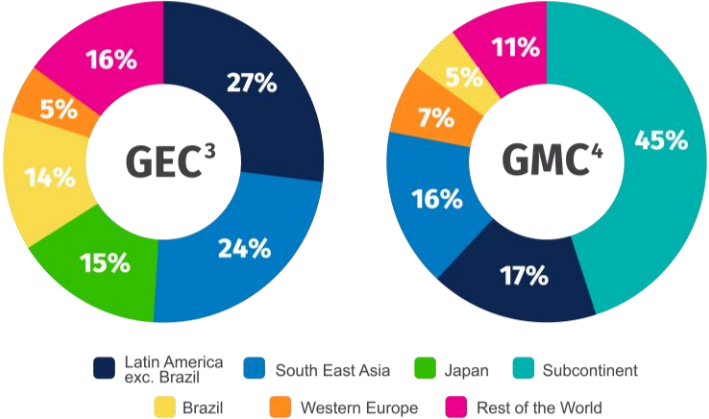
Pro-forma* Revenue Mix



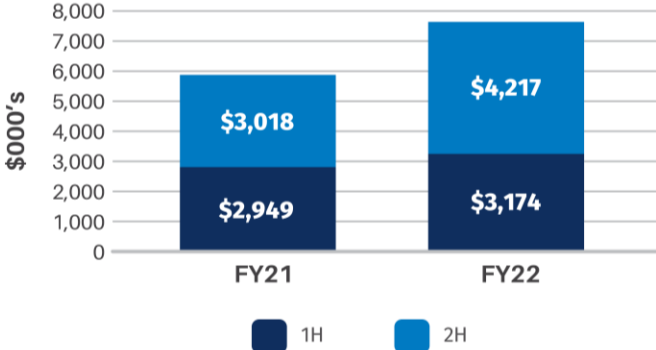
Pro-forma* Revenue



FY22 International Student Nationality Mix



Pro-forma* EBITDA



KEY

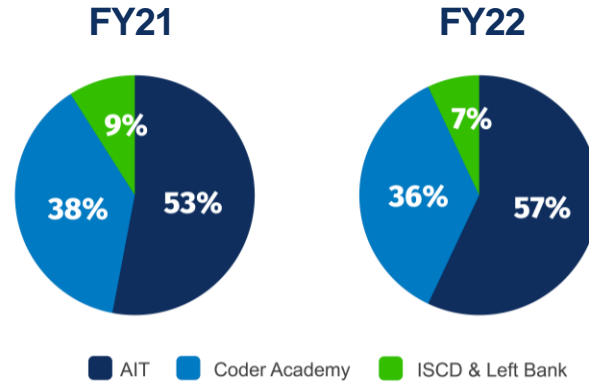
1. English Language Intensive Courses for Overseas Students
2. Vocational Education and Training
3. GEC – Greenwich English College
4. GMC – Greenwich Management College

* Pro-forma – Includes actual post acquisition results Oct 2021 – June 2022 and pre-acquisition management results from July- Sept 2021

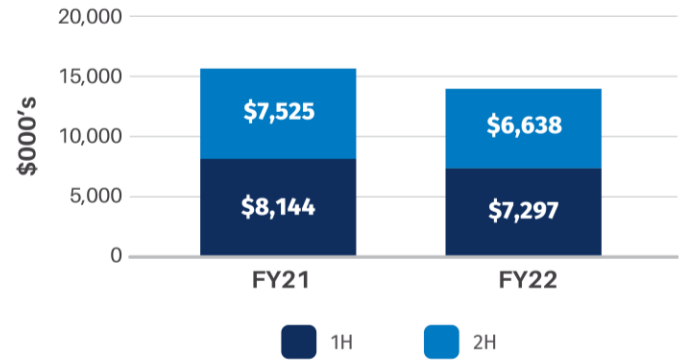
Segment Results: Technology & Design

- ◆ FY22 EBITDA declined against pcp in line with revenue decline
- ◆ Revenues declined in FY22 against pcp due to international border closures and other COVID pandemic impacts affecting student study patterns
- ◆ Broad nationality mix of international student source markets maintained
- ◆ Revenues are expected to grow in FY23, and international student revenues expected to increase as a proportion of total revenue mix

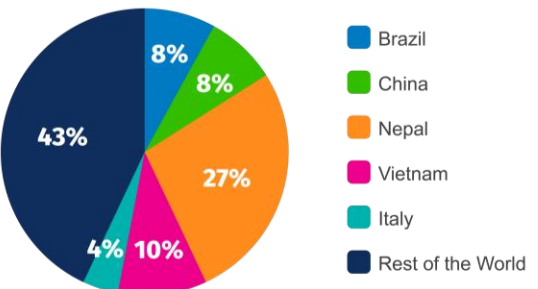
Pro-forma* Revenue Mix



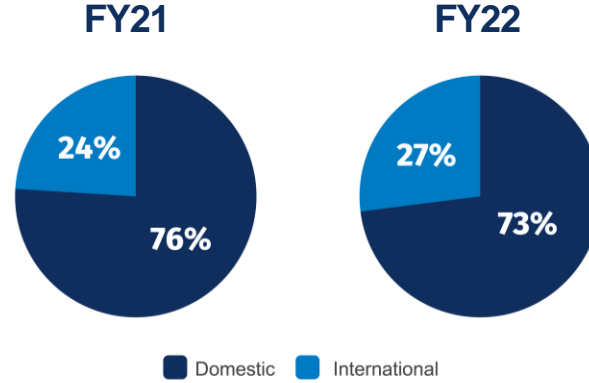
Pro-forma* Revenue



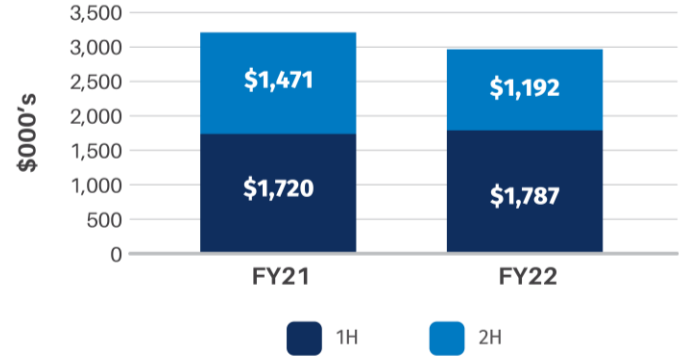
FY22 International Student Nationality Mix



