

Kip McGrath announces FY25 Results and buy-back

26 August 2025

Key Highlights:

- Revenue from Continuing Operations \$31.4m up 8.9%
- EBITDA from Continuing Operations \$7.8m up 13.4%
- EBITDA from Underlying Operations \$8.5m up 23%
- Loss and Impairment from discontinued USA operations \$(7.6)m
- Statutory NPAT \$(5.3)m after USA loss, USA impairment, CEO changeover costs and onerous lease cost
- Cash Balance (net of Franchisee held cash) \$4.9m
- Nil Debt after FY25 repayment of corporate debt facility
- Final dividend of 0.5 cents fully franked, taking dividends for year to 1.0c fully franked
- On-market share buy-back announced

Kip McGrath Education Centres Limited (ASX: KME, “the Company”), today announces its FY25 Annual Results. The company experienced a second half of refocus, marked by a recommitment to its core franchise business and a decisive exit from its USA operations.

The company saw revenue growth of 8.9% from our continuing operations (APAC and UK) for FY25. Our core business remains strong as reflected by the increase in EBITDA from continuing operations \$7.8m, 13.4% up on last year. Underlying EBITDA was \$8.5m when excluding one-off items of the CEO changeover cost \$(0.6)m and the expense relating to the Newcastle onerous lease \$(0.1)m.

The Company’s growth in franchise business revenue was strong at 11% year-on-year while total revenues from our corporate owned centres grew at a more moderate 4%. From a geographical perspective, we saw double-digit growth in the UK at 12% (8.9% in local currency), with APAC following at 10%, and the Middle East and South Africa flat year-on-year. Our Network Billings (which includes all the revenue received by Franchisees) was \$113.8m up 6% versus FY24 (excluding the USA).

The company's underlying net profit for the year was circa 2.5% of our Network Billings and remains well below our cost of Capital. Whilst the improving result and the decisive actions taken in the second half are pleasing and are already paying dividends, we are focused on improving our earnings to a higher level.

Our core KPIs are moving in the right direction, with the following charts showing our business progress this year.

Lesson Numbers

Lesson numbers saw a small year-on-year reduction but remained broadly flat against the prior three years lesson numbers. The company maintained 1.9 million student lessons for the year (excluding the USA).

	FY22 HY1	FY22 HY2	FY23 HY1	FY23 HY2	FY24 HY1	FY24 HY2	FY25 HY1	FY25 HY2
Scheduled Lessons *	881,000	991,000	903,000	1,004,000	919,000	1,012,000	915,000	982,000
Annual total		1,872,000		1,907,000		1,931,000		1,897,000
YoY Change				1.9%		1.3%		(1.8%)

* Lessons scheduled at Kip McGrath Education Centres, excluding US and Abu Dhabi school markets.

Centre Numbers

Centre Numbers continued to consolidate to slightly fewer (but on average larger) centres.

	FY22 HY1	FY22 HY2	FY23 HY1	FY23 HY2	FY24 HY1	FY24 HY2	FY25 HY1	FY25 HY2
Operating Centres	526	531	522	505	495	489	469	453

Average Weekly Lesson numbers per Centre

Average Weekly Lesson Numbers per centre continue to grow – enabling extended hours of delivery, with more parent choice.

	FY22 HY1	FY22 HY2	FY23 HY1	FY23 HY2	FY24 HY1	FY24 HY2	FY25 HY1	FY25 HY2
Average Weekly Lesson numbers per Centre	64.4	71.8	66.5	76.5	71.4	79.6	75.0	83.4

Average Lesson Charge (AUD)

The Average Lesson charge continues to grow, partially driven by modest price increases and a favourable GBP/AUD exchange rate, coupled with a decline in lower priced lessons from smaller exiting centres.

	FY22 HY1	FY22 HY2	FY23 HY1	FY23 HY2	FY24 HY1	FY24 HY2	FY25 HY1	FY25 HY2
Average Lesson Charge (A\$)	\$ 50.73	\$ 48.36	\$ 49.53	\$ 53.21	\$ 54.95	\$ 56.98	\$ 57.51	\$ 62.30

Franchise Fees Percentage

The Franchise Fee percentage continues to rise towards a plateau of 18.5-19.2%. Whilst the Gold Franchise Fee remains at 20%, larger centres receive a scale rebate reducing the target yield to below 20%.

	FY22 HY1	FY22 HY2	FY23 HY1	FY23 HY2	FY24 HY1	FY24 HY2	FY25 HY1	FY25 HY2
Franchise Fee Percentage	14.3%	15.6%	16.4%	16.2%	16.2%	17.0%	17.9%	18.2%

The company's FY25 continuing operations metrics were reasonable, with the second half improving over the first. The distracting USA business is now closed. The appointment of a new CEO refreshes our leadership and ensures we are well positioned for a bright future. We have the product and delivery mechanisms to satisfy our chosen markets' appetite for improved education standards for students.

The company has today declared a final dividend of 0.5 cents per share, payable on 25 September 2025. In addition, the company has announced a buy-back of up to 10% of its shares over the next 12 months.

Outlook FY26

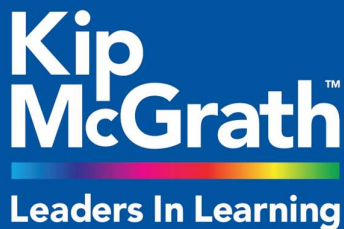
The company currently expects lesson numbers to be flat year on year incorporating a small reduction in the Network (particularly Silvers who do not convert to Gold). Price changes are expected to achieve mid-single digit Revenue growth, with costs increasing at a lower rate than revenue. Depreciation and amortisation are expected to be \$0.5m lower in FY26 over FY25 which we expect to result in early double digit NPAT growth.

Capital Expenditures are expected to be circa \$1.7m - driven by technology (circa \$1.0m), acquisitions (\$0.2m-\$0.4m), and other capital items (\$0.2-\$0.5m).

The Board looks forward to FY26 with the knowledge we have a network of franchisees who are committed in their local communities to student success. The company's business model is capable of producing strong results and higher returns for shareholders.

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This release has been approved for distribution by the Board of Directors of Kip McGrath Education Centres Limited



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About Kip McGrath

Kip McGrath Education Centers Limited has been helping tutor primary and secondary children since 1976, helping to improve their literacy and numeracy skills. The Company operates corporate centres and franchises globally, employing qualified teachers who use proven methods and techniques both online and in-person across 450+ locations globally.

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