iCollege

12 December 2019

Australian Securities Exchange Limited Via e-lodgement
ASX Code ICT

Binding agreement signed to acquire 80% interest in IT Coding School

Key points:

- iCollege has executed a binding term sheet for the acquisition of 80% of The Hacking School (India)
- This acquisition provides for further expansion throughout India, a key market for iCollege and a major focus of Australian Government
- The acquisition will be funded through a combination of cash and shares with the cash component being paid in instalments and funded from cashflows of the business
- The Hacking School is a well-regarded IT Training facilitator which delivers intensive training in specialist areas through "Boot Camps" (short intensive training delivery)
- Hacking School currently delivers courses in Blockchain, Web technologies, Cyber Security and App Development
- ICT to replicate this unique delivery model utilising existing infrastructure and partnerships in UAE, Australia and Indonesia
- Sero Institute has recently expanded its ASQA approved scope of delivery to include the Advanced Diploma of Applied Blockchain
- Sero Institute is currently the only RTO in Australia accredited to deliver this qualification to International Students under its CRICOS registration

The board of iCollege Limited is pleased to announce an acquisition of 80% equity in the Hacking School, India. The Hacking school was the first IT coding bootcamp school in India. Australia is currently facing a significant shortage of coders — including full stack developers, front-end, back-end and mobile — user experience designers.

In an article titied ***"Australia facing critical shortage of developers"*** StartupAUS COO Alex Gruszka said *"Australia has two ways to inject needed talent into the start-up ecosystem — education and migration. He warned that Australian start-ups are not just competing for talent with each other, but with companies around the world."*

"Education is our medium-term solution. It's critical to identify these skills gaps and pinpoint the most immediately in-demand jobs in the technology space, so we can generate a local talent pool that is equipped with the skills and expertise that will be valuable to our fastest growing businesses,"

The Hacking School currently delivers training that addresses the shortages in Australia's IT industry, providing students with the capacity to learn through a number of different approaches from the conventional long term class room based training to IT "Boot Camps" which provide short term intensive training. This flexibility allows for the student to seek employment in an opportunity rich environment faster than if they utilised traditional training methods. Additional to the B2C market the Hacking School has expanded into the B2B market providing specialist training services to Corporate clients and State Governments in India.

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Current delivery models and bespoke non accredited training offered by The Hacking School include:

- School of Coding - Pre-coding bootcamp - 4 weeks of prep bootcamp for beginners.
- The Hacking School - Coding Bootcamp - 13 weeks full stack web development.
- In-campus bootcamp – On campus coding bootcamp at schools and colleges providing valuable additions and insight into specialist areas of coding.
- Boot camps specifically targeted at secondary school students increasing engagement through the application of a different learning model and addressing areas of specific interest to the student.
- Corporate training: The Hacking School has developed bespoke training programs specially tailored to upskill teams on a specific techstack, allowing the organisation to optimise the talent already existing within.

The Hacking School also operates two web based platforms allowing graduates and developers world-wide to access information and training should they be unable to attend one of the training programs.
- learncoding.in - web based coding tutorial
- debugger.me - Platform for crowdsource bug hunting and product testing training.

Tuition fees for Hacking School's non accredited courses delivered in India currently range from $500 to $10,000.

Key Terms of the Acquisition

The principle terms of the binding term sheet are as follows:

- ICT has an exclusive 28 days due diligence period and if satisfied, can proceed to acquire 80% of The Hacking School **(Acquisition)**;
- The acquisition value has been calculated based on a multiple of 31 March 2019 audited EBITDA;
- The consideration is comprised of:

  o An initial deposit of AUD$20,000 (Paid).
  o The issuing of fully paid ordinary shares in ICT to the value of $184,000 calculated by reference to the 30 day VWAP within 14 days of signing of the Share Sale Agreement, to be issued under the Company's existing ASX LR 7.1 capacity.
  o Cash of $164,000 to be paid across 4 monthly tranches commencing on 15th January 2020.

- As a term of the acquisition ICT will have full access to all course material, Intellectual property, student pool and key management personnel allowing for a rapid rollout of the qualifications at all iCollege campuses.

This acquisition coupled with the recent addition to Sero Institute scope of delivery to include the Advance Diploma of Applied Blockchain is another step forward in the company providing innovative training solutions in high demand areas and working to provide employment outcomes to graduates.

This acquisition brings to an end the Blockchain partnership with Switch Mavern, which operated under an MOU, announced to the market on 28 February 2018.

A recent study conducted by job search site *Indeed* sought to determine Australia's best jobs, defined as those with good pay and strong demand from employers, full stack developers ranked number 2 in Australia and experienced a 1652% growth in demand over the last 3 years. **

Cybersecurity specialists, full stack engineers and service designers also made the list on the Linkedin 15 emerging jobs for Australia in 2020***.

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Figures released by the Department of Employment, Skills, Small Business and Family Business in 2018 identified Software and Applications Programmers as fourth (behind health related workers) on the list of occupations projected to add the largest numbers of new jobs over the 5 years to May 2023, with a projected growth of 25,500 jobs.****

The Advanced Diploma of Applied Blockchain is a vocational education course designed to equip graduates with the knowledge and experience to apply **blockchain** frameworks to new and legacy business frameworks. The course was designed with input from **Blockchain Collective Australia** members and other key industry bodies and is a Nationally Accredited Training program. Sero institute has included this qualification to its existing scope and at the time of this announcement, is the only RTO to be able to deliver the qualification to international students. This has been achieved through cooperation with Blockchain Collective Australia and accreditation under ASQA.

This acquisition and significant addition to the iCollege scope of training clearly demonstrates the stated strategy to expand scope and delivery locations focussing on high demand specialist courses with high barriers to entry. These courses will be delivered on a fee for service basis further diversifying the funding streams available to the business.

Tuition fees for Sero Institute's new Advanced Diploma of Applied Blockchain is $20,000 for a 2 year in classroom course. Opportunity to complete the Advanced Diploma is also available through a blended learning or online learning model.

iCollege plans to rapidly expand the highly scalable and in demand offerings of The Hacking School to other areas of operation including Dubai, Indonesia and Australia while continuing to foster the significant interest and growth of the program in India. Completion of one of the Boot camps or qualifications internationally will enhance the graduate's competitive edge in applying for jobs or to further their skills by providing the opportunity to enrol in the Advanced Diploma of Applied Blockchain in Australia.

The board of iCollege looks forward to our first cohort of students and will keep the market updated on the progress of the rollout of this exciting and important new initiative.

Ends –

For further Information:

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References
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**** The Department of Employment, Skills, Small Business and Family Business

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