Revenue by Student Market



Pro-forma* EBITDA



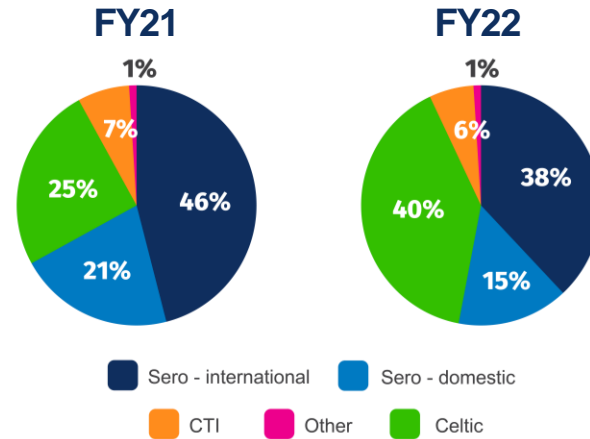
* Pro-forma – Includes actual post acquisition results Oct 2021 – June 2022 and pre-acquisition management results from July- Sept 2021

Segment Results: Sero / Celtic / CTI

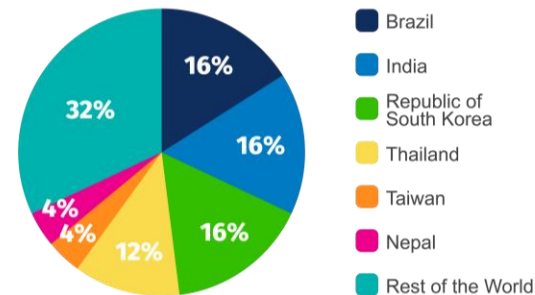
- ◆ EBITDA improved in 2H22 due to increased focus on cost management and implementation of a new management structure
- ◆ Domestic student revenues increased by 12% against pcp due to strong growth in Celtic healthcare courses (which grew 58%)
- ◆ Sero international student revenues declined 18% against pcp due to Australian international borders being closed until the end of December 2021
- ◆ CTI revenues declined 25% in FY22 against pcp, with student enrolments and progression constrained by construction industry workforce shortages (students prioritising work over study)

1. Sero – Hospitality & Business Courses
2. Celtic – Health Care Courses
3. CTI – Building & Construction Courses

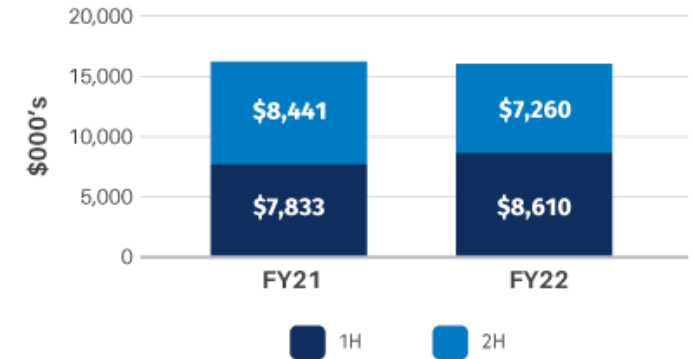
Revenue Mix



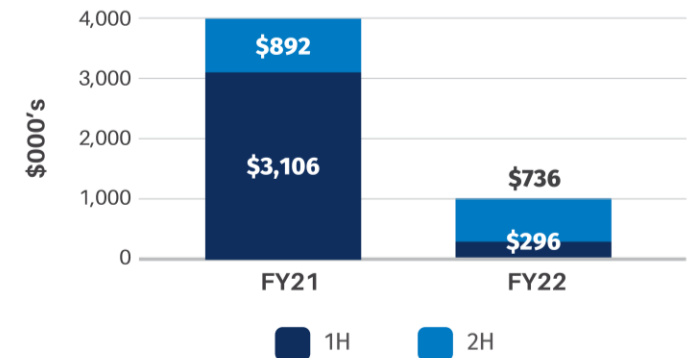
FY22 International Student Nationality Mix



Revenue



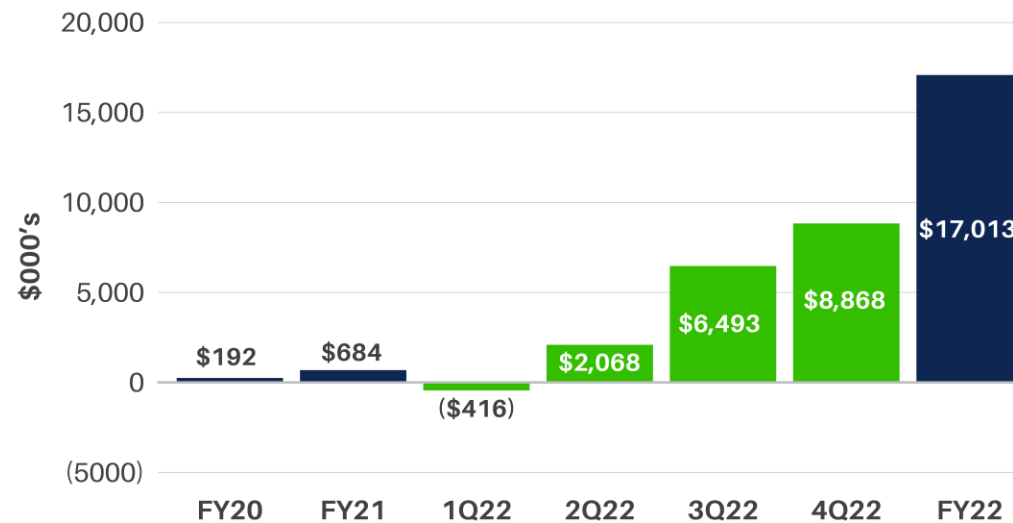
EBITDA



Strong Increases in Operating Cash Flows

- ◆ Faster than expected recovery of international student numbers driving strong increases in operating cashflows in FY22
- ◆ FY22 cashflows from investing activities includes \$21.3m of cash received upon the acquisition of RedHill
- ◆ Positive operating cashflows are expected to continue to be generated in FY23

