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IDP Education

Trading update and equity raise
April 2020



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In this presentation, unless otherwise stated or the context requires otherwise, references to 'dollar amounts', '\$', 'AUD' or 'A\$' are to Australian dollars.

This Presentation includes certain historical financial information extracted from IDP's audited consolidated financial statements for the 6 months ended 31 December 2019 (collectively, the **Historical Financial Information**). The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the Australian Accounting Standards (**AAS**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the IDP's views on its future financial condition and/or performance.

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A number of figures, amounts, percentages, estimates, calculations of value and fractions 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.

WITHDRAWAL AND COOLING-OFF

IDP reserves the right to withdraw, or vary the timetable for the Placement without notice. Cooling off rights do not apply to the acquisition of New Shares.

Executive summary

Update on trading

- Record IELTS test and student placement volumes to Feb-YTD, resulting in revenue of A\$480 million¹, up 22% and EBIT of A\$96 million, up 32% v pcp
- YTD Feb-2020 saw qualified leads up 47% and applied volumes up 42% v pcp

Impact of COVID-19

- Global travel and gathering restrictions have resulted in a limited ability to conduct IELTS testing and the postponement of university classes
- This has resulted in a significant drop in testing and student placement volumes with a commensurate drop in overall revenues

Operational initiatives

- IDP has taken action to secure approximately A\$40 million in overhead savings across the next six months while focusing on preserving its workforce to position it strongly for the eventual rebound

Enhancing liquidity

- IDP has acted to ensure it remains strongly capitalised by:
 - Executing a fully underwritten A\$175 million institutional placement (Placement) and a non-underwritten Share Purchase Plan (SPP) to raise up to A\$15 million²
 - Obtaining credit approved commitments for A\$150 million in incremental bank facilities (A\$25 million working capital facility previously in place)³
 - Deferring the A\$41 million H1FY20 dividend to 24 September 2020
- Post the Placement and upsizing of the credit facility, IDP will have access to total available liquidity of A\$430 million⁴, with no debt maturities prior to June 2021

Note: 1. Revenue for this period based on audit-reviewed results for the 6 months ended 31 December 2019 and unaudited management accounts for the period 1 January to 29 February 2020. 2. Full details of the SPP will be contained in the SPP offer booklet, which will be sent to eligible shareholders in due course. IDP may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion. 3. IDP has received credit approval from its existing lenders in respect of this increase, with formal facility documentation expected to be executed shortly. 4. Pro forma liquidity based on unaudited balance sheet as at 29 February 2020, which consists of existing committed undrawn bank lines of A\$25 million plus A\$150 million incremental working capital facility plus cash on balance sheet of A\$255 million post settlement of the underwritten Placement (net of fees and expenses).



Investment thesis remains strong

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A global leader in education services, IDP is building the world's leading platform and connected community for international students

Growth was accelerating prior to COVID-19 with the benefits of the digital platform starting to deliver in terms of lead generation and conversion for student placement

IELTS recorded record volumes in H1FY20. The computer-delivered option is now available in 47 countries



Key Investment Highlights

Industry

Aligned to long term trends in key markets for international education and the use of the English language

Diversification

Unique global network of assets that provides geographic diversification

Strategy

A bold and transformative strategy that is expected to drive long-term growth

Financial

A strong financial position that will enable the company to serve the deferred demand when it returns

Trading update

YTD Feb-2020 trading update

- IELTS volumes at 949,000, up 11% v pcp
- Student placement volumes at 41,000, up 27% v pcp
- Overall revenue of A\$480 million¹, up 22% v pcp

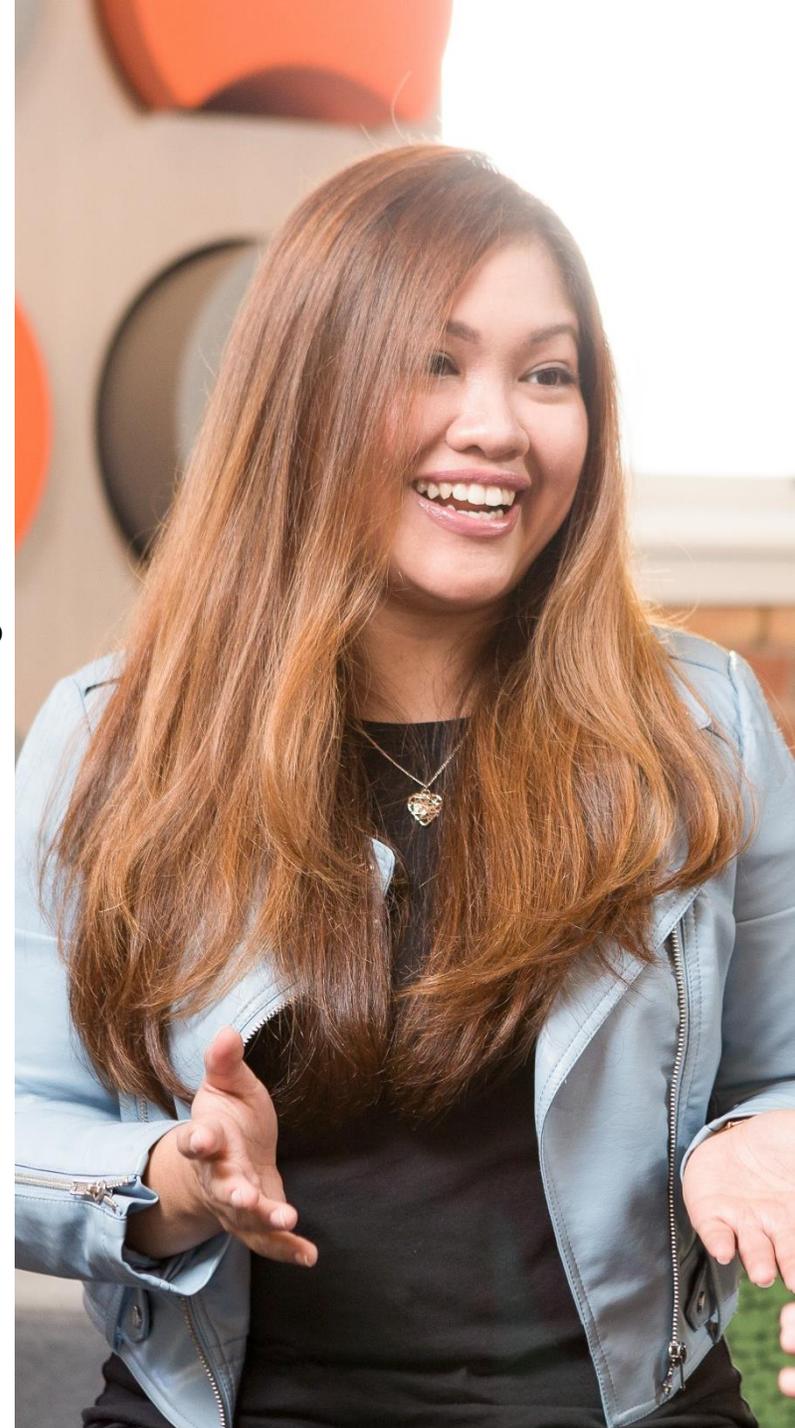
Strong pipeline growth

- YTD Feb-2020 saw qualified leads up 47% and applied volumes up 42% v pcp
- Marketing automation and lead nurturing programs in place to assist with keeping leads warm through current disrupted period

