

1. Company details

Name of entity:	Kip McGrath Education Centres Limited
ABN:	73 003 415 889
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

					\$'000
Revenues from ordinary activities	up	2.4%	to		15,251
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	up	45.6%	to		3,393
Profit from ordinary activities after tax attributable to the owners of Kip McGrath Education Centres Limited	up	955.6%	to		616
Profit for the half-year attributable to the owners of Kip McGrath Education Centres Limited	up	955.6%	to		616

Dividends

There were no dividends paid, recommended or declared for the financial year ended 30 June 2024.

On 25 February 2025, the directors declared a fully franked interim dividend of 0.5 cents per ordinary share for the year ending 30 June 2025 and will be paid on 27 March 2025 to those shareholders on the register at 7pm on 13 March 2025. The total dividend is estimated to be \$284,000.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$616,000 (31 December 2023: loss of \$72,000).

Refer to Managing Director and Chief Executive Officer's report for further commentary on the results.

The earnings before interest, tax, depreciation and amortisation ('EBITDA') amounted to \$3,393,000 (31 December 2023: \$2,330,000). EBITDA is a financial measure which is not prescribed by the Australian Accounting Standards ('AASBs') and represents the profit under AASBs adjusted for specific items. The directors consider EBITDA to be one of the core earnings measures of the consolidated entity.

The following table summarises key reconciling items between statutory profit after tax attributable to the shareholders of Kip McGrath Education Centres and EBITDA.

	Consolidated 31/12/2024 \$'000	31/12/2023 \$'000
Revenue from ordinary activities	15,251	14,887
EBITDA	3,393	2,330
Less: Depreciation and amortisation	(2,332)	(2,359)
Less: Interest expense	(145)	(124)
Add: Interest income	39	47
(Loss)/profit before income tax expense	955	(106)
Income tax expense	(339)	34
(Loss)/profit after income tax expense	616	(72)

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.37	(1.86)

Right-of-use assets have not been treated as intangible assets for the purposes of the net tangible asset calculation.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Board approved a Dividend Reinvestment Plan ('DRP') for eligible shareholders commencing with the dividend declared on 22 August 2023 and, unless the Board determines otherwise, will continue for any subsequent dividends. Under the DRP shareholders may elect to have dividends on some or all of their ordinary shares automatically reinvested in additional Kip McGrath shares.

The DRP booklet is available on <https://www.kipmcgrath.com/global/shareholder-information>

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of Kip McGrath Education Centres Limited for the half-year ended 31 December 2024 is attached.

11. Signed

As authorised by the Board of Directors

Signed 

Damian Banks
Chairman
Sydney

Date: 25 February 2025

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Kip McGrath Education Centres Limited

ABN 73 003 415 889

Interim Report - 31 December 2024

Dear Shareholders,

Despite significant cost of living pressures globally and a challenging environment in the US, I am pleased to report that revenue for the first half increased by 2.4% to \$15.3M and NPAT was up 956% to \$0.6M.

The US market was significantly affected by the election and subsequent Trump administration policies on government spending, which has resulted in revenue for Tutorfly dropping 78%. However, in our primary operations, franchise fees rose by 15.6%, while corporate revenue increased by 5%. Earnings improved due to cost-saving initiatives implemented in the prior year. EBITDA grew 46% to \$3.4M driven by reductions in headcount and marketing expenses.

Tutorfly

Tutorfly has secured more tutoring contracts than at the same time last year, however, government-related work requests put to market has nearly ceased. While the volume of new RFPs remains strong, operational start dates continue to be delayed. We anticipate that schools will resume normal operations once uncertainty decreases, given that most funding is state-driven. We continue to maintain minimal staffing to ensure responsiveness should conditions improve. Meanwhile, the new Corporate Centre in Frisco is gradually gaining momentum, with plans to establish two additional centers in adjacent territories to create a regional hub being implemented as Frisco proves through break-even.

Operations & Core business drivers

Global network revenue for the half-year reached \$52.9M, reflecting a 4.8% increase compared to the same period last year. Lesson delivery declined by 0.4% (excluding the US), as cost-of-living pressures have impacted assessment volumes, though retention remains strong. Revenue growth was also supported by the successful implementation of price adjustments during the period.