Operating Cash Flow excl. M&A



Cash Flow Statement

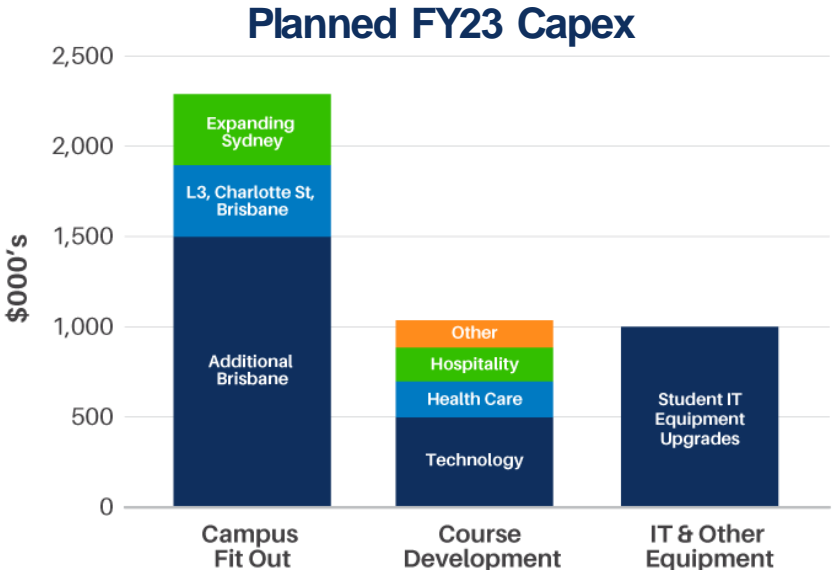
	FY22 \$000's	FY21 \$000's
Operating activities (exc. M&A costs)	17,013	684
M&A costs	(5,813)	-
Investing activities	18,416	(380)
Financing activities	(7,004)	3,400
Net increase in cash and cash equivalents	22,612	3,704
Cash and cash equivalents at the beginning of the year	4,549	845
Cash and cash equivalents at the end of the year	27,161	4,549

Investing in Future Growth



Expanding campus capacity and investing in course development and equipment to accelerate growth

FY22 Capex	\$000's
IT and other equipment	726
Campus fit out costs	1,541
Course development costs	765
Total capex	3,032

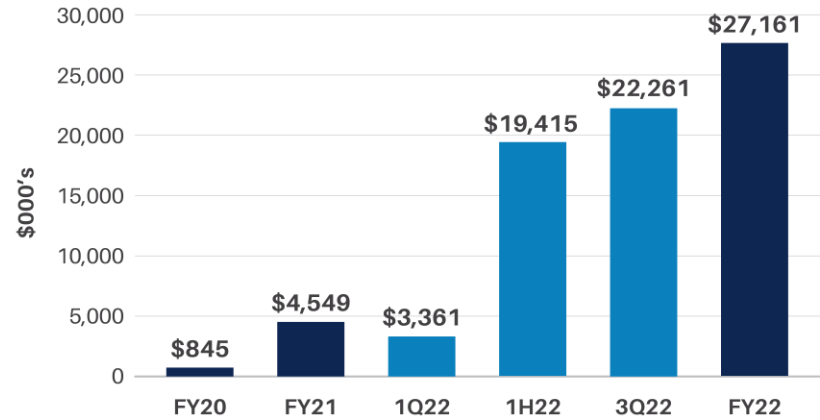


iCollege Brisbane campus opened on 15 August 2022 - Day 1

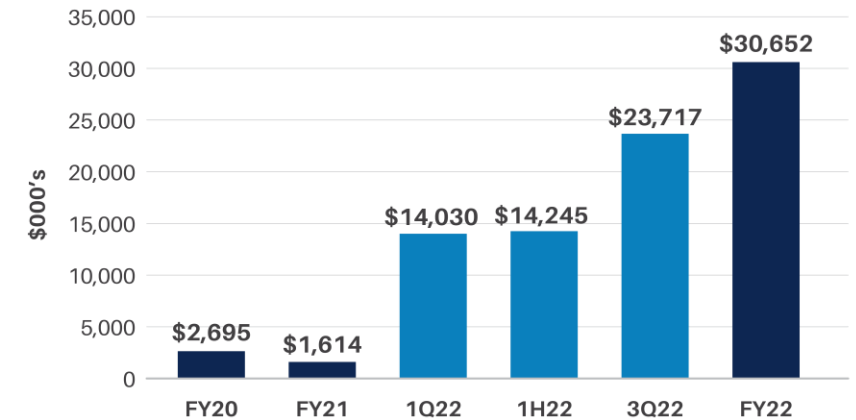
Resources for Growth

- ◆ Strong balance sheet position with available cash to invest in growth
- ◆ Substantial deferred revenue balance expected to convert to revenues within 12 months of balance date
- ◆ Minimal debt funding in place and convertible notes redeemed or settled during FY22
- ◆ Borrowings of \$224k were repaid in full in August 2022

Cash on Hand



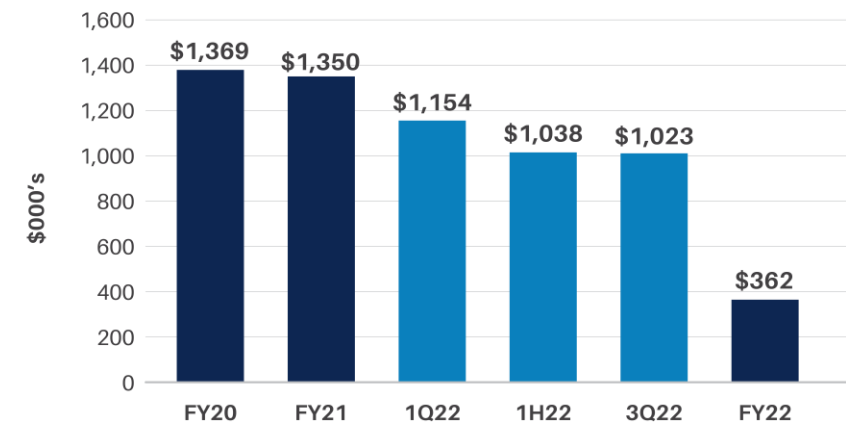
Contract Liabilities (Deferred Revenues)



