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Kip McGrath Education Centres Ltd

Investor update

26 August 2025

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Agenda

1. Introduction
2. FY25 Financials
3. Update on Key Business Drivers
4. Outlook

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Our Strategic Pathway

Steadfast in our mission with a strategy to deliver our vision

Our mission

"We truly believe every child can learn; they just need to be taught properly. By setting meaningful goals and delivering engaging, high-quality lessons tailored to a student's individual needs, we create confident, independent learners who go on to achieve their highest potential."

Our vision

"To deliver measurable improvement and change the lives of as many students as possible around the world."

Our values



Ensure quality

We are the experts. Our qualifications, experience and commitment to quality lessons and improvement means we hit goals.



Show passion

We're changing the world one child at a time. It's something we're all passionate about – and we have fun along the way!



Be curious

We ask questions and love to learn and improve. By always asking 'why', we can see things more clearly and find a better way.



Work as one

We all have a role to play, but together we make a whole. By working as a team every day, the outcomes are magic.



Nurture needs

Our customers are at the core of everything we do. By valuing their feedback, we can all have a better journey.



Unlock potential

We want everyone in the business to be their best. We empower them with respect, tools and information to make this a reality.

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12 months to 30 June 2025 audited financials - continuing operations

Revenue of $31.4m
Up 8.9% YoY

EBITDA of $7.8m
Up 13% YoY

NPAT of $2.3m
Up 54% YoY

Franchise Business* up 11%
Revenue $21.0M

Corporate Centres up 4%
Revenue $10.3M, Up 4% YoY

Basic EPS 4.02 cents
v $2.62 cents in PY

1,897,000
Lessons for FY25

$113.8M
Network Billings up 6%

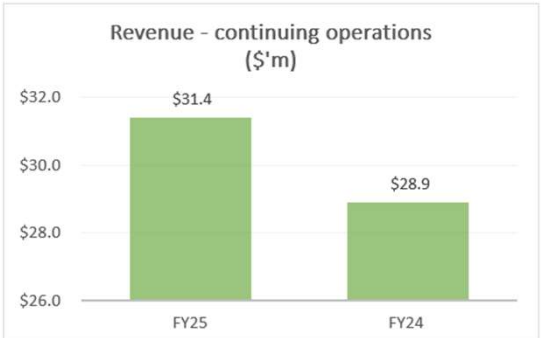
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Franchise Centres

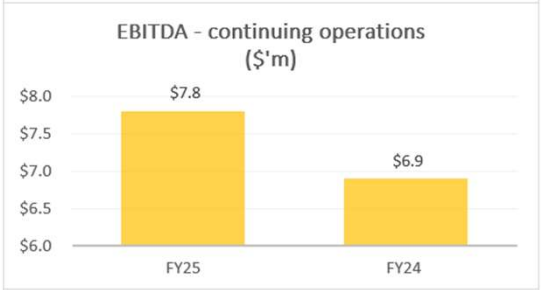
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Corporate Centres

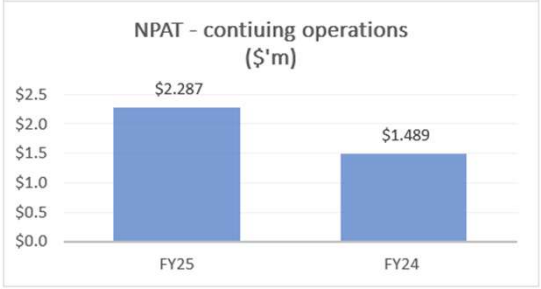
- Franchise Business includes franchise fees, National Advertising Contributions, Sales of master territories & franchise centres, and direct sales

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FY25 Key financials - continuing operations



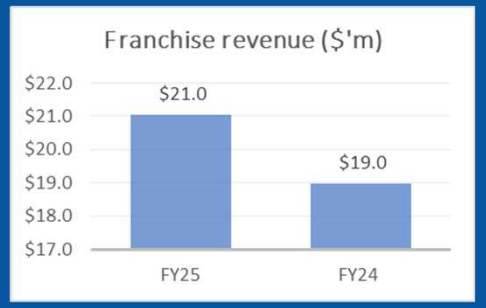


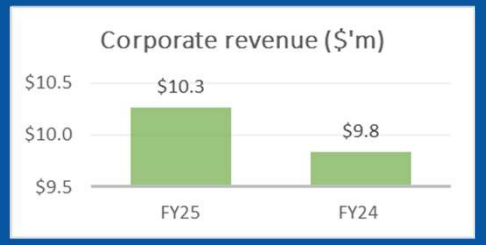


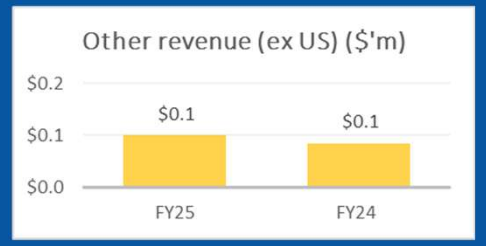
- **Franchise** business Revenues +11% YoY
- 416 active centres streamlined with focus on ensuring sustainable business partners (our franchisees)

