

To: ASX
From: Brett Edwards, Company Secretary
Announcement Date: 17 August 2021
ASX Code: KME

Scotland Area Developer Buy Back

KME wishes to announce that, in line with the global policy to centralise franchise servicing, we have executed an agreement for approximately AUD \$470,000 to buy back the Area Developer territory for Scotland from Gerald Casserly. This territory covers 32 centres and under the agreement will now be fully serviced by the UK Head Office in Gloucester from October 2021. The contract allows for repayments to be across the 12 months from that date and also permits the Area Developer to continue to operate his Kip McGrath Centre in Scotland. This transaction is expected to have a positive impact on EBITDA of \$100,000 for the 2022 financial year.

This compliments a number of smaller transactions that the company has executed in recent weeks including the purchase of two smaller centres in Perth to establish a Western Australian Corporate Centre hub (approximately \$200,000) and our first Corporate Centre in the UK market in Gloucester North, close to our UK head office (approximately \$75,000). We also executed on 12 July 2021 agreements for the buy back of the South African master franchise rights for an amount of up to AUD \$460,000 depending on the extent the current 60 centres to transition to new contracts over the coming months. This territory will also be now serviced out of our UK Head Office.

Due to transition costs, we do not expect these smaller transactions to have a material contribution to the FY2022 results, however they do establish a sound foundation of growth for future years in each of those markets. In particular for the Australian market, the Company now has corporate centre hubs operational in the key markets of Brisbane, Newcastle, Sydney, Canberra, Melbourne and Perth.

The company's unaudited results for FY2021 indicate revenue is over 10% higher than last year, while EBITDA and NPAT are in line with the prior year's result. Given the difficult ongoing trading conditions globally with the COVID19 pandemic, the Board is pleased with these results. The Company expects to release the audited Annual Report to the market on 24 August 2021.

Please contact the company secretary if you require any further information.



Authorised by: Brett Edwards
Company Secretary
Kip McGrath Education Centres Limited