Balance Sheet Summary

	\$000's
Cash	27,161
Other assets	107,529
Total assets	134,690
Contract liabilities	30,652
Borrowings	362
Other liabilities	42,108
Total liabilities	73,122
Equity	61,568

Borrowings



2

Outlook

Strong Growth Indicators

**Student Numbers Exceeding
Pre-COVID Levels**

Growth in Bachelor Degree Intakes

Secured Future Revenues

Higher Campus Utilisation to Improve Earnings

Restructuring for Growth and Efficiencies

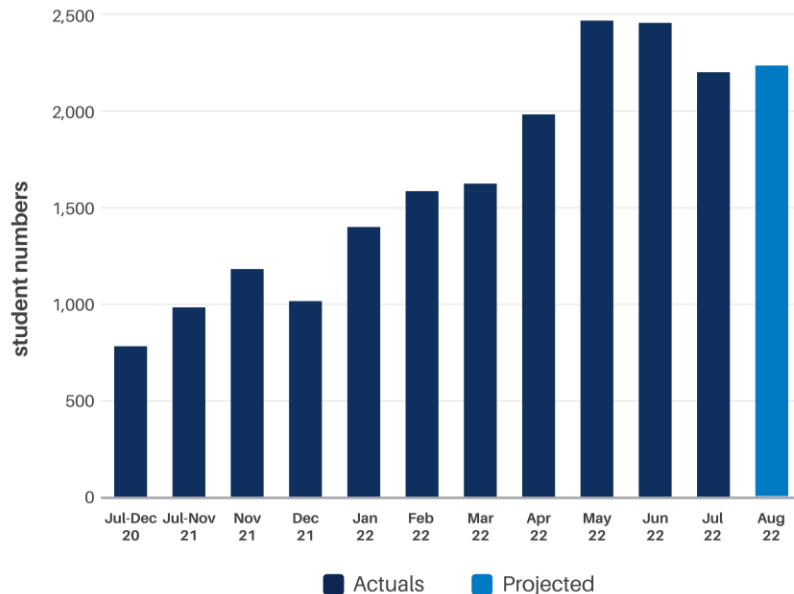
The Future



Strong Growth Indicators: Go Study Australia

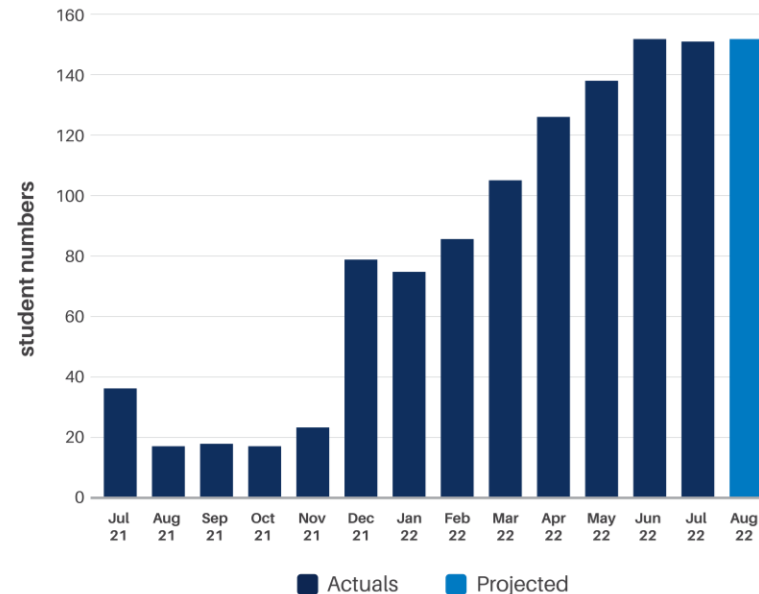
Re-opening of Australia's international borders has resulted in significant increases in student inquiries and new sales

New Student Leads (Monthly Average)



Go Study Australia new student leads generated in June 2022 were **107%** higher than in July 2021 and are expected to increase further in FY23 as offshore offices re-open

New Student Sales In The Month



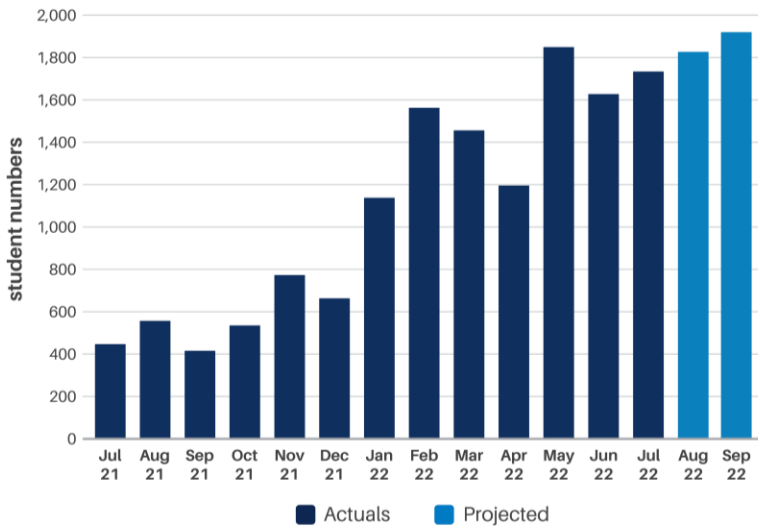
Go Study Australia new student sales in June 2022 were **331%** higher than July 2021 and remain strong in the early months of FY23