- **Corporate** Revenues +4% YoY
- 37 active centres after US closure with two new UK centres in H2 FY25

- **Underlying** EBITDA to $8.5m (reported after one-time costs of CEO changeover and Newcastle onerous lease) 21% up on PY underlying operations
- **Underlying** EPS to 4.91 cents

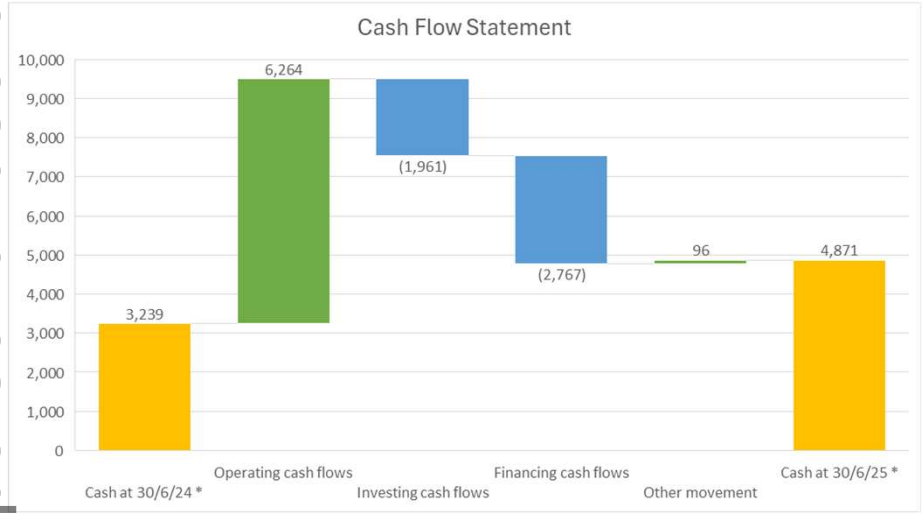






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FY25 Key financials – Cash Flow



* Cash balances exclude franchisee cash of A$2.1m (FY24: A$2.2m)

Highlights

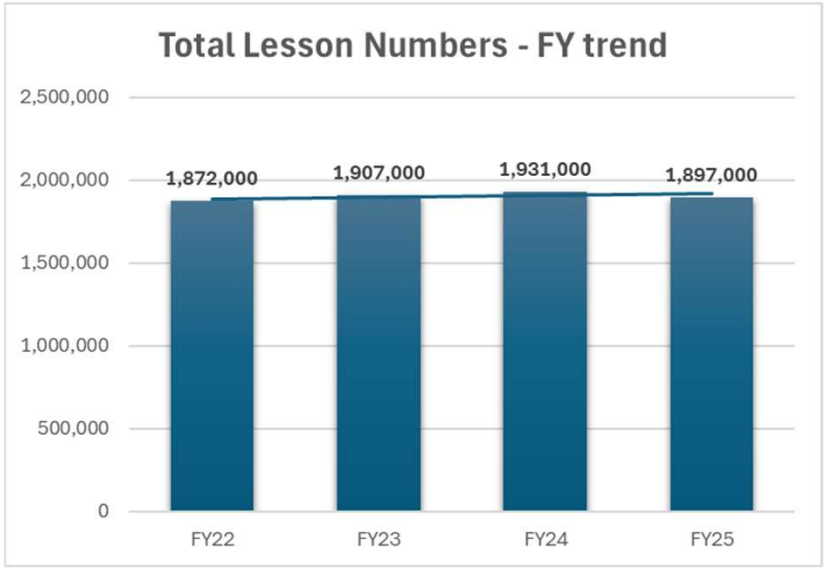
- Higher operating cash on the back of strong continuing operations EBITDA and working capital management
- Investing cash flows constrained by tightly controlled capex spend (including A$0.3m spent on corporate centre acquisitions)
- Financing cash flow includes full repayment of $1.4m debt facility