Increased agility

- Digital transformation has enabled IDP to adapt processes to continue operations in some regions, including transitioning student roadshows to virtual events

Note: 1. Revenue for this period based on audit-reviewed results for the 6 months ended 31 December 2019 and unaudited management accounts for the period 1 January to 29 February 2020.



Impact of COVID-19 pandemic

Various government restrictions globally have impacted IDP's operations

IELTS

- Reduced scale or suspensions in IELTS testing as test centres are subject to "lockdown" measures
- IDP's biggest testing country, India entered a 21-day "lockdown" on 24 March. IDP's IELTS centres are closed during this period

Student Placement

- Postponements or suspensions of university classes and travel bans restricting students' ability to arrive onshore
 - Approximately 1,700 Chinese students were unable to commence studies in Australia in Semester 1
 - Invoicing for first semester may also be impacted by students who have decided to leave the country before census date
- Travel restrictions and school closures in all destination markets causing uncertainty regarding the timing of future intakes

English Language Teaching

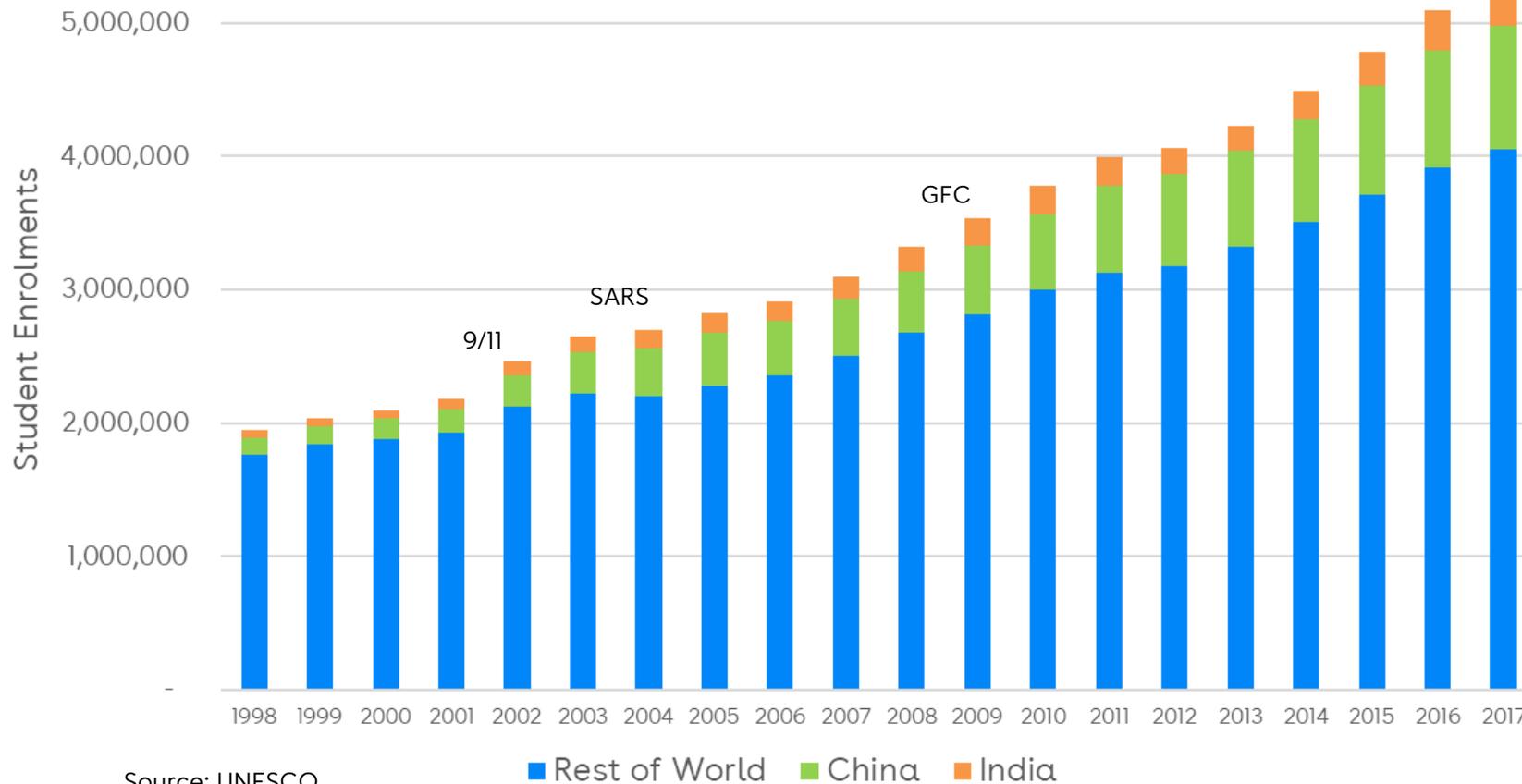
- IDP's ELT schools in Cambodia and Vietnam have moved to online learning but temporary closures and reduced volumes will impact short-term revenue



Case study - historical recovery from disruption

The international education industry has historically rebounded strongly from various economic and industry shocks highlighting its “through the cycle” structural growth drivers¹

Global International Student Enrolments



Source: UNESCO

Programs in place to capture the deferred demand

- To clear the expected backlog of IELTS tests when restrictions are lifted, IDP is preparing to increase session availability in regions impacted
- Student placement counselling teams working to nurture leads and confirm enrolments for future intakes

Note: 1. IDP notes that the impact of the COVID-19 pandemic may be different in its impact to SARS, the GFC, and 9/11 due to the wide-reaching restrictions on gathering and travel globally



Operational Initiatives

Expenses

- IDP has taken action to secure approximately A\$40 million in overhead expense savings across the next six months while preserving its workforce to ensure strong positioning in the future
 - Staff cost savings through the voluntary reduction in salary by the senior leadership team, a commensurate reduction in director fees, use of paid leave, savings on short-term incentives, and delayed hiring for new roles
 - Selective reduction in marketing and promotional spend
 - Cancellation of employee travel in-line with COVID-19 restrictions