Strong Growth Indicators: International Student English Language & VET

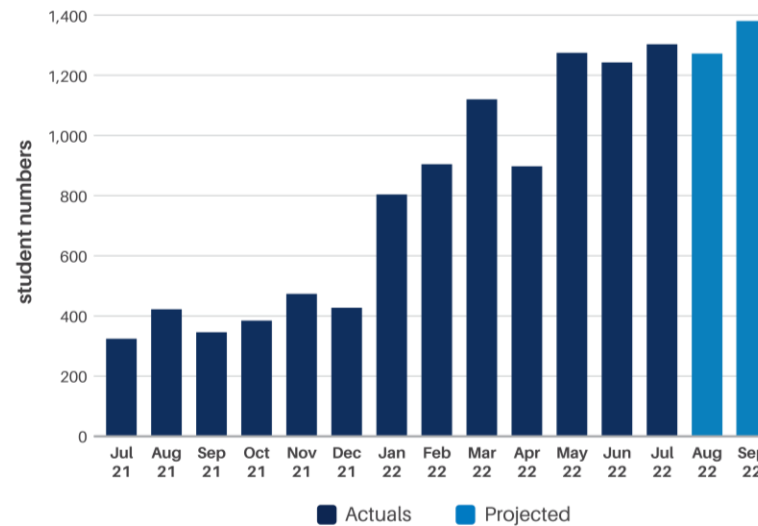
iCollege's dominant market position is delivering strong recovery of international student numbers

iCollege | New Student Offers Of Enrolment In The Month



New international student offers of enrolment in June 2022 were **272%** higher than July 2021 and continue to increase in early months of FY23

iCollege | New Confirmed Student Enrolments In The Month



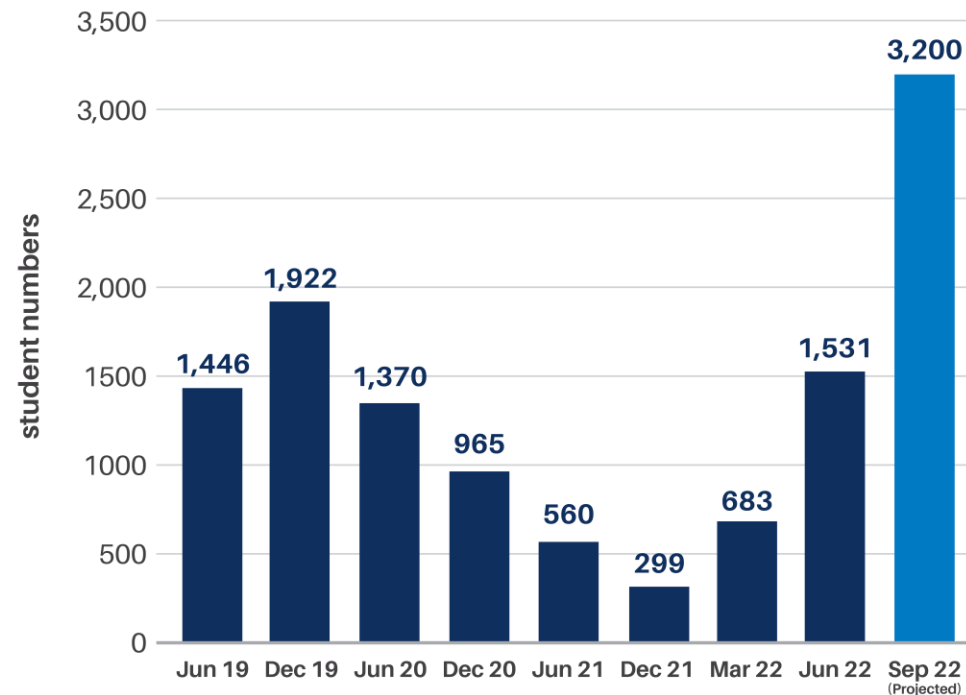
International student confirmed enrolments in June 2022 were **270%** higher than July 2021 and continue to increase in the early months of FY23



Student Numbers Exceeding Pre-COVID Levels



Actively Studying English Language Students at Greenwich



- ◆ English language student numbers exceeding pre-COVID levels in 1Q23, and are expected to continue to increase further over the balance of FY23
- ◆ Most international students undertake English language studies before progressing onto other courses – a great feeder into other iCollege courses to deliver higher lifetime revenues
- ◆ iCollege's high quality brand reputation is generating strong support from international recruitment agents across all key markets
- ◆ Number of competitor colleges in English language segment has reduced by at least 20%*

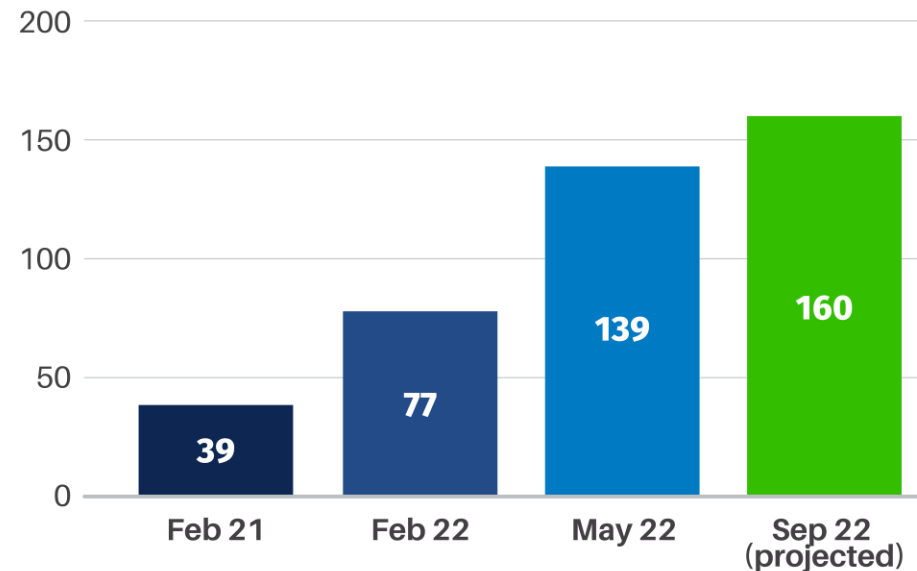
*Source: internal company research including consultation with industry associations

Growth in Bachelor Degree Intakes



Strong projected new enrolments for upcoming September 2022 bachelor degree intake to underpin revenue growth over the 2-3 year course delivery period