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Lesson Numbers

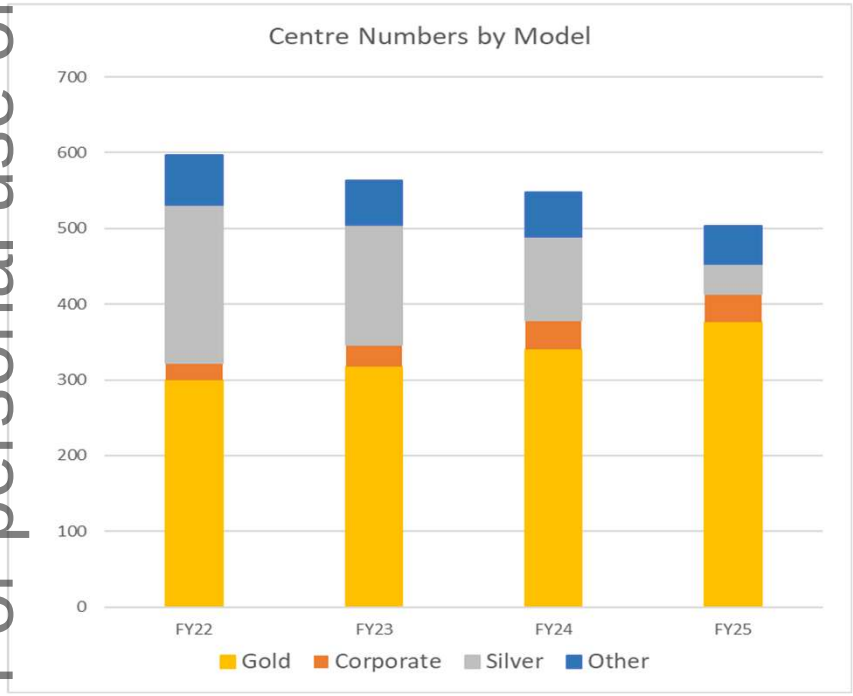
Lesson Numbers

FY25 lessons numbers fell slightly YoY. Overall lesson numbers remain relatively flat over past 4 years with +/- 2% fluctuations.



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453 Centres – clear trend in Gold increase to continue



Centre Numbers

Physical centres continue to be a cornerstone of Kip McGrath's global operations. Continued conversion to Gold remains a focus to ensure the highest quality offering for Parents, Students and Franchisees.

(Other relates to centres in locations where Gold Partner services are not offered)

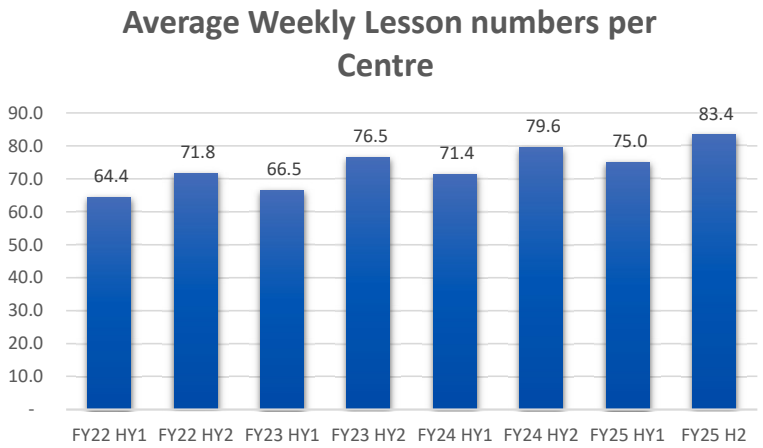
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Average Weekly Lesson numbers per Centre

New training and software updates are driving adoption of 48-week and 52-week tutoring packages, up from the traditional 40 weeks. This supports our curriculum guidance of "continuous learning" rather than a discontinuous lesson plan.

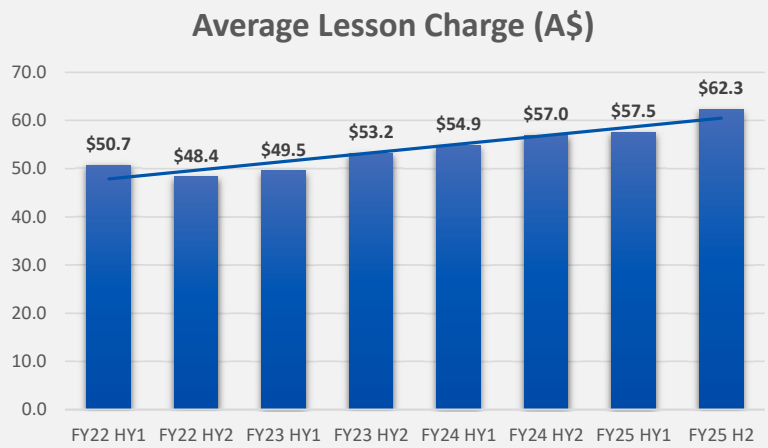
FY25 saw an increase in Average Weekly Lesson numbers per centre in both seasonal halves.