Non-essential capex deferral

- Non-essential capex associated with new office and test centre expansions to be deferred until global restrictions are lifted
- Post these initiatives, IDP will have an average overhead run rate of approximately A\$18 million per month



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Enhancing liquidity

Equity capital raising

- A\$175 million fully underwritten institutional placement
- Offering a non-underwritten Share Purchase Plan to raise up to A\$15 million¹
- Net cash position today of A\$19.2 million² and pro forma net cash position of A\$190 million post raise³

New banking facilities

- IDP's existing undrawn facilities of A\$25 million to be supplemented by A\$150 million of incremental working capital facility provided by IDP's existing lenders⁴
- Term of 15 months for the additional working capital component
- Provide IDP significant flexibility in the near term but also the potential to take advantage of opportunities as they arise in the medium term

Deferral of dividend

- IDP has deferred payment of the A\$41 million HIFY20 dividend to 24 September 2020

Pro forma total available liquidity of A\$430 million post capital raising⁵

Notes: 1. Full details of the SPP will be contained in the SPP offer booklet, which will be sent to eligible shareholders in due course. IDP may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion. 2. As at 29 February 2020. 3. Pro forma net cash position as at 29 February 2020. 4. IDP has received credit approval from its existing lenders in respect of this increase, with formal facility documentation expected to be executed shortly. 5. Pro forma liquidity based on unaudited balance sheet as at 29 February 2020, which consists of existing committed undrawn bank lines of A\$25 million plus A\$150 million incremental working capital facility plus cash on balance sheet of A\$255 million post settlement of the underwritten Placement (net of fees and expenses).



Offer details

Placement and Share Purchase Plan

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Offer structure and size	<ul style="list-style-type: none">Fully underwritten institutional placement (Placement) to raise approximately A\$175 million, and a non-underwritten Share Purchase Plan (SPP) to raise up to A\$15 million, (together, the Offer)The placement is fully underwritten by Macquarie Capital (Australia) Limited
Use of proceeds	<ul style="list-style-type: none">Enhance balance sheet strength and financial flexibility, and to support the business during the current macro-economic uncertainty by materially increasing liquidity
Placement size	<ul style="list-style-type: none">A\$175 million fully underwritten institutional placementApproximately 16.4 million new shares to be issued, representing ~6.5% of IDP's current shares on issue (Placement Shares)
Placement pricing	<ul style="list-style-type: none">The Placement will be conducted at A\$10.65 per New Share (Placement Price), representing a:<ul style="list-style-type: none">7.9% discount to the last traded price of A\$11.56 on Wednesday, 25 March 20208.3% discount to the 5-day Volume-Weighted Average Price ('VWAP') of \$11.62 based on the last trading day of Wednesday, 25 March 2020
Placement shares ranking	<ul style="list-style-type: none">Placement Shares will rank equally with existing IDP shares from their date of issuancePlacement Shares issued will not be entitled to receive IDP's deferred H1FY20 interim dividend
SPP overview	<ul style="list-style-type: none">Non-underwritten SPP to raise up to A\$15 millionEligible shareholders in Australia and New Zealand will have the opportunity to apply for up to A\$30,000 of new fully paid ordinary shares free of any brokerage (SPP Shares), commission and transaction costsSPP shares will rank equally with existing IDP shares from their date of issueSPP Shares will not be entitled to receive IDP's H1FY20 interim dividend
SPP price	<ul style="list-style-type: none">The price for the SPP will be the lesser of:<ul style="list-style-type: none">the Placement Price; andthe VWAP of IDP shares traded on the ASX during the five trading days up to, and including, the SPP closing date (expected to be Monday, 4 May 2020) less a 2 per cent discount, rounded to the nearest cent

Offer Details

Placement and Share Purchase Plan timetable

Event	Date
Record date for the SPP	7:00pm (Sydney time), Tuesday, 31 March 2020
Announcement of Placement and SPP	Wednesday, 1 April 2020
Placement bookbuild	Wednesday, 1 April 2020
Announcement of completion of Placement, voluntary suspension of IDP shares ceases and trading in IDP shares recommences	Thursday, 2 April 2020
Settlement of Placement Shares	Monday, 6 April 2020
Allotment and normal trading of Placement Shares	Tuesday, 7 April 2020
SPP offer opens and SPP offer booklet dispatched	Tuesday, 14 April 2020
SPP offer closes	Monday, 4 May 2020
Announcement of results of SPP	Thursday, 7 May 2020
SPP allotment date	Tuesday, 12 May 2020
Normal trading of SPP Shares and dispatch of holding statements for SPP Shares	Wednesday, 13 May 2020

The above timetable is indicative only and subject to change. The commencement and quotation of New Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules. IDP, reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or in particular cases, without notice.



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Appendix



IDP pro forma balance sheet as at 29 February 2020

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	As at 29-Feb-20 ¹ (A\$m)	Pro forma adjustment (A\$m)	Pro forma as at 29-Feb-20 (A\$m)
Current assets			
Cash and cash equivalents	84.7	170.8	255.5
Trade and other receivables	74.1	-	74.1
Contract assets	61.6	-	61.6
Other current assets	21.5	-	21.5
Current assets	241.9	170.8	71.1
Non-current assets			
Intangible assets	133.7	-	133.7
Rights-of-use assets	82.8	-	82.8
Other non-current assets	47.1	-	47.1
Non-current assets	263.6	-	263.6
Total assets	505.6	170.8	676.4
Current liabilities			
Trade and other payables	95.2	-	95.2
Contract liabilities	36.2	-	36.2
Lease liabilities	17.6	-	17.6
Current tax liabilities	6.3	-	6.3
Other current liabilities	21.4	-	21.4
Current liabilities	176.7	-	176.7
Non-current liabilities			
Borrowings	65.5	-	65.5
Lease liabilities	66.3	-	66.3
Other non-current liabilities	7.5	-	7.5
Non-current liabilities	139.3	-	139.3
Total liabilities	316.1	-	316.1
Total equity	189.5	170.8	360.3

- Pro forma total available liquidity of A\$430 million post capital raising comprising:
 - Pro forma cash on balance sheet of A\$255 million post settlement of the underwritten Placement
 - Existing committed undrawn bank lines of A\$25 million
 - Incremental undrawn working capital facility of A\$150 million²

Note: 1. Based on unaudited balances sheet as at 29 February 2020. 2. IDP has received credit approval from its existing lenders in respect of this increase, with formal facility documentation expected to be executed shortly



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Key Risks and Foreign Selling Restrictions



Key Risks

Key Risks

INTRODUCTION

This section describes some of the key risks associated with any investment in IDP together with the risks relating to participation in the Placement or SPP, which may affect the value of IDP shares, many of which are beyond the control of IDP. The risks set out below do not constitute an exhaustive list of all risks involved in an investment in IDP. Investors should consult their own professional, financial, legal and tax advisers about those risks and the suitability of investing in light of their particular circumstances. Investors should also consider publicly available information on IDP (including information available on the ASX website) before making an investment decision.

