

**Kip  
McGrath™**

**Leaders In Learning**

Kip McGrath Education Centres Ltd

# Annual General Meeting



**21 November 2023**

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# Annual General Meeting Agenda

21<sup>st</sup> November 2023

1

**Chairman's  
Introduction**

2

**CEO's  
Presentation**

3

**Formal Business  
of the Meeting**

4

**Questions**

# Chairman's introductory comments

In FY23, we witnessed robust growth thanks to strategic investments aligned with our corporate plan. We maintained a strong cash flow of \$6.4 million, with a particular focus on software rollout and corporate profitability. This translated to steady growth in revenue, EBITDA, and profit after tax.

Maintaining commitment to our four-lever strategy, which focuses on delivering high-quality tutoring globally and achieving substantial short to medium-term results, has been core to our success.

The educational landscape is ever-evolving, making it an exciting sector to be a part of. We acknowledge the challenges posed by economic conditions, the proliferation of online competitors, and the rapid advancements in Artificial Intelligence, which are reshaping educational efficiency.

Our global revenue experienced a solid 9% increase in FY23, primarily driven by high demand for our products with outstanding performance in our Corporate, UK, and US (Tutorfly) sectors. Despite the escalating cost of living, we've maintained consistent growth in average lessons across our traditional centre business. Our investment in Tutorfly is starting to yield results, especially in addressing the persistent challenges in basic maths and English education. Furthermore, the substantial US government spending expected in the upcoming school year, with approximately US\$90 billion yet to be allocated by September 2024, validates our strategic position.

Remaining relevant and competitive in this dynamic landscape is paramount, and our 47-year industry experience and the record two million lessons delivered in FY23 testify to our competence in doing so.

Our strategic investments have been closely aligned with market opportunities and informed by real-time feedback from our teams and customers. We're dedicated to building offerings that deliver genuine value to those we serve. Moreover, we're actively exploring ways to leverage solutions across the markets we serve.

To facilitate this growth, we continue to invest in our team, fostering learning and facilitating collaboration to achieve our strategic objectives.

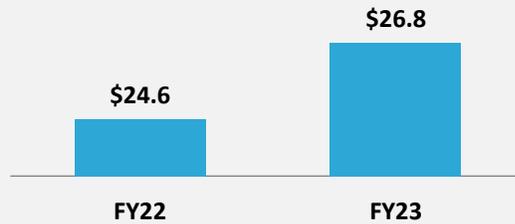
# CEO Presentation

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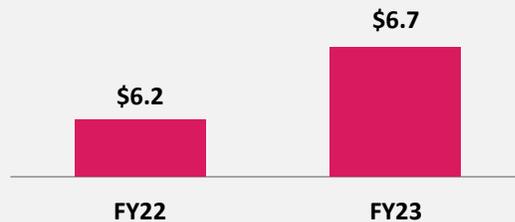


# FY23 Key financials

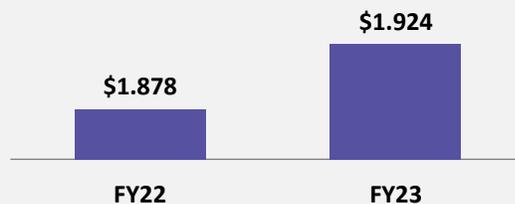
## Revenue (\$'m)



## EBITDA (\$'m)



## NPAT (\$'m)



## Franchise Network

- Franchise Revenues +6.5% YoY
- 476 active centres streamlined with focus on high-revenue

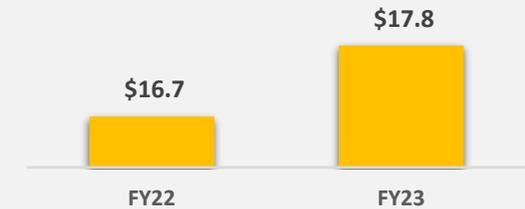
## Corporate Centres

- Corporate Revenues +22.2% YoY
- Grew globally to 29 centers at end of FY23 (six more in Q1 FY24)
- Positive cash flow in FY23

## Tutorfly

- EBITDA Loss of \$0.93M on revenues of \$1.2M
- Contracted works of A\$3.0M for FY24 with revenue well on track

## Franchise revenue (\$'m)



## Corporate Centre revenue (\$'m)



## Tutorfly and other revenue (\$'m)



# Q1 FY24 Highlights

## IMPRESSIVE 20% REVENUE GROWTH

Global revenue grew by 20% in Q1, driven by strong performance in Corporate, UK and Tutorfly