Core Business Driver	FY22 HY1	FY22 HY2	FY23 HY1	FY23 HY2	FY24 HY1	FY24 HY2	FY25 HY1
Lesson numbers ('000)	881	991	903	1,004	919	1,012	915
Centre numbers	526	531	522	505	495	489	469
Average weekly lessons per centre	64.4	71.8	66.5	76.5	71.4	79.6	75.1
Average lesson charge (\$)	\$ 50.7	\$ 48.4	\$ 49.5	\$ 53.2	\$ 54.9	\$ 57.0	\$ 57.8
Franchise fee %	14.3%	15.6%	16.4%	16.2%	16.2%	17.0%	17.9%
EBT Contribution margin centre (\$'000)	\$ 14.3	\$ 13.6	\$ 10.7	\$ 12.4	\$ 9.5	\$ 11.4	\$ 14.7

Centre numbers have declined with global closures driven primarily by the removal of underperforming locations and the exit of silver partners unwilling to transition to gold status. This has contributed to an increase in the franchise fee percentage to 17.9% from 16.2% at December 2023. Average weekly lessons per centre remains flat, while average lesson charges have continued to improve with an 5.2% year-on-year increase to A\$57.80.

Corporate centres continue to perform well, achieving strong year-on-year increase in contribution, while franchise centres also recorded a rise. We remain confident that targeted expansion in key areas presents a strong growth opportunity for the business.

Capitalisation and Cash Balances

We invested \$0.9M for the half in the ongoing development of our specialised software and curriculum. Underlying net cash flow from operations was \$3.2M, allowing us to repay \$1.4M in debt during the period. The company renewed its debt facilities with HSBC in December 2024 and at this time the full facility of \$1.85M remains undrawn. Unrestricted cash balances at 31 December 2024 were \$3.5M.

Outlook

The global tuition market is experiencing some cost-of-living pressures; however, most parents continue to prioritize tutoring within their household budgets. Our blended delivery model offers the flexibility and convenience that aligns with the needs of modern families.

We anticipate continuing strong performance in our core markets for the full FY25 year, though challenges persist in the US, resulting in an uncertain outcome across that market.

The Board has approved an interim dividend of 0.5 cents per share, fully franked, to be paid on 27 March 2025.

We extend our gratitude to our customers, franchisees, employees, and shareholders for their invaluable contributions to the education and success of our students.



Storm McGrath
Managing Director & Chief Executive Officer

25 February 2025
Sydney

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Kip McGrath Education Centres Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The following persons were directors of Kip McGrath Education Centres Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Damian Banks (Chairman)
Storm McGrath
Ian Campbell
Lynne Lewis (appointed as Non-executive Director on 26 November 2024)
Diane Pass (retired as Non-executive Director on 26 November 2024)

Principal activities

The principal activities of the consolidated entity during the course of the financial half-year continued to be the sale of franchises and providing services to franchisees in the education field. The company is also increasing the number of tutoring centres that are corporately owned. The consolidated entity operates in Australia and overseas, principally in the United Kingdom, New Zealand and the United States of America.

Dividends

There were no dividends paid, recommended or declared for the financial year ended 30 June 2024.

On 25 February 2025, the directors declared a fully franked interim dividend of 0.5 cents per ordinary share for the year ending 30 June 2025 and will be paid on 27 March 2025 to those shareholders on the register at 7pm on 13 March 2025. The total dividend is estimated to be \$284,000.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$616,000 (31 December 2023: loss of \$72,000).

Refer to Managing Director/Chief Executive Officer's report for further commentary on the results.

The earnings before interest, tax, depreciation and amortisation ('EBITDA') amounted to \$3,393,000 (31 December 2023: \$2,330,000). EBITDA is a financial measure which is not prescribed by the Australian Accounting Standards ('AASBs') and represents the profit under AASBs adjusted for specific items. The directors consider EBITDA to be one of the core earnings measures of the consolidated entity.

The following table summarises key reconciling items between statutory profit after tax attributable to the shareholders of Kip McGrath Education Centres and EBITDA.

	Consolidated	Consolidated
	31/12/2024	31/12/2023
	\$'000	\$'000
Revenue from ordinary activities	15,251	14,887
EBITDA	3,393	2,330
Less: Depreciation and amortisation	(2,332)	(2,359)
Less: Interest expense	(145)	(124)
Add: Interest income	39	47
(Loss)/profit before income tax expense	955	(106)
Income tax expense	(339)	34
(Loss)/profit after income tax expense	<u>616</u>	<u>(72)</u>

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Business risks

The material business risks that could adversely affect the consolidated entity's financial performance and growth potential in future years and how the consolidated entity propose to mitigate such risks were detailed in the Annual Report at 30 June 2024. Those risks have been assessed up to the reporting date with no significant changes occurred since then.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Damian Banks
Chairman

25 February 2025
Sydney



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Auditors' Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Kip McGrath Education Centres Limited

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2024, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

The PKF logo, featuring a circular icon with eight colored segments and the letters 'PKF' in a bold, blue, sans-serif font.