The risks described in this section are categorised as follows: (1) Specific risks of an investment in IDP; and (2) Offer and general risks.

SPECIFIC RISKS OF AN INVESTMENT IN IDP

International disruptions and the impact of Coronavirus (COVID-19)

IDP's operating and financial performance is dependent on, and will continue to be impacted by, the demand for high-stakes English language testing and the state of the tertiary education market, which directly impacts on the demand for IELTS and the placement of students across IDP's key markets. A decline in demand for high-stakes English language testing or the state of the tertiary education market, whether as a result of a particular event (for example, outbreak of disease epidemic or pandemic, political events and tension, restrictions on movement between countries, unfavourable press, negative international relations and other international events) may reduce the attractiveness of some or all particular destination countries for students originating from some or all source countries. Any future circumstances which reduce the attractiveness of destination countries to foreign students may have a material adverse impact on IDP's financial position and performance.

The events relating to COVID-19 have recently resulted in unprecedented restrictions and lockdowns, including in relation to domestic and international travel and general disruption to education facilities. These restrictions have been imposed by domestic and international governments and regulatory authorities, and/or implemented as a matter of best practice during the ongoing health crisis. It is currently expected that the events relating to COVID-19 will have a material adverse effect on, or cause a material adverse change to, the demand for high-stakes English language testing and student placement volumes, and the broader state of the tertiary education market (including as a result of postponements and suspensions of university classes

due to travel bans restricting students' ability to arrive onshore). Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on IDP's business. There is also continued uncertainty as to the duration and further impact of COVID-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions and the impact on global economies. A prolonged reduction in the demand for IELTS or the placement of students across IDP's key markets may have a material and adverse impact on IDP's financial performance and performance. There is no certainty that demand for IDP's services (particularly the willingness of students to travel abroad) will normalise to a level existing prior to the impact of COVID-19 (or how long such normalisation could take), even post the lifting of domestic and international travel restrictions.

While IDP expects it will have robust liquidity to deal with the circumstances relating to COVID-19 as a result of the Placement and its increased bank facilities, there is a risk that if the duration of events surrounding COVID-19 are prolonged, IDP may need to take additional measures in order to respond appropriately (for example, by raising additional funding).

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of IDP and may be exacerbated in an economic recession or downturn. These include, but are not limited to:

- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment level and labour costs;
- changes in aggregate investment and economic output; and
- other changes in economic condition which may affect the revenue or costs of IDP.

Changes to visa policies may impact the volume of international students and IELTS test-takers

IDP generates a substantial amount of income from placing international students into education institutions in Australia, the United States, the United Kingdom, Ireland, Canada and New Zealand. To the extent that any of these destination countries alter immigration policies, regulation or visa requirements that reduce the number of student or migration visas that they grant, this will have a direct impact on IDP's student placement enrolment volumes and/or IELTS test volumes and therefore revenue.

Changes by government immigration authorities in these destination countries that decrease or remove the acceptance of IELTS, increased competition from other providers or changes to the way that tests are administered, could also have a material and adverse impact on IDP's financial position and performance.

Key Risks

Political, economic or social instability

IDP operates globally, with offices in over 50 countries. Political, economic or social instability (including as a result of contagious viruses such as COVID-19) in one or more of these countries could negatively impact IDP's operations, and therefore financial performance, in those countries. Further, a prolonged period of reduced or negative economic growth in any of IDP's key markets (or in a number of IDP's markets) could have a material and adverse impact on IDP's financial position and performance.

The global footprint which IDP operates across is exposed to regulatory, operating and management complexities and risks

The global footprint which IDP operates across is exposed to regulatory, operating and management complexities associated with operating a global business with this diverse footprint. There are certain risks inherent in doing business in foreign jurisdictions such as unexpected changes in legal and regulatory requirements, the impacts of COVID-19, difficulties in managing foreign operations, safety and security of employees, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation, the application of sanctions, embargoes or export and trade restrictions and war. There may also be foreign exchange controls which restrict or prohibit repatriation of funds and prohibitions and delays from customers or government agencies. These issues may arise from time to time, in the foreign jurisdictions in which IDP operates and could affect parts of IDP's business, the business of IDP agents and licensees or the students which IDP assists, which could have a material and adverse impact on IDP's financial position and performance.

Competition

IDP operates in highly competitive markets across all of its geographies and products. IELTS in particular competes with a number of alternative high-stakes English language tests, and, in most jurisdictions, IDP competes with the British Council as a distributor of IELTS. The following factors have the potential to reduce the number or profitability of IELTS tests that are conducted by IDP and therefore could have a material and adverse impact on IDP's financial position and performance: (i) the cost of sitting alternative high-stakes English language tests being lower than that for IELTS; (ii) increased acceptance by destination education institutions and immigration departments of alternative English language tests; (iii) a greater number of testing centres, and times, at which alternative high-stakes English language tests can be taken; (iv) alternative English language tests being marked in quicker timeframes when compared to those for IELTS; (v) alternative English language tests being perceived to be fairer and/or more suited to

people whose first language is not English; or (vi) increased demand for online English language tests (which may accelerate as a result of COVID-19).

In addition, there are a large number of competitors in each of IDP's student placement source markets that provide services comparable to those provided by IDP. Many of these competitors are established in their relevant source markets and have a deep understanding of them. New competitors could also emerge in the future. IDP's education institution clients also have "direct" marketing channels through which they themselves seek to attract foreign students to study at their institutions without using third party student placement providers such as IDP. Improvements in technology and the availability of information regarding education institutions may enhance the ability of IDP's education institution clients to market directly to student placement candidates. Additionally, longer term trends towards online learning may accelerate as a result of COVID-19. A move to online which compresses tuition fees would impact IDP's commission-based revenue model.

An increase in competition in source markets could result in a decrease in the number of students IDP places into education institutions, while an increase in competition from education institutions' direct marketing could affect IDP's profit margins. More generally, an increase in competition in the student placement market could result in IDP needing to increase its marketing and/or capital expenditure, reduce its fees, revise its business strategy or alter other aspects of its business model to remain competitive. All of these factors could have a material and adverse impact on IDP's financial position and performance.