New International Student Intake Numbers



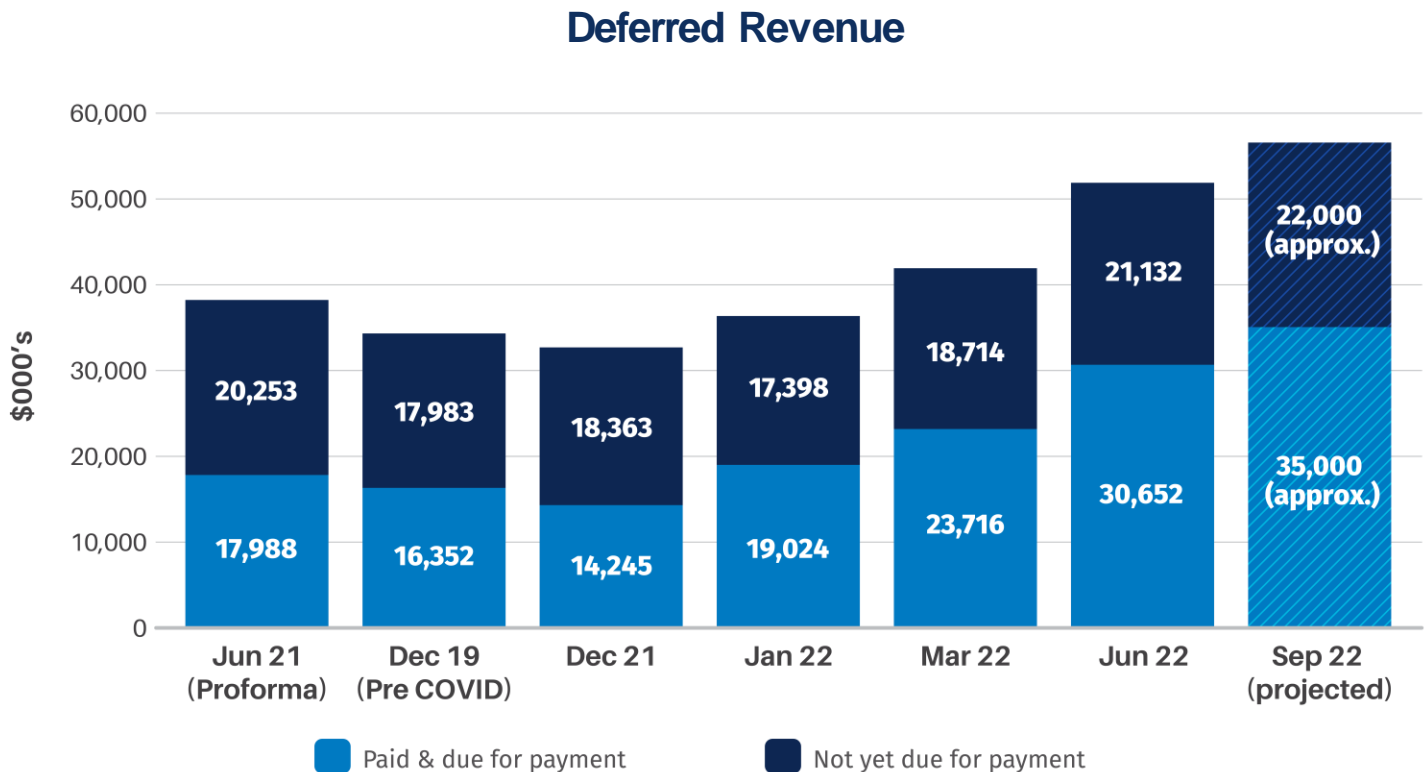
The average lifetime value of each bachelor degree student is approximately **\$60,000** over a course delivery period of 2-3 years

Secured Future Revenues

- ◆ Deferred revenue 'paid and due for payment' represents tuition fees which have been paid in advance or are due and payable for studies that have not yet been undertaken.
- ◆ 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

Deferred revenue grew by \$16.4m between December 2021 and June 2022, and is expected to grow further in 1Q23

Revenues will be recognised over the period that courses are delivered which is expected to be within the next 12 months



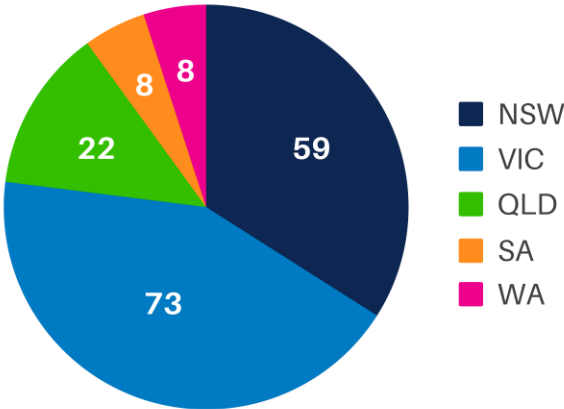
Higher Campus Utilisation to Improve Earnings