## STEADY GROWTH IN AVERAGE LESSONS

We've achieved consistent growth in average lessons across our Gold partners, student numbers are up 4% while lesson numbers are up 5%

## TUTORFLY'S REVENUE SUCCESS

Q1 revenue reached A\$433,000, a substantial increase of A\$365,000 YoY, with a focus on Gallup New Mexico and Uplift Education contracts. New opportunities were secured in California, Maryland, and New Jersey with contracted services reaching A\$3.0M for full year FY24

## 7% INCREASE IN CUSTOMER LIFETIME VALUE (CLV)

We have achieved a 7% increase in global customer lifetime value compared with the prior year due to fee increases and lengthening the tutoring weeks per year

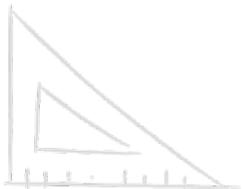
## TECH INVESTMENT PAYOFF

Our investments in technology continue and our new Kip Learn Learning Management System is being used by 29% of centres, which has shown to improve retention and lifetime value of students



## Tutorfly

- Tutorfly's Q1 revenue increased by 4.7x, with contracted works of A\$3.0M for FY24
- Conducted 5,000 tutoring sessions in New Mexico and over 1,850 in-person sessions for Uplift Education in Texas, achieving a 100% teacher satisfaction rate
- Expanded Tutorfly's presence to ten states (up from two last year), including Texas, Alabama, Arizona, New Mexico, Ohio, Kansas, Mississippi, California, Maryland, and New Jersey
- Established partnerships with 14 school districts (up from three last year) and launched a smaller tutoring grant program engaging seven schools



# Key levers to deliver strategic growth - Q1 FY24 outcomes

## LEVER 1

### Increase students per centre

- Student numbers up 4%, lesson numbers up 5% across Gold partners
- 29% of all centres have adopted KipLearn with an average of 36,000 lessons per month

## LEVER 2

### Increase number of centres in existing markets

- Strategic centre placement continues to maximise revenue potential
- Increase of 6 Corporate Centres in first quarter
- Technology enhancements are facilitating growth in multi-centre ownership
- Solid growth in Gold partner numbers, particularly multi-centres, while non-performing locations are being exited

# Corporate Centres

UK (4)



AU (26)



NZ (5)



Expanded from 24 centres in FY22 to 29 centres in FY23, including five successful acquisitions in Q1 (3 in NZ, 2 in the UK) increasing our global corporate centre numbers to 35 since 2019