Relationship with Education Australia

Education Australia Limited (**Education Australia**), which represents 38 Australian universities, currently owns approximately 49% of the ordinary shares of IDP and, after completion of the Placement, Education Australia will hold approximately 46% of the ordinary shares of IDP. The Constitution of IDP requires that: (1) for such time as Education Australia is registered as the holder of at least 10% of the voting securities in IDP, a majority of the Board is to comprise, collectively, Independent Directors (as defined in the Constitution) and representatives of Education Australia; or (2) if at any time Education Australia ceases to hold at least 10% of the voting securities in IDP, a majority of the Board is to comprise Independent Directors only. Accordingly, there exists the potential for Education Australia to exert a significant degree of influence over IDP's management and affairs and over matters requiring shareholder approval, including (among other things) the election of Directors and the approval of significant corporate transactions including the payment of dividends.

Key Risks

Key IELTS agreements can be terminated without cause, upon notice of 12 months or less

IELTS Examination Agreement

IDP, through IELTS Australia Pty Ltd (IA), administers the IELTS test pursuant to the IELTS Examination Agreement. English Language Testing through IELTS contributed approximately 60% of IDP's revenue in FY19. Although IDP (through IA), the British Council and Cambridge Assessment have a longstanding commercial relationship that dates back to 1989, the IELTS Examination Agreement can be terminated upon 12 months' notice by any party, or terminated (or a defaulting party excluded) for a material breach that is not remedied or (in broad terms) where a party has ceased trading, is unable to pay its debts or is to be wound up.

The IELTS Examination Agreement provides that all intellectual property rights in the name "IELTS", the name "International English Language Testing System", test materials, materials used for training persons to administer IELTS, promotional and publicity materials for the test, research and development reports and publications in respect of IELTS jointly commissioned by IA, the British Council and Cambridge Assessment and the test itself are jointly owned by the parties to the IELTS Examination Agreement.

The IELTS Examination Agreement does not set out what is to occur if the IELTS Examination Agreement is terminated. Given this, subject to the matters agreed by the parties in the IELTS Deed (as described below), if the IELTS Examination Agreement is terminated, unless IA, the British Council and Cambridge Assessment agree that copyright in the materials, reports and publications (referred to above) and the test itself can be used by the parties after termination, it is likely that none of IDP, the British Council and Cambridge Assessment would be able to use such rights and therefore could not administer the IELTS test.

Because of this, the British Council and Cambridge Assessment requested, and IA agreed, that the British Council and Cambridge Assessment be able to continue exploiting all intellectual property rights related to IELTS in the event that IA terminates the IELTS Examination Agreement upon 12 months' notice, in respect of a material breach or in exercise of its rights generally or under common law (except where the termination is as a result of a Significant Breach, certain insolvency-related events or certain acts of fraud or wilful concealment by the British Council or Cambridge Assessment) at a time when a "Competitor" has (or on the effective date of termination has) "voting power" in IDP of at least 15% or a "Competitor" "controls" (or "controls" on the effective date of termination) IDP.

Accordingly, although the parties to the IELTS Examination Agreement have a longstanding

commercial relationship, there is a risk that the IELTS Examination Agreement could be terminated and, as a result, IDP would be unable to conduct its IELTS business. If this occurred, this would have a material and adverse impact on IDP's financial position and performance.

There is also a risk that the parties to the IELTS Examination Agreement have different or conflicting commercial objectives. This means that where the parties are required to agree certain matters under the IELTS Examination Agreement - e.g. material changes to the content or format of the IELTS test, or changes to certain fees and the purposes for which the IELTS test are used - there is a possibility that the parties may not reach agreement and that a dispute arises. Further, a party to the IELTS Examination Agreement may fail to perform their obligations which could result in a dispute. Any disputes between the parties could be drawn out or costly and could potentially have a material and adverse impact on the IDP's financial position and performance.

China Agreement

IDP has granted a non-exclusive licence to the British Council to distribute IELTS in China. As consideration, IDP receives a fee from the British Council which is currently calculated as a percentage of each candidate's IELTS test fee for IELTS tests taken in China. The British Council has paid a fee, in relation to IELTS testing in China, since April 2001.

The current China Agreement was entered into in 2008 with its initial term expiring in March 2009. The agreement has been extended on a number of occasions with the current term expiring on 30 June 2021. The agreement can be terminated without cause upon 12 months' notice by either party. If the agreement expires or is terminated, the loss of earnings from China based IELTS testing could have a material and adverse impact on IDP's financial position and performance.

Key Risks

IDP's business model relies on third party agents, licensees and other parties to conduct businesses on behalf of IDP and there are risks associated with these arrangements

IDP's business model includes a network of third party agents, licensees and other parties to provide services including student placement, English language teaching, and particularly IELTS testing. Many of these relationships are non-exclusive and can be renegotiated or terminated and certain of them have no fixed term. These organisations (which are generally language schools, universities and other testing organisations) collect fees and are generally obliged to pay IDP in arrears for tests that are conducted. There is a risk (particularly to the extent that the relevant third parties are facing financial distress, including as a result of COVID-19) that if one or more of these third parties fails to pay IDP when payment is due, seeks to renegotiate or terminate its relationship with IDP, does not provide a level of service consistent with that expected and required by IDP (including in response to restrictions introduced by government, regulatory or health authority actions, such as in their conduct of issuing refunds and/or cancelling or changing appointments as required), contravenes or is alleged to have contravened laws or regulations (including those relating to bribery and/or anti-corruption), incurs fines or penalties, or undertakes actions that cause other negative impacts to IDP, any of these matters could adversely affect IDP's brand, business strategy and future financial position and performance.

IDP is affected by currency fluctuations

Currency fluctuations (including in connection with COVID-19) affect the cost of higher education courses for students and the cost of living and studying overseas. Some students will be price sensitive, and may choose not to travel overseas to study or will travel to a different location if costs increase in a particular destination country. As such, any appreciation of a destination country's currency relative to source markets may have a direct impact on demand for IDP's student placement services. Any reduction in the volume of students IDP is placing into education institutions could have a material and adverse impact on IDP's financial position and performance.

In addition, IDP generates revenue and incurs costs in approximately 50 currencies. IDP's most significant individual foreign currency exposure is to GBP, mainly due to the quarterly fee paid to Cambridge Assessment for its role in IELTS which is denominated in GBP. IDP also has a significant net exposure to the INR and CAD due to the revenue it generates in India and Canada. Movements in these foreign currencies could have a material and adverse impact IDP's financial position and performance.