PKF

A handwritten signature in black ink, appearing to read 'M Matthews'.

MARTIN MATTHEWS
PARTNER

25 FEBRUARY 2025
NEWCASTLE, NSW

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Kip McGrath Education Centres Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024



		Consolidated	
	Note	31/12/2024	31/12/2023
		\$'000	\$'000
Revenue	4	15,212	14,840
Interest revenue calculated using the effective interest method		39	47
Revenue from ordinary activities		15,251	14,887
Expenses			
Royalties, commissions and other direct expenses		(122)	(136)
Employee expenses		(7,829)	(8,229)
Marketing expenses		(874)	(1,278)
Administration expenses		(2,050)	(2,030)
Franchise support costs		(879)	(768)
Depreciation and amortisation expense		(2,332)	(2,359)
Impairment of receivables		(32)	(16)
Loss on sale of assets		(3)	-
Net foreign exchange gain/(loss)		(30)	(53)
Finance costs		(145)	(124)
Profit/(loss) before income tax (expense)/benefit		955	(106)
Income tax (expense)/benefit		(339)	34
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Kip McGrath Education Centres Limited		616	(72)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		211	23
Other comprehensive income for the half-year, net of tax		211	23
Total comprehensive income for the half-year attributable to the owners of Kip McGrath Education Centres Limited		827	(49)
		Cents	Cents
Basic earnings per share	13	1.084	(0.127)
Diluted earnings per share	13	1.076	(0.127)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 31/12/2024 \$'000	30/06/2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	5	5,728	5,397
Trade and other receivables	6	923	1,175
Prepayments		570	561
Total current assets		7,221	7,133
Non-current assets			
Trade and other receivables	6	820	832
Plant and equipment		404	392
Right-of-use assets	7	3,076	2,149
Intangibles	8	22,638	23,346
Deferred tax		1,264	1,023
Total non-current assets		28,202	27,742
Total assets		35,423	34,875
Liabilities			
Current liabilities			
Trade and other payables	9	3,899	3,935
Contract liabilities		207	237
Borrowings	10	-	1,381
Lease liabilities		1,184	949
Income tax		477	181
Employee benefits		1,299	1,218
Total current liabilities		7,066	7,901
Non-current liabilities			
Lease liabilities		2,072	1,360
Deferred tax		1,733	1,915
Total non-current liabilities		3,805	3,275
Total liabilities		10,871	11,176
Net assets		24,552	23,699
Equity			
Issued capital		17,898	17,898
Reserves		1,067	931
Retained profits		5,587	4,870
Total equity		24,552	23,699

The above statement of financial position should be read in conjunction with the accompanying notes

Kip McGrath Education Centres Limited
Statement of changes in equity
For the half-year ended 31 December 2024



Consolidated

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	17,784	896	4,402	23,082
Loss after income tax benefit for the half-year	-	-	(72)	(72)
Other comprehensive income for the half-year, net of tax	-	23	-	23
Total comprehensive income for the half-year	-	23	(72)	(49)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 14)	-	24	-	24
Dividend reinvestment plan	114	-	-	114
Dividends paid (note 11)	-	-	(849)	(849)
Balance at 31 December 2023	17,898	943	3,481	22,322

Consolidated

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	17,898	931	4,870	23,699
Profit after income tax expense for the half-year	-	-	616	616
Other comprehensive income for the half-year, net of tax	-	211	-	211
Total comprehensive income for the half-year	-	211	616	827
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 14)	-	26	-	26
Cancellation of options expired	-	(101)	101	-
Balance at 31 December 2024	17,898	1,067	5,587	24,552

The above statement of changes in equity should be read in conjunction with the accompanying notes

		Consolidated	
	Note	31/12/2024	31/12/2023
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		16,518	15,605
Payments to suppliers and employees (inclusive of GST)		(12,827)	(13,944)
		3,691	1,661
Interest received		39	47
Interest and other finance costs paid		(145)	(124)
Income taxes paid		(403)	(650)
Net cash from operating activities		3,182	934
Cash flows from investing activities			
Payments for property, plant and equipment		(215)	(325)
Payments for intangibles	8	(675)	(2,362)
Net cash used in investing activities		(890)	(2,687)
Cash flows from financing activities			
Proceeds from borrowings		-	221
Repayment of lease liabilities		(580)	(451)
Dividends paid	11	-	(736)
Repayment of borrowings		(1,381)	-
Net cash used in financing activities		(1,961)	(966)
Net increase/(decrease) in cash and cash equivalents		331	(2,719)
Cash and cash equivalents at the beginning of the financial half-year		5,397	9,149
Cash and cash equivalents at the end of the financial half-year	5	5,728	6,430

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Kip McGrath Education Centres Limited as a consolidated entity consisting of Kip McGrath Education Centres Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Kip McGrath Education Centres Limited's functional and presentation currency.