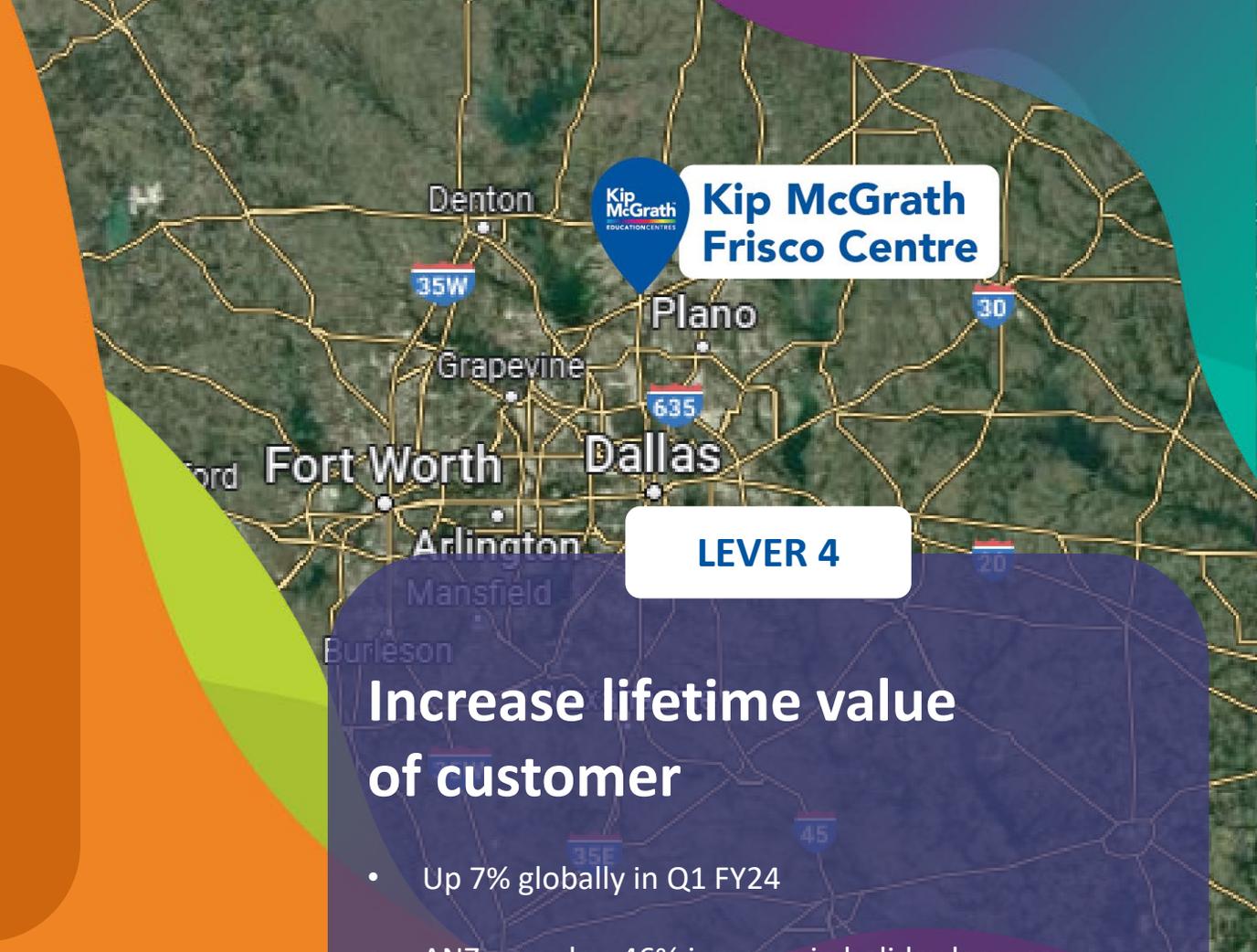
Progressing to plan with our buy-back strategy to secure ownership of franchisees in high-potential locations

# Key levers to deliver strategic growth - Q1 FY24 outcomes

## LEVER 3

### Increase global market footprint

- Our focus remains on entering new markets
- New US centre to open by March 2024 in Frisco, Texas



## LEVER 4

### Increase lifetime value of customer

- Up 7% globally in Q1 FY24
- ANZ records a 46% increase in holiday lessons compared to the prior year
- Enhanced customer life-cycle tracking provides insights for tailored offerings

# Training & Technology

To scale we will continue to invest in technology

## BLENDED LEARNING

Successful release of blended model to 29% of centres globally offering a seamless learning experience

## STUDENT REPORTING

Delivered student reporting and attendance tracking feature showing student growth and customer return on investment

## CONTENT

Tailored content designed for tutoring and continuous improvement, including adaptation for use in the US market

## FLEXIBLE PLATFORM WITH A RANGE OF TUTORING OPTIONS

Ongoing development, extending into the direct-to-school market: small groups, individualised learning, drop in, and high dosage

## AI-powered enhancements

- Kip McGrath is utilising and investigating Artificial Intelligence (AI) and Machine Learning (ML) to enhance learning with a human touch, our key competitive advantage. Delivered functionality for monitoring inappropriate behavior using AI
- Our extensive data from over 2 million annual lessons is available to train AI processes for real-time teacher and student improvement and valuable post-session analytics and reporting

### Areas for investigation and potential investment:



Tools for students



Assistance for tutors



Curriculum and Lesson Quality Improvements



## Outlook 1 July 2023 – 30 June 2024

- Global revenues on track to increase by 20% compared to prior year
- Our four strategic levers remain central to sustained growth, emphasising revenue and margin enhancement
- Tutorfly is positioned for continued high-growth in a well-funded government landscape
- Expect the full year NPAT to exceed prior year although higher costs due to 40% increase in corporate centres and US expansion will impact half year results

# Questions

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# Formal Business of Meeting

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# Formal Business of Meeting

## Resolution 1 - Re-election of Mr Trevor Folsom

For	Against	Abstain	Discretion	Excluded	Total
15,723,910	6,357	149,816	33,347	-	15,913,430

## Resolution 2 - Adoption of Remuneration Report

For	Against	Abstain	Discretion	Excluded	Total
15,546,523	204,756	128,804	38,491	-	15,918,574