Though forecast hedging activities have been placed on hold and will resume when net foreign currency exposures are updated to include the financial impacts of COVID-19, IDP's approach to the implementation of its hedging strategy has been to put hedges in place during the current year covering up to 100% of the foreign currency exchange rate exposure of the following

financial year's forecast cash operating expenses (net of any forecast cash receipts). The balance of the hedge program is completed when the Board approves IDP's budget and cash flows forecasts for the following financial year (which is prior to the commencement of that financial year). The currencies currently covered by the hedging strategy are GBP, USD, SGD, HKD, CAD, CNY, NZD and INR. However, it is possible that prior to the resetting of these hedges in the future, exchange rates may move in an unfavourable direction and this may be detrimental to IDP's financial position and earnings. IDP also has natural hedges from earning revenues and incurring costs in multiple foreign currencies.

IDP and/or IELTS may suffer damage to its brand and/or reputation

Maintaining the strength of IDP's reputation is important to attracting potential student placement candidates, potential IELTS test-takers and English language teaching students, as well as maintaining relationships with government departments and authorities and client education institutions, IDP's licensees and agents and other service providers. This is particularly relevant given that referrals are the dominant form of business generation for IDP's Student Placement business. There is a risk that the actions of any one of IDP's directors, employees, agents, licensees, placement students and/or client education institutions (including in connection with COVID-19) across its source and destination countries may damage IDP's reputation or that unforeseen issues or events may adversely affect IDP's brand and/or reputation. This may impact the future revenue and earnings of IDP.

IDP believes that a key factor underpinning the success of the IELTS test is its reputation for integrity and security. The tests are continuously monitored with strict rules around managing distribution and assessment. If there were to be systemic security breaches or fraud which affected the integrity or perceived integrity of the IELTS test, this could significantly reduce the number of IELTS test-takers and the number of education institutions and government departments that are willing to rely upon the results of the IELTS test. For example, if IELTS' accreditation with any border agencies was temporarily or permanently removed, then it would have a material and adverse impact on IDP's financial position and performance. Aside from these reputational risks, breaches of certain conditions applying to IELTS' agreements with border authorities could also lead to the payment of financial penalties. The reputation of IELTS also has the potential to be affected by the actions of IDP, the British Council, Cambridge Assessment and agents and licensees who administer the IELTS test.

Any factors that diminish the reputation of the IELTS test could result in client education institutions, IDP's agents and licensees and other service providers ceasing to do business with IDP, impede IDP's ability to compete successfully in English language testing markets and have a material and adverse impact on IDP's financial position and performance.

Key Risks

Human resources risk

IDP's ability to effectively perform its day-to-day operations and execute its growth strategy depends upon the experience, expertise and performance of its staff and, in particular, its senior management team.

IDP relies on highly trained and specialised staff in its IELTS, Student Placement, English language schools and IDP Connect (its B2B operation that works with IDP's institutional clients) businesses. There is a risk that IDP may not be able to attract and retain key staff or be able to find suitable replacements in a timely manner, which could adversely impact upon IDP's ability to operate its businesses and achieve its growth strategies.

In addition, any outbreak of COVID-19 within IDP's workforce or disruption caused to operations as a result of the IDP's remote working arrangements could have an adverse effect on the operating and financial performance of IDP.

IDP's key agreements with education institutions and other third parties are able to be terminated

IDP's key student placement agreements with education institutions and other third parties are generally non-exclusive with no fixed term and can generally be terminated on the provision of between 30 and 90 days' notice.

There is a risk (particularly to the extent that the relevant counterparties are facing financial distress, including as a result of COVID-19) that the relevant counterparties to these arrangements, which contribute a significant amount of revenue to IDP, could fail to pay IDP when such payments are due, terminate the contracts they have in place with IDP or its subsidiaries, seek to renegotiate the terms of such contracts (including in relation to fees), enter into relationships with any of IDP's competitors, or undertake the relevant activities in their own right. Any of these outcomes could materially and adversely affect the amount of revenue or earnings generated by IDP.

The changing landscape of education, including competition from online providers, may impact upon the relevance and demand for IDP's services

IDP's Student Placement services, and a proportion of its high-stakes English Language Testing and English Language Teaching services are used by international student placement candidates who are aiming to study at higher education institutions in destination countries.

Increased availability of quality higher education and/or English language education opportunities in IDP's source countries, either through the improvement of current, or the entry of new, local education providers or "transnational" expansion by international universities entering new markets may reduce the number of students choosing to study overseas and therefore the need for IDP's services.

Moreover, to the extent that there is an increase in the use of online education courses (as opposed to traditional on-campus attendance at an educational institution), which may occur as a result of COVID-19, this could potentially reduce the demand for IDP's services. This may have a material adverse effect on IDP's business model, customer base and earnings.

Inability to access capital or debt markets on favourable terms

IDP uses debt finance to partially fund its business and may need to access additional debt finance or capital to fund its operations. If IDP is unable to access capital, or refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, it may not be able to meet its growth objections which could have a material and adverse impact IDP's financial position and performance.

As a borrower of money, IDP is exposed to fluctuations in interest rates which may increase the cost of servicing IDP's debt. Developments in global financial markets, such as the impact of COVID-19, may adversely affected the liquidity of global credit markets and IDP's access to those markets. This may have a material adverse effect on IDP's operating and future financial performance and position.

Risk of litigation, claims and disputes

IDP may be subject to litigation, claims and disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims, and occupational and personal claims. Any such litigation, claims and disputes (including the costs of prosecuting, defending and settling claims, and the consumption of management time in the conduct of any such litigation, claims and disputes) could have a material and adverse impact IDP's financial position and performance.

IDP's technology platform may be disrupted, fail or be insufficient

IDP relies on third party software products and services from a number of different providers to enable internal data management and reporting and the delivery of services to clients. Although IDP has back-up, restoration and recovery procedures in place, any significant interruption to its technology systems or a major loss of data could impair the ability of IDP to continue to provide its services.

In addition, over time, IDP's current technology platforms may prove insufficient. If IDP or any of its third party provider's technology platforms prove to be insufficient for IDP's needs, or are disrupted or fail, this could adversely affect IDP's businesses and/or require that IDP outlays additional capital to improve the platforms or fix the disruption or failure. This could have a material and adverse impact IDP's financial position and performance.

Key Risks

Protection of personal information and data

In order to conduct its day-to-day operations including student placement and high-stakes English language testing, IDP collects a wide range of personal and financial data from its clients. This information includes (without limitation) personal data, copies of passports and visas and banking details.

IDP's efforts to protect such information may be unsuccessful due to the actions of third parties including a cyber attack, software bugs or other technical malfunctions, employee error or other factors.

Allegations of, or actual, unauthorised access or loss of such sensitive data could occur, resulting in a breach of IDP's obligations under applicable laws or regulations. Affected clients or government authorities could initiate legal or regulatory action against IDP in connection with any such breaches. Any such allegations, unauthorised access, or breaches of laws or regulations could have an adverse effect on IDP's or IELTS' reputation, future financial position and performance and market position.