Average Weekly Lesson Numbers per centre



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Average Lesson Charge

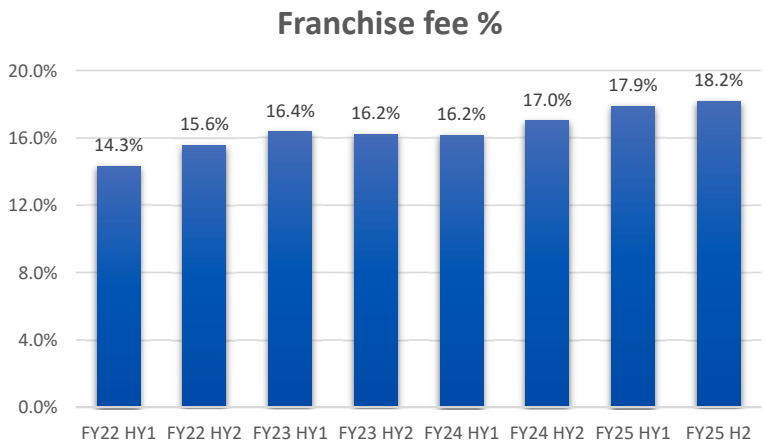


Average Lesson Charge ($A per week)

To maintain strong margins, lesson pricing is designed to balance competitiveness, customer value, and investment in top-tier educators with premium tutoring systems. With modest price increases in key markets during this period, average lesson fees increased in FY25.

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Franchise Fee Percentage



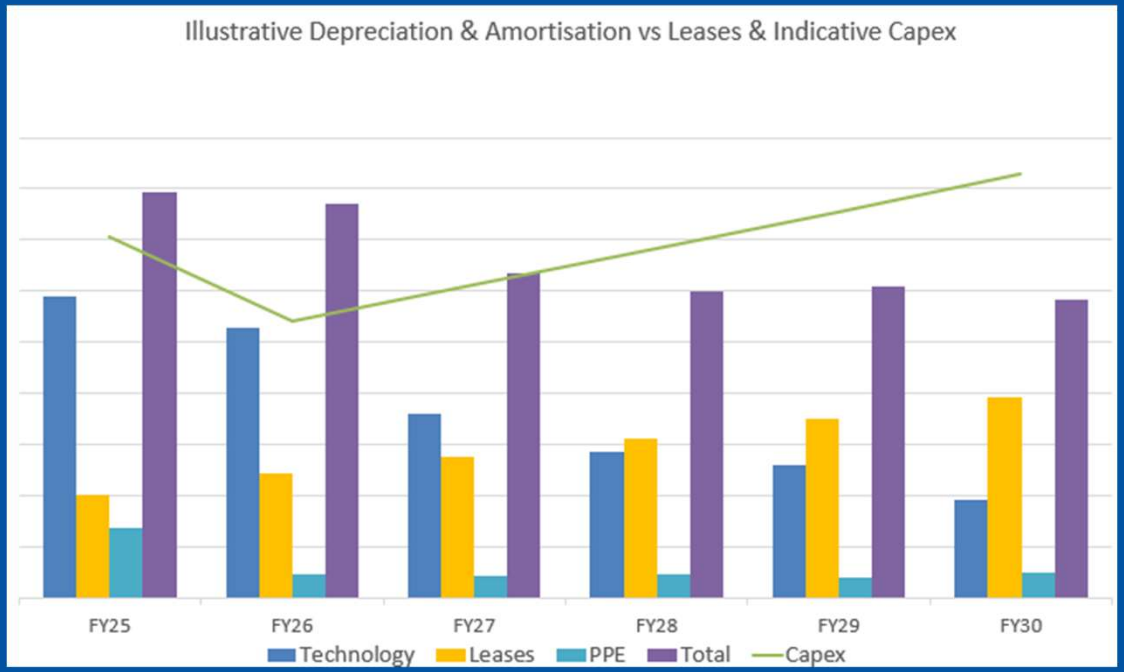
Franchise Fees Percentage

The shift towards more Gold Partner contracts, which carry a circa 20% franchise fee compared to the circa 10% fee for Silver, is contributing to an overall increase in franchise fee percentages.

The rising number of Gold Partners has continued to boost the average franchise fee towards a plateau of 18.5%-19.2%.

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Illustrative depreciation vs Leases & Indicative Capex FY25-30



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FY26 Outlook

- **Lesson numbers** expected to be flat YoY
- **Revenue** expected to achieve mid-single digit growth through price uplift
- **Costs** to grow at less than revenue with savings on D&A of circa A$0.5m
- **NPAT** expected to be early double-digit increase
- Small reduction in franchisee numbers due to not converting Silver to Gold, partly offset by centre openings
- CAPEX expected at circa A$1.7m driven by technology (circa A$1m), centre acquisitions (circa A$0.2m-A$0.4m) and other (circa A$0.2-A$0.5m)



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Questions