Kip McGrath Education Centres Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

7 Bond Street
Newcastle NSW 2300

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2025. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity has only one operating segment based on the internal reports that are reviewed and used by the Chief Executive Officer and the Board of Directors (collectively referred to as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The operating segment information is as disclosed throughout these financial statements.

The information reported to the CODM is on at least a monthly basis.

Geographical information

The geographical information of non-current assets below is exclusive of financial instruments and deferred tax assets.

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	31/12/2024 \$'000	31/12/2023 \$'000	31/12/2024 \$'000	30/06/2024 \$'000
Australasia	8,016	7,594	24,106	24,363
United States and North America	286	1,289	776	338
United Kingdom and Europe	6,478	5,585	2,056	2,018
Overseas other	385	348	-	-
	<u>15,165</u>	<u>14,816</u>	<u>26,938</u>	<u>26,719</u>

The geographical non-current assets above are exclusive of deferred tax assets.

Note 4. Revenue

	Consolidated	
	31/12/2024 \$'000	31/12/2023 \$'000
<i>Revenue from contracts with customers</i>		
Franchise fees	8,428	7,285
Sale of master territories and franchisee centres	200	193
National advertising contributions ('NAC')	999	771
Direct sales	113	396
Student lessons	5,139	4,882
School lessons	286	1,289
	<u>15,165</u>	<u>14,816</u>
<i>Other revenue</i>		
Other revenue	47	24
Revenue	<u>15,212</u>	<u>14,840</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31/12/2024 \$'000	31/12/2023 \$'000
<i>Timing of revenue recognition</i>		
Services and goods transferred at a point in time	15,114	14,726
Services transferred over time	51	90
	<u>15,165</u>	<u>14,816</u>

The disaggregation of revenue by major product lines is disclosed at the top of this revenue note and the geographical regions is presented in note 3 'Operating segments'.

Note 5. Cash and cash equivalents

	Consolidated	
	31/12/2024	30/06/2024
	\$'000	\$'000
<i>Current assets</i>		
Cash at bank	3,519	3,239
Restricted cash	2,209	2,158
	5,728	5,397

Restricted cash represents amounts held on behalf of franchisees and is not available for use by the consolidated entity. The corresponding liability is recognised in other payables and accruals (note 9).

Note 6. Trade and other receivables

	Consolidated	
	31/12/2024	30/06/2024
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	1,200	1,302
Less: Allowance for expected credit losses	(377)	(341)
	823	961
Other receivables	100	214
	923	1,175
<i>Non-current assets</i>		
Loan to director	613	615
Loan to employees	207	217
	820	832

The loan to director has a market interest rate with ten year repayment terms from the date of commencement (27 February 2024) with security over the underlying shares held by the director. The loans to employees have a market interest rate with repayment terms of five and ten years from the date of commencement (16 December 2021 and 27 February 2024 respectively) with security over the underlying shares held by the relevant employees.

Note 7. Right-of-use assets

	Consolidated	
	31/12/2024	30/06/2024
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	6,868	5,289
Less: Accumulated depreciation	(3,792)	(3,140)
	3,076	2,149

The consolidated entity leases buildings for its offices and retail outlets under agreements of between 3 and 5 years, with options to extend in some cases. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 7. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Land and buildings \$'000
Consolidated	
Balance at 1 July 2024	2,149
Additions	1,527
Exchange differences	33
Depreciation expense	(633)
Balance at 31 December 2024	3,076

Note 8. Intangibles

	Consolidated 31/12/2024 \$'000	30/06/2024 \$'000
Non-current assets		
Goodwill - at cost	4,241	4,241
Intellectual property - at cost	4,012	4,012
Product and overseas development costs	23,032	22,313
Less: Accumulated amortisation	(15,617)	(14,187)
	7,415	8,126
Franchise and development territories	7,281	7,198
Less: Accumulated amortisation	(311)	(265)
	6,970	6,933
Other intangible assets - at cost	3,231	3,231
Less: Accumulated amortisation	(3,231)	(3,197)
	-	34
	22,638	23,346