Protection of intellectual property

IDP relies on laws relating to trade secrets, copyright and trademarks to assist with protecting its proprietary rights. However, there is a risk that unauthorised use or copying of IDP's data, specialised technology or platforms could occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to the business of IDP could be successfully challenged by third parties. This could involve significant expense and potentially result in IDP being unable to use the intellectual property in question. Such an outcome could potentially have a material and adverse impact on IDP's financial position and performance.

Insurance

IDP maintains insurance cover that is consistent with prudent business practice, including workers' compensation, directors and officers, travel, property damage, public liability and product liability. However no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any insurance cover will be adequate and available to cover all or any claims.

OFFER AND GENERAL RISKS

Investment in shares and COVID-19

There are general risks associated with investments in equity capital such as IDP shares. The trading price of IDP's ordinary shares on ASX may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price.

Generally applicable factors which may affect the market price of IDP's ordinary shares include:

- the impact of COVID-19 (or other pandemics or epidemics), including on the demand for IELTS and tertiary education services globally and on IDP's workforce, industry, customers and supply chains, including as a result of governmental action, work stoppages, university and

school stoppages, lockdowns, quarantines, travel restrictions and the impact on the economies and share markets of Australia and other jurisdictions in which IDP operates;

- general movements in Australian and international stock markets, including market volatility;
- investor sentiment;
- Australian and international economic conditions and outlook, including changes in interest rates, the rate of inflation, exchange rates, commodity prices, employment levels and consumer demand;
- changes in Australian and foreign government regulation and fiscal, monetary, taxation and regulatory policies;
- loss of key personnel and delays in replacement;
- announcement of new technologies;
- geo-political instability, including international hostilities, acts of terrorism, the response to COVID-19 and travel restrictions;
- natural disasters, extreme weather events and catastrophes, whether in global, regional or local scale;
- epidemics and pandemics such as COVID-19;
- operating results of the Group that may vary from expectations of securities analysts and investors;
- changes in market valuations of other companies in the same sector as IDP; and
- future issues of IDP equity securities.

The share prices for many listed companies in Australian stock markets and in international stock markets have in recent times been subject to wide fluctuations and volatility, which in many cases may reflect a diverse range of non-company specific influences referred to above, including the general state of the economy, the response to COVID-19, travel restrictions, investor uncertainty, geo-political instability, and global hostilities and tensions. In particular, the events relating to COVID-19 have recently resulted in significant market falls and volatility both in Australia and overseas, including in the prices of securities trading on the ASX.

There is continued uncertainty as to the further impact of COVID-19 on the Australian economy and equity and debt capital markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian economy (and international economies) and share markets globally. Any of these events and resulting fluctuations may materially adversely impact the market price of IDP's ordinary shares. It is also possible that new risks may emerge as a result of domestic or foreign markets experiencing extreme stress, or existing risks (including the impacts of COVID-19) may evolve in ways that are not currently foreseeable. The equity capital markets have in the past and may in the future be subject to significant volatility.

No assurances can be given that the New Shares will trade at or above the Offer Price. None of IDP, its Board, the Underwriter, or any other person guarantees the market performance of the New Shares.



Key Risks

Equity raising risk

IDP has entered into a placement agreement with the Underwriter (**Placement Agreement**), pursuant to which the Underwriter has agreed to fully underwrite the Placement on the terms and conditions of the Placement Agreement.

If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Placement Agreement. Termination of the Placement Agreement would have a materially adverse impact on the total amount of proceeds that could be raised under the Placement.

The Underwriter's obligations under the Placement Agreement, including to manage and underwrite the Placement, are conditional on certain matters, including shares being in a voluntary suspension on the ASX on the launch date, as well as the timely delivery of the due diligence questionnaire, executed debt commitment letters and certain other documents.

The Underwriter may terminate its obligations under the Placement Agreement on the occurrence of the following events:

- the ASX/S&P200 Index is:
 - at any time on any ASX trading day from and including the date of the Placement Agreement (1 April 2020) up to the time of distribution of placement allocation and confirmation letters on the date that trading in IDP shares recommences; or
 - at the close of any ASX trading day from and including the date of this Placement Agreement (1 April 2020) up to and including the last ASX trading day prior to the Settlement Date,
- 87.5% or less than its level at the close of the last ASX trading day prior to the date of the Placement Agreement;
- ASX announces that IDP will be removed from the official list or its shares will be delisted or suspended from quotation by ASX;
- in the reasonable opinion of the Underwriter, certain documents issued by IDP in connection with the Placement (**Placement Documents**) or other public information includes content that is misleading or deceptive, or likely to mislead or deceive (including by omission), or any statement of opinion or belief which is not truly and honestly held or lacks reasonable grounds;
- in the reasonable opinion of the Underwriter, any material statement in the Placement Documents which relates to a future matter is or becomes incapable or being met, or is not, or ceases to be based on reasonable grounds;
- any of the following occurs:
 - there is an application to a governmental authority for an order, declaration or other remedy, or a governmental authority commences any investigation or hearing or announces its intention to do so, in each case in connection with the Placement or any agreement entered into in respect of the Placement which, in the Underwriter's reasonable opinion, has reasonable prospects of success and is likely to have a

material adverse effect on the IDP or the Placement or on the market price of IDP's shares;

- proceedings are commenced or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction in Australia seeking an injunction or other order in relation to the Placement, which in the Underwriter's reasonable opinion, has reasonable prospects of success and are likely to have a material adverse effect on IDP or the Placement;
- ASIC holds, or gives notice of intention to hold, a hearing or investigation in relation to, prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, IDP or any of its directors, officers, employees or agents in relation to the Placement;
- ASX makes any official statement to any person, or indicates to IDP or the Underwriter, that it will not grant permission for the official quotation of the New Shares on an unconditional basis (or on a conditional basis provided such condition would, in the opinion of the Underwriter, not have a material adverse effect on the Placement);
- any of the following occurs: (i) a director or senior manager of IDP is charged with an indictable offence; (ii) any regulatory body commences any public action against a director of IDP in his or her capacity as such or announces that it intends to take any such action; or (iii) any director of IDP is disqualified from managing a corporation under the Corporations Act;
- any event specified in the timetable for the Placement is delayed for more than 1 Business Day without the prior written consent of the Underwriter;
- an existing debt facility document is (i) breached by IDP triggering an event of default or review event; (ii) is terminated, rescinded, repudiated or released; (iii) amended in any material respect without prior written consent of the Underwriter; or (iv) the funding arrangements contemplated by those documents are otherwise terminated, rescinded, repudiated or released or any event occurs which means the funding arrangements contemplated by the documents will otherwise be unavailable;
- IDP withdraws the Placement;
- there is a change to the board of directors, chief executive officer, chief financial officer, chief strategy officer, MD of IELTS, or chief operating officer of IDP;
- any certificate which is required to be provided by IDP under the Placement Agreement is not provided when required;
- IDP or a material subsidiary is insolvent or there is an act or omission which is likely to result in IDP or a subsidiary becoming insolvent;
- a condition precedent to the Placement Agreement is not satisfied or waived by the Underwriter by the time required by that condition.