iCollege Campus Locations



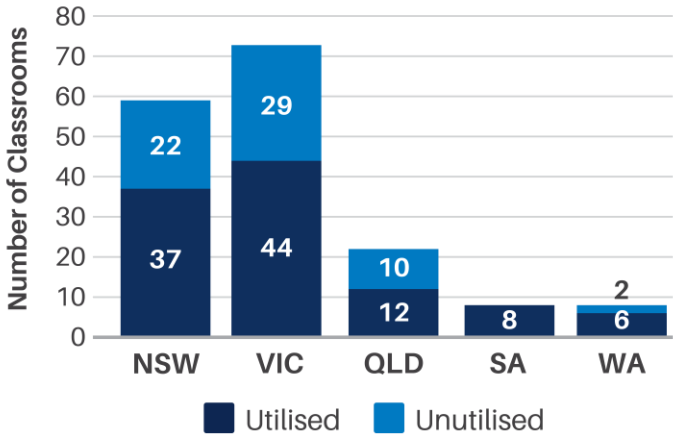
11 iCollege Campuses

Number of Classrooms by State in August 2022



Total Number of Classrooms 170

Campus Utilisation as at end of August 2022

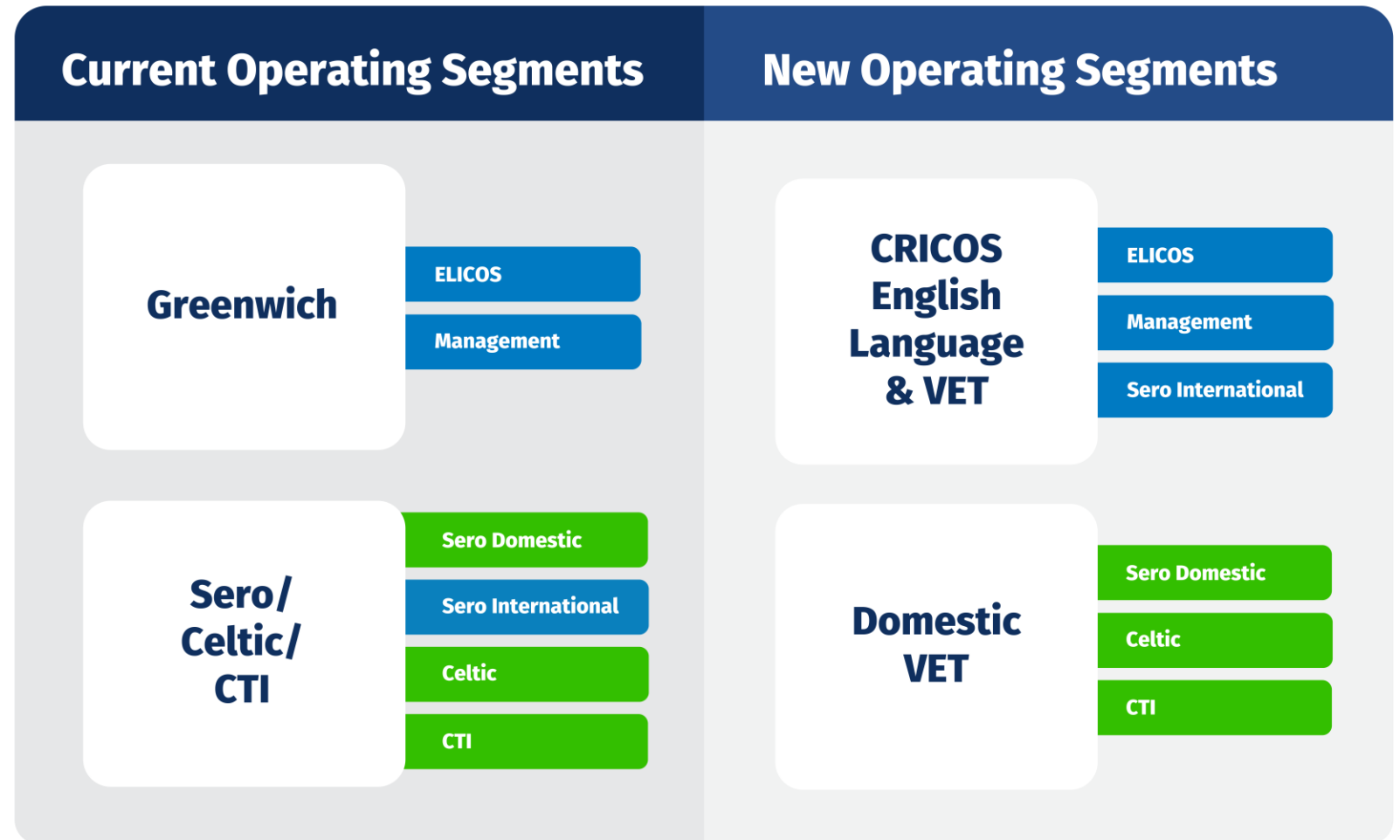


- ◆ Carefully managing available campus capacity to service expected strong growth in student numbers
- ◆ Property & occupancy costs for campus rental expected to decline as a percentage of revenues in FY23 and deliver improved operating leverage
- ◆ New Brisbane campus (Level 3, 119 Charlotte St) opened in August 2022, featuring 9 classrooms, healthcare lab and commercial cookery facilities

- ◆ Additional Brisbane lease being negotiated to service expected strong growth in student numbers. Additional classrooms are expected to be available in 3Q23 following completion of a quality fit out
- ◆ Expansion of existing Sydney campuses planned in FY23 to service expected strong growth in student numbers

Restructuring for Growth and Efficiencies

- ◆ Operating segments for domestic and international vocational (VET) students were restructured at the beginning of FY23 to better service student markets and leverage organisational capabilities
- ◆ Restructure has enabled centralisation of student support functions to deliver operational efficiencies
- ◆ Management are confident that the restructured operating segments will support future revenue and profit growth



The Future

- ◆ Strong recovery of international student numbers with Australia's international borders now open
- ◆ Positive government support to rebuild the education export industry
- ◆ Dominant market position in delivering English language courses
- ◆ Focus on feeding English language students into other iCollege vocational and higher education courses to maximise student lifetime value
- ◆ Strong balance sheet and operating cashflows to invest in growth
- ◆ Geographic expansion initiatives underway to accelerate growth
- ◆ Course expansion initiatives planned for FY23 targeting skill shortage areas
- ◆ Improvements in operating leverage from higher campus utilisation
- ◆ Annualised cost synergies from the acquisition of RedHill being realised
- ◆ Revenue and profit expected to materially increase in FY23



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Thank you!

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Appendix



Company Portfolio



Go Study Australia has operations in France, Italy, Spain, Chile, Colombia, Mexico & Australia

Broad Range of In-demand Courses

- ◆ Group offers a broad range of courses and delivery locations, including online

Ability to Extend the Student Life Cycle

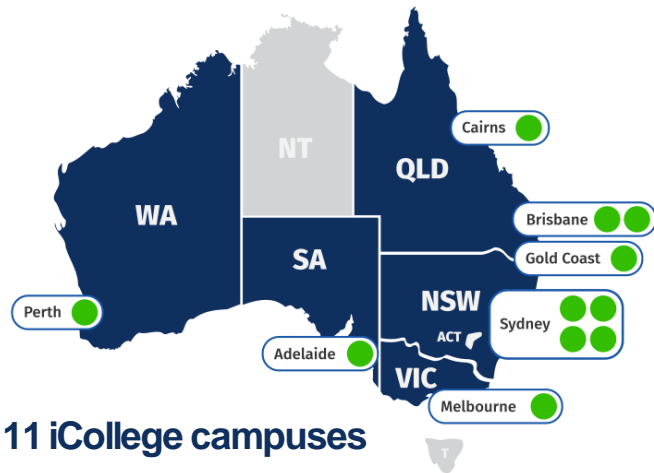
- ◆ Significant up-selling and cross-selling opportunities across the group

LEGEND

Market sector	Funding source	
International	Fee-For-Service (FFS)	FEE-HELP
Domestic	VET Student Loans (VSL)	Commonwealth Supported Places
Online	Subsidised State Government Contracts	