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill \$'000	Intellectual property \$'000	Product and overseas development costs \$'000	Franchise and development territories \$'000	Other intangibles \$'000	Total \$'000
Consolidated						
Balance at 1 July 2024	4,241	4,012	8,126	6,933	34	23,346
Additions	-	-	675	-	-	675
Exchange differences	-	-	22	83	-	105
Amortisation expense	-	-	(1,408)	(46)	(34)	(1,488)
Balance at 31 December 2024	4,241	4,012	7,415	6,970	-	22,638

Note 9. Trade and other payables

	Consolidated 31/12/2024 \$'000	30/06/2024 \$'000
<i>Current liabilities</i>		
Trade payables	438	533
Amounts held on behalf of franchisees	2,209	2,157
GST and other similar payable	342	375
Other payables and accruals	910	870
	<u>3,899</u>	<u>3,935</u>

Note 10. Borrowings

	Consolidated 31/12/2024 \$'000	30/06/2024 \$'000
<i>Current liabilities</i>		
Bank loans	-	1,381

The USD loan facility was fully repaid in December 2024. A new \$1.850m facility has been established with HSBC, which remains fully undrawn as of 31 December 2024.

As at the balance date the entity had available undrawn banking facilities of AUD 1,850,000 (31 December 2023: AUD 1,250,000).

Assets pledged as security

The bank loans are secured by a security interest over all property of the consolidated entity to HSBC Bank.

Note 11. Dividends

Dividends

There were no dividends paid, recommended or declared for the financial year ended 30 June 2024.

On 25 February 2025, the directors declared a fully franked interim dividend of 0.5 cents per ordinary share for the year ending 30 June 2025 and will be paid on 27 March 2025 to those shareholders on the register at 7pm on 13 March 2025. The total dividend is estimated to be \$284,000.

Franking credits

	Consolidated 31/12/2024 \$'000	30/06/2024 \$'000
Franking credits available at the reporting date based on a tax rate of 25%	837	563
Franking credits available for subsequent financial years based on a tax rate of 25%	<u>837</u>	<u>563</u>

Note 12. Contingent liabilities

The consolidated entity has provided bank guarantees totalling \$399,000 (30 June 2024: \$402,000) on multiple leases for office premises.

Note 13. Earnings per share

	Consolidated 31/12/2024 \$'000	31/12/2023 \$'000
Profit/(loss) after income tax attributable to the owners of Kip McGrath Education Centres Limited	616	(72)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	56,842,517	56,762,493
Adjustments for calculation of diluted earnings per share:		
Performance rights	420,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	57,262,517	56,762,493
	Cents	Cents
Basic earnings per share	1.084	(0.127)
Diluted earnings per share	1.076	(0.127)

Note 14. Share-based payments

In accordance with the Kip McGrath Employee Share Option Plan approved by the Board in 2022 ("the Plan"), options over ordinary shares in the parent entity were granted to certain KMP to be issued at nil consideration to certain KMP, at the discretion of the Remuneration Committee. The options granted under the Plan carry no voting rights, and only vest if certain performance and/or service related conditions as determined by the Board are met. Shares issued under exercised options will rank equally with ordinary shares.

On exercise each option converts to one share, except in certain circumstances such as rights issues or bonus issues.

Set out below are summaries of options granted under the plan:

31/12/2024

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
13/12/2022	28/10/2026	\$1.150	2,215,000	-	-	(2,215,000)	-
			2,215,000	-	-	(2,215,000)	-

31/12/2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
13/12/2022	28/10/2026	\$1.151	2,615,000	-	-	-	2,615,000
			2,615,000	-	-	-	2,615,000

The weighted average share price during the financial half-year was \$0.413 (31 December 2023: \$0.529).

The weighted average remaining contractual life of options outstanding at the end of the financial year was nil years (31 December 2023: 2.9 years).

Note 14. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

	Number of rights 31/12/2024	Weighted average exercise price 31/12/2024	Number of rights 31/12/2023	Weighted average exercise price 31/12/2023
Outstanding at the beginning of the financial half-year	-	\$0.000	-	\$0.000
Granted	420,000	\$0.000	-	\$0.000
Outstanding at the end of the financial half-year	420,000	\$0.000	-	\$0.000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 2.5 years (31 December 2023: nil years).

For the performance rights granted during the current financial half-year, a 'face value' valuation has been adopted using a VWAP of \$0.4991.

Note 15. Events after the reporting period

Apart from the dividend declared as disclosed in note 11, no other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Damian Banks
Chairman

25 February 2025
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF KIP MCGRATH EDUCATION CENTRES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Kip McGrath Education Centres Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kip McGrath Education Centres Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the Company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Kip McGrath Education Centres Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



MARTIN MATTHEWS
PARTNER

25 FEBRUARY 2025
NEWCASTLE, NSW