



UCW Limited (ASX:UCW)
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ASX Market Release

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The Manager
Market Announcements Platform
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By electronic lodgement

Settlement of earn-out payment for Ikon acquisition

The Board of UCW Limited (**UCW** or **the Company**) is pleased to advise that it has settled the earn-out payment due to the vendors of Proteus Technologies Pty Ltd ACN 112 989 581 trading as Ikon Institute of Australia (**Ikon**) under the share sale agreement dated 2 July 2018 (**SSA**).

The earn-out payment was \$6.5m and was 100% cash settled. The payment was funded as to \$1.7m from UCW existing cash reserves, \$3.5m from an increase in the Company's existing acquisition finance debt facility with CBA and \$1.3m from proceeds of a placement to an institutional investor of 6,693,199 ordinary shares in UCW.

No further amounts remain payable by the Company to the vendors in relation to the transaction.

The institutional placement was undertaken under UCW's 7.1A placement capacity, at \$0.194227 per share, being the 20-day volume weighted average price of UCW shares up to and including 16 October 2019, calculated in accordance with ASX Listing Rules.

Following the placement and completion of the deferred payment, UCW has 117,514,448 ordinary shares on issue and a drawn acquisition finance debt balance as at today's date of \$4.5m.

The Company will provide an update on 1Q20 trading at its upcoming AGM.

For further information please contact:

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About UCW

UCW operates in the tertiary education sector through two wholly owned subsidiaries:

- Australian Learning Group Pty Ltd (ALG), a vocational education provider, primarily focussed on the international student market; and
- Proteus Technologies Pty Limited, trading as Ikon Institute of Australia (Ikon), a higher education provider, primarily (currently) focussed on the domestic student market.

ALG and Ikon are both positioned as high-quality providers in Health and Community Services related fields of education, which the Board considers to be an attractive market segment with strong employment and migration opportunities for both international and domestic students.

The businesses provide UCW a level of diversification within the education sector and the opportunity to build study pathways across the student lifecycle.

ALG

ALG offers 16 qualifications at Certificate III, Certificate IV and Diploma level. The courses range in duration from six months to two years and are often packaged.

The majority of ALG's revenue is derived from international students, more than 90% of who are recruited through ALG's growing agent network. ALG currently has more than 250 active agents, located both in Australia and offshore, and students from over 75 source countries. Agents are paid a commission on tuition fees received.

Delivery is undertaken from ALG's campuses in Sydney, Melbourne, Brisbane and Perth. Students typically attend class two days per week during each of ALG's four academic terms per year. A number of ALG's courses have a work placement component.

ALG also has a fee-for-service, distance education offering for domestic students. A limited number of its qualifications are offered in this delivery format. Domestic distance-education students are recruited via direct marketing, primarily online.

ALG has a centralised administration function in Sydney where the majority of its staff are based.

Ikon

Ikon has two Degree programs, each with nested Diploma and Associate Degree exit points.

Ikon's revenue is primarily derived from domestic students, most of who pay their tuition fees via FEE-HELP. Students are recruited directly (ie. not through agents).

It operates a trimester model academic year (ie. three terms), with delivery undertaken from its campuses in Sydney, Melbourne, Brisbane, Perth, Byron Bay and Adelaide, where its head-office is based.

Ikon is also an accredited vocational education provider, however as of 1 July 2019, it is no longer accepting new enrolments into its VET courses.

Gradability

UCW also owns a 25% minority stake in Gradability, a leading national provider of the Professional Year Program (PYP). The PYP is a work-readiness program for international student graduates in the fields of accounting and information technology.