Differentiated Market Position

iCollege Campus Locations



11 iCollege campuses

Go Study Australia Locations



Diversified earnings base

- ◆ Diverse course offerings in English language, vocational and higher education segments
- ◆ International student recruitment agency
- ◆ Broad domestic and international student mix

National campus footprint with online course delivery

- ◆ Underutilised campus capacity provides operating leverage to immediately benefit from an uptick in enrolments as international students recommence their studies in Australia
- ◆ Established capabilities to deliver online courses to domestic and international students

Accreditations and funding via Commonwealth and State Governments

- ◆ Only ASX listed organisation to hold accreditations for funding and subsidised training contracts with the Commonwealth and five State and Territory governments
- ◆ Mix of funding accreditations provides greater tuition payment flexibility for prospective students

Extensive international student agency relationships and capabilities

- ◆ International students recruited from South America, parts of Asia and Europe and the Indian subcontinent through Go Study Australia division and international student agency relationships
- ◆ Go Study Australia and ELICOS offerings which are heavily reliant on international student recoveries are expected to benefit with early signs emerging of a rebound in Australia as a destination

Industry relevant curriculums

- ◆ Delivering courses in specialist in-demand industries where there is growing demand for graduates
- ◆ Actively engaging with industry partners to assist students achieve job outcomes

Reported Profit & Loss

	Full Year Actuals		Change	
	FY22 \$000's	FY21 \$000's	\$000's	%
Revenue	46,819	16,277	30,542	188%
Cost of sales	(18,085)	(7,239)	(10,846)	(150%)
Gross profit	28,734	9,038	19,696	218%
	61%	56%		
Other income	1,491	918	573	62%
Employee costs	(16,280)	(3,506)	(12,774)	(364%)
Receivables impairment	(617)	(265)	(352)	(133%)
Property costs	(2,199)	(327)	(1,872)	(572%)
Marketing	(2,830)	(759)	(2,071)	(273%)
Other expenses	(4,714)	(2,473)	(2,241)	(91%)
EBITDA excl M&A	3,585	2,626	959	37%
D&A	(7,764)	(1,437)	(6,327)	(440%)
M&A costs	(3,242)	(605)	(2,637)	N/A
EBIT	(7,421)	584	(8,005)	(1371%)
Financial costs	(1,776)	(392)	(1,384)	(353%)
Profit before tax	(9,197)	192	(9,389)	(4890%)
Income tax expense	502	116	386	333%
NPAT	(8,695)	308	(9,003)	(2923%)

Segment Revenue & Profit Before Taxes

	Full Year Actuals (\$000's)		Change	
	FY22	FY21	\$000's	%
Revenue				
Greenwich	17,752	-	17,752	100%
Technology & Design	10,345	-	10,345	100%
Go Study	2,775	-	2,775	100%
Sero / Celtic / CTI	15,868	16,290	(422)	(3%)
Unallocated	79	-	79	100%
Total Revenue	46,819	16,290	30,529	65%
Profit				
Greenwich	3,637	-	3,637	100%
Technology & Design	519	-	519	100%
Go Study	-	-	-	-
Sero / Celtic / CTI	188	2,874	(2,686)	(1429%)
Corporate / Unallocated	(13,541)	(2,682)	(10,859)	80%
Total Profit before Taxes	(9,197)	192	(9,389)	102%

Non-IFRS Information

The Company reports EBITDA in addition to the Profit after Tax. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory profit under AAS adjusted for specific non-cash and significant items. The company's directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and profit after income tax for the year ended 30 June 2022 is noted in the accompanying table

	FY22 \$000's	FY21 \$000's
Net Profit / (Loss) After Tax	(\$8,695)	\$308
Income Tax Benefit	(\$502)	(\$116)
Net Profit / (Loss) Before Tax	(\$9,197)	\$192
Add back:		
Depreciation and Amortisation	\$7,764	\$1,437
Finance costs	\$1,776	\$392
Less:		
EBITDA	\$343	\$2,021
Add back abnormal expenses:		
Merger and acquisition costs	\$3,242	\$605
EBITDA excl M&A costs	\$3,585	\$2,626

Important Notice & Disclaimer

Summary Information

This Presentation contains summary information about iCollege Limited and its activities which is current only as at the date of this Presentation (unless specified otherwise). The material in this Presentation is general background information and does not purport to be complete. It does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au. No representation or warranty, expressed or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Presentation. To the maximum extent permitted by law, iCollege Limited, its subsidiaries and their respective directors, officers, employees, agents and advisers disclaim all liability and responsibility for any direct or indirect loss, costs or damage which may be suffered by any recipient through use of or reliance on anything contained in, implied by or omitted from this Presentation. Reliance should not be placed on information or opinions contained in this Presentation and, subject only to any legal obligation to do so, iCollege Limited does not have any obligation to correct or update the content of this Presentation.

Financial Information

Certain financial measures included in this Presentation, including Underlying EBITDA, Underlying EBIT, Underlying NPAT are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Act and are not recognised under AAS and International Financial Reporting Standards (IFRS). Such non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although iCollege Limited believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation. Certain figures, amounts, percentages, estimates, calculations of value and fractions provided in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation. All financial information in this Presentation is in Australian dollars (\$ or A\$) unless otherwise stated.

Important Notice & Disclaimer

Forward-Looking Information

This Presentation and any related materials and cross-referenced information contain forward looking statements, which may be identified by the use of terminology including 'may', 'will', 'would', 'could', 'should', 'expects', 'believes', 'targets', 'likely', 'plans', 'intends', 'aims', 'estimates', 'continue', 'objectives', 'outlook' or similar expressions. Indicators of and guidance on future earnings and financial position are also forward-looking statements. These forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of iCollege Limited (especially during the global COVID-19 pandemic), and which may cause actual results to differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on forward looking statements.

Past Performance

The past performance and position of iCollege Limited reflected in this Presentation is given for illustrative purposes only. Past performance of iCollege Limited cannot be relied upon as an indicator of (and provides no guidance as to) the future performance or condition of iCollege Limited, including future share price performance.

No Offer of Securities

Nothing in this Presentation should be construed as either an offer or a solicitation of an offer to buy or sell iCollege Limited securities. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the financial situation, investment objectives or needs of any particular investor. Before making any investment or other decision, investors should consider these factors, and consult with their own legal, tax, business and/or financial advisors.