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ASX Market Release

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UCW Completes Acquisition of IKON Institute of Australia

The Board of UCW Limited (**UCW**) is pleased to announce that it has completed the acquisition of Proteus Technologies Pty Ltd ACN 112 989 581, the legal entity that owns and operates IKON Institute of Australia (**IKON**).

On completion, UCW paid the IKON vendors \$5.5 million, which comprised \$4.4 million in cash and \$1.1 million in UCW shares at an issue price of \$0.20 per share. The UCW shares issued on completion are subject to a voluntary 12-month escrow period.

The principals of the IKON vendors, Mr Brad Seaman and Mr Simon Paul, have been retained in their current roles under new employment agreements. Both Brad and Simon also remain as directors of IKON.

A deferred payment equal to 8 x FY19 EBITDA less the \$5.5 million that has already been paid and capped at \$6.5 million, will be paid in September 2019. Up to 20% of the deferred payment is payable in UCW shares (subject to a maximum of 9.5 million shares) which will be issued at the 20-day volume weighted average price at the time of payment and subject to a voluntary 12-month escrow period.

About IKON

Established in Adelaide in 2005, IKON operates as both a Registered Training Organisation (**RTO**) and a Higher Education Provider (**HEP**). It is an approved provider of both VET Student Loans (**VSL**) and FEE-HELP. IKON is also registered as a Commonwealth Register of Institutions and Courses for Overseas Students (**CRICOS**) provider.

IKON offers accredited vocational and higher education courses in the field of Community Services to the domestic and, more recently, international student markets. Its course offering includes Counselling, Psychotherapy, Youth Work, Mental Health and Community Services.

IKON has a national presence with operations in Sydney, Melbourne, Brisbane, Perth and Adelaide, where its head office is based.

Historically focussed on the domestic VET sector, IKON was registered as a Higher Education Provider in 2016 and its HE offering now constitutes its primary focus. IKON currently has six accredited HE qualifications in the field of Psychotherapy (akin to Counselling), which are targeted primarily at domestic students. As at the date of this announcement, IKON has more than 250 students enrolled in its HE programs.

Acquisition rationale

The acquisition of IKON is in line with UCW's strategic growth plan to offer education services across the student lifecycle. UCW currently has operations in the VET sector, through its wholly owned subsidiaries Australian Learning Group Pty Limited (**ALG**) and 4Life Pty Ltd (**4Life**), and a strategic 24.6% interest in Gradability Pty Ltd, which operates in the professional education sector. IKON extends UCW's reach into the HE sector and broadens its VET offering.

IKON has a strong record of compliance and student outcomes. This positioning as a high-quality provider is common to ALG and 4Life.

The acquisition provides UCW with additional scale and there are numerous revenue and cost synergies that the combined group will look to achieve over the medium-term. These include:

- Leveraging the respective student recruitment strengths of IKON (domestic students) and ALG/4Life (international students) to support growth
- Developing additional HE programs (subject to approval by IKON's Board of Governors) to extend the period of study and lifetime customer value of ALG's c. 1,500 current vocational students
- Sharing of campus infrastructure and certain operational functions such as student services, sales and marketing, compliance, finance and human resources (again subject to approval by IKON's Board of Governors)
- Extending IKON's VET funding approval (i.e. VET Student Loans) to include courses currently offered by ALG

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About UCW

UCW has a portfolio of tertiary education businesses, with a current focus on Health and Community Services related fields of study in both the international and domestic student market. The Company's strategy is to invest in the growth of its existing businesses, through initiatives such as campus and course expansion, while concurrently pursuing accretive acquisitions. The Board includes directors with extensive corporate experience and a successful track record in the education sector.