

## ICT's delivers second quarter of operating profit

- Maiden \$0.5m unaudited EBITDA\* for the half year
- Second consecutive quarter of profit\*
- Quarterly cash receipts of \$2.7m in line with forecast
- Binding term sheet signed for the acquisition of The Hacking School
- Sero institute empanelled on the WA Department of Training and Workforce Development
- Convertible note issued to sophisticated investors for \$0.5m
- Cambridge Assessment English Linguaskill Preferred Partner (Australia) agreement commenced.
- On track for continued revenue and earnings growth in Q3

iCollege Limited (ASX: ICT) ('ICT' or 'the Company') is pleased to report its second consecutive quarter of operating profit\* and steady cash receipts for the period ending 31 December 2019. Based on unaudited figures, ICT has recorded a maiden EBITDA of \$0.5m\*, driven by organic growth from new and existing course offerings, the contribution from acquisitions, continued stringent cash management and the implementation of greatly improved operating systems.

Cash receipts of \$2.7m were in line with forecasts (September quarter: \$3.0m) and predictably lower than the prior quarter due to the Christmas period and student holidays occurring. Cash receipts will improve in the March quarter after the holiday period, with new enrolments and enquiries regarding new offerings convert into commencements.

Another key metric of ICT's growth is the stable increase in enrolments which totalled 938 CRICOS students in the quarter versus 843 in the previous corresponding period. As ICT continues to grow and diversify its suite of course offerings, enrolments will continue tracking up.

*\* The amount may be subject to audit adjustments and changes to incorporate the full adoption of AASB 16 Leases. The Financial Report for the 6 months ended 31 December 2019 is currently undergoing audit review by the Company's auditors.*

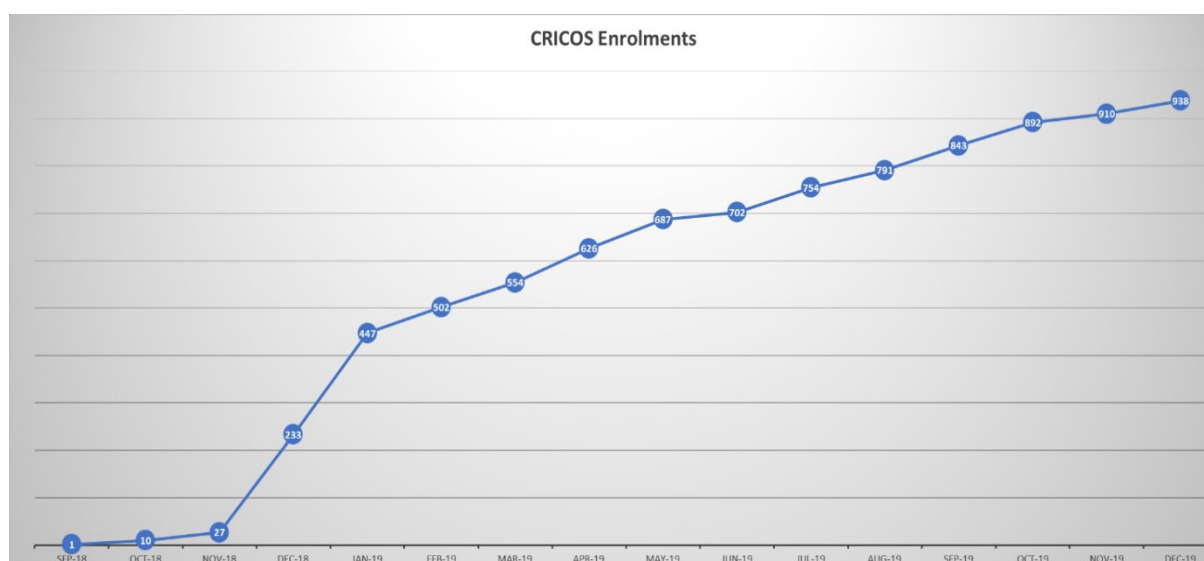
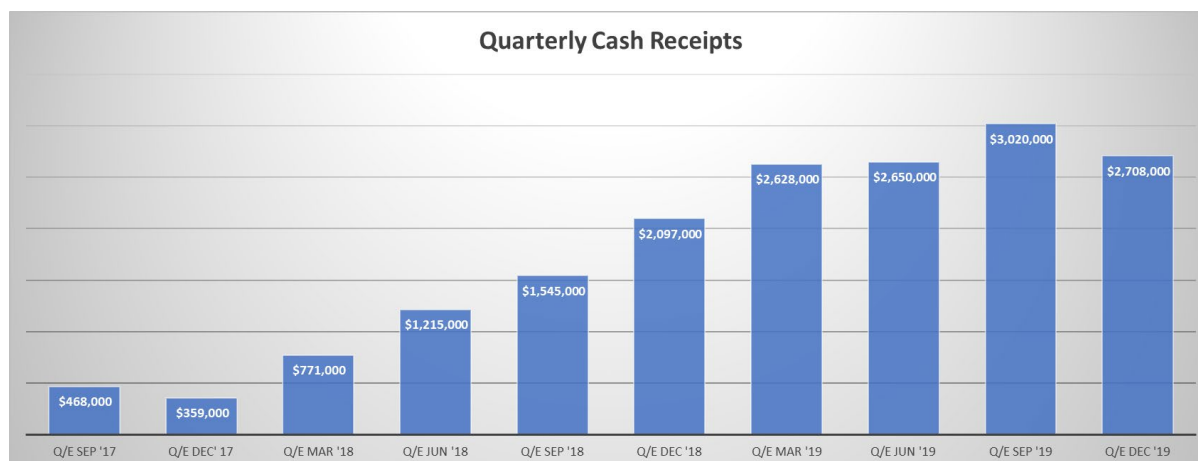
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Quarter-on-quarter cash receipts and enrolment numbers are illustrated in the two charts below.



