

26 February 2021

Supplementary announcement - Site enters Asset Sale Agreement for up to \$4.5million

Further to the announcement made earlier, The Directors of Site Group international Limited ("Site" or "the Company", ASX:SIT) provide the attached supplementary announcement which further clarifies the total potential consideration, the conditions precedent and the condition subsequent.

Authorised for release by the Board.

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Media and Investors

Craig Dawson

CFO

+61 (7) 3114 5188

craig.dawson@site.edu.au

Principal & Registered Office: Level 2, 488 Queen St, Brisbane QLD 4000

26 February 2021

Site enters Asset Sale Agreement for up to \$4.5million

The Directors of Site Group International Limited (“Site” or “the Company”, ASX:SIT) are pleased to announce the Company has entered into a binding Asset Sale Agreement for the sale of its Australian industrial and trades training facilities, assets and training equipment.

During the past 10 years Site Skills Training has provided skills training through approximately 200,000 courses to over 150,000 Australians in Industry.

However as announced on 21 June 2018, as well as several subsequent announcements through late 2019 and early 2020 including 21 May 2020, Site has been working on an optimisation and rationalisation plan for its Australian businesses with a stated intent to focus on its 300,000 sqm Clark, Philippines land assets and a plan to drive the growth of its International operations.

As the first stage Site Group International has agreed with Competency Training Pty Ltd, a subsidiary of Verbrec Limited (ASX:VBC), to sell its Australian Site Skills Training assets as it focusses on the next stages being the development of its Clark property and major growth initiatives in the Middle East and North Africa (MENA) regions.

The focus on MENA should result in significant growth for the International business and enable the company to strategically build on substantial new projects including initiatives around Site’s in-house developed Safe Live Process Plants (SLPP) and Engineering Work Experience Programs (EWEP) and in addition to the growth of the existing Site Institute business.

Whilst the world continues to struggle with COVID-19 there are clear expectations that major new projects will be undertaken in the MENA region, several of which Site has either tendered or pitched for in the last 8 months.

As part of the recovery of training in the Kingdom of Saudi Arabia, under the NCTC contract it is expected the next 12-month cohort of approximately 150-180 candidates will commence their industry training after a 2-month forced break caused through COVID related issues.

Site expect to be in a position to announce the commencement of several new major projects in MENA over the next few months based on current discussions.

The Sale Transaction

The sale of the training facilities and assets will see Site exit the domestic industry focussed RTO business in Australia.

The sale will have 3 components:

- (1) An upfront payment of up to circa \$1.44m in cash on settlement expected in the next 5 weeks dependant on certain conditions precedent being met which includes assignment/novation of certain funding agreements, employment agreements and leases, the execution of a service agreement providing office and administrative support services and the migration of certain data from technology and telecommunication systems. In addition, there are to be no material adverse changes to the business. This includes offers of employment to selected Site Skills employees being accepted.
- (2) A further \$500k paid in cash subject to satisfaction of a conditions subsequent this being to de-scope their Registered Training Organisation (RTO) designation with Australian Skills Quality Authority (ASQA).
- (3) A milestone payment of \$1m paid in cash post 30 June 2022, subject to Competency Training's aggregated FY22 revenue exceeds \$18 million. A part payment will be made if it is above \$12 million.
- (4) A milestone payment of \$1.5m paid in cash post 30 June 2023, subject to Competency Training's aggregated FY23 revenue exceeds \$20 million. A part payment will be made if it is above \$12 million.

The Directors are confident this asset sale will enable Site to give maximum attention to its Philippines land optimisation project and pursue the large potential growth opportunities in the International markets.

Post the asset sale, Site will have a significantly reduced Australian management team and an increased focus on the International business through its Clark operations team.

Authorised for release by the Board.

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