Key Risks

In addition, the Underwriter may terminate its obligations under the Placement Agreement on the occurrence of the following events and in its reasonable opinion such event (a) has or is likely to have a material adverse effect on the outcome or success of the Placement, or the ability of the Underwriter to market or promote or settle the Placement, or the market price of, or willingness of persons to apply for or settle obligations to subscribe for the New Shares; or (b) could give rise to a contravention by the Underwriter or its affiliates of, or liability of the Underwriter or its affiliates under, the Corporations Act or other applicable law:

- any representation or warranty by IDP is or becomes incorrect, untrue or misleading;
- IDP fails to perform or observe any of its obligations under the Placement Agreement;
- there is an omission from or misstatement relating to the due diligence questionnaire, or meetings with management provided, by IDP to the Underwriter or any other information supplied by or on behalf of IDP to the Underwriter in connection with the Placement;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State or Territory authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced prior to the date of the Placement Agreement);
- IDP or any of its directors or officers engage in any fraudulent conduct or activity whether or not in connection with the Placement;
- a contravention by IDP of the Corporations Act, its constitution, any of the ASX Listing Rules or any other applicable law or regulation;
- any aspect of the Placement does not comply with the Corporations Act or the ASX Listing Rules;
- any certificate which is required to be provided by IDP under the Placement Agreement is untrue or incorrect;
- there is an adverse change, or an event occurs which is likely to give rise to an adverse change, in the financial position, results, condition, operations or prospects of the IDP group other than as disclosed by IDP to the ASX before the date of the Placement Agreement or in the materials released to ASX in relation to the Placement on the date of this presentation;
- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any Government Authority which

makes it illegal or commercially impossible for the Underwriter to satisfy an obligation under the Placement Agreement, or to market, promote or settle the Placement (including, without limitation, any acts, statute, order, rule, regulation, directive or request of any government or Government Authority, orders of any courts, lockdowns, lock-outs, forced closures, restrictions on mobility, or interruptions or restrictions in transportation which has this impact);

any of the following occurs:

- trading in all securities quoted or listed on ASX, the New Zealand Stock Exchange, New York Stock Exchange, London Stock Exchange, the Singapore Exchange or Hong Kong Stock Exchange is suspended or limited in a material respect for one day on which the exchange is open for trading (**Trading Day**) or a substantial part of one Trading Day, or a Level 3 “market-wide circuit breaker” is implemented by the New York Stock Exchange upon a 20% decrease against the prior day’s closing price of the S&P 500 Index only;
- there is any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, New Zealand, the People’s Republic of China, Singapore, Hong Kong, the United Kingdom, the United States or the European Union or the international financial markets or any change in national or international political, financial or economic conditions;
- there is a general moratorium on commercial banking activities in Australia, New Zealand, the People’s Republic of China, Singapore, Hong Kong, India, the United Kingdom, the United States or the European Union declared by the relevant central banking authority in any of those countries, or a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) or a major terrorist act is perpetrated involving any one or more of Australia, New Zealand, the United States, Canada, Japan, India, the United Kingdom, the People’s Republic of China, Singapore, Russia, or any member state of the European Union; or
- information disclosed by IDP to ASX or otherwise made publicly available by IDP includes a statement which is or becomes misleading or deceptive or likely to mislead or deceive.

If the Placement Agreement is terminated by the Underwriter, the Underwriter is not obliged to perform its obligations that remain to be performed under the Placement Agreement.

Key Risks

Dividends

The payment of dividends in respect of IDP's shares is impacted by a number of factors, including global economic conditions recovering from the current COVID-19 disruptions, IDP's profitability, retained earnings, availability to frank credits, capital requirements and available cashflow. Any future dividends will be determined by IDP's board having regard to these (and other) factors.

There is no guarantee that any dividend will be paid by IDP, or if paid, paid at historical levels (particularly in light of the current impact of COVID-19 on global economic conditions). From time to time, IDP's board may also cancel or defer previously announced dividends. As announced on 26 March 2020, the IDP board deferred payment of the interim dividend previously due for payment on 27 March 2020 to 24 September 2020.

Risks of dilution

Investors who do not participate in the Placement for a pro rata share will have their percentage security holding in IDP diluted. Investors may also have their investment diluted by future capital raisings by IDP. IDP may issue new securities in the future to finance acquisitions or pay down debt which may, under certain circumstances, dilute the value of an investor's interest.

Accounting standards may change

Accounting standards may change. This may affect the reporting earnings of IDP and its financial position from time to time. IDP has previously and will continue to assess and disclose, when known, the impact of adopting new accounting standards in its periodic financial reporting.

Exposure to changes in tax rules or their interpretation

Tax rules or their interpretation in relation to equity investments may change. In particular, both the level and basis of taxation may change. In addition, an investment in shares involves tax considerations which may differ for each investor. Investors encouraged to seek professional tax advice in connection with any investment in IDP.

For personal use only

Foreign Selling Restrictions

This document does not constitute an offer of new ordinary shares ("**New Shares**") of IDP Education Limited ("**IDP**" or "**the Company**") in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Bermuda

The Company is not making any invitation to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "**Provinces**") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities

legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*



Foreign Selling Restrictions

European Union (Denmark, Germany, Luxembourg and the Netherlands)

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "**Prospectus Regulation**").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMCA**"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, has provided the necessary certification).

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act of 29 June 2007 no.75 (Section 10-6) and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The offering of the New Shares in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because such offering is made to professional clients within the meaning of the FinSA only and the New Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, art. 652a, or art. 752 of the Swiss Code of Obligations (in its version applicable during the transitory period after entering into force of FinSA on January 1, 2020) or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules (in their version enacted on January 1, 2020, and to be applied during the transitory period), and no such prospectus has been or will be prepared for or in connection with the offering of the New Shares.

Foreign Selling Restrictions

United Arab Emirates

Neither this document nor the New Shares have been approved or passed on in any way by the Emirates Securities and Commodities Authority ("ESCA") or any other governmental authority in the United Arab Emirates. The Company has not received authorisation from the ESCA or any other governmental authority to market or sell the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates. No services relating to the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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