iCollege's team made significant operational and corporate progress in the December quarter with a number of future growth drivers put in place. These include:

### The Hacking School acquisition

iCollege executed a binding term sheet for the acquisition of The Hacking School. This acquisition opens the door to the lucrative IT 'Boot Camp' market. At the same time, iCollege reached agreement with The Blockchain Collective which facilitates the delivery of the ASQA accredited Advanced Diploma of Blockchain Technology to students located in Australia and in key international markets. The Hacking School and The Blockchain Collective are high growth opportunities for ICT with considerable interest from students in this field of education.

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## **Launch of TestEd English and the Linguaskill product**

Strong progress was made with the Cambridge Assessment English Linguaskill partnership announced in September. iCollege's dedicated TestEd English division managing the partnership, participated in essential product training which included Cambridge Assessment English's online environment and learning management system.

The TestEd English team progressed the negotiation of 50+ potential customers including universities, English language centres, Government Departments, Education Agents and large multi-nationals with a global workforce that communicate in English with first orders anticipated this quarter. Enquiries have been strong.

## **Sero Institute being awarded preferred provider contract with the Western Australia Department of Training and Workforce Development**

During the quarter, ICT has been awarded a Preferred Provider contract by the Western Australian Department of Training and Workforce Development under its Priority Industry Training Program. The main goal of this program is to work with currently employed personnel in the Hospitality industry and provide formal education together with their existing experience, allowing them to progress in their chosen career. The contract covers provision of Sero Institutes' flagship courses being, Certificate IV in Commercial Cookery and Diploma of Hospitality to domestic students located in WA.

Sero Institute currently provides quality training in these courses to 160 international students at the Perth campus under our CRICOS allocation. The inclusion of West Australian students is a welcome addition and further improves the diversity at the campus.

The initial allocation of 15 students has the potential to increase revenue for the business by \$200,000+. Upon commencement of 75% of this allocation Sero can apply for an increase in numbers under a variation to the contract.

## **Comment**

**ICT Managing Director Ashish Katta said:** *"iCollege has made considerable progress in the December quarter and we are pleased to report two consecutive quarters of operating profit and thus projection of a maiden unaudited half year profit\*. It reflects the hard work we have undertaken to aggressively reposition ICT for growth, keep a tight hold on costs and put in place much more robust operating systems.*

*"Key initiatives have been put in place that provide the foundation for continued growth in revenue and earnings at acceptable margins. The second half has commenced well. We have a strong sales pipeline, a more diversified suite of courses on offer, and a number of near-term growth opportunities that hold us in good stead. Our focus now is to continue executing on our strategy and offer courses that deliver satisfaction and employment readiness for our students and graduates. This in turn will underpin our success. We look forward to reporting on our progress."*

This ASX Release has been authorised by the Board of Directors of iCollege Limited.

**-Ends-**

## **For further Information:**

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

iCollege Limited

**ABN**

75 105 012 066

**Quarter ended ("current quarter")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,708	5,728
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(29)	(46)
(d) leased assets	(13)	(32)
(e) staff costs	(1,154)	(2,354)
(f) administration and corporate costs	(609)	(1,277)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(19)	(44)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Costs of course delivery)	(1,184)	(2,150)
Other (Inventory for Linguaskill tests)	(245)	(245)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(545)</b>	<b>(419)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(12)	(13)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets (Final deferred consideration (Celtic Training & Consultancy))	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other –	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(12)</b>	<b>(13)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	500	500
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	34	116
3.6	Repayment of borrowings	(60)	(178)
3.7	Transaction costs related to loans and borrowings	(15)	(15)
3.8	Dividends paid		
3.9	Other (provide details if material)	-	
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>459</b>	<b>423</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	224	135
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(545)	(419)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(13)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	459	423

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>126</b>	<b>126</b>

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	126	224
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>126</b>	<b>224</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

56

-

Exec Dir Salaries - \$56k

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

-

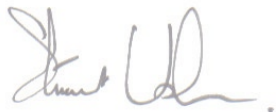
8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	150	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
Secured by director guarantee		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	1,200
9.6 Administration and corporate costs	650
9.7 Other (Costs of course delivery)	950
<b>9.8 Total estimated cash outflows</b>	<b>2,800</b>

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	Nil	Nil
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### 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.



Sign here: .....  
Company Secretary

Date: 29 January 2020

Print name: Stuart